

RICH MEDIA, POOR DEMOCRACY

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INTRODUCTION MONTAGE

[CNN News] It's a media deal worth billions of dollars...

[ABC News] The largest merger that's ever been in the media was announced – the largest merger in history. The Walt Disney Company announced today that it is buying the Fox Family Channel. The proposed merger would push a new Viacom deeply into every facet of the entertainment industry.

[CNN News] Bigger is considered better...

[BBC News] A huge merger in the struggling computer business...

[NBC News] Together they'd reach one of every two homes in America...

[CNN News] Clear Channel Communications has gobbled up a lot of radio stations.

[Old Stock Footage] But what is democracy?

[CNN News] Sixty-four Fortunes come out of media...

[CBS News] No one knows who's going to turn out to vote...

[CBS News] Most experts expect a low voter turnout...

[CBS News] One of the richest, most powerful media barons...

[NBC News] The consumer will have the choice...

[CBS News] Viewers will be seeing a lot more advertising...

[ABC News Interview with construction worker] They got theirs, but we're not gonna get ours...

PART ONE: MEDIA OWNERSHIP

ROBERT MCCHESNEY: We live in a society where we are immersed in media. The average person spends ten, eleven, even twelve hours a day with some form of media. Media has become an enormous industry in our society. This sort of boom in media, private media, commercial media, is supposed to lead to a blossoming political culture, a garden-place of ideas in which the truth will win out and we'll have a healthy vibrant political democracy. But instead, what we've seen is exactly the opposite. This boom in media, commercial media at the hands of large corporations and advertisers has led instead to a shriveling and a dilapidation of our democracy.

Who is Sumner Redstone & Why Should We Care?

ROBERT MCCHESNEY: Well media ownership on one level seems entirely unimportant because Rupert Murdoch and Sumner Redstone, the owners of our media companies, Michael Eisner, the CEO, don't write the movies, they don't play the music, they don't act in their shows. So they seem like just people who count their money in the background. But that's a very misleading and deceptive way to understand how power works in media. The whole logic of a corporate enterprise flows from the top. The point is to make as much money as possible, and if you don't start there, you can never understand how these institutions work and what effect they have.

The US media system is basically broken down into three tiers of corporations. The first tier are the huge giants, these include Viacom, AOL Time Warner. Disney, News Corporation, Sony, Vivendi. The next tier of companies is one notch down – these are companies like Comcast or General Electric, major newspaper giant chains like The New York Times, Knight Ridder, Tribune Company would be in that second tier. This third tier though is hundreds of thousands of very small companies that sort of round out the system and do the stuff that the big guys don't find profitable, that fill some local niche. Now but if you look at the numbers you'd say, look there's hundreds of thousands of media companies, but that's misleading. There's really only a couple dozen that dominate the system. And in all likelihood, that number's going to continue to shrink, because as we do this interview, the Federal Communications Commission is in the process of revisiting the few remaining media regulations that prevent these firms from merging. Newspaper companies with television companies, cable companies with newspaper companies – once those restrictions are lifted (and there's tremendous pressure by powerful lobbies to do so) we should anticipate a massive wave of consolidation and those twenty-four firms will probably shrink down to eighteen or twenty within a year or two.

[CNN News] The Federal Communications Commission has released a series of studies as part of its review of media ownership rules. Many observers are anticipating that ownership rules will be relaxed early next year, leading to further consolidation.

ROBERT MCCHESNEY: One of the striking features though that explains media concentration is the rise of what we call "media conglomeration," where media companies like AOL Time Warner have put together these far-flung empires of book divisions with merchandising, with music divisions, with sports teams, in additions to film studios, magazines, and television interests.

There are four reasons why conglomeration, or synergy have made so much sense for media companies, and all of them have really gone that direction in earnest in the past decade. The first is that it allows tremendous advantages in what is called cross-promotion. So Viacom's Paramount Pictures releases a movie for example. It can promote that movie incessantly on MTV, its cable channel, or VH1. It can promote it at Blockbuster Video Rental, which it owns. It can promote it on *Entertainment Tonight!* a television show it produces.

[TV: Entertainment Tonight!] Star Trek Nemesis explodes into theaters December 13, but you can see it...

ROBERT MCCHESNEY: The second factor is cross-production, so if you make something that's a successful movie, you can then turn it into a TV show, into a cable show, into a book, into a soundtrack, and make all the related profits for that.

Third – and this is very important – it gives you a lot more leverage over advertisers. So a company like Viacom or Disney can go to a major advertiser like Proctor & Gamble or Pepsi, and make them a billion dollar deal across all their different media to get all this business from them. And they do that, which basically means that the smaller companies have no hope of competing.

And then fourth and finally is a crucial thing, that media tend to be reliant on blockbusters, that's the nature of these markets. There's a tremendous amount of risk – you spend a lot on a TV show or a movie but it might be a complete bomb, you might lose everything. At the same time, one blockbuster can carry an entire film studio for a whole year, and cover up all the losses and still make profits. What this means is there's tremendous pressure to get bigger and bigger so you have less risk.

So you put that together and it makes a lot of economic sense to build these empires. And as a result you have almost no independent film studios left, no independent music companies, they simply aren't on equal footing to compete with these massive conglomerates with this notion of synergy.

People often ask, well why is it that these media companies got so huge in the past decade, I mean why not fifty years ago if its such a great idea? And the reasons for this are partially deregulation by the government, which made it possible for companies to merge in ways that were illegal before. Partially new technologies that made it more feasible to merge different media sectors together, and partially just the logical pressure of capitalism. I mean one of the myths of capitalism I suspect most people have heard this – that it's based on competition. Actually, its not based on competition, it's based on smashing competition. And for smart companies, the less direct competition you have, the better. And in capitalism, that means its very smart to get big – as big as possible – because that means there's less chance that you're going to face competition coming after you.

Who gave the airwaves away?

ROBERT MCCHESNEY: One of they myths of our media system is that its sort of this natural, private system that was born by heroic entrepreneurs and the government's job is only to come and meddle with it, and interfere with the entrepreneurs in the private sector. Nothing could be further from the truth. In fact our media system is the direct result of government policies that created it. The Federal Communications Commission was established in 1934 and on paper its function is to represent the public's interests with regard to the allocation of licenses to broadcasters. So that the deal is, in theory, that the people of this country are giving monopoly licenses to private commercial companies to use very scarce, valuable channels in each community, and in exchange these companies should do something they wouldn't do if they were simply private consumers out to maximize profit. They should do something in the public interest. And it's the FCC's job to see that they do that. Now that's what we're taught in Mrs. McGillicudy's civics class as what it's supposed to do. Nothing could be further from the truth. The way it has evolved over time is the FCC has proven to be almost entirely powerless to force any sort of serious public interest requirements on commercial media. And in fact the corruption of the process would be difficult to exaggerate. One way to think about how media policymaking is done in the United States is to consider the Oscar-winning film from 1974, The Godfather Part II.

Early in that film, there's a scene where Hyman Roth and Michael Corleone are sitting on top of a rooftop in a Havana hotel with a bunch of American gangsters. And they're carving up a cake that has an outline of Cuba on it. They all agree it's their cake and no one else should get a piece of it. And they're fighting over who gets the largest piece. Well that's how media policy-making is done in the United States.

[Movie: The Godfather Part II] What I'm saying is that we have now what we have always needed – real partnership with the government.

Welcome to the Revolution?

ROBERT MCCHESNEY: The Telecommunications Act of 1996 is arguably one of the three or four most important laws of the last fifty years.

[ABC News] Good evening and welcome to the Revolution. We begin tonight with all the changes about to take place in the life of anyone who uses a phone or a television or a computer.

[NBC News] It began today when President Clinton signed a bill that will revolutionize the industry. There are big changes coming in a way that will get television, telephone, and computer services.

ROBERT MCCHESNEY: This was Congress' sort of charter for how it should see communication develop in the digital age – with the Internet, with the changes in radio and television. That this is laying out the fundamental values that should guide the FCC for the next two or three generations, of the Information Age. A law of this magnitude, you would hope, would be the subject of political debate, of candidates discussing it, of public involvement and extensive press coverage, since the values that it would be embody would be so crucial to the future of our nation. The promise of the law when it was passed, the rhetoric, and why all the politicians voted for it, was that by deregulating ownership restrictions on media companies and telecommunications companies, it would lead to a whole new wave of competition, which would lead to lower prices and higher quality service and we'd no longer need government regulation on behalf of the public interest. The market would regulate better.

The whole notion of deregulation though that's used is really inaccurate, it's a misnomer. There's no such thing as *deregulation*. What we really mean by deregulation is simply regulation on behalf of private interests with no pretense of regulating on behalf of the public. That's what deregulation means. And when you hear the term "deregulation," you should substitute that: deregulation means regulation purely on behalf of private parties, not on behalf of the public.

[ABC News: President Clinton] We will help to create an open marketplace, where competition and innovation can move as quick as light.

ROBERT MCCHESNEY: There were two industries in the bill that were explicitly deregulated immediately. One of which were the telephone companies. In 1996 we had eleven or twelve major telephone companies in the United States. The seven baby Bells, Sprint, MCI, WorldCom, AT&T, GT&E. Today we're down to about seven, and by all accounts we might be down to three or four companies within a few years. What that means is we'll go from a situation where we used to have just a handful of companies that were regulated, to we'll have a smaller number of companies and there will be even less regulation in the public interest – more private power. A disaster for us, great for these telephone companies.

Radio is the other industry that was explicitly deregulated, thanks again to a very powerful radio station-owning lobby. The clause was put in that completely changed the ownership restrictions on radio stations in the United States. The limit before 1996's bill was only twenty-eight states nationally that a single company could own but up to four in a single community. The 1996 law erased the national limit altogether — a company could own as many stations as it wanted, and it could own up to eight in the largest communities. Since 1996, something like two-thirds of all American radio stations have been sold, and the industry has been completely made over. There's a handful of giants now that own most of the radio stations in the country. As a result, what's happened is that radio has gone from being our most democratic medium, our most decentralized, our most creative medium, to being our most regimented, standardized, least interesting medium in the country — hyper-commercialized.

[TV ad] 94.7 FM plays the best songs on the radio!

[TV ad] Kiss 95.7!

ROBERT MCCHESNEY: And you won't find a single listener in this country who's satisfied with radio. But the people's interests have nothing to do with how those policies are made – they're made behind closed doors by powerful lobbies and they're unalterable.

PART TWO: JOURNALISM AND DEMOCRACY

But What About the First Amendment?

[NBC News] On Capitol Hill today, the second day of hearings on the state of the three television networks. Congressmen have been asking what effect the new corporate managements at NBC, CBS, and ABC have had on the news divisions.

ROBERT MCCHESNEY: Journalism is one of the central problems that face a democratic society, because to have a democratic society you need to have a vibrant healthy journalism. Its axiomatic, it's the cornerstone of democratic theory. And what you need from that journalism is a feisty, rigorous accounting of people in power, and people who want to be in power. They have to be held accountable so people know what they're doing. You need to have a wide range of opinions on the important issues of the day so people can formulate their own opinions, and you need to have a way to get the truth to come out, so there's some way to check the lies and to get factual accuracy to emerge. What's taken place in the last fifteen years in American journalism has been that wall between church and state, between editors and reporters on one side, between owners and advertisers on the other side has come down.

[Movie: The Insider]

- -- Since when has the paragon of investigative journalism, allowed lawyers to determine the news content on "60 Minutes"?
- -- And you're questioning our journalistic integrity?
- -- No, I'm questioning your hearing. You hear reasonable and Tortious interference. I hear potential Brown & Williamson lawsuit jeopardizing the sale of CBS to Westinghouse.

ROBERT MCCHESNEY: And so that traditional deal for professional journalism is basically collapsed because the owners no longer think it makes a lot of sense. And what we've seen then in the last fifteen years is the crisis of journalism emerge, where basically the professional autonomy has come under sustained attack because it no longer makes commercial sense.

Often times what people say is "what about the First Amendment? Isn't that our safeguard against tyranny, isn't that the thing that keeps our press free?" And what's really happened is the First Amendment has changed dramatically from when it was written to how it's interpreted today.

The First Amendment began in the 1790s as really a noble and wonderful statute, something that all American should be extremely proud of. And it was meant originally as a social right – we have a right to a free press, we have a right to free speech, not just for ourselves but for the entire society. So I have the

right to a free press not just so I can make a newspaper, but also I can consume a vibrant, free press – that's the principle involved.

[Old media clip] And the fundamental reason why journalism is held in such high regard by the American public lies in that long cherished bulwark of liberty, Freedom of the Press.

ROBERT MCCHESNEY: The moment of truth for the First Amendment and what it means for a free press came early in the twentieth century when newspapers and journalism increasingly became the province of big corporations, of private companies, of wealthy owners in increasingly monopolistic markets. Then the question before the courts is how do you interpret the First Amendment? Is it the right of journalists and editors to do what they want to do without interference? Or is it the right of *owners*, investors, to control journalism without interference? In the new corporate regime though, unfortunately, the courts unambiguously said the right to a free press goes to the shareholders, the corporate investors, it doesn't go to the editor, it doesn't go to the reporter. They only have their First Amendment rights to the extent that the investors grant it to them.

What Happened to the News?

ROBERT MCCHESNEY: The corporations that now own our news media, that have increasingly brought them into their massive empires, realize that giving journalists the autonomy to make professional decisions is bad business. It's much better business to hold your news division to a fierce accounting, to make it generate the same sort of profit as your movie division, as your TV division, as your music division. And that means basically fewer resources, less investigative work, less controversial work, more puff pieces, more trivia, more entertainment, more celebrity coverage. And that's exactly what we've gotten.

MARK CRISPIN MILLER: This has to do with the fact that there's a certain formula for success that they all use in order to keep their stock prices high. And that is, a very simple one – it is on the one hand to show stuff that is as titillating as possible, to keep those ratings up night after night. While at the same time, slashing budgets, cutting costs. Eventually you have Barbara Walters become a kind of pillar of the news establishment, but what she's really, basically, is a celebrity interviewer. You have a kind of alternative universe with shows like *Entertainment Tonight!*, which use the format of the CBS news to cover the day's celebrity gossip. So what this does it, it creates a kind of ready market, full-time, for stories that are high on sensationalism and low on information.

[Fox News] Monica Lewinsky, the once and future punch line, and her trip to the movies!

MARK CRISPIN MILLER: That's the most economical kind of thing you can have. And its especially valuable when you've got these voracious, twenty-four hour cable news operations – CNN, Fox, MSNBC – they've got to fill that up, they've got to keep the plankton coming into the maw of the whale.

[Fox News] ...and finally Christopher Walken is rocking to a new beat...

[CNN News] ...there's a lot happening in show-biz today...

[Fox News] ... Hannibal Lector's lining up for thirds now.

[NBC News] ... Wynona Ryder is back in court for her shoplifting trial...

ROBERT MCCHESNEY: And so what we get is a much weaker journalism, a journalism that tends towards kind of the easy stories about celebrities and royal families, whose idea of balanced political reporting is simply to put a mic in front of a Republican and then get a Democratic opinion, but almost never means going out and then figuring out who's telling the truth, actually doing the journalism of investigating the various claims and telling us what's actually going on. This leads to very serious problems when you get into a situation, for

example, like the war we're currently in – the War on Terrorism. Because claims that are given about the success of this war are no longer challenged.

[CBS News] The fight against terrorism has begun...

[CNN News: John Ashcroft] We will bring them to justice or if that's impossible, we will take justice to them.

[ABC News] President Bush says the country is gearing up to fight a new kind of war.

[ABC News:] A small group of elite forces, part of a CIA operation...

[ABC News] US missiles ripping into Taliban barracks overnight...

ROBERT MCCHESNEY: And one of the things we see is when you look at the journalism in other countries, there's a whole range of issues that are being asked, that are being addressed, that we're not getting in our news media. Because journalists simply don't have the resources, or the commitment from their corporate bosses to do that type of journalism. That type of journalism would get the media in hot water with people in Washington.

MARK CRISPIN MILLER: You read *The Times of India*, you read the British newspapers – *The Guardian*, *The Observer* – you read the French papers, you get a sense of what was going on. You read *The New York Times*, you read *The Washington Post*, you watch TV, it's as if the Pentagon was in charge of the news divisions.

[FOX News] A Muslim community activist accused of trying to help Osama's terror mongers, set up a training camp right here in America.

[CBS News] The US introduces a new weapon in the war against terrorists.

[CBS News] American jets are dropping cluster bombs designed to wipe out as many troops as possible.

[CBS News] The Pentagon says these pictures were not authorized and it is trying to find out who took them.

ROBERT MCCHESNEY: So knowing that, what we would expect from good journalism is when a president comes along and says, "hey, I've got another war for you," the first thing you do is you feel for your wallet – the first thing you do is say lets check these guys' claims out, we've been hoodwinked enough here. And good journalism would do that. Our journalism unfortunately is worse than ever at that, it has not challenged claims whatsoever. It basically regurgitates what those in power have been telling us. So on issues of war and peace we would have a

vastly more critical journalism demanding hard evidence before it would start pushing the buttons to get war hysteria building.

[CNN News] With the drumbeat for an attack on Iraq increasing, the Bush administration may finally have the ammunition they've been looking for.

ROBERT MCCHESNEY: The type of war coverage we see in the United States is exactly what you'd expect with a system dominated by a handful of very wealthy corporations that benefit by having a world run by the United States to make the world profitable for them. To expect those sorts of firms to foster journalism is to be critical of a US War on Terrorism, a US role in the world, is illogical. And we've gotten the sort of journalism accordingly, that basically reflects the values of the owners.

MARK CRISPIN MILLER: Now even if the people at the top of this system were the most civic-minded, decent, rational, humane people in the world, who would never think of interfering with the news operations, even if that were the case, this ongoing concentration of the media would still pose a grave danger to democracy because it would make serious news unlikely.

ROBERT MCCHESNEY: It also means that people in power don't get covered as rigorously – corporate power. We've had in the past two years enormous scandals with companies like Enron and WorldCom where the management for years has been ripping off the government, its been ripping off its workers, consumers...

[ABC News] WorldCom began laying off thousands of its workers today...

[CBS News] Six Enron Board members are resigning...

[ABC News] The Enron energy company laid off four thousand workers...

[ABC News: Woman at hearing] I trusted the management of Enron with my life's savings. They betrayed that trust.

ROBERT MCCHESNEY: Yet until really, the last second, our news media was extolling these companies as sort of the exemplars of the new economy. A healthy journalism could have nipped them in the bud in the mid nineties and could have addressed them. Instead what we get is a journalism that comes at them very late and what we're seeing is a journalism that's very hesitant about getting to the roots of these problems, a journalism that's unwilling to look at the real cause, which is the corruption in our political system, which made these scandals possible. But instead wants to isolate it as a couple of "bad apples" – an accountant that pulled some funny business or a CEO who got greedy.

[ABC News] Mr. Cheney says Enron's failure is a business scandal, not a political one.

[ABC News: Interview with Cheney] The fact is, Enron didn't get any special deals, Enron's been treated appropriately by this administration. Enron's all about is a corporate collapse, maybe malfeasance in office, and that will be dealt with.

ROBERT MCCHESNEY: When in fact all of the evidence suggests that the crimes of these corporations were corporate policies, agreed upon by the entirety of the corporation, taking advantage of deregulations they had pushed through, to rip off workers, consumers, taxpayers, the government. But that sense doesn't emerge whatsoever in our coverage. And when you compare it to how traditional blue-collar crime is covered, where some poor person goes and holds up a convenience store, graphic language is used to convey what a terrible thing this was, how threatening it is to the community, its quite striking.

[NBC News Channel 4] Coming up, cabbies under attack in the suburbs...

[NBC News Channel 4] Police have arrested one of the so-called Bonnie and Clyde robbers...

[NBC News Channel 4] The next knock at your door could be a dangerous utility imposter. I'll show you how to spot them.

ROBERT MCCHESNEY: One of the ways in which the pro-corporate bias that's built into the sort of new corporate model in news is manifest itself has been in the coverage of issues like the World Trade Organization and these global trade deals.

MARK CRISPIN MILLER: The whole question of Free Trade has been covered in a way that's exemplary, it tells us a great deal about how objective this new system can be. When it's parent company all have a certain vested interest in one position over another. *The New York Times*, the TV networks, all have been little more than propaganda organs on behalf of so-called Free Trade.

[NBC News] But why should Americans care when our own economy is already booming? Because trade with other countries is one reason why it's booming. Twelve million American jobs, fully 10% of our work force, a direct result of exports. We also love to buy all those low-priced imports. Economist Steven Roach.

[NBC News Interview: Economist Roach] It's a win-win situation.

[ABC News] Which is why so many people here are on the side of President Clinton and the WTO, and not on the side of all the protestors in the streets.

ROBERT MCCHESNEY: It just so happens this might be the worst area of coverage in the news media of the past decade. Where the protestors who oppose these movements, a heterogeneous group of citizens from a wide variety of backgrounds, have received very little coverage and the coverage they have received has been extraordinarily distorted, emphasizing a handful of people who might be throwing a rock at a window. Rather than the deeply felt, well thought out convictions of religious people, of labor, of farmers, coming from a wide variety of backgrounds.

MARK CRISPIN MILLER: Inevitably, the mainstream media have focused on the theatrics of street violence rather than on the substance of the protest, or the meaning of the protest, or the reason why protestors have to be out in the streets protesting in the first place.

ROBERT MCCHESNEY: Now why is that? Why is the coverage here so terrible? Well this is where you have to go back and look at all the factors built into the corporate news system that work against having an accurate and faithful accounting of debates over a global economic governance. These corporations themselves – Viacom, News Corporation, Disney, AOL Time Warner, Sony – are the main beneficiaries of these global trade deals. They're the industries that are best poised to profit by being able to travel the world, hiring cheap labor, selling their products. Secondly, if you look at the nature of who's covering these stories for the news media, it's almost entirely a business story. Its not a political story, its covered by business reporters.

[NBC News] Well, NBC chief financial correspondent Mike Jensen explains tonight how these talks could trickle down to every family in America.

ROBERT MCCHESNEY: When the business reporters go to their sources, they're all business sources, and to the business sources, these trade deals make perfect sense. It's illogical to oppose these trade deals.

[NBC News] No matter what comes out of this four day meeting, and a lot of analysts don't think it will be much, world trade has such momentum almost nothing can get in it's way.

ROBERT MCCHESNEY: And the bottom line here, quite literally, is that we have a conflict in the owner's interest in making money and the public's need for a vibrant journalism. And the evidence is quite clear – unless we change the system, unless we take that power out of the hands of the Viacoms and the General Electrics, it won't change. Because they're doing what makes perfect sense for them. Regrettably it has dreadful consequences for the rest of us.

It's easy to be depressed or skeptical or even cynical about the prospects of changing media in the United States when you look at just how powerful these firms are, how they dominate politicians with campaign contributions and their lobbies. But I think the optimism comes, at least for me, when I look at how hard these companies work to keep what they're doing secret. When you look at the great effort that all these companies go in Washington to make sure the decisions never see the light of public day, and never get out and are debated even on the floor of Congress, kept at regulatory bodies, because I think these companies understand that when people actually get a chance to understand they don't have to accept lousy journalism, crappy TV, they don't have to accept sort of commercial carpet-bombing of their children, that they can control that, they know that all bets are off. Once people understand it's an issue that they can actually change, politically, the media corporations' game is going to be over, it's going to change pretty quickly. And when I go out and talk to people and raise these issues across the political spectrum – Republican, Democrat, Kiwanis Club, church group, labor union – when people have the chance to talk about this, no-one's happy with the status quo. The ground is very fertile; we just need to put seeds there.

The great organizer Saul Olinksy put it well: "When you're going up against organized money, you need to organized people. It's the only way you'll ever win." I mean this is elementary politics, it hasn't changed for six thousand years. If we're going to beat these lobbies, if we're going to change the policies to create a more open, diverse, better, media system, we need to get people organized. We need to have it so when politicians look out their window, there's ten thousand people there demanding fairness, demanding justice.

[crowds] This is what democracy looks like!