SFU

SIMON FRASER UNIVERSITY

THINKING OF THE WORLD

GLS815 - Term Paper

"The medium is the message"

Marshall McLuhan (1911-1980)

[redacted]
email:[redacted]@sfu.ca

As I began my study of monopolies in the media; my initial direction was to analyze whether these corporate monopolies were inherently good or bad. But as I delved into the economics of these giant corporations I began to discover that knowledgeable luminaries of business and outspoken individuals in the university world were expressing greater concerns over the monopoly of knowledge than they were with the corporate media controlling a business monopoly.

The French politician and socialist Pierre-Joseph Proudhon(1809-1865) describes in his book, 'System of Economical Contradictions: or, The Philosophy of Misery, Volume 1', a business monopoly as, "*the moment we admit competition as a necessity, it implies the idea of monopoly, since monopoly is, as it were, the seat of each competing individuality... monopoly is the form of social possession, outside of which there is no labor, no product, no exchange, no wealth...every industrial utopia tends to establish itself as a monopoly...Monopoly in itself, then, does not carry the idea of injustice; in fact, there is something in it which, pertaining to society as well as to man, legitimates it...But monopoly, like competition, becomes anti-social and disastrous: how does this happen? By abuse, reply the economists. And it is to defining and repressing the abuses of monopoly that the magistrates apply themselves... the more good it is made to produce, the more evil is received from it; that without it progress comes to a standstill, and that with it labor becomes stationary and civilization disappears.*[1]

But before I begin my journey through the landscape of business monopolies and knowledge monopolies, in media & communications, I'd like to walk you through the history of the development of television. While it is a major part of our daily lives in the West; most of us know little of its history.

Milestones of Television Development:

1842 Alexander Bain proposes facsimile telegraph transmission that scans metal letters and reproduces image by contact with chemical paper. Synchronized scanning is part of proposed transmission system.

1884 German scientist Paul Gottlieb Nipkow patented a device for scene analysis that consisted of a rapidly rotating disk placed between a scene and a light sensitive selenium element. It was the first TV scanning system, outlining the principle of scanning a moving image.

1897 German Karl Braun invents the Cathode Ray Tube (CRT).

1907 English inventor A.A. Campbell-Swinton and Russian Boris Rosing independently suggested using a cathode ray to reproduce the television picture on a phosphorous coated screen. This suggested that the electronic scanning system used in the CRT could replace the mechanical Nipkow disk.

1923 American Charles F. Jenkins developed a working television system based on the Nipkow disk. In England, Scottish engineer John L. Baird demonstrated a working television system that was based on the Nipkow disk, with improved resolution. The Baird system used infrared rays and could take pictures in the dark. Both systems produced a small crude orange and black recognizable image.

1923 Westinghouse, General Electric, RCA, and AT&T entered into television research.

1923 Vladamir K. Zworykin, a Russian immigrant to the United States, patented the "iconoscope" an electronic camera tube based on A.A. Campbell-Swinton's proposal of 1911.

1923 Philo Farnsworth developed an electronic camera tube.

1926 Canadian experiments with mechanical television start in Montreal.

1927 First long distance television broadcast from Washington to New York by AT&T.

1928 John L. Baird demonstrates a colour television system using a modified Nipkow disk.

1928 American inventor E. F. W. Alexanderson demonstrates the first home television receiver in Schenectady, New York. It consisted of a 3" screen and delivered a poor and unsteady picture. On May 28, 1928 the first television station WGY began broadcasting in Schenectady.

1929 Zworykin demonstrates the all electronic television camera and receiver.

1930 American Philo Farnsworth patents electronic television.

1930 NBC is granted an experimental broadcast licence.

1931 Television broadcasting starts in Canada by CKAC of Montreal.

1935 Germany begins world's first public broadcasting service.

1936 Public broadcasting begins in England.

1936 Germany broadcasts Olympic Games.

1939 RCA displays TVs at World's Fair.

1941 NBC and CBS are granted commercial broadcast licences.

1941 A total of 400 television receivers had been sold in the United States.

1952 CBC is licensed in Montreal and Toronto.

1952 Television sets in American homes pass the 22 million mark.

1953 Half the homes in the United States have television sets.

1955 Videotape is introduced.

1959 CBC linked by microwave from Victoria to St. Johns.

1960 Television sets in American homes pass the 60 million mark.

1961 CTV receives television broadcast licence.

1962 Telstar 1 satellite launched; opening doors for television satellite.

1962 Television sets in American homes pass the 70 million mark.

1965 Commercial satellite Early Bird launched in fixed orbit allowing continuous intercontinental transmission.

1967 Canadian colour television standards are set and colour transmission begins.

1969 Apollo 11 moonwalk is transmitted and broadcast live from the moon.

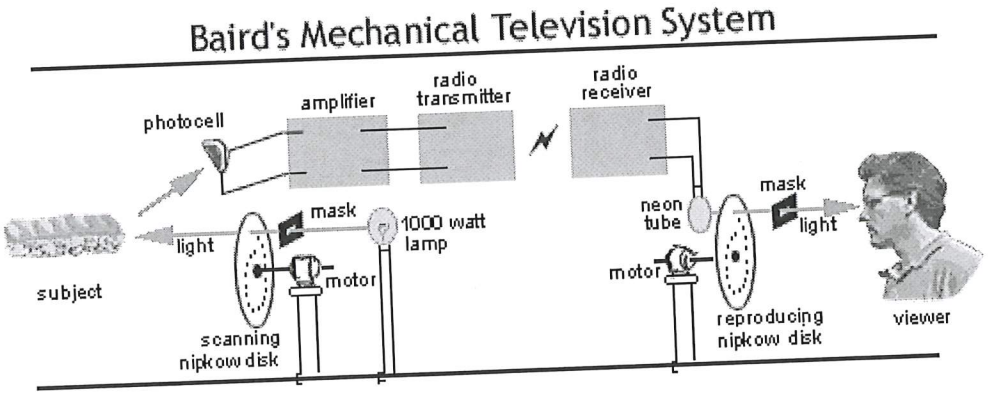
1974 97% of American homes have at least one TV set and it is on at least five hours per day.

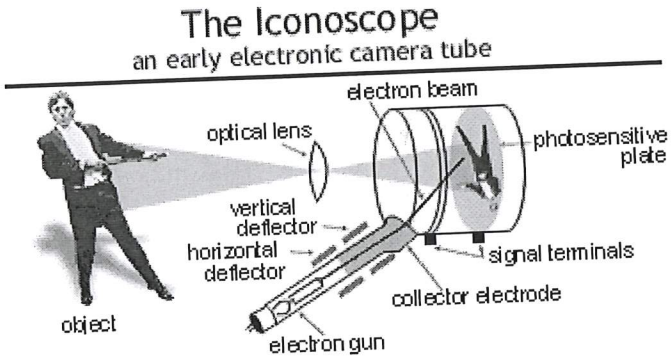
1984 Stereo television authorized.

1987 CBC shoots the world's first large scale commercial HDTV production, "Chasing Rainbows".

1990 1446 television stations broadcasting in United States.

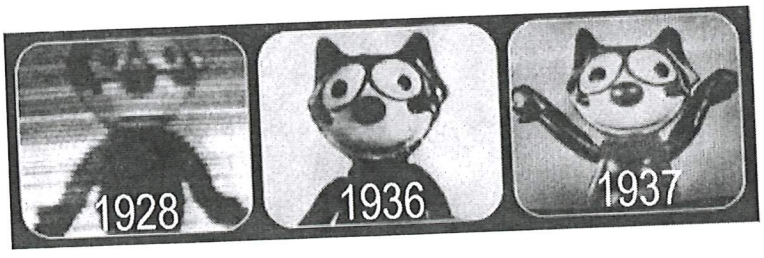
There were two competing formats for the television industry: (mechanical vs. electronic)

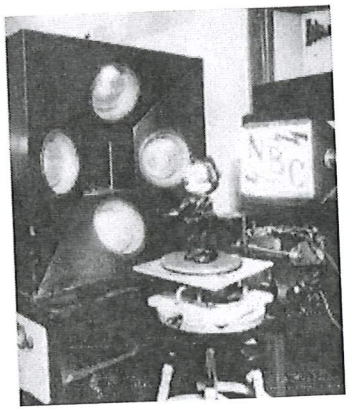




Interesting factoid: Felix was the first television star







Felix sat under the lights for 10 years.

Source: *felixthecat.com*

Historically speaking, no one person or invention is credited with the development of television. The modern TV set can be traced back to the discovery of the element selenium in 1817.

Alexander Bain is credited with the concept of scanning an image, so it can be broken up into small parts for transmission. And in 1884, Paul Nipkow of Germany proposed the world's first electromechanical television system. Using selenium as the basis of his camera. Known as the Nipkow disk; it was a mechanical scanning system and became the best known for its time. By 1932 John Logie Baird, of Great Britain, championed mechanical.

The Canadian radio station, CKAC, in Montreal, began experiments on a mechanical television in 1926. Broadcasting began in Canada on July 20, 1931 to an audience of 20 viewers. Mariette Mineau, a violinist, her sister Francoise, singer Violet Gridley, Douglas Reid and artist Edward Picard are credited with being Canada's first TV artists.

However the TV system that we know today would develop from a competing system associated with electronic television. In 1897, German physicist Karl Braun developed the first cathode ray oscilloscope. He illuminated the cathode rays by placing fluorescent materials at the front of the tube. This invention would eventually be applied to the scanning system for electronic television.

In 1929, Vladimir Zworykin, a Westinghouse engineer, invented the all electric camera tube. When coupled with the cathode ray tube, electronic television quickly demonstrated the limitations of mechanical television. It wasn't until 1939, that broadcasting finally got its start in the United States. The National Broadcasting Company (NBC) started regularly scheduled broadcasts to a total of 400 sets in New York.

In 1941, the American Federal Communications Authority (FCC) set the standards for broadcast television. Called NTSC, the system contained 525 lines updating at 30 frames per second. It wasn't until 1954 that the National Television System Committee (NTSC) set the standard for colour broadcast television. They settled on a system that was compatible with existing black & white TV sets. Colour was achieved by inserting the colour information inside the black and white signal. Today, it is estimated there are 1.5 billion television sets worldwide [2].

Media Monopolies:

As I began my research into the corporate monopolies in the media and communications industry I first needed to understand the concept of a monopoly and the free market practices in our Western society. American economist and statistician Milton Friedman tells us that there are three options for a monopoly: public monopoly, private monopoly, or public regulation. None of these is desirable or preferred. *"There are three major sources of monopoly: "technical" considerations, direct and indirect governmental assistance, and private collusion...monopoly arises to some extent because technical considerations make it more efficient or economical to have a single enterprise rather than many. The most obvious example is a telephone*

system...There is unfortunately no good solution for technical monopoly. There is only a choice among three evils: private unregulated monopoly, private monopoly regulated by the state, and government operation. "Friedman also quotes Adam Smith when he talks of the social responsibility of monopolistic businesses: *"The view has been gaining widespread acceptance that corporate officials and labor leaders have a "social responsibility" that goes beyond serving the interest of their stockholders or their members. This view shows a fundamental misconception of the character and nature of a free economy. In such an economy, there is one and only one social responsibility of business -- to use its resources and engage in activities designed to increase its profits so long as it stays within the rules of the game, which is to say, engages in open and free competition, without deception or fraud... It is the responsibility of the rest of us to establish a framework of law such that an individual in pursuing his own interest is, to quote Adam Smith again, "led by an invisible hand to promote an end which was no part of his intention. Nor is it always the worse for the society that it was no part of it. By pursuing his own interest, he frequently promotes that of the society more effectually than when he really intends to promote it. I have never known much good done by those who affected to trade for the public good."*[3]

In this passage, taken from his 1776 book "An Inquiry into the Nature and Causes of the Wealth of Nations" Adam Smith (1723-1790) set out the mechanism by which he felt economic society operated. *"Each individual strives to become wealthy "intending only his own gain" but to this end he must exchange what he owns or produces with others who sufficiently value what he has to offer; in this way, by division of labour and a free market, public interest is advanced. The system in which the invisible hand is most often assumed to work is the free market."* [4] Smith believed in a *laissez-faire* approach; an environment in which transactions between private parties are free from state intervention, including restrictive regulations, taxes, tariffs and enforced monopolies. And it is in this context that I will talk about the formation and history of two federal government regulatory bodies – the F.C.C. in the U.S. and the C.R.T.C. in Canada. Both these agencies were setup to regulate the amount of ownership these companies could have in the broadcast and telecommunications industry.

The American Landscape (History of FCC regulations)

Before 1927, the airwaves in the U.S. were controlled by the US Department of Commerce. The department acted mostly as litigators; handling the growing number of stations, fighting for space in the burgeoning industry, in the court room. The *Federal Radio Act of 1927* nationalized the airwaves and formed the Federal Radio Commission, later named the Federal Communications Commission (FCC) to assume control of the airwaves.

The Communications Act of 1934 set in motion all the communication rules that are in place today.[5] It s purpose was to regulate the telephone monopolies, and also govern the licensing for the spectrum used for television broadcasting. The FCC was given authority by Congress to give out broadcast licenses. However, the FCC's most important mandate was to determine whether the license would serve *"the public interest, convenience, and necessity"*.[6] This has become a much debated concept, the term "public interest" was provided with a general definition by the Federal Radio Commission. The FCC determined, in its 1928 annual report that *"the emphasis*

must be first and foremost on the interest, the convenience, and the necessity of the listening public, and not on the interest, convenience, or necessity of the individual broadcaster or the advertiser."[7] Following this reasoning, early FCC regulations reflected that *"it would not be in the public's interest for a single entity to hold more than one broadcast license in the same community. The view was that the public would benefit from a diverse array of owners because it would lead to a diverse array of program and service viewpoints."*[8]

The *Communications Act of 1934* was further refined and expanded, giving the FCC the power to administer broadcasting licenses, impose penalties and regulate standards and equipment used on the airwaves. The Act also mandated that the FCC would act in the interest of the "*public convenience, interest, or necessity.*"[9]

Lobbyists from the big radio broadcasters, NBC and ABC, wanted to establish high fees for broadcasting licenses, but Congress saw this as a limitation upon free speech. As a result, *"the franchise to operate a broadcasting station, often worth millions, is awarded free of charge to enterprises selected under the standard of 'public interest, convenience, or necessity.'"*[10]

Having this regulation in place still didn't change the broadcast landscape. The radio and television airwaves were dominated by the Big Three television networks (ABC, CBS, NBC) until the mid-1990s.

In 1975, the FCC passed the newspaper and broadcast cross-ownership rule.[11] which prohibited the ownership of a daily newspaper and any *"full-power broadcast station that serviced the same community"*.[12] This rule emphasized the need to make sure that many voices were given the opportunity to communicate through different outlets in each market. The ruling was put in place to limit media concentration in TV and radio markets, because they use public airwaves, which is a valuable, and now, very limited resource.

All of this changed with the implementation of *The Telecommunications Act of 1996*. One of the requirements of the act was that the FCC must conduct a biennial review of its media ownership rules *"and shall determine whether any of such rules are necessary in the public interest as the result of competition."* The Commission was ordered to *"repeal or modify any regulation it determines to be no longer in the public interest."*[13]

What was seen as fostering competition actually resulted in the subsequent mergers of several large companies, a trend which still continues today.[14] Over 4,000 radio stations were bought out, and minority ownership of TV stations dropped to its lowest point.[15]

In September 2002, the FCC issued a *Notice of Proposed Rulemaking* stating that the Commission would look at its media ownership rules pursuant to the obligation specified in the *Telecommunications Act of 1996*.[16] Many in the public were opposed to the relaxing of ownership rules. And in June 2003, after FCC deliberations; which included a single public hearing and the review of nearly two-million pieces of correspondence, [17] the FCC voted 3-2 to repeal the newspaper/broadcast cross-ownership ban and to make changes to or repeal a number of its other ownership rules as well.[18] In the order, the FCC noted that the newspaper/broadcast cross-ownership rule was no longer necessary in the public interest to

maintain competition, diversity or localism. Then in 2007 the FCC revised its regulations and ruled that they would take it "case-by-case and determine if the cross-ownership would affect the public interest. The rule changes permitted a company to own a newspaper and broadcast station in any of the nation's top 20 media markets as long as there are at least eight media outlets in the market. If the combination included a television station, that station couldn't be in the market's top four. As it has since 2003, Prometheus Radio Project argued that the relaxed rule would pave the way for more media consolidation. Broadcasters, pointing to the increasing competition from new platforms, argued that the FCC's rules—including other ownership regulations that govern TV duopolies and radio ownership—should be relaxed even further. The FCC, meanwhile, was there to defend its right to change the rules either way."[19]

The media consolidation debate

Robert McChesney is a fighter for media reform, and co-founder of **Free Press**, (established in 2003).[20] His work suggests that media regulation efforts should be more strongly directed towards maintaining a healthy balance of diverse viewpoints in the media environment. He also believes that; "*in the next five to 10 years, if not less, fundamental communication policy decisions likely will be made that will shape our nation for decades, maybe generations. Whether we will even have something remotely close to a credible journalism is very much up for grabs, along with much else. These decisions will be made whether we like it or not, under terms over which we have only a little control. If we elect to sit this one out because we are unable to get the ideal results in the short-term, or because this movement does not score high enough on our checklist of core issues, we "ain't going to make it with anyone anyhow." We will simply be fools*" [21] McChesney argues that journalism in the future will be based more on corporate profits than traditional investigative journalism. "*The American media are dominated by less than twenty firms—and that a half-dozen or so corporate giants hold the commanding positions. These firms use their market power to advance their own and other companies' corporate agendas. And they increasingly commercialize every aspect of our culture. By any known theory of political democracy, this tightly-held media system, accountable only to Wall Street and Madison Avenue, is a poisonous proposition.*"[22]

McChesney believes that most American's are unaware of what is happening and which laws are being passed. "*There is nothing natural about the existing corporate media system; it is the result of laws, regulations and extensive public subsidies that have been pushed through by the corporate media lobby with almost no public awareness or participation in the legislative process.*" [23]

Benjamin Compaine believes that the current media system is "*one of the most competitive major industries in U.S. commerce.*" [24] He believes that all news and information content is being interchanged between different mediums. *"Overall, the media industry -- including broadcasters, newspapers, magazines, book publishers, music labels, cable networks, film and television producers, Internet-based information providers, and so on -- is not substantially more concentrated than it was 10 or 15 years ago. Even after a period of mild deregulation and high-profile mergers, the top 10 U.S. media companies own only a slightly bigger piece of the overall media pie than the top 10 of two decades ago. I compiled data showing that the top 10 media companies accounted for 38 percent of total revenue in the mid-1980s, and 41 percent in the late*

1990s. As important, the lists are not filled with the same companies. Meanwhile, the rest of the media universe has continued to expand and diversify: There are more magazine and book publishers than ever, and new categories of vibrant media that were inconceivable just a decade or two ago." [25]

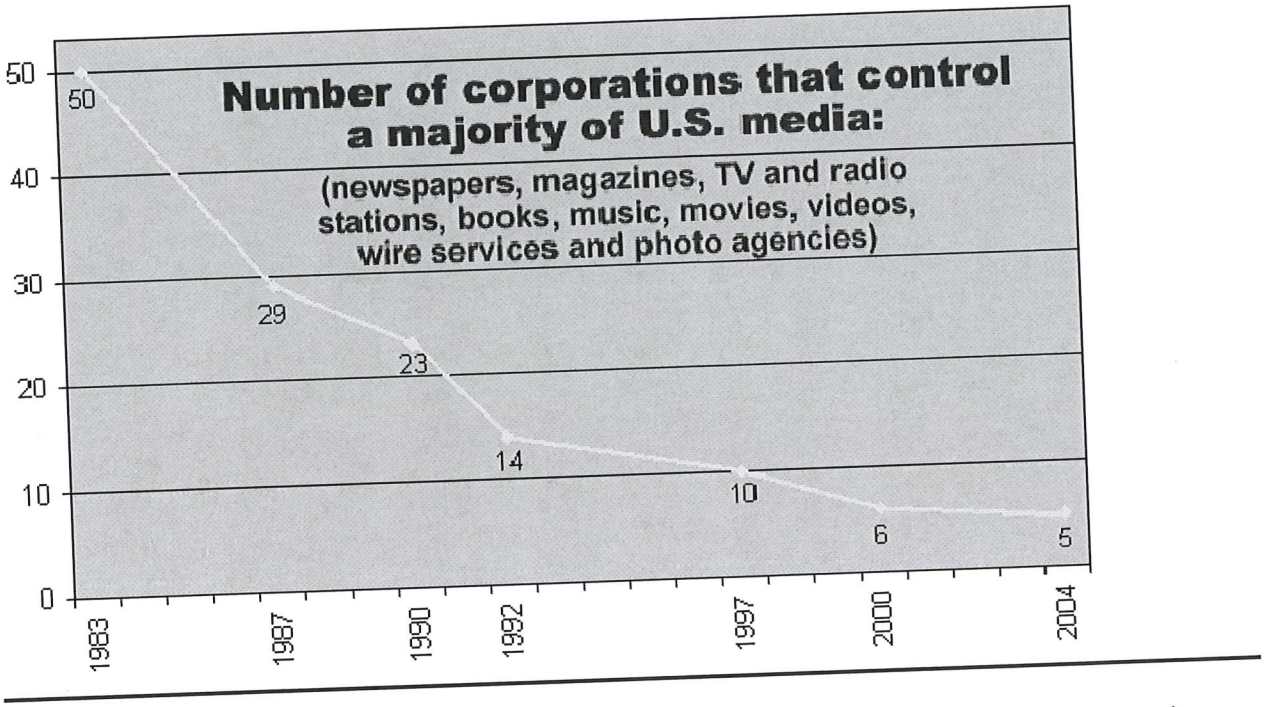
He believes that due to convergence the media industry has been saved. Because of the ease with which a message can be sent across many and different mediums; the message is more likely to be heard. Compaine also believes that due to vast sums of capital, the media industry is able to stay competitive because they are trying to reach more people by using newer mediums. *"Studies by the FCC's Media Ownership Policy Working Group found that the local television stations owned by the large broadcast networks receive awards for news excellence at three times the rate of stations owned by smaller groups, and produce nearly 25 percent more news and public affairs programming than non-network-owned affiliates. Television stations owned by enterprises that also own newspapers have higher news ratings, win more news awards, and offer more news shows than non-newspaper affiliates. And in 10 cities where the newspaper and a TV station had common ownership, half of the combinations had a similar editorial slant in the 2000 presidential election, while the other half had divergent slants."*[26]

Compaine's argues that the consolidation of media companies has allowed for "quality" content. He states that since the same story is being pushed across many platforms, then it is counted as one news story from multiple sources. With the news being more readily available it makes it far easier for individuals to access the news than through traditional methods. *"I have never heard a convincing argument that any individual in the United States in 2003 cannot easily and inexpensively have access to a huge variety of news, information, opinion, culture, and entertainment, whether from 10, 50, or 3,000 sources. If that is what passes for media concentration, we should consider ourselves pretty lucky."* [27]

The 'Big Six" in the U.S.

In 1983, fifty big corporations controlled most of the news media outlets in the U.S. At the time, author Ben Bagdikian was called "alarmist" for pointing this out in his book, "*The Media Monopoly*". In his 4th edition, published in 1992, he wrote *"in the U.S., fewer than two dozen of these extraordinary creatures own and operate 90% of the mass media"* -- controlling almost all of America's newspapers, magazines, TV and radio stations, books, records, movies, videos, wire services and photo agencies. Bagdikian predicted that this number would fall to about 6 or 7 companies. At the time it was greeted with skepticism. When he published the 6th edition in 2000, the number had fallen to six. And now the scope of these mergers includes new media like the internet market.

In 2004, he once again revised his book showing his audience that this list of mega media corporations had fallen to 5 -- Time Warner, Disney, Murdoch's News Corporation, Bertelsmann of Germany, and Viacom (formerly CBS) -- now control most of the media industry in the U.S. General Electric's NBC is a close sixth.



Today, news media ownership is concentrated in the hands of six powerful media corporations. They control most of what we watch, hear and read. They own newspapers, magazines, publishing houses, television networks, cable channels, movie studios, music labels and many popular websites. Do American's & Canadian's know who's feeding them the hours of news and entertainment that they constantly absorb? Do Americans and Canadian's care about who owns the media? The average Canadian watches 150 hours of television a month.[28]

The six corporations that collectively control U.S. media today are Time Warner, Walt Disney, Viacom, Rupert Murdoch's News Corp., CBS Corporation and NBC Universal. These "big six" dominate news and entertainment in the U.S. But even those areas of the media that they do not control are becoming concentrated. Clear Channel now owns over 1000 radio stations in the United States. And companies like Google, Yahoo and Microsoft are increasingly dominating the Internet.

The list of the "big six" below reveals only a small fraction of the media outlets these companies actually own.

General Electric: 2009 revenues - $157 billion

General Electric media-related holdings include a minority share in television networks NBC and Telemundo, Universal Pictures, Focus Features, 26 television stations in the United States and cable networks MSNBC, Bravo and the Sci Fi Channel. GE also owns 80 percent of NBC Universal. On January 18, 2011 the Federal Communications Commission approved Comcast's take-over of a majority share of NBC-Universal from General Electric. However, General Electric still has a 49% ownership stake in NBC-Universal.

Walt Disney: 2009 revenues - $36.1 billion

The Walt Disney Company owns the ABC Television Network, cable networks including ESPN, the Disney Channel, SOAPnet, A&E and Lifetime, 277 radio stations, music and book publishing companies, production companies Touchstone, Miramax and Walt Disney Pictures, Pixar Animation Studios, the cellular service Disney Mobile, and theme parks around the world.

News Corp: 2009 revenues - $30.4 billion

News Corporation's media holdings include: the Fox Broadcasting Company; television and cable networks such as Fox, Fox Business Channel, National Geographic and FX; print publications including the Wall Street Journal, the New York Post and TV Guide; the magazines Barron's and SmartMoney; book publisher HarperCollins; film production companies 20th Century Fox, Fox Searchlight Pictures and Blue Sky Studios; numerous websites including MarketWatch.com; and non-media holdings including the National Rugby League.

Time-Warner: 2009 revenues - $25.8 billion

Time Warner is the largest media conglomerate in the world, with holdings including: CNN, the CW (a joint venture with CBS), HBO, Cinemax, Cartoon Network, TBS, TNT, America Online, MapQuest, Moviefone, Warner Bros. Pictures, Castle Rock and New Line Cinema, and more than 150 magazines including Time, Sports Illustrated, Fortune, Marie Claire and People.

Viacom: 2009 revenues - $13.6 billion

Viacom holdings include: MTV, Nickelodeon/Nick-at-Nite, VH1, BET, Comedy Central, Paramount Pictures, Paramount Home Entertainment, Atom Entertainment, and music game developer Harmonix. Viacom 18 is a joint venture with the Indian media company Global Broadcast news.

CBS: 2009 revenues - $13 billion

CBS Corporation owns the CBS Television Network, CBS Television Distribution Group, the CW (a joint venture with Time Warner), Showtime, book publisher Simon & Schuster, 30 television stations, and CBS Radio, Inc, which has 130 stations. CBS is now the leading supplier of video to Google's new Video Marketplace. [29]

The Canadian Landscape (The History of the CRTC)

The Board of Broadcast Governors was a Canadian arms-length government agency created in 1958 to regulate television and radio broadcasting. It took over this function from the CBC. Then in 1968 it was replaced by the Canadian Radio and Television Commission. The CRTC is a public organization that regulates broadcasting and telecommunications. It was restructured in 1976 when it took over responsibility for regulating telecommunication carriers. It is now known as the Canadian Radio-Television and Telecommunications Commission.

In a significant 1999 decision on "new media", the CRTC held that under the Broadcasting Act it had jurisdiction over certain content communicated over the internet including audio and video, but excluding content that is primarily alphanumeric such as emails and most web pages. It also issued an exemption order committing to a policy of non-interference. In 2011 the CRTC decided to keep at arms-length on internet content (Over-the-Top (OTT) programming).[30]

Note of Interest: The CRTC does not regulate rates, quality of service issues, or business practices for Internet service providers. However, the CRTC does continually monitor the sector and associated trends.[31]

The "Big Five" in Canada

In Canada the "big 5" along with the CBC control over 90% of the airwaves in Canada.

Revenues:

BCE	$4.60 billion
Shaw	$3.75 billion
Quebecor	$4.10 billion
Rogers	$1.50 billion
Astral	$1.00 billion

The media economy in Canada grew immensely from $19.7 billion in 1984 to $56.1 billion in 2000 and to $68.7 billion in 2010.

The history of acquisitions and mergers:

1994 to 2000: Rogers acquisition of Maclean-Hunter (1994). Peaks from 1998 to 2001: (1) BCE acquires CTV and the *Globe & Mail* ($2.3b); (2) Quebecor takes over Videotron, TVA and the *Sun* newspaper chain ($ 7.4b) (1997-2000); (3) Canwest buys Global TV ($800m) and Hollinger newspapers papers, including *National Post* ($3.2b).

2006-2007: Bell Globe Media re-branded CTVglobemedia, as BCE exits media business. CTVglobemedia acquires CHUM assets (Much Music, City TV channels and A-Channel). CRTC requires CTVglobemedia to sell City TV stations – acquired by Rogers (2007). Astral Media's buys Standard Broadcasting. Quebecor acquires Osprey Media (mid-size newspaper chain)(2006). Canwest, with Goldman Sachs, buys Alliance Atlantis (2007) (Showcase, National Geographic, HGTV, BBC Canada, etc) – and biggest film distributor in Canada.

2010: Canwest bankrupt. Newspapers acquired by Post Media Group, TV assets by Shaw. BCE makes a comeback, buys CTV.[32]

Motivation for media firms to merge includes increased profit-margins, reduced risk and maintaining a competitive edge. But critics of media deregulation fear that such trends will only continue to reduce the diversity of information provided. Between 1990 and 2005 there were a number of media mergers in Canada. In 1990 17.3% of daily newspapers were independently owned; but by 2005 that percentage had shrunk to 1%. These changes caused the Senate Standing Committee on Transport and Communications to launch a study of Canadian news media in March 2003. This topic had been examined in the past, by the Davey Commission in 1970 and the Kent Commission in 1981. Both of these commissions produced recommendations which have never been implemented. [33][34]

Notable Quotes:

"Freedom of the press is guaranteed only to those who own one."

A.J. Liebling, American press critic 1904-1963

"We are here to serve advertisers. That is our raison d'etre."

C.E.O. of Westinghouse(CBS), Advertising Age, February 3, 97

"Having a few huge corporations control our outlets of expression could lead to less aggressive news coverage and a more muted marketplace of ideas."

Rifka Rosenwein, "*Why Media Mergers Matter*", Brill's Content, December 1999

"If media moguls control media content and media distribution, then they have a lock on the extent and range of diverse views and information," says [Chuck] Lewis, [executive director of the Centre for Public Integrity]. "That kind of grip on commercial and political power is potentially dangerous for any democracy."

Miren Gutierrez, Fewer Players, Less Freedom, Inter Press Service, March 20, 2004

"The deeper social loss of giantism in the media is not in its unfair advantage in profits and power; this is real and it is serious. But the gravest loss is in the self-serving censorship of political and social ideas, in news, magazine articles, books, broadcasting, and movies. Some intervention by owners is direct and blunt. But most of the screening is subtle, some not even occurring at a conscious level, as when subordinates learn by habit to conform to owners' ideas. But subtle or not, the ultimate result is distorted reality and impoverished ideas."

Ben Bagdikian, "*The Media Monopoly*", Sixth Edition, (Beacon Press, 2000), pp. 35—36, 45.

"We have no obligation to make history. We have no obligation to make art. We have no obligation to make a statement. To make money is our only objective."

Michael Eisner, CEO, The Walt Disney Co., (Internal Memo). Quoted from "*Mickey Mouse Monopoly-Disney, Childhood & Corporate Power*"

The World of the 21st Century: Online Media

How is this media landscaping shifting as people gather more of their news and information from the internet? This universe is made up of search engines, social media, online news sources, browsers, and Smartphone operating systems?

The trends are clear. Google dominates the search engine market, and this dominance is growing rapidly. By 2010, it accounted for 81 percent of searches. Microsoft (6.8%), Yahoo! (5%), and Ask.com (4%) trail far behind.

Social media sites display a similar trend, with Facebook accounting for 63.2% of time spent on such sites in 2010, trailed by Google's YouTube (20.4%), Microsoft (1.2%), Twitter (0.7%), and News Corp.'s MySpace (.6%)

And what about the newest superphone technology? US data shows that the top four players in 2010 accounted for 93 percent of all revenues: Google's Android OS (29%), Apple's iOS (27%), RIM (27%) and Microsoft's Windows 7 (10%). [35]

Monopolies of Knowledge: (Communications Theories)

As I stated in my opening paragraph; my initial intention was to analyze whether these corporate monopolies were inherently good or bad for the public. But my research was turning up more discussions on the issue of monopolies of knowledge, not monopolies of business practices. What follows is some research into the luminaries who show us what could happen when the "big six/big five" companies control the content and the medium.

Harold Innis (November 5, 1894 – November 8, 1952) was a professor of political economy at the University of Toronto. He wrote influential works on Canadian economic history, media and

communications theory. He explored the role that modern day communications took in shaping the culture and development of civilizations. [36] Innis felt that there had to be a balance between oral and written modes of communication. He said this was why the Greek civilization flourished in ancient times.[37] And he stated that our Western society is now driven by powerful, advertising driven companies whose only purpose is, "*present-mindedness*" and the "*continuous, systematic, ruthless destruction of elements of permanence essential to cultural activity.*"[38] *"Improvements in communication...make for increased difficulties of understanding.*[39]

Harold Innis's biggest contribution in the field of communications was to apply the concept of time and space to all forms of media. He divvied media into *time* and *space* concepts. He said that time concepts included clay tablets, manuscripts on parchment, and oral recitations like Homer's great prose. Innis was saying that these time traditions were meant to carry stories that would last for many generations and only reach a small audience. His concept of space media was more nebulous. They took into account modern day media such as television, radio, and widely circulated newspapers that deliver information to many people over long distances, but in the end only have a short exposure, or shelf life. Innis felt that time concepts in media favoured stability, tradition and religion, and space concepts in media were involved with quickening change, and materialism. He expanded on his distinctions between time and space concepts in media in his book Empire and Communications:

"The concepts of time and space reflect the significance of media to civilization. Media that emphasize time are those durable in character such as parchment, clay and stone. The heavy materials are suited to the development of architecture and sculpture. Media that emphasize space are apt to be less durable and light in character such as papyrus and paper. The latter are suited to wide areas in administration and trade. The conquest of Egypt by Rome gave access to supplies of papyrus, which became the basis of a large administrative empire. Materials that emphasize time favour decentralization and hierarchical types of institutions, while those that emphasize space favour centralization and systems of government less hierarchical in character."[40]

In his pursuit of the effects of media and communications on society he looked at the rise and fall of ancient empires to see if there was a connection to the time and space concepts that can affect the future of an empire. Innis looked at media that led to the growth of a society; and then, the communications changes that increased the odds that an empire would collapse quickly. He wrote that the interaction between knowledge and power was always crucial to understanding an empire:

"The sword and pen worked together. Power was increased by concentration in a few hands, specialization of function was enforced, and scribes with leisure to keep and study records contributed to the advancement of knowledge and thought. The written record, signed, sealed and swiftly transmitted was essential to military power and the extension of government."[41]

Innis argued that *monopolies of knowledge* would eventually face challenges to their power, especially with the arrival of new forms of media. After the fall of Rome's empire; Christian monasteries' spread throughout Europe. Their stranglehold or *monopoly of knowledge* depended on their control of the medium of parchment; useful for preserving hand written manuscripts. Power was in the hands of the religious elite. The mostly illiterate populous depended on priests to interpret them. He argued that the Catholic Church fought to preserve its *monopoly of knowledge,* but eventually paper along with the invention of the printing press, in the 15th century, loosened its' control on knowledge. Innis talks of the far reaching implications of the new medium of paper and the printing press in his book:

"The dominance of parchment in the West gave a bias toward ecclesiastical organization, which led to the introduction of paper, with its bias toward political organization. With printing, paper facilitated an effective development of the vernaculars and gave expression to their vitality in the growth of nationalism. The adaptability of the alphabet to large-scale machine industry became the basis of literacy, advertising and trade. The book as a specialized product of printing and, in turn, the newspaper strengthened the position of language as a basis of nationalism. In the United States, the dominance of the newspaper led to large-scale development of monopolies of communication in terms of space and implied a neglect of problems of time."[42]

Harold Innis's then warns us of the profound crisis facing Western society today: *"The development of "mechanized" communications media such as mass-circulation newspapers had shifted the balance decisively in favour of space and power, over time, continuity and knowledge. Industrial societies cut time into precise fragments suitable to engineers and accountants"*[43] and "*Western civilization suffered from an "obsession with present-mindedness" that eliminated concerns about past or future"*.[44] *"The overwhelming pressure of mechanization evident in the newspaper and the magazine... has led to the creation of vast monopolies of communication. Their entrenched positions involve a continuous, systematic, ruthless destruction of elements of permanence essential to cultural activity. The emphasis on change is the only permanent characteristic."*[45]

And Innis continues to argue that this crisis is worsening in the West:*" because communications monopolies that ran the media were largely immune from outside challenge. They literally spoke the language of the masses, effectively penetrating popular consciousness and shaping public opinion"*.[46] "*American media, with their dependence on advertising and therefore mass appeal, were extremely effective at mobilizing large audiences. Not only were Americans exhorted to buy the newest "improved" products, they were also exposed to a barrage of propaganda from political elites. Theodore Roosevelt mastered the newspaper as a communications device, just as his fifth cousin, Franklin D. Roosevelt mastered radio."*[47] *"The news media were also influenced by a large public relations industry that shaped public opinion on behalf of powerful interests."*[48]

And scholar Arthur Kroker wrote, *"Innis' political lesson was clear: the United States was now a fully 'space-oriented' society, with no inner coordinating principle and with no organic conception of 'lived tradition,' time, succession or duration which might act as an inner check against the politics of imperialism."*[49]

A close colleague of Innis' was Marshall McLuhan. He built on Innis' concept that in studying the effects of communications media, technological form mattered more than content. McLuhan coined the legendary phrase *"The medium is the message"*. What he was saying to us was that the form of any medium imbeds itself in the message, creating an interconnected relationship by which the medium influences how the message is perceived.

Author M. Federman wrote in his book, 'What is the Meaning of the Medium is the Message?', *"McLuhan describes that people tend to focus on the obvious, which is the content, to provide us valuable information, but in the process, we largely miss the structural changes in our affairs that are introduced subtly, or over long periods of time. As society's values, norms and ways of doing things change because of the technology, it is then we realize the social implications of the medium. These range from cultural or religious issues and historical precedents, through interplay with existing conditions, to the secondary or tertiary effects in a cascade of interactions that we are not aware of"*.[50]

Innis ideas have had a great influence on media theory and communications and, in collaboration with McLuhan, have given us a view on the function of communication technologies as key agents in social and historical change. *"Together, their works have advanced a theory of history in which communication is central to social change and transformation"*.[51]

Information, from across the globe, is accessible to anyone anywhere thanks to the introduction of a new form of communications known as the internet. But as we've seen in my essay; this too is controlled by a small oligopoly of businesses. So imagine the following scenario:

Could you go without Google for a month, a week, or even a day? What about ignoring your Facebook account, or Amazon, Skype, Twitter? Not impossible, but a real pain for many internet users. Forgoing Google and Amazon would be inconvenient; forgoing Facebook or Twitter means giving up a daily activity for many. For most of us, avoiding these internet hangouts would be a lot harder than bypassing Starbucks. We love convenience. With network size brings convenience.

Remember how in the late 90's there were many competing search engines like Lycos and AltaVista. And in the 2000s, there were many social networking sites, including Friendster and MySpace. Then we decided to embrace Google and Facebook exclusively. We let them dominate. These sites were faster, better and easier to use than their competitors, and the benefits only grew as more people joined. And yet this has resulted in a world with fewer options. These *info-monopolies* seem to be great in the short term. For a time, these companies can deliver powerful efficiencies, great conveniences and spectacular innovations. These new monopolies generate enormous profits that can be reinvested into research, expansion and even public

projects; for example AT&T wired America and invented the transistor, and Google is scanning the world's libraries and making them available to the world for free.

In this age of an open internet, it is easy to forget that every communication industry, beginning with the telephone, has eventually been taken captive by a corporate monopoly. With all our information traveling a single network, an unprecedented potential is building for centralized control over what we see and hear. Could history repeat itself with internet consolidation? Could the internet come to be ruled by one corporate giant in possession of the only *on/off* switch?

Invention creates industry and industry creates empires; a progress often endorsed by government, typically with restrictive consequences for free expression and technical innovation. A massive battle looms for the internet's future. With almost every aspect of our lives now dependent on that network, this is one battle we dare not miss. We must tune-in, turn-on but not drop out!

"Once we have surrendered our senses and nervous systems to the private manipulation of those who would try to benefit from taking a lease on our eyes and ears and nerves, we don't really have any rights left. Leasing our eyes and ears and nerves to commercial interests is like handing over the common speech to a private corporation, or like giving the earth's atmosphere to a company as a monopoly." Marshal McLuhan (1911-1980)[52]

References:

1. Pierre-Joseph Proudhon (1888), System of economical contradictions: or, The philosophy of misery, Volume 1
2. www.nationmaster.com
3. Smith Adam, An Inquiry into the Nature and Causes of The Wealth of Nations (1776), Bk. IV, chapter ii, (Cannan ed. London, 1930), p. 421.
4. Smith Adam, An Inquiry into the Nature and Causes of the Wealth of Nations, BK IV, chapter ii, (London: Methuen and Co., Ltd., ed. Edwin Cannan, 1904, fifth edition).
5. The Telecommunications Act of 1934, 4 & 47 U.S.C. 154 Retrieved from http://www.fcc.gov/Reports/1934new.pdf (2011)
6. "Communications Act of 1934". Retrieved 2011-11-25.
7. Robb, Margo. "Community Radio, Public Interest"
8. Obar, Jonathan (2009). "Beyond cynicism: A review of the FCC's reasoning for modifying the newspaper/broadcast cross-ownership rule". Communication Law & Policy 14 (4).
9. "The Communications Act of 1934." United States Public Law.
10. "Thomas I. Emerson, The System of Freedom of Expression (New York: Vintage Books, 1970), p. 654-655." Thomas I. Emerson
11. Amendment of §§73.34, 73.240 and 73.636 of the Commission's Rules Relating to Multiple Ownership of Standard, FM and Television Broadcast Stations, 50 F.C.C. 2d 1046 (1975).
12. Obar, Jonathan (2009). "Beyond cynicism: A review of the FCC's reasoning for modifying the newspaper/broadcast cross-ownership rule". Communication Law & Policy 14 (4).
13. The Telecommunications Act of 1996.
14. "Adbusters: The Magazine - #72 The Fake Issue / Fighting For Air: An interview with Eric Klinenberg". Retrieved 2011-11-29.
15. Fairness & Accuracy in Reporting (3/9/2003). "Speak Out for Media Democracy: Why isn't the FCC doing its job?". Fairness & Accuracy in Reporting. Retrieved 2011-11-10.
16. Press Release, Federal Communications Commission, FCC Initiates Third Biennial Review Of Broadcast Ownership Rules: Cites Goal Of Updating Rules To Reflect Modern Marketplace (Sept. 12, 2002), available at http://fjallfoss.fcc.gov/edocs public/attachmatch/DOC-226188A1.pdf
17. See Prometheus Radio Project, 373 F.3d 372, 386 (3d Cir. 2004).
18. R&O/NOPR 2003, supra note 21, at 3-4.
19. FCC's review of the Broadcast Ownership Rules. (2011) FCC. Retrieved from http://www.fcc.gov/cgb/consumerfacts/reviewrules.pdf
20. An Interview with Free Press Founder Bob McChesney (2010) Retrieved from http://www.internetsavingsaccounts.org/resources/an-interview-with-free-press-founder-bob-mcchesney

21. McChesney, Robert (2009). "Understanding the Media Reform Movement". International Journal of Communication 3: 51.
22. McChesney, Robert. "The U.S. Left and Media Politics". para 28
23. McChesney, Robert. "The U.S. Left and Media Politics". para.31
24. Baker, Edwin (2002). "Media Concentration: Giving Up On Democracy". Florida Law Review. 839 54.
25. Compaine, Benjamin. "Domination Fantasies". Retrieved 2011-11-03.
26. Compaine, Benjamin. "Domination Fantasies". Retrieved 2011-11-03, p.2, para.9
27. Compaine, Benjamin. "Domination Fantasies". Retrieved 2011-11-03, p.3, para.16
28. www.neilsons.com
29. http://www.freepress.net/ownership/chart/main
30. www.CRTC.gc.ca
31. "Internet". CRTC. 2009-09-11. http://www.crtc.gc.ca/eng/info_sht/t1003.htm Retrieved 2011-11-26.
32. http://dwmw.wordpress.com/2011/09/03/media-and-internet-concentration-in-canada-1984-%E2%80%93-2010/
33. The Globe and Mail (June 22, 2006). "Review media mergers - Senate group urges Grant Robertson and Simon Tuck". The Globe and Mail - republished by Friends of Canadian Broadcasting. Retrieved 2011-11-25.
34. Standing Senate Committee on Transport and Communications (June 2006). "FINAL REPORT ON THE CANADIAN NEWS MEDIA". Parliament of Canada. Retrieved 2011-11-25.
35. www.Neilsons.com
36. Babe, Robert E. (2000) "The Communication Thought of Harold Adams Innis." In *Canadian Communication Thought: Ten Foundational Writers*. Toronto: University of Toronto Press, pp. 51–88.
37. Heyer, Paul. (2003) *Harold Innis*. Lanham, MD: Rowman & Littlefield Publishers Inc., p. 66.
38. Innis, Harold. (1952) *Changing Concepts of Time*. Toronto: University of Toronto Press, p.15.
39. Innis, Harold. (1951) *The Bias of Communication*. Toronto: University of Toronto Press, p. 28.
40. Innis, Harold. (1950) *Empire and Communications*. Oxford: Oxford University Press, p.7.
41. Innis, (Empire and Communications) pp.10–13.
42. Innis, (Empire) p. 216.
43. Innis, (Bias), p.140.
44. Innis (Bias), p.87
45. Innis, Harold. (1952) *Changing Concepts of Time*. Toronto: University of Toronto Press, p.15.

46. Watson, p.385.
47. Innis (Bias) p.81
48. Innis, (Changing Concepts), pp. 102–103.
49. Kroker, Arthur. (1984). *Technology and the Canadian Mind: Innis/McLuhan/Grant.* Montreal: New World Perspectives, p.123.
50. Federman, M. What is the Meaning of the Medium is the Message? Retrieved 2011-12-07 www.individual.utoronto.ca/markfederman/article_mediumisthemessage.htm
51. Carey, (McLuhan Pro and Con), p. 271.
52. Mcluhan Understanding Media (New American Library, 1964)

Bibliography:

- The History Of Television, 1880 to 1941 - Albert Abramson ISBN 0-89950-284-9
- Behind the Tube, A History of Broadcasting Technology and Business - Andrew F. Inglis ISBN 0-240-80043-5
- Milton Friedman, with the assistance of Rose D. Friedman, Capitalism and Freedom (1962), chapter viii, (Phoenix Books, The University of Chicago Press)
- Babe, Robert. (2000). "The Communication Thought of Harold Adams Innis". In Canadian Communication Thought: Ten Foundational Writers. Toronto: University of Toronto Press. pp. 51–88. ISBN 0-8020-7949-0
- Berger, Carl. (1976). "Harold Innis: The Search for Limits". In The Writing of Canadian History. Toronto: Oxford University Press. pp. 85–111. ISBN 0-19-540252-9
- Carey, J. W. (1992). "Space, Time and Communications: A Tribute to Harold Innis". In Communication as Culture: Essays on Media and Society. New York: Routledge. ISBN 0-415-90725-X
- Creighton, Donald. (1957). Harold Adams Innis: Portrait of a Scholar. Toronto: University of Toronto Press. OCLC 6605562
- Havelock, Eric. (1982). Harold A. Innis: a memoir (with a preface by H. Marshall McLuhan). Toronto: Harold Innis Foundation. ISBN 978-0-9691212-1-3
- Kroker, Arthur. (1984). Technology and the Canadian Mind: Innis/McLuhan/Grant. Montreal: New World Perspectives. ISBN 978-0-312-78832-2
- McLuhan, Marshall. (2005) "Introduction to the Bias of Communication: Harold A. Innis first edition 1951. " In Marshall McLuhan Unbound. Corte Madera, CA: Gingko Press. v.8. OCLC 179926576
- Patterson, Graeme. (1990) History and Communications: Harold Innis, Marshall McLuhan, the Interpretation of History. Toronto: University of Toronto Press. ISBN 0-8020-6810-3
- Watson, Alexander John. (2006). Marginal Man: The Dark Vision of Harold Innis. Toronto: University of Toronto Press. ISBN 978-0-8020-3916-3
- Innis, Harold. (1952) The Strategy of Culture. Toronto: University of Toronto Press.
- Innis, Harold. (1952) Changing Concepts of Time. Toronto: University of Toronto Press.
- Tim Wu. (2010)The Master Switch: The Rise and Fall of Information Empires (Borzoi Books).