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Oligopolization of Global Media and Telecommunications and its Implications for Democracy

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ABSTRACT *Propelled by neoliberalism, an enormous wave of mergers has led to a steady oligopolization of the world's media and telecommunications networks. This paper explores the reasons and forces that underlie this phenomenon, particularly deregulation, as they pertain to democratic access to information, including the Internet. It summarizes the major firms that dominate the world's information systems, focusing on Rupert Murdoch and the News Corporation. The paper considers the social and spatial equity implications of corporate control, including the digital divide. Finally, it turns to the political implications of media and communications oligopolization for democracy, arguing that the concentration of ownership in a declining number of hands is inherently conservative and anti-democratic in nature and implication.*

Introduction

Over the last three decades, two overlapping and intersecting industries, telecommunications and the media, have been dramatically transformed by deregulation, technological change, and a wave of enormous mergers and acquisitions. The result has been an increasingly oligopolistic market structure. Across the planet, the market for media services has become dominated by a few giants that have established powerful distribution and production networks (Schiller, 1999). As ownership in many countries has become concentrated in a handful of powerful media barons, the content of mass media has been affected significantly, with important consequences for consumers and society at large.

This paper summarizes corporate consolidation in the telecommunications and media industries, offering examples of the mergers that have left these sectors increasingly controlled by a small group of behemoths. Second, it explores the forces driving this consolidation, including the neoliberal wave of deregulation, the digital convergence that has integrated different forms of hitherto distinct media, and the economies of scale and scope that allow giants to marginalize smaller firms. This trend has increasingly come to include the Internet, with dire implications for the 'digital divide'. Third, it examines the leading mogul in the small circle of CEOs

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who control the global electronic media, News Corporation's Rupert Murdoch, to illustrate how these changes inescapably carry with them political consequences. Fourth, it summarizes the economic implications of oligopolization for consumers and equality of access to the Internet. As the logic of profit maximization displaces state-mandated concerns for universal service, oligopolies' activities may accentuate existing inequalities to telecommunications both within and among nations. Fifth, it turns to the social and political implications of this process for democratic discourse. Using a Habermasian approach in which democracy is approximated by an 'ideal speech situation' of unfettered discourse in the public sphere, it argues that corporate concentration through mergers threatens to erode the social foundations of democracy itself (Du Boff & Herman, 2001).

Bigger and Bigger: Oligopolization in Context

Telecommunications, an industry characterized by high fixed costs and low marginal ones, has long experienced waves of corporate consolidation. Large firms were the norm under Fordist modes of production in which oligopolies dominated industries such as automobiles, steel, and petroleum. In the early twentieth century, telecommunications firms that provided a traditional 'plain old telephone service' (Graham & Marvin, 1996) relied heavily upon economies of scale, and, protected from foreign competition by national regulations, suffered minimal international competition. Corporations such as AT&T or British Telecom thrived as state-owned or supervised monopolies providing a telephone service in relatively self-contained national markets, with almost universal access as penetration rates approached 100%. In the US, AT&T enjoyed a textbook example of monopoly, a status guaranteed by the 1933 Communications Act, with exclusive control over the production, installation, maintenance, and service of telephones. By 1980, AT&T was the world's largest corporation in terms of its assets (Warf, 1998).

However, during the late twentieth century and the concomitant shift to post-Fordist modes of production, media and telecommunications underwent widespread institutional and technological changes. Newspapers, for example, shifted from family-owned companies to publicly traded corporations, with important repercussions for their willingness to report controversy. Indeed, few industries have been as significantly affected by the microelectronics revolution and the shift from analogue to digital information as the telecommunications sector. Among other things, the new, globalized world witnessed the introduction of fiber optics, the Internet, and wireless communications. Simultaneously, globalization produced aggressive competitors from various parts of the globe and a variety of opportunities in media and telecommunications markets in different countries.

Whereas the hyperbole of post-Fordism celebrated the rise of small firms, the reality in the telecommunications sector was the growth of larger firms that relied on horizontal integration to enhance their competitiveness and penetrate new markets (Harper, 1997). The sector was swept by a wave of enormous mergers and acquisitions: in the period from 1993 to 2000, mergers and acquisitions totaling more than $1.3 trillion resulted in an unprecedented wave of corporate consolidation (Warf, 2003). For example, Bell Atlantic and Nynex combined in 1996 in a deal amounting to $25 billion. MCI purchased Sprint for $108 billion, which combined the second and third largest telecommunications carriers in the US. In 2000, Verizon Communications was formed through the merger of Bell Atlantic and GTE to create the third largest telecommunications company in the world, with 256,000 employees and annual revenues of $64 billion. Verizon operates in 19 countries and is the world's largest publisher of print and on-line telephone directories.

The frenzy in telecommunications mergers included Internet service providers (O'Kelly & Grubesic, 2002). The privatization of the Internet began in 1993 with NSF's transfer of the system's management to a consortium of private firms led by MCI. Increasingly, deregulation and merger mania brought this sector, which arose through public efforts, into conformity with the dictates of the market. Large firms such as Microsoft, AOL (America Online), and AT&T have become major forces in the oligopolization of Internet Service Providers (ISPs). ISPs became both targets and acquirers of telecommunications services in their own right. The most spectacular example was AOL's purchase of Time Warner for $165 billion in 2000, the largest merger in US history (Hansell, 2000). Following the merger, different parts of the giant carried products produced by another: for example, music compact discs produced by Time Warner carried AOL software, and AOL-owned websites carried advertising for Time Warner magazines such as *Time*, *Fortune*, *Life*, *People*, and *Sports Illustrated*. Of the Disney Corporation, McChesney says that it 'more than any media giant is the master at figuring out new synergistic ways to acquire, slice, dice and merchandise content' (1999, p. 23).

The American trend toward oligopolization was not well received in Europe, where it led to fears of accentuated US control over the Internet and the music and entertainment industries. European regulators are generally less sympathetic toward large firms than in the US. As neoliberalism made steady inroads across the continent, however, the EU Commission became increasingly aggressive in confronting former state monopolies such as France Telecom, British Telecom, and Deutsche Telekom to open their home markets to competition while encouraging them to become global players capable of competing with US corporations (Trillas, 2002).

Today, a handful of giants dominates global media and telecommunications. Table 1 depicts the seven largest telecommunications firms, which together employ 1.3 million people. AT&T remains the world's largest in terms of assets (more than a quarter of a trillion dollars). Corporate control over the world's production and distribution of information also includes enormous media conglomerates, particularly the five largest, AOL Time Warner, Walt Disney, Viacom, News Corporation, and Vivendi (Table 2). These behemoths own properties in numerous information-related sectors, including book and magazine publishing, cable and network television, radio, movie studios, music companies, as well as theme parks and sports teams. Many corporate giants share shareholders and occasionally interlocking boards of directors with one another or with banks, oil companies, health care firms, or pharmaceutical producers (McChesney, 1999). They are often horizontally and vertically integrated with other information industries, including Hollywood film studios, book and newspaper publishers, and radio and television producers, exploiting a synergy among constituent parts and allowing for cross-advertising of products. Collectively, they control 75% of the US television audience and 90% of the television news audience.

Table 1. World's largest seven international telecommunications carriers, 2005.

Company	Origin country	Assets ($ billions)	Employees (thousands)
AT&T	USA	252.3	156.7
Nippon Telephone & Telegraph	Japan	170.3	215.2
Verizon	USA	164.7	258.3
France Telecom	France	118.2	188.9
Deutsche Telekom	Germany	115.2	211.9
WorldCom	USA	98.9	51.5
SBC Communications	USA	98.6	209.8

Source: www.forbes.com

While their presence is most intensely felt in Europe, Australia, and North America, such firms have operations that extend across the planet. Their size, financial resources, infrastructure, and human capital effectively give them control of a vast share of the world's media, the channels through which billions of people get their news and entertainment, and thus collectively play a hugely influential role in shaping the outlooks and views of their viewers and subscribers.

Forces Driving the Oligopolization of Global Media and Telecommunications

Why has oligopolization so thoroughly restructured the telecommunications and media industry at this moment in history? The major forces driving mergers and concentration of ownership include: deregulation; technological change (i.e. the digital revolution); and the search for scale and scope economies.

Deregulation was a central moment in the reconfiguration of this industry, starting with the dissolution of ATT's monopoly in 1984. As McChesney notes, 'The centrepiece of neoliberal policies is invariably a call for commercial media and communication markets to be deregulated. What this means in practice is that they are ''re-regulated'' to serve corporate interests' (2001). Thus, corporate consolidation of media and telecommunications has little to do with some mythical 'free market' and everything to do with the actions of governments in the context of global neoliberalism.

In the United States, the Telecommunications Act of 1996 ushered in significant changes in the regulatory environment of the industry (McDowell, 2000), changing foreign ownership controls, allowing telecommunications firms to acquire and control foreign firms, and relaxing cross-industry ownership rules that prohibited firms in one telecommunications sector from operating in and controlling firms in another. For example, the Act facilitated the integration of the telephone and cable sectors (Chan-Olmsted, 1998; Tseng & Litman, 1998). Proponents of the Act argued that it would increase competition and provide consumers with lower prices and greater choices. Instead, the industry replied with record-breaking mergers. As Lehman and Weisman (2000) demonstrate, despite the Act's visions of facilitating a competitive market, its ambiguity and a conservative Republican-dominated

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Table 2. Major assets of five largest media conglomerates, 2005.

Market	AOL Time Warner	Walt Disney	Viacom	News Corporation	Vivendi Universal
Publishers	Time Life Book of the Month Club Little, Brown & Co.	Hyperion Books Mirimax Books	Simon & Schuster Scribner Free Press	HarperCollins Hearst Book Group Zondervan Publishing	Havas Publisher
Cable TV	HBO International Turner Entertainment CNN Time Warner	Disney Channel A&E History Channel	Nickelodeon Showtime	Fox Networks	
Network TV		ABC	CBS Comedy Central MTV Networks	DirecTV BSkyB Vivendi Sky Network Television StarTV	Canal
Other video			Blockbuster		
TV stations		10			
Radio stations		29	180		
Movie studios		Walt Disney Pictures Touchstone Pictures	Paramount Pictures United Cinemas Int'l	20th Century Fox	Universal Studios
Magazines and newspapers	*Time* *Fortune* *Life* *Sports Illustrated* *People* *Entertainment Weekly*			*TV Guide* *Weekly Standard* *London Times* *New York Post* *Weekend Australian* *Herald Sun* 169 other titles	Cineplex Odeon
Internet	America Online Netscape Communications	ABCNEWS.com	CBSNews.com		VivendiNet

Continued

Table 2. Continued.

Market	AOL Time Warner	Walt Disney	Viacom	News Corporation	Vivendi Universal
Music	Warner Music Group	Buena Vista Music Hollywood Records Walt Disney Records			Universal Music MCA
Theme Parks	Warner Bros. Studios	Disneyland Disney World Disney Animal World	Paramount Parks	Staples Center (L.A.)	Universal Studios Universal Florida
Sports	Atlanta Braves	Anaheim Angels		Australian Rugby League	

Source: www.MediaChannel.org

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Congress eager to serve large corporate campaign donors produced exactly the opposite of the rosy scenarios envisioned by its promoters.

Deregulation was also important to the oligopolization of the satellite industry. Compared to the telephone industry, the deregulation of the American satellite market began relatively early, when the FCC announced its ‘open skies’ policy in 1972, allowing any party to apply for orbital slots, effectively initiating the era of privately-owned domestic commercial satellites. Since then, a steady series of FCC actions has removed almost all federal government controls. In 1979, restrictions were lifted on mandatory licensing requirements and the price ceilings formerly imposed on common carriers. In 1985, the FCC allowed a private satellite carrier to compete with the International Satellite Organization (Intelsat) for the first time. At the global level, this change was paralleled by the gradual demise of the Intelsat monopoly, the explosive growth of fiber optics, and the proliferation of private satellite carriers.

Technological change also contributed to oligopolization of the media and telecommunications. The microelectronics revolution annihilated sectoral, geographic, and market boundaries by making it possible for firms in one sector to produce outputs easily used in another (Jameson, 1996). Digital convergence—the blurring of the traditionally separated industries of telephone, cable, and computers—allows conglomerates to provide more than one service over the same medium (Baldwin *et al*., 1996), blurring what were once traditionally discrete markets. For example, telephone networks can increasingly provide video and data communications, cable modems often carry high-speed data and voice switched messages, while Internet networks transfer voice and video data, e.g. through Digital Subscriber Lines and broadband delivery modes, Voice Over Internet Telephony (VOIP), and cable television. This process also has allowed corporate giants to use coaxial cables that carry Internet, television, and telephone services to homes to solve the long-standing ‘last mile’ problem, the final gap to the user’s residence, which typically consists of relatively slow copper cable wires.

Oligopolization is also associated with vertical and horizontal integration. During periods of market instability, such as those characterized by slow growth and policy deregulation, firms wish to reduce competition and market risk by controlling a larger share of the market. Firms that acquire the assets of financially weakened rivals consolidate their market power and also have the opportunity to reap economies of scale; the growth and expansion of Turner Broadcasting System is an example of consolidation of market power (Picard, 1996).

Finally, corporate consolidation in telecommunications was fueled by the search for economies of scope as well as scale. Economies of scope exist if one firm can produce two separate products more efficiently than two firms can produce them separately. In telecommunications, this process centered on multimedia strategies to diversify operations and reduce dependence on a particular type of media market. Through mergers, a purchasing company seeks to extend its product line, market participation, or production technologies (Chan-Olmsted, 1998). An example is the US West–Continental merger, which generated economies of scope in telephone and cable services by marketing an integrated package of telephone, cable, and Internet access services through the new company, MediaOne (Tseng & Litman, 1998).

The Geographies of Rupert Murdoch

Oligopolization has steadily led to the control over much of the world's telecommunications infrastructure and services—and thus news and electronic entertainment—by a handful of corporate giants. Such firms are led by well-known media CEOs, including, for example, Michael Eisner of Disney, Cable News Network's (CNN) Ted Turner, Italy's Silvio Berlusconi, and Thomas Middelhoff of Bertelsmann, the robber barons of the digital age (Bagdikian, 2000).

The political dimensions of corporate consolidation in telecommunications are aptly demonstrated by the case of Rupert Murdoch, the *capo di tutti capi* of the media industry. Murdoch began his career in Australian newspapers in the 1950s, expanding into British tabloids in the 1960s and the US media market in the 1970s (Shawcross, 1993). By 2002 Murdoch owned more than 750 businesses in more than 50 countries, although three-quarters of the firm's earnings come from the US. As chair of the News Corporation, Murdoch runs an enormous media empire that stretches across the planet, including:

- 175 newspapers and magazines, such as Australia's *Daily Telegraph*, *Herald Sun*, and *Sunday Telegraph*; *News of the World* and *The Sun* in London; the *Times of London*; the *New York Post* (purchased in 1976, sold in 1988); *San Antonio News Express*; the *Weekly Standard* (1995), edited by famed neoconservative Bill Kristol and avidly read by the Bush administration; the *Boston Herald*; the *Chicago Sun-Times* (1983); and *TV Guide* (1988);
- HarperCollins Publishers;
- 35 local television stations that reach 44% of the US population;
- 11 national and 22 regional cable and satellite channels (including Fox News, the leading cable news network in the US), and also FX and the National Geographic channel;
- Twentieth Century Fox production studios (1985);
- Britain's Sky satellite network (1989), which also purchased British Satellite Broadcasting in 1990;
- Asia's Star TV network (1993), including China's Phoenix InfoNews, which is modeled after Fox News in the US; and
- PanAmSat Corporation, the satellite owner that most US cable systems rely on for the signals they relay to homes (Fallows, 2003).

A major component of this conglomerate is News Corporation's global system of satellite television, which includes large segments of North and South America as well as Asia (Figure 1). In 2004, Murdoch's News Corporation purchased DirecTV from General Motors for $6.6 billion. Originally, News Corporation was outbid by EchoStar, the second largest US satellite broadcaster. Murdoch responded with a ferocious lobbying campaign (spending $10 million) to get regulators to block the EchoStar deal on antitrust grounds, which the FCC obligingly did. With 11 million subscribers, DirecTV is the second largest subscription-based television provider in

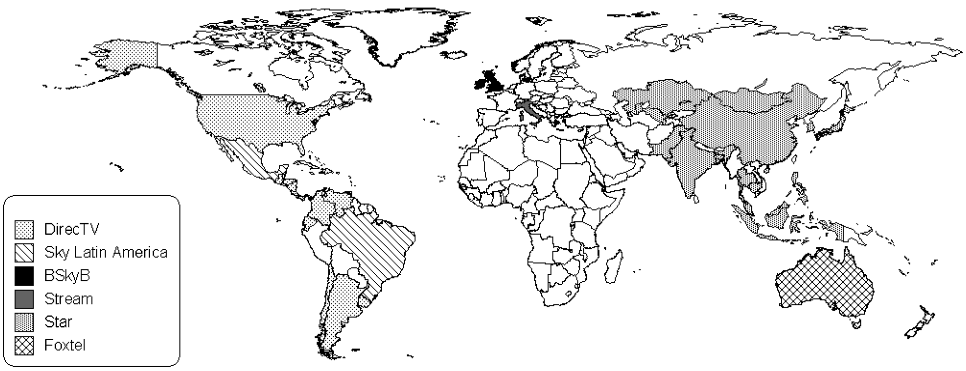

Figure 1 Rupert Murdoch's global satellite television empire. *Source:* Redrawn from Sorkin (2003).

the US (after AT&T). Murdoch himself is highly aware of the power and reach of his firm, boasting that:

> Our reach is unmatched around the world. We're reaching people from the moment they wake up until they fall asleep. We give them their morning weather and traffic reports throughout our television outlets around the world. We enlighten and entertain them with such newspapers as *The New York Post* and *The Times* as they have breakfast, or take the train to work. We update their stock prices and give them the world's biggest news stories every day through such news channels as Fox or Sky News ... And when they get home in the evening we're there to entertain them with compelling first-run entertainment on FOX or the day's biggest game on our broadcast, satellite and cable networks. Before going to bed, we give them the latest news, and they crawl into bed with one of our best-selling novels from HarperCollins. (News Corporation *Annual Report 1999*)

Notorious for his highly conservative political views, Murdoch plays a major role shaping the slant of news and editorial policy in his media outlets: as the *New York Times* put it, Murdoch's 'global news empire marches to the chairman's political drum' (Kirkpatrick, 2003). During the 2000 presidential election, Murdoch put the cousin of Republican candidate George W. Bush, John Ellis, in charge of Fox's election night coverage: Ellis made Fox the first network to declare Bush the 'victor'. Not surprisingly, News Corporation's various outlets were unanimous supporters of the American invasion of Iraq in 2003. Murdoch told the London *Guardian* (17 February 2003) that 'the greatest thing to come out of this for the world economy ... would be $20 a barrel for oil. That's bigger than any tax cut in any country'. Fox News, which detractors occasionally refer to as 'Faux News', is well known as being particularly vehement in its advocacy of conservative politics. (Of course, 'conservative' is a label that embraces diverse and, at times, contradictory political positions, including economic conservatives who worship the free market and social conservatives who celebrate allegedly 'traditional'—read religious—values.) Kirkpatrick notes:

> Its newscasters speak of American and British troops as 'we', 'ours', and 'liberators'. After other networks reported setbacks to American and British forces, the Fox commentator Bill O'Reilly denounced its competitors as 'liberal weenies' who were exaggerating the difficulties of the fight and underestimating the American public's tolerance for casualties. (2003, p. C7)

Fox has grown rapidly, to become the largest single television source of news: the Pew Research Center notes that 'since 2000, the number of Americans who regularly watch Fox News has increased by nearly half from 17% to 25% while audiences for other cable outlets have been flat at best' (http://people-press.org/reports/display.php3?PageID=833).

In a different arena, News Corporation pandered to the repressive Chinese government. For example, after accusing the British Broadcasting Company (BBC) of 'gratuitously attacking the regime, playing film of the massacre in Tiananmen Square over and over again', Murdoch dropped the BBC's World Service from his SKY satellite programming. Similarly, his publishing company HarperCollins cancelled publication of books (Chris Patten's *East and West*) critical of the Chinese state (americanprogress.org/site). His son, James, publicly labeled the opposition movement Falun Gong 'an apocalyptic cult'. The case of Rupert Murdoch demonstrates, in short, how centralized ownership allows high-ranking management—invariably conservative—to inject its political views into the shaping and presentation of the news in a large array of outlets.

Lest it appear that Murdoch exercises complete and uncontested control over a vast swath of the world's media, it is worth pointing out the numerous and often vocal critics who have sought to counter his views and power. Chester, for example, criticized his purchase of DirecTV as a 'death star' that would transform most American television sets into extensions of the Murdoch empire (2003a, 2003b). Media groups placed advertisements in several leading papers, including the *New York Times*, criticizing his attempts to loosen regulatory restrictions on media ownership. Britain's *The Guardian (2003)* took him to task for his vocal support of the US invasion of Iraq in 2003. The Center for Digital Democracy filed a lawsuit against the News Corporation protesting its takeover of Hughes Electronics. Murdoch's relentless attacks on the British Broadcasting System, including calls for it to be broken up, were countered by a vocal group of web bloggers (including the widely read DailyKos), newspapers, and progressive pundits on radio shows. Such voices and actions are important reminders that corporate power is contingent and far from inevitable.

Equity Implications of Media Oligopolization

The concentration of ownership in telecommunications and the media has raised widespread concerns among consumers, competitors, watchdog groups, and occasionally even government regulators about its potential social and economic consequences. Far from the mythical free market found only in economics textbooks, the media and telecommunications sectors today comprise a small group of very large providers that resembles a cartel in which, by virtue of their large market shares, the members often act in collusion. In the classic theory of oligopoly, firms with large shares of the market can act as price-setters rather than competitive price-takers (Stigler, 1942). Oligopolized telecommunications may lead to higher prices for consumers and monopoly rents, generally in the forms of higher stock prices and dividends, for the providers. Thus, consumer advocates rightly fret that this trend will lead to higher calling prices and fewer media choices, a reversal of the gains made in the decade following the initiation of deregulation with the break-up of AT&T in 1984 (Teske, 1995).

1 There are also important issues of equity being shaped by oligopolization: deregulation has encouraged telecommunications to be provided increasingly on a 'pay per' basis, a context in which firms engage in network 'cherry-picking' of the most profitable customers and effectively abandon others, such as rural regions and inner cities, which traditionally acquired access only through government-mandated universal service policies forced upon state-regulated monopolies (Graham & Marvin, 1996). Neoliberal ideology assumed that universal coverage could be provided by new technologies and unfettered markets rather than public policy. Neoliberalism has also put an end to the long-standing practice of cross-subsidization, which may lead to declining service quality and network reliability as providers discriminate between high-profit business and relatively low-profit residential customers (Roycroft & Garcia-Murrilo, 2000).

A growing literature on the 'digital divide' (McConnaughey & Lader, 1998) has abundantly illustrated that socially disenfranchised groups are often also excluded from the world of telecommunications. American Internet users are predominantly white and middle class, well educated, and in professional occupations demanding college degrees. Because race and ethnicity are closely correlated with class, this pattern has led to fears of a digital 'racial ravine': at all income levels, white households have higher degrees of Internet access than do ethnic minorities. Unequal access to the Internet reflects broader, growing inequalities throughout industrialized nations generated by labor market polarization (including the loss of manufacturing jobs due to mounting global competition), the growth of unearned income (particularly dividends), and the regressive actions of the post-Keynesian state (in the US, taxation policies heavily skewed in favor of the wealthy, such as reductions in capital gains taxes). Indeed, those who may need access to digital information the most—the poor and politically disenfranchised—may have least availability to purchase or use it.

The oligopolization of telecommunications may exacerbate the urban–rural divide, a long-standing feature of the geography of the Internet. Telecommunications infrastructures always incur high marginal costs in low-density regions, and in an age of privatized providers drawn to the enormous scale economies found in metropolitan areas, low-income rural regions have replaced low-income inner cities as the least connected places within the US (National Telecommunications and Information Administration, 2000). Even when they are connected, rural residents are far more likely than urban ones to encounter frustratingly slow Internet connections.

Broadband technologies, including a variety of cable, wireless, and digital subscriber lines, have become an important and rapidly growing part of Internet service delivery in the United States, offering more rapid access and advanced services compared to traditional modems. Broadband applications include interactive digital television and high-speed Internet services for multimedia uses, including live broadcasts, business-to-business linkages, Internet gaming, telemedicine, videoconferencing, and Internet telephony. Broadband technologies have been around since the 1950s, but their development was hampered by financial and regulatory constraints, or in the case of coaxial cable, by the one-way delivery of cable television services. In passing the Telecommunications Act of 1996, Congress directed the FCC to encourage the use of advanced telecommunications technologies (but not any specific one), a directive that stimulated services to overcome the problem of the 'last mile', the final segment of lines into homes and businesses. This issue has been aggressively addressed by cable television companies. Historically, these have been shared networks, i.e. they connect multiple users to a common coaxial, copper wire. Upgraded to fiber lines that allow two-way flows of information, these allow digital television, telephony, and high speed Internet access. Because two-thirds of American households have cable television, this mode of delivery is the most popular (Grubesic & O'Kelly, 2002).

Media Oligopolization and Democracy

The mounting concentration of telecommunications and media outlets has wider impacts beyond those that undermine equality of access. Given the central role of these two sectors in providing information, the new economic structure of the industry has enormous implications for the public's ability to procure information and participate in political debate. Large media firms often have powerful political lobbies and the ear of key regulatory officials (McChesney, 1999, 2001). In return, state regimes often reward those who curry favor. In the US, for example, FCC chair Michael Powell repeatedly sought to relax regulations on media ownership in radio and television markets, as well as restrictions on cross-ownership. Thus, inasmuch as they benefit from currently entrenched social systems, large firms tend to be politically conservative. As Alterman points out, the conservative nature of corporate ownership belies the popular myth of an ostensibly 'liberal' American media (2004).

For example, following the 1996 Telecommunications Act, the US radio giant Clear Channel Communications grew from 12 stations (the limit stipulated prior to the Act) to 1,214 stations (and 105 million listeners) and 37 television stations in 2003 (Schwartz & Fabrikant, 2003). Headquartered in San Antonio, the network generates $2.2 billion annually in net revenues. It cuts costs by sharing programming and other resources among stations whenever possible. Clear Channel has long enjoyed close ties to the most conservative wings of President George W. Bush's administration, and has sponsored demonstrations in favor of war with Iraq and organized boycotts of the Dixie Chicks, who criticized the war (Jones, 2003; Krugman, 2003).

As Habermas argues, communications are central to the social process of consensus and truth construction, through which individuals and communities of interest partake in the public, discursive interpretation of reality (1979). Habermas' 'ideal speech situation' consisting of unfettered discourse is central to the 'public sphere' in which social life is constructed and reproduced and through which truth is constructed in the absence of barriers to communication. In this reading, all participants in a debate would theoretically have equal rights and abilities to make their views known and to challenge any other view; when all power relations have been removed from the freedom to engage in discourse, the only criterion for resolving contesting claims is their truth-value. And, importantly, 'the participants in an ideal speech situation [must] be motivated solely by the desire to reach a consensus about the truth of statements and the validity of norms' (Bernstein, 1995, p. 50). In one of his later and most influential works Habermas argued that the bourgeois public sphere, the space between the state and everyday life in civil society that arose with the growth of industrial capitalism and the Enlightenment, had become dominated by large corporations, while citizens were largely reduced to spectators and consumers of goods (1989; see Kellner, 1979, 1990).

Critics of Habermas have argued that this perspective exaggerates the power of reason to obtain consensus and obfuscates the very real inequalities in access to public discourse that permeate the public sphere. They also argue that Habermas thus holds up an ideal that can never be realized in practice (Hohendahl, 1979; Calhoun, 1992). Despite these objections, however, it is worth noting that Habermas' notion of the ideal free speech situation remains the normative standard against which most contemporary conceptions of the political economy of unfettered access to and production of knowledge are compared.

At times, US government policy toward the media has moved toward this ideal by forcing television and radio outlets to give 'equal time' to competing political positions, a strategy largely undermined by the flood of campaign financing and the Supreme Court decision equating campaign contributions with free speech.

Oligopolization, however, has increasingly narrowed the range of voices heard in public discourse around a small group of vocal conservatives such as Rupert Murdoch. Conservative defenders of oligopolization justify the process on the grounds that it represents the workings of the 'free market'. Neoliberal mythologies of the 'free market' foreground the role of market choice and background the political and social consequences of oligopolies. As McChesney points out, under the ideological hegemony of neoliberalism, 'consumerism, class inequality and individualism tend to be taken as natural and even benevolent, whereas political activity, civic values and anti-market activities are marginalized' (1999, p. 14).

In societies in which a diversity of voices is critical to the political process, consolidation of the media is no friend to participatory democracy. At one level, the suite of options available to information consumers is restricted over time: in the US, for example, the number of daily newspapers declined from 1,450 in 1950 to 781 in 1998 (http://www.naa.org/info/facts99/11.html). Not surprisingly, concomitant with this trend is another: content is often homogenized in the form of programming inoffensive to advertisers and news that resembles entertainment ('infotainment'). Barber notes that 'a free and democratic society depends on competition of ideas and heterogeneity of outlets', yet the number of such outlets has declined as the industry has become concentrated in the hands of an ever-shrinking pool of media moguls (1996, p. 123). Ironically, a phenomenon legitimized through neoliberal discourses of markets and 'individual choice' ends up restricting those very choices. More insidiously, corporate concentration is likely to erode the editorial independence of newspapers and television producers, if only in the more subtle form of self-censorship as when subordinates shape what is printed or presented electronically to conform with their bosses' ideas. The implications of this process are clear: the maintenance of an independent, critical perspective among the media, particularly regarding corporate power, is threatened by the steady oligopolization of the industry.

Worse, corporate media giants are highly unlikely to espouse any critical political views that offer meaningful challenges to the established social order. In 1987, Congress abolished the Fairness Doctrine, which required television and radio stations to cover 'controversial issues' of interest to their communities. While it was intended to prevent partisan programming, in practice it kept political commentary off the air altogether. Since then, the growth of overtly and explicitly conservative networks (e.g. Fox News, ClearChannel) and personalities (e.g. Rush Limbaugh, Bill O'Reilly, Mike Savage, and an armada of right-wing talk show hosts) has provided powerful outlets for views that are politically right of center. Even many of the leading 'blogs' tend to be conservative, such as the Drudge Report (3 billion visits per year) and WorldNetDaily, which appeal to the Christian right. Alterman argues that as the prevailing tone of political discourse in the media has become markedly more conservative in the US, it has played no small role in the successive triumphs of the Republican Party (2004). The conservative media are also central to Frank's view that Republicans have advocated what amounts essentially to an economic agenda—deregulation, tax cuts, free trade, and so forth—under the guise of 'cultural' issues such as abortion, school prayer, and gay marriage in order to mobilize and expand their conservative base (2004). Du Boff and Herman go so far as to argue that corporate concentration threatens to erode the social foundations of democracy itself: if a free press (including the electronic media) is the oxygen of democratic political systems, then oligopolization is steadily suffocating the production and dissemination of diverse views and opinions (2001). Thus, media oligopolies have both political origins, i.e. lenient anti-trust provisions, and political consequences, in the homogenization of media information around a standard that has lurched steadily to the right.

Concluding Thoughts

Unquestionably, the world's infrastructure for the production and dissemination of information has become increasingly concentrated in the hands of a few major corporations, enormous multinationals with operations that extend from books, magazines, and newspapers to cable television, satellite television, and, increasingly, the Internet. This trend has been driven largely by deregulation, the search for economies of scale, and digital convergence, as firms explore a global market in search of opportunities for profit.

Economically and politically, this trend is deeply troubling to anyone concerned about the future of democracy. Powerful corporate giants and a lax government unconcerned with issues of equity are likely to enhance the divisions between information 'haves' and 'have nots'. Such a trend will enhance the discrepancies between those who can speak out politically and those who cannot, a division with distinct class and racial consequences. Far from constituting some utopian domain of free speech, therefore, as early technocrats predicted, corporate concentration of telecommunications, the media, and the Internet may well reinforce and deepen social polarities.

Politically, consolidation of the media is one facet of the broader agenda of neoliberalism: it is no coincidence that the views espoused by behemoths of the media are unrelentingly conservative in their orientation. The rise of conservative political parties and officials has been in no small part legitimated and sustained by the steady drumbeat of media representations that carefully cast them in a positive light, myths of the alleged 'liberal media' notwithstanding. To the extent that democratic discourse requires a diversity of voices, as indicated by Habermas' notion of an ideal speech situation, media oligopolization is inherently and inescapably anti-democratic. Social science has a long tradition, originating with Gramsci and Foucault, concerned with the powerful roles of ideology and its inevitable ties to power (typically hegemonic power). In the context of media oligopolization, corporate consolidation of the media has been steadily accompanied by the growth of conservative politics and the naturalization of neoliberal discourses such as the 'free market'. However, in contrast to the increasingly centralized role of the media, the Internet, including large, decentralized networks of bloggers, makes possible a community of shared discourse that potentially widens the sphere of public debate.

It is essential to note that media oligopolization has been noticed and resisted by a wide variety of organizations, including civil and consumer rights groups, labor unions (e.g. Communications Workers of America), public interest research groups, and academics and intellectuals (e.g. the Writers Guild of America). In addition, there have been protests, rallies, petitions, and highly public criticisms to draw attention to the trend and its consequences. The Center for Digital Democracy, for example, exposes the extensive lobbying campaigns of corporate giants such as Comcast (cf. *Wall Street Journal, 2004*). Progressive politicians (e.g. Vermont Representative Bernie Sanders) have raised legal objections to corporate attempts to eradicate the remaining barriers to cross-ownership among different markets. Many of these efforts center on the Federal Communications Commission. Given the conservative political climate of the times, however, few such efforts have yielded substantive results: opposition has to date at best delayed corporate consolidations or rounded out the rough edges rather than stopped the wave of mergers.

Because of the disproportionately influential role of the United States in the world economy, American-style oligopolization is likely to be exported around the planet. Large media firms have been at the forefront of worldwide attacks on national cultural trade barriers designed to protect domestic cultural and media industries (Schiller, 1999). Proponents of neoliberalism argue that national cultural trade barriers and regulations harm consumers and that the entrance of foreign firms invites a diversity of media content. However, deregulation generally allows Western firms, typically American, to penetrate and even take over media markets elsewhere. As Barber writes, the media merger frenzy that accompanied the explosion of late twentieth century capitalism is the defining face of McWorld, i.e. American-led advanced commodity consumption centered on style, image, brand names, and infotainment (1996). Information behemoths may encourage popular tastes to become more uniform if homogenous markets are easier and more profitable to serve than a plethora of national ones with varying cultures and preferences for movies, news, and other products. By opening up markets around the world to foreign media giants, this process facilitates the advertising that makes possible mass consumption and participation in the world economy. This process does much more than sell goods—it shapes audiences' perceptions, aspirations, outlooks, and lifestyles. Because the leading giants originate disproportionately in the US, corporate commercialism of the media is likely to enhance the hegemony of American culture around the world, already a key feature of the global economy.

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