Chapter 19

Corporate Control of the Media

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So far in our discussion of democracy we have focused directly on the institutions of the state itself: how elections are organized, how taxes are gathered, what kinds of policies are pursued and opposed, and how the functions of the state can be expanded or narrowed. But democracy is not just about what happens in the state. It also concerns a wide range of issues centering in what is often called "civil society", the areas of social life outside of the state where people meet to discuss issues, form their political views, join together for collective action. A central issue in the health of democracy concerns the vibrancy of civil society, and a key issue for this is the problem of information.

Few people would disagree that information is pivotal for a democratic, free society. When dictators seize power one of the first things they do is seize the TV stations and close down opposition newspapers. As is often said, a free press is essential for a free society. More broadly, the way the media and communication -- newspapers, magazines, television, radio, the arts, etc. – is owned, produced and controlled has pervasive consequences for the character of public debate, the attitudes people form towards social issues and social conflicts, and ultimately the possibilities for various kinds of social change to occur in a democracy. The problem of how the mass media is controlled, therefore, is a fundamental problem for a democratic society.

At the heart of the problem of the media and democracy is the problem of the control over the production and dissemination of news. However, other aspects of the media and communication, including movies, novels, music, theater and television entertainment, are also critical for public debate and democracy. The arts are one of the key ways that issues of public concern get articulated and made salient to democratic processes. Right after closing opposing newspapers, dictators control the arts. While in this chapter we will focus on issues surrounding the democratic press, the analysis is also relevant to broader question of the production and dissemination of ideas and art in a democratic society.

MARKETS AND THE MEDIA[1]

While everyone acknowledges that a "free" press is essential for a "free" society, there is considerable ambiguity about precisely what the word "free" means. The standard view is that the "free" in free press means a press that is *free from government control*, and this, in turn, means a *free market* press. A free market press serves the interest of a free society, the reasoning goes, because market competition will guarantee an open arena for the exchange and

[1] This discussion draws heavily from Robert McChesney, *Corporate media and the threat to democracy* (7 Stories Press, 1997); *Rich Media, Poor Democracy: communication politics in dubious times* (The New Press, 1999) and *The Problem of the Media: U.S. Communications Politics in the Twenty-first Century* (Monthly Review Press, 2004)

dissemination of ideas. The metaphor of the market permeates such discussions: the free marketplace of ideas is a standard way of talking about open debate and unimpeded dissemination of opposing views. And, just as in the ordinary market of capitalist competition in material products, the free market press and the free marketplace of ideas is seen by many people as the best ways of insuring that the best ideas survive the competition. This serves the public interest by maximizing the chance that lies and misinformation are exposed and that citizens can hear all sides of arguments and thus develop their own well-informed opinions on matters of public importance. In this view of things, the greatest threat to a free press is government authority, government control and censorship.

There are four basic problems with these standard arguments for the free market as the guarantor of a free press serving the public interest.

The first problem centers on the simple and obvious fact that the owners of mass media companies have the power to control the content of what the media produces. “In commercial media,” Robert McChesney writes, “owners hire, fire, set budgets and determine the overarching aims of the enterprise. Journalists, editors and media professionals who rise to the top of the hierarchy tend to internalize the values, both commercial and political, of media owners.”[2] The political views of the owners of a firm that produces lawn mowers are unlikely to have much effect on the nature of the lawnmowers produced, but the political views of the owners of newspapers and television networks are likely to matter a lot for the character of the information these firms produce and disseminate. The owners of media companies may, of course, abdicate that control or delegate such control to the people they hire. In principle they could give complete autonomy to editors and reporters to determine the character of the news. But since owners and corporate executives generally have political views on the salient issues in the press, and since they have the right to influence the operation of the firms they own, they typically exercise broad control over the character of news reporting: what issues get dealt with and which are ignored; which “experts” are quoted and which are not; what sorts of explanations are taken seriously and which are dismissed. The firms that produce major newspapers and news broadcasts are large and powerful corporations, and their owners are very wealthy. It should come as no surprise to anyone that if the mass media is mainly owned by very rich people and run by very large corporations, that this will significantly affect the perspectives embodied in news reporting. While news organizations are perfectly prepared to report particular scandals and abuses by corporations and wealthy individuals, the conservative pro-business ideological slant resulting from the capitalist character of news organizations insures that overall such news organizations are unlikely to report news that is broadly hostile to corporate capitalism and the American elite.[3]

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[2] Robert W. McChesney, *The problem of the Media*, p. 100.

[3] Conservative talk-show radio and political analysts have relentlessly argued that the national media has a strong “liberal bias”. While it is true that journalists tend to be relatively liberal, especially on social issues, according to McChesney (*The problem of the Media* ,p. 102) surveys show “that media owners and editorial executives vote overwhelmingly Republican.” Journalists may be more liberal than their editors, but this does not get translated into a consistent liberal bias in actual news reporting, and certainly not an anti-business bias. The popular impression that

The second problem, which makes the first problem more serious, is that the free market argument assumes that the market for media products, especially news, is highly competitive. If it were the case that there were few barriers to entry to media markets and that people from all social classes could easily come together to create viable news organizations, then the pro-business bias of the mass market press would probably be weaker. This might have been the situation in the 19th century, when dozens of newspapers competed with each other in major cities. It is certainly not the case today. Most cities in the United States have only one important newspaper, and most major newspapers are part of large newspaper chains owned by large corporations rather than by local people. The ownership of television news is even more concentrated, with a very few corporations controlling all of the major networks and cable news channels. Chart 19.1 lists the six largest media corporations in America. The biggest, G.E., had 2008 revenues of $183 billion and media-related holdings which included 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. This is a corporation at the heart of the capitalist economy, as are the other large corporations that dominate the media.

What about the Internet? The Internet is filled with news blogs and news sites, and some of these have a fairly wide following. Occasionally some of these sites play an important role in breaking a news story. It is possible that in the future news gathering and reporting on the Internet could provide a meaningful counterweight to corporate dominated news organizations, but this has not happened yet. The problem is that it is extremely expensive to engage in serious news gathering, investigating and reporting. Internet news organizations that are unaffiliated with large capitalist corporations do not have access to the revenues needed for this.

The third problem with the identification of the free press with the free market is that newspapers and television stations owned by capitalist corporations make money almost entirely because of advertising. The central profit-making goal of owners, therefore, is to attract advertisers. Actually selling newspapers or attracting viewers matters mainly to the extent that this is translated into attracting advertisers. This dependence on advertising has a number of systematic consequences for the production of news. The marketing objective of the media is to be viewed by people *who are as attractive to advertisers as possible* and in general this means that media owners want their newspapers and television news programs to be consumed by affluent people who buy lots of stuff. The news is thus geared to what is of interest to the affluent, not the average person. As Robert McChesney, the leading academic critic of corporate domination of the media, puts it, the media market is "predicated upon one dollar, one vote. Affluent people therefore have considerably more 'votes' in determining the course of the media system, while the poorest people are effectively disenfranchised".[4] News that is relevant to the "public interest" or "common good" is generally marginalized unless it is also of interest to

the press has an anti-business, left-wing bias should therefore not be understood as a credible position based on careful empirical research of actual news stories and reporting, but rather as a strategy of intimidation of the press by right-wing commentators, especially talk-show radio-hosts, rather than as a

[4] Robert W. McChesney, *The problem of the Media*, p.200.

affluent readers and viewers. Also, because the media depends on advertising, news that might be offensive to important advertisers is unlikely to be broadcast. Quite apart from any political biases the owners of the media might themselves have, their direct economic interests insure that they will be concerned not to offend or alienate affluent consumers or advertisers.

The final problem in a free press rooted in corporate capitalism centers on the role of cost-cutting in profit-maximizing strategies of corporations. All organizations with budget constraints, not just capitalist corporations, have to worry about costs, but the problem of cost-reduction becomes especially pressing in profit-maximizing corporations. When newspapers were a family-owned business, the owners could balance their desires for profits with their commitments to the newspaper and its public role. They had to cover their costs of production, but they did not have to maximize their profits. When a newspaper becomes part of a massive corporation owned by stock-owning investors with no particular commitment to any single kind of product, the “bottom line” becomes a much more pressing concern.

Cost-cutting pressures have a significant impact on the quality of news, even aside from the problem of specific ideological biases. One way of reducing costs is for news organizations to rely mainly on material from syndicated sources and celebrity journalists rather than in-house journalists. The media critic Robert McChesney explains the problem this way:

> To do effective journalism is expensive and corporate managers realize that the surest way to fatten profits is to fire editors and reporters and fill the news hole with inexpensive syndicated material and fluff. The result has been a sharp polarization among journalists with salaries and benefits climbing for celebrity and privileged journalists at the elite news media while conditions have deteriorated for the balance of the working press.[5]

Another way of reducing costs is for journalists to rely heavily on public relations documents, press releases, and news conferences as the primary source of news information. Reporting on artificially contrived news events become a substitute for investigating real events for the news. What, after all, is a “press release”? It is information carefully crafted by elites to present a particular view of what is happening. When newspapers rely primarily on such sources for the news, in effect news is being generated by elites in their interest rather than by reporters directly examining events. Robert McChesney estimates that public relations and press releases now account for somewhere between 40% and 70% of all “news” reports.

The drastic cost cutting pressures underwrites a downward spiral within the newspaper business: The absorption of newspapers into the portfolio of large corporations increased the drive to maximize profits by cutting costs; a central strategy of cutting costs was to drastically reduce staff by laying off reporters and news analysts; this reduced the quality of newspapers, making them less interesting and useful; this reduced subscribers, which made the newspapers less attractive to advertisers; the reduction in advertising revenue increased the pressure of newspapers to cut costs; and so on. As John Nicols and Robert McChesney put it, “Mired in debt and facing massive losses, the managers of corporate newspaper firms seek to right the sinking

[5] *Corporate media and the threat to democracy*, open pamphlet series, 7 Stories Press, 1997

ship by cutting costs, leading remaining newspaper readers to ask why they are bothering to pay for publications that are pale shadows of themselves. It is the daily newspaper death dance-cum-funeral march."[6] By 2009 nearly every major newspaper in the country was in a state of financial crisis, many faced immanent bankruptcy, and a number of important regional papers had ceased publication.

Taken together, these four processes undermine the autonomy and effectiveness of the news media as the "fourth estate" of the political system serving the public interest by helping to create an informed citizenry. Reporters and editors, even when they personally believe in the professional ethics of neutrality and objectivity, are severely constrained by the interests and orientations of the owners and business executives of media corporations and the commercial advertisers that are their main source of profits. A truly free press must be free from the domination of any sources of concentrated power, including the power of corporations, not just the power of the state.

DEREGULATION: THE CASE OF RADIO

All of the issues we have been examining become worse as ownership of media outlets become concentrated in larger corporations. One of the most striking examples concerns the patterns of ownership over radio stations. When radio first began in the United States it was not at all clear that it would be dominated by commercial broadcasters. The airwaves broadcast spectrum had to be publicly regulated in one way or another, for otherwise the radio signals of firms would constantly interfere with each other, but there were many possibilities about how this should be done. Selling or auctioning off the spectrum to private corporations was one possibility. Leasing the broadcast spectrum from the public is another. Significant portions of the spectrum could be reserved for public use. In the early 1930s when these issues were actively debated there were influential proponents of the idea that the spectrum should be mainly allocated to non-commercial broadcasters, and it was far from obvious that the optimal solution was to turn specific parts of the spectrum into private property. Even in a capitalist country like the United States, after all, we do not turn all public resources that have potential commercial value into private property. All navigable rivers, for example, are permanently retained as public property. Imagine what it would be like if particular portions of the Mississippi River were sold off to private owners who could then decide who could or could not use the river and at what cost?

In the U.S. these issues for the broadcast spectrum were initially resolved in the 1934 Communications Act which basically privatized most of the airways, but did so in a way that also affirmed the on-going public character of the resource. Broadcasters were given renewable licensees for fixed terms that gave them exclusive use of specific parts of the radio spectrum, but they were also described as "trustees" who had to serve the "public interest" rather than simple, outright owners with full private property rights. Critically, the provisions of the original 1934

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[6] John Nichols & Robert W. McChesney, "The Death and Life of Great American Newspapers", *The Nation,* April 6, 2009

Communications Act restricted a single firm owning more than one radio station [check this] in a given broadcasting market, and severely restricted the total number of stations a firm could own across markets. The idea behind these restrictions was quite simple: concentrations of ownership would threaten the public functions of the airways, reduce local responsiveness and diversity.

These ownership rules remained largely intact until the Telecommunications Act of 1996. That Act lifted nearly all restrictions on ownership. Historically radio has been one of the most competitive segments of American media. In the early 1990s, no firm owned more than a dozen or so of the over 10,000 radio stations in the country, and no more than two in a single market. Following the Telecommunications Act, there was a truly massive elimination of locally owned and controlled radio stations. Within a decade after the restrictions were lifted, one radio station company – Clear channel – owned some 1200 stations nationwide and accounted for over 25% of all radio broadcasting revenues nationally. As shown in Figure 19.2, together with Viacom by 2001, the two top parent companies of stations controlled 42% of listeners and 45% of industry revenues nationwide. Jenney Toomey, a media critic and musician wrote in *The Nation* in 2003 that "Even more bleak is the picture at the local level, where oligopolies control almost every market. Virtually every local market is dominated by four firms controlling 70 percent of market share or greater. In smaller markets, consolidation is more extreme. The largest four firms in most small markets control 90 percent of market share or more. These companies are sometimes regional or national station groups and not locally owned."[7] The number of independent radio stations declined from XXXX to YYYY. As a consequence, radio programmers in corporate headquarters make the decision about what music to play across the country. Local news disappears from most radio stations. We are rapidly approaching a situation in which there will be a virtual disappearance of the locally owned, community-oriented radio stations.

It is important here to understand that this concentration of ownership is not the result of substantial technological or economic efficiencies in having hundreds of stations owned by a single corporation. It is cheaper to produce automobiles in a few large corporations than for every town to have its own automobile manufacturer. This is called an "economy of scale". This is simply not the case for radio. It is not that expensive to have and run a local radio station. The problem is getting access to an adequate revenue stream through advertising. With deregulation, big chains with more powerful stations can monopolize the advertising and squeeze out smaller local stations. An owner of 500 stations is not markedly more efficient than an owner of 1 in actually running a radio station. What is more efficient is ability to attract advertising and this makes it very hard for the owner of a single station to compete. This is one of the reasons why the rules for owning stations was heavily regulated: if we want a locally rooted system of radio broadcasting, then it is necessary to block large corporations for owning unlimited numbers of stations. If they do, they suck up all of the advertising dollars and drive local stations out of business.

REVITALIZING A DEMOCRATIC FREE PRESS

[7] "Empire of the Air," by Jenny Toomey, *The Nation,* January 13, 2003

At the end of the first decade of the 21st century the future existence of a vibrant free press needed for a robust democracy cannot be taken for granted. Newspapers are in crisis. Dozens of papers have folded. The remaining newspapers have drastically cut their staffs. Here is how John Nichols and Robert McChesney describe the crisis in early 2009:

> In a nutshell, media corporations, after running journalism into the ground, have determined that news gathering and reporting are not profit-making propositions. So they're jumping ship. The country's great regional dailies—the *Chicago Tribune*, the *Los Angeles Times*, the *Minneapolis Star Tribune,* the *Philadelphia Inquirer*--are in bankruptcy. Denver's *Rocky Mountain News* recently closed down, ending daily newspaper competition in that city. The owners of the *San Francisco Chronicle*, reportedly losing $1 million a week, are threatening to shutter the paper, leaving a major city without a major daily newspaper. Big dailies in Seattle (the *Times*), Chicago (the *Sun-Times*) and Newark (the *Star-Ledger*) are reportedly near the point of folding, and smaller dailies like the *Baltimore Examiner* have already closed. … Whole newspaper chains--such as Lee Enterprises, the owner of large and medium-size publications that for decades have defined debates in Montana, Iowa and Wisconsin--are struggling as the value of stock shares falls below the price of a single daily paper.[8]

Many of the most prominent national and regional papers used to have foreign news bureaus as well as bureaus in Washington. Many of these, too, have been closed. Radio news reporting, aside from National Public Radio and some independent, community-based stations, has almost disappeared. Television news has shrunk considerably, and in any case is controlled by some of the largest corporations in America. This configuration of power and organization of the press greatly weakens its role in fostering informed and engaged citizens in a democratic society.

So, what can be done? The starting point for seeking a solution is to recognize that a vibrant press engaged in serious journalism in the public interests is a *public good*. A public good, as explained in our exploration of capitalist markets, is a good whose production has positive effects on society beyond the effects on the specific people who directly consume the good. Because of the way it strengthens democracy, a vibrant and healthy free press – free from both government control and domination by powerful corporations – benefits most people, even people who aren't interested in the news, do not read newspapers, and remain politically passive. The capitalist market usually does a bad job in producing public goods because the profit-maximizing strategies of firms cannot give adequate weight to these positive, universal benefits. As a result, public goods require direct public support to be produced. This is as true for the press as for other public goods.

Treating the free press as a public good has roots going back to the very founding of the American Republic. The U.S. Constitution explicitly gives Congress the power to establish Post

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[8] John Nichols & Robert W. McChesney, "The Death and Life of Great American Newspapers", *The Nation,* April 6, 2009

Offices, and one of the very earliest acts of Congress was the Post Office Act of 1792. One of the central purposes of the postal service was precisely to provide public support for mass communication and subsidy for the press. "The Crucial Debate in the 1792 Congress, "Robert McChesney writes,

> Was how much to charge newspapers to be sent through the mails All parties agreed that Congress should permit newspapers to be mailed at a price well below actual cost – to be subsidized – to encourage their production and distribution. Postal subsidies of newspapers would become perhaps the largest single expenditure of the federal government. In Congress, the range of debate was between those who wished to charge newspapers a nominal fee for postage and those who wanted to permit newspapers the use of the mails absolutely free of charge….James Madison led the fight in Congress for completely free mailing privileges, calling even a token fee a 'tax' on newspapers that was "an insidious forerunner of something worse."[9]

In the context of the times, this was really a massive subsidy and contributed significantly to the proliferation of newspapers and periodicals and their wide dissemination. According to the political scientist Timothy Cook, "Public policy from the outset of the American Republic focused explicitly on getting the news to a wide readership and chose to support news outlets by taking on costs of delivery and, through printers' exchanges, of production." The result was that by 1832 over 90% of post office traffic consisted of newspapers.[10]

So, Government support explicitly designed to sustain a democratically energetic press in the public interest is not something new in American history. In the 21st century, however, the specific policies adopted in the late 18th century will hardly be adequate to the task (although, it should be said, that subsidized postage for periodicals is still important for small presses). What we need are new policies of regulation and subsidy that deal with the realities of the threat of concentrated corporate power to a genuinely free press. Here are four proposals which we feel would do much to reversing the erosion of democratic media in the public interest.

1. Reinstate ownership rules that curtail the domination of the market for media by a few corporations.

This is, perhaps, the simplest thing to do. The regulations that restricted ownership of numerous radio stations and domination of specific regional mass media markets were only weakened in the last decades of the 20th century as the neoliberal ideology of the unfettered free market became politically ascendant. Restoring restrictions on the degree to which concentrations of corporate power can be translated into control over media markets would be a first step in rebuilding a genuine free press.

Conservatives object to such restrictions on the grounds that these restrictions themselves constitute a violation of free speech. For many strong defenders of private property rights, the

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[9] Robert McChesney, *The Problem of the Media*, p.33

[10] *Ibid*. 33

idea of free speech as a right of individuals equally applies to large corporations. Corporations are regarded as "legal persons" for a wide range of narrowly economic purposes, and many conservatives believe that this naturally entails that all rights we accord to individuals also apply to corporations. A regulation of the right of a corporation to "speak," is the same as an abridgement of the right of an individual to speak, and since owning the media is the necessary condition for being able to speak, restrictions on such ownership amount to a violation of fundamental rights of free speech.

These arguments rest on a fundamentally flawed understanding of the value of "freedom". Corporations are not citizens. We do not allow them to vote in elections, nor can they be elected to public office. They are instruments of human action, and if their use in particular ways undermines the freedom of individuals and the prospects for democracy, then it is legitimate to for these powers to be regulated.

2. Strengthen the public sector of the mass media.

Nearly every country, including the United States, has some kind of public, noncommercial sector of broadcast media. In the United States this includes the Public Broadcasting Service television network and National Public Radio, along with a range of locally-run nonprofit community radio stations. While PBS and NPR do receive some tax support, most of their funding comes from voluntary contributions by listeners and program underwriting by corporations and nonprofit foundations. Only about 15% of total funding comes from tax support, and even this level has been under attack by conservatives. In many other countries the direct government support for the public sector of broadcasting is much greater. The British Broadcasting Corporation, for example, is supported almost entirely by a direct license fee for the use of televisions. The cost is quite considerable – £142.50 in 2009 (around $200) – until the age of 75, after which it is free. This license fee provides for well over $3 billion in funding for the public sector of broadcasting a year.

There is no reason, in principle, why a license fee for television use could not be levied in the United States in order to fund the public sector of broadcasting. We already have taxes on telephone use, home ownership, hotel use, airport use, and many other amenities. Automobile owners have to pay an annual license fee to be allowed to drive their cars. Usually the rationale for such consumption-specific taxation is that it helps to support the public goods associated with the consumption. While it would be politically very difficult to pass a television use tax, it could do much to enhance the democratic potential of the broadcast media. In the absence of tax-supported funding, public broadcasting suffers from a classic free-rider problem: each potential contributor can enjoy public broadcasting even if they don't pay for it, so why make the sacrifice? If everyone thinks this way, no one contributes, and thus there is no funding. This is why taxes are needed for an expansive and effective public broadcast system. So long as public broadcasting relies on private contributions, it will occupy a relatively small niche in broadcast communication and will be under continual pressure to sacrifice some of its autonomy for corporate contributions.

3. Encourage a much wider range of forms of ownership of media

Most media in the United States are privately owned and organized as capitalist firms. There are many other possible forms of ownership. Newspapers, radio stations, cable channels, televisions could be owned by public bodies like Universities, non-profit corporations, community-based associations, employee-owned cooperatives. Each of these has advantages and disadvantages, so a healthy media environment should have a good distribution of all of them. Newspapers that were owned and run by practicing journalists would be a particularly attractive component of such an ecology of organizational forms, since this would be a way for journalists to practice their craft in a much more autonomous way than when they work for newspapers controlled by capitalist firms.

The central problem all of these non-commercial forms face is access to the necessary financial resources to actually operate a press. If we are to create a pluralistic, democratic mass media that serves the public interest, we thus need to figure out a way to financially subsidize these endeavors.

4. Public Subsidizes without public control

In the United States there exists a convenient set of mechanisms for large and systematic public subsidizes without the imposition of government control: the tax system. This is how we subsidize private charity: the tax deduction for charitable contributions that citizens get on their income tax returns is, in reality, a form of spending by the government directed at charities. The Government provides the subsidy, but the individual tax payer determines where the subsidy goes. All the state does is monitor that the rules are obeyed – that the charities are legitimate and have tax exempt status and that the tax payer actually made the contribution. This is public subsidy without public control.

The rationale for the tax deduction for charitable contributions is that charities constitute a public good. Having vibrant charitable organizations is one aspect of having a vibrant civil society in which citizens voluntarily form associations to solve various problems and advance various kinds of collective purposes. A robust civil society is a public good: it makes for a more humane world with stronger communities and greater public connectedness. For a civil society to have these qualities, however, it is essential that the initiative for association and activity comes primarily from citizens, freely associating with each other. This is where the great advantage of using tax subsidies for these public purposes lies: the tax deduction mechanism allows citizens to form the charitable organizations on the basis of their priorities and energies, but still provides a way for tax resources to be funneled to those associations so that they can operate more effectively for the public good.

The problem with tax deductions as a mechanism for this purpose is that they have the side effect of making nonprofit organizations more dependent upon wealthy donors than on average citizens. In a tax deduction, the richer you are the greater the tax subsidy that is provided by the state for the organizations to which you donate. If you have a high income with a marginal tax rate is 35% and you contribute $1000 to a charity, the state subsidies this donation $350. If you have a low income with a 10% marginal tax rate, and donate the same amount the subsidy is only $100. This might not matter so much for many kinds of charities, but it would pose problems for a tax subsidy system for an autonomous, free press.

There is an alternative device that still involves public subsidy without public control. It is called a “tax credit.” John Nichols and Robert McChesney describe a tax credit subsidy for newspapers this way:

> Let's give all Americans an annual tax credit for the first $200 they spend on daily newspapers. The newspapers would have to publish at least five times per week and maintain a substantial "news hole," say at least twenty-four broad pages each day, with less than 50 percent advertising. In effect, this means the government will pay for every citizen who so desires to get a free daily newspaper subscription, but the taxpayer gets to pick the newspaper – this is an indirect subsidy, because the government does not control who gets the money.[11]

In this kind of tax credit system, all citizens are on an equal footing in directing subsidies towards newspapers: everyone has $200 to spend on this (in the Nichols-McChesney proposal). In this way it is very much like the *Democracy Card* proposal for public financing of elections discussed in chapter 17. A tax credit system of subsidies for a free press would also mean that newspapers would no longer have to rely heavily on commercial advertising for their core revenues. This would reduce the need to attract the kinds of readers that advertisers want. Again, this means that newspapers regard potential subscribers more like equal citizens.

Many specific details would have to be worked out for such a system of subsidies to newspapers to work effectively in the public interest. Should different kinds of news organizations be treated equally in the subsidy scheme, or should public subsidies only be available to newspapers that are run by nonprofit organizations? How narrowly or broadly should the idea of “news” and “reporting” be in defining eligible publications? Should the subsidy be the same when it is directed towards local newspapers as it is for national papers? Should subscribers have to pay something out of their own pockets, or should be tax credit be designed to cover the entire subscription cost? What rules should govern the pay of the staff that receives these subsidies? These and other issues are important, but the basic principle is simple: just as in the case of other public goods that are essential for democracy such as public education, unless there is a mechanism to provide meaningful collective subsidies to the press, the public good will be inadequately provided.

[11] John Nichols & Robert W. McChesney, “The Death and Life of Great American Newspapers”, *The Nation*, April 6, 2009

FIGURES

General Electric | TV | Film | Publishing | Online holdings | Other

2008 revenues: $183 billion
General Electric media-related holdings include 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% of NBC Universal.

Walt Disney | TV | Radio | Publishing | Film | Online Holdings | Other

2008 revenues: $37.8 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. | TV | Publishing | Film | Online Holdings | Other

2008 revenues: $33 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, and print publications including the *Wall Street Journal*, the *New York Post*, *TVGuide*, the magazines *Barron's*, *SmartMoney* and *The Weekly Standard*, book publisher HarperCollins, film production companies 20th Century Fox, Fox Searchlight Pictures and Blue Sky Studios, numerous Web sites including MarketWatch.com, and non-media holdings including the National Rugby League.

TimeWarner | TV | Internet | Film | Publishing | Other

2008 revenues: $29.8 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 | TV | Radio | Publishing | Film | Online Holdings | Other

2008 revenues: $14.6 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.

Freepress.net is a project of Free Press and the Free Press Action Fund

CBS | TV | Radio | Publishing | Online holdings | Other

2008 revenues: $14 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, 29 television stations, and CBS Radio, Inc, which has 140 stations. CBS is now the leading supplier of video to Google's new Video Marketplace.

Source: http://www.freepress.net/ownership/chart/main

Figure 19.1. Principle Holdings of the Six Largest Media Corporations

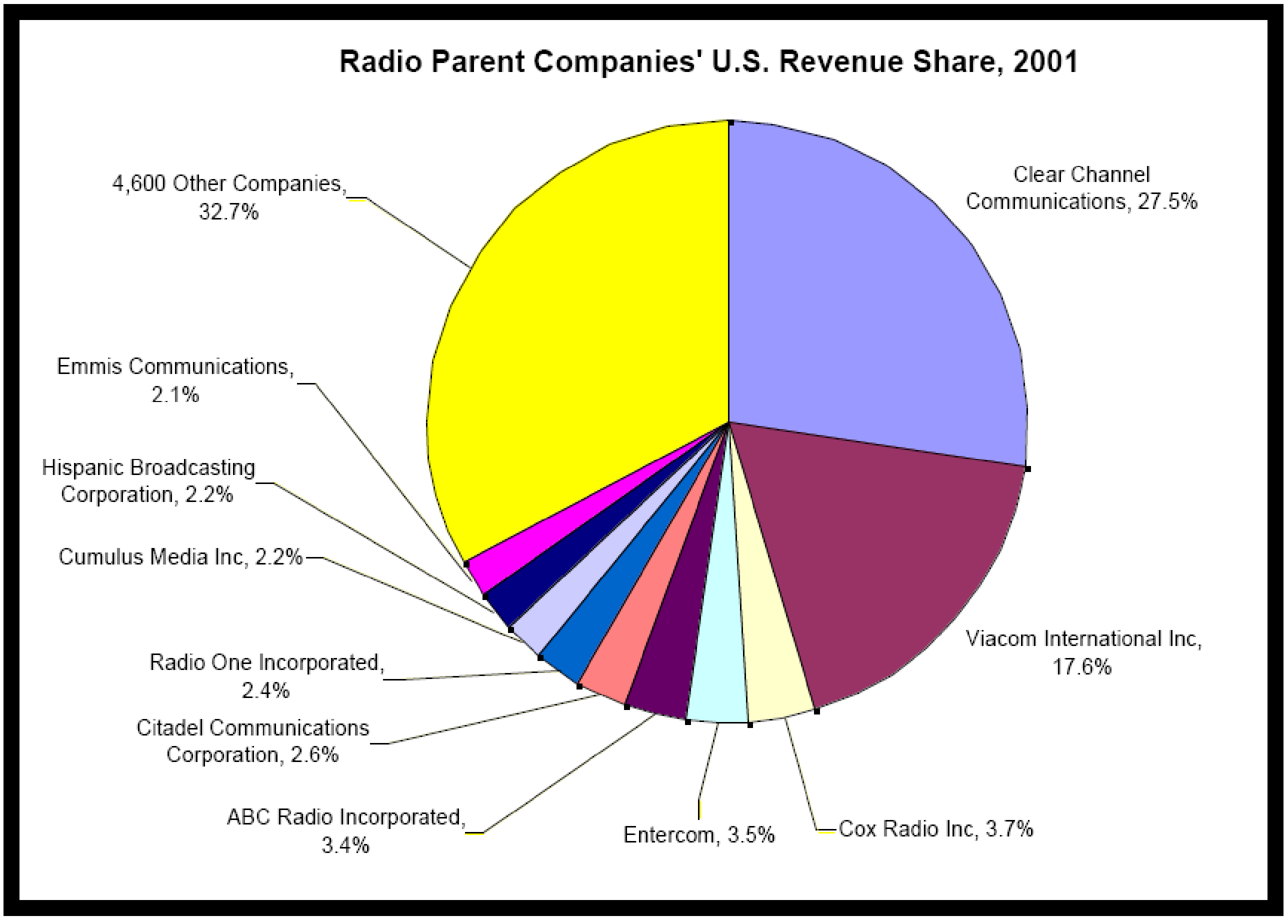

Figure 19.2
Concentration of revenues of Radio Station owners, 2001