

Appendix I Public Media Alternatives

It is the leaders of the country that determine the policy, and it is always a simple matter to drag the people along, whether it is a democracy, or a fascist dictatorship, or a parliament or a communist dictatorship. Voice or no voice, the people can always be brought to the bidding of the leaders. All you have to do is to tell them they are being attacked.

Hermann Goering

Markets are conversations.

David B. Liroff vice president and chief technology officer at the WGBH Educational Foundation in Boston.

George Gilder, revered by many as a genius, an iconoclast, and as the publisher of the Gilder Technology Report, predicts that the new frontier for mass media will come in the form of wave division multiplexing (WDM). WDM involves the sending of many different colors of light down a hair-thin fiber optic thread. This technology, argues Gilder, will increase the capacity of world communications systems by “a millionfold.” New technologies will produce a new paradigm for the mass media that will radically change the nation’s basis for shaping public opinion.¹

In this paradigm, it is phenomenal bandwidth speed, and not computing speed, that will transform media and telecommunications. Indeed, the computer as we think of it now, according to Gilder, will dissolve, as telecommunications “spreads out across the network, and so does its software.” Broadband communications will be available to everyone. He contends that this new technology will be “fantastically democratic” as it increases the opportunities of the disadvantaged and closes gaps of “differential power everywhere it appears.”²

Unlimited bandwidth, in this regard, will become the goal for the future of the media industry. Each wave of technological innovation will make scarce or expensive components and materials so cheap and plentiful that the price will fall “virtually to zero.” This change in technology and the economics of production and delivery will, in turn, change the whole economic landscape.³

Although Gilder has his critics, he also has some notable supporters. Bill Gates says, “Gilder usually gets it right.” Larry Ellison, founder, CEO and Chairman of Oracle, says “Gilder is half right.” The center of gravity is shifting away from the personal computer, moving toward the network, specifically the Internet’s World Wide Web. This is the new technology for nations.⁴

The Internet has already proven its ability to rally citizens and communicate across the globe. Citizens collaborate to challenge governmental policies. Peer-to-peer (P2P) networks allow people to share their writings, pictures and images, music, software and videos, often it seems to the consternation of media companies accustomed to controlling the distribution of media content. Media companies have recently asked governments to help them counter threats posed by P2P networks. In the United States federal laws such as the No Electronic Theft (NET) Act and the Digital Millennium Copyright Act (DMCA) have been coupled with the use of lawsuits against user of such networks accused of exchanging copyrighted materials. But an important question remains, namely is the evolving technology more powerful than these laws?⁵

In the book *A CIVIL REPUBLIC* we looked at some proposals that could prepare the public for a new system of telecommunications. In this Appendix we will review

problems in the media and their resolution. We will then discuss what more can be done in the effort to create a new public media system.

I The Problem: The Media is a Monopoly of Big Business

In A CIVIL REPUBLIC we said that a major problem facing communist states was government monopoly of the media. However, we might very well say something similar about capitalist states, where big business has a monopoly over the media. Moreover, the relationship between government and big business further reinforces the notion that control of the media is a major problem in the United States today.⁶

Here is one example of this problem.

Under FCC regulations, the U.S. government says that no single company can control more than one television station per city, with the exception of a few bigger markets. In principle this seems fair, but in practice it often turns out differently. For example, in Wilmington, North Carolina, where there are three network affiliate stations (Fox, NBC and ABC), the Fox station changed hands. On paper, the new owner was Southeastern Media Holdings, which announced that Raycom Media would help manage the company. Raycom already owned the NBC station, so it combined the two news departments and fired much of the staff. Moreover, on closer inspection, Raycom and Southeastern Media holdings turn out to be part of the same company. This practice is commonly used in the United States to circumvent governmental regulation. The effect is not only one less independent news operation in Wilmington, but also one less media company.

In thirty-three other cities, stations that are supposed to be competitors have found clever ways to undermine the existing rules, including mergers and takeovers. When

Viacom merged with CBS, and when Rupert Murdoch's News Corp paid for the television stations owned by Chris-Craft, those deals put both conglomerates in violation of the rule that no one company can control stations reaching more than 35 percent of the total audience.

And so what happened?

The FCC gave both conglomerates temporary waivers of the rule. The House of Representatives likewise approved these "temporary" waivers. According to Bill Moyers and the Center for Public Integrity, General Electric (owner of NBC), News Corp (owner of Fox) Viacom (owner of CBS), and Walt Disney (owner of ABC) "brought on the lobbyists" to wage war on Congress, effectively killing the bill that would have required tougher FCC enforcement. It seems clear in this respect that government and big business are on the same wavelength, so to speak.⁷

Political and media analyst Edward Herman argues that not only does the government succumb to the interests of big business, but that the business media likewise carry out "propaganda" on behalf of the government. Herman calls this convenient relationship the "corporate political establishment." In the case of supporting government, for example, the media often criticize dictatorships of U.S. enemies and their terrorism, but ignore dictatorships supported by the United States. The media report on the "high" cost of welfare, and ignore the exorbitant costs of the Pentagon and military industrial complex; they report on "GDP growth" and the stock market rather than on problems in the distribution of wealth; they report on Federal Reserve policy effects on inflation rather than on the effects of unemployment on people; they choose their sources

of information from government officials and wealthy “think tank” representatives rather than from articulate leaders in grass roots movements.⁸

Neil Hickey, editor-at-large at the *Columbia Journalism Review*, articulates the “business monopoly” that defines current mass media in the United States. Viacom owns CBS; Disney owns ABC; and GE owns NBC.⁹ Ownership of media is market driven, as is the content of media itself. Virtually all media scholars and critics argue that this trend of media conglomeration will continue; big media corporations will, it seems, keep getting bigger.¹⁰

James Careya, a well-respected scholar, media critic, and teacher of journalism argues that media conglomeration creates political problems for democratic societies. Specifically, Carey expresses concern about the enormous proportion of television revenues that flow from political advertising. This subsidy not only prevents reform of campaign financing, but also leads to collusion between government and the mass media. Media, so dependent on this source of revenue, is too often hesitant to criticize a major source of profit. This system of mutual back scratching serves to strengthen a relationship between government and media that is corrupt, and driven largely by money. Political and critical journalism has, in this regard, been sold to the highest bidder in a capitalist system. Politics has become one long campaign for office, with both politicians and media corporations benefiting at the cost of journalism itself. Publicity and the needs of a perpetual political campaign now drive much of American politics.¹¹

Pulitzer Prize winning author and media scholar Ben H. Bagdikian argues that a small number of the country's largest corporations have acquired more public communications power as businesses than at any point in world history. Nothing in

history matches the power of corporations to penetrate the public landscape. This “handful of giants” has created a communications cartel within the United States. This cartel holds enormous power in their ability to saturate the country with controlled images and to significantly influence the political agenda of much of the Western world. Arguably, this power is in many ways greater than that of schools, religion, parents, and even government itself. Aided by the digital revolution and the acquisition of subsidiaries, Bagdikian says, the communications cartel has exercised a “stunning influence” over national legislation and government agencies. This level of influence and control would have been considered scandalous or illegal twenty years ago.¹²

II A Grass Roots Media Movement

With the rise of the Internet, alternatives to large-scale media conglomerates have become available to anyone with access to a computer and an Internet connection. These alternative and grass roots media projects provide important critical redress to the limited scope and content of current mainstream media. It is worth mentioning (Box 1 below) some of these organizations.¹³

Box 1: Grass Roots Public Media Organizations

[Fairness & Accuracy In Reporting](#) (FAIR) is a national media watch group offering documented criticism of media bias and censorship since 1986. It exposes neglected news stories and defends working journalists that are muzzled.¹⁴

[Institute for Public Accuracy](#) is a consortium of policy researchers, which seeks to broaden public discourse by gaining media access for those whose perspectives are commonly drowned out by corporate-backed think tanks and other influential institutions. The Institute promotes outlooks that usually get little media attention¹⁵

[The Media Education Foundation](#) (MEF) is a non-profit educational organization devoted to media research and production of resources to aid educators and others in fostering analytical media literacy. They believe that a media literate citizenry is essential to a vibrant democracy in a diverse and complex society¹⁶

[MediaChannel](#) is a media issues website that features criticism, breaking news, and investigative reporting from hundreds of organizations worldwide. It is a media watchdog

that keeps an eye on current events.¹⁷

[Citizens for Independent Public Broadcasting](#) (CIPB) is a national membership organization dedicated to putting the “PUBLIC” back into public broadcasting. At the national level, CIPB has developed a detailed proposal for a Public Broadcasting Trust (PBT) that is independently funded, publicly accountable, and true to the service's founding mission. At the community level, CIPB builds chapters, and is working with national partner organizations to democratize community public broadcasting service. CIPB offers a training manual, video and a national clearinghouse for organizing.¹⁸

[Citizen Works](#) is a nonprofit, tax-exempt organization founded by Ralph Nader to strengthen citizen participation in power. They aim to give people the tools and opportunities to build a wider base for democracy. The strategy is to enhance the work of existing organizations by helping to share information, build coalitions, and institute improved mechanisms for banding activists together; and to recruit and train citizens to act as watchdogs in their own communities and nationally. The organization works through individual donations and foundation grants, and refused corporate funding.

[Commercial Alert](#) organizes campaigns against the commercialization of culture, from sports and museums to literature and media. Commercial Alert's mission is to keep the commercial culture within its proper sphere, and to prevent it from exploiting children and subverting the higher values of family, community, environmental integrity and democracy.

[The Center for Digital Democracy](#) (CDD) is a nonprofit organization “working to ensure that the digital media systems serve the public interest.” It sees itself committed “to preserving the openness and diversity of the Internet in the broadband era, and to realizing the full potential of digital communications through the development and encouragement of noncommercial, public interest programming.”¹⁹

[The Independent Press Association](#) (IPA) was founded on the fringes of the 1996 Media & Democracy Congress in San Francisco. It promotes and supports independent publications committed to social justice and a free press.²⁰

[Media Access Project](#) (MAP) is a twenty-seven year old non-profit tax exempt public interest telecommunications law firm that promotes the public's First Amendment right to hear and be heard on the electronic media. MAP is a Washington-based organization devoted to representing listeners' and speakers' interests in electronic media and telecommunications issues before the Federal Communications Commission, other policy-making bodies, and in the courts.

Many more organizations could be listed here but these organizations also list friendly websites in this social movement. Media Voice lists a few below:²¹

Ad Busters <http://www.adbusters.org/>

American Women in Radio & Television <http://www.awrt.org/>

Benton Foundation <http://www.benton.org/>

Center for Democratic Communication of the National Lawyers Guild
<http://www.nlgcdc.org/>

Center For Digital Democracy <http://www.democraticmedia.org/>

Center For Media Education <http://www.cme.org/>

Center For Media Literacy <http://www.medialit.org/>

Center For Public Integrity <http://www.publicintegrity.org/>

Citizens For Independent Public Broadcasting <http://www.cipbonline.org/>

Commercial Alert <http://www.commercialalert.org/>

Eclectus Media- Supporting Solutions <http://www.eclectusmedia.com/>

The Good News Network <http://www.goodnewsnetwork.org/>

International Women's Media Foundation <http://www.iwmf.org/>

Just Think Foundation <http://www.justthink.org/>

Media Alliance <http://www.media-alliance.org/>

Media Democracy Now <http://www.mediademocracynow.org/>

Media literacy online project <http://interact.uoregon.edu/MediaLit/HomePage>

Media Reform Information Center <http://www.corporations.org/media>

Mediascope <http://www.mediascope.org/>

Media Space: Project on Global Media and Public Space <http://www.mediaspace.org/>

Media Studies <http://www.mediastudies.com/>

Media Tank <http://www.mediatank.org/>

Media Transparency: The Money Behind the Media <http://www.mediatransparency.org/>

Media Watch <http://www.mediawatch.com/>

Mexican American Legal Defense and Education Fund <http://www.maldef.org/>

NAACP <http://www.naacpimageawards.org/>

National Council of La Raza <http://www.nclr.org/policy/media.html>

National Institute on Media and the Family <http://www.mediafamily.org/>

The people's communications [charter www.pccharter.net](http://www.pccharter.net)

Rocky Mountain Media Watch <http://www.bigmedia.org/>

Webgrrls International <http://www.webgrrls.org/>

Women in Film <http://www.wif.org/>

Women's Institute for Freedom of the Press <http://www.igc.org/wifp>

Many people in this movement are searching for alternative sources of news and media change. These websites are only a small part of a growing effort to reform current

media trends, and to utilize new media technologies in an attempt to make media more equitable and democratic. This movement towards reform and equitability is discussed below.

III Alternatives Proposed by Media Critics

Below we elaborate on a few proposals that we did not have space to examine in A CIVIL REPUBLIC.

The McChesney Proposal

Robert McChesney is a research professor at the Institute of Communications Research and the Graduate School of Information and Library Science, University of Illinois at Urbana-Champaign. McChesney argues that the media are central to all our lives; indeed, the media may be “the most frequently misunderstood part of our lives.” We noted some of McChesney’s alternatives in A CIVIL REPUBLIC, but here are more of them in Box 2.

Box 2: McChesney’s Proposals On Media Reform

1. Apply existing antimonopoly laws to the media and, where necessary, expand the reach of those laws to restrict ownership of radio stations to one or two per owner. Address monopolization of TV-station ownership and move to break the lock of newspaper chains on entire regions.
2. Initiate a formal, federally funded study and hearings to identify reasonable media ownership regulations across all sectors.
3. Establish a full tier of low-power, noncommercial radio and television stations across the nation.
4. Revamp and invest in public broadcasting to eliminate commercial pressures, reduce immediate political pressures and serve communities without significant disposable incomes.
5. Allow every taxpayer a \$200 tax credit to apply to any nonprofit medium, as long as it meets IRS criteria.

6. Lower mailing costs for nonprofit and, significantly, for noncommercial publications.
7. Eliminate political candidate advertising as a condition of a broadcast license, or require that if a station runs a paid political ad by a candidate it must run free ads of similar length from all the other candidates on the ballot immediately afterwards.
8. Reduce or eliminate TV advertising directed at children under 12.
9. Decommmercialize local TV news with regulations that require stations to grant journalists an hour daily of commercial-free news time, and set budget guidelines for those newscasts based on a percentage of the station's revenues.

McChesney argues that the second election of G.W. Bush was marked by a “staggering amount of voter ignorance” because of this business media. Polls showed that voters, especially Bush supporters, were grossly misinformed about their candidate's position on a broad range of issues. Surveying supporters of the President, a University of Maryland PIPA/Knowledge Networks poll found:

- 72% believe that there were WMD's in Iraq.
- 75% believe that Iraq was providing substantial support for Al Qaeda.
- 66% believe that Bush supports participation in the International Criminal Court.
- 72% believe that Bush supports the treaty banning land mines.

What's wrong with this? *None of these statements are true.*²²

McChesney says the most important function the media serves is to provide voters with the information they need to make sound decisions in the voting booth. If people don't know what they're voting for, our democracy is in serious trouble. It looks like we're in serious trouble.

The Bagdikian Proposal

Other professionals, academics, and journalists have been analyzing the problem of media control and misinformation as well. Bagdikian says that a small number of the country's largest industrial corporations have acquired an inordinate amount public

communications power. Large-scale corporate ownership of the news is greater than any point in world history. Few episodes in history match this corporate group's power to penetrate public opinion. By owning each other's shares and engaging in joint ventures as partners, these firms have created a "cartel" that, in turn, shapes the landscape of American politics.²³

Bagdikian argues that this level of corporate influence can be tempered through reform on national and local levels. The FCC, he recommends, should include representatives from nonpartisan groups such as parent/teachers associations as well as presidential appointees. In addition, the Fairness Doctrine and equal time provisions must be restored to a level where they more adequately reflect the views of all Americans. The Fairness Doctrine and equal time provisions are rights given to the public as a means to respond to and engage political positions expressed in the media. The answer to extreme views in the mass media is, in this regard, not censorship but rather the restoration of the public's right of "timely reply." In other words, the public must be given the right to respond to political views expressed by the media on the same stations that such views are expressed, and at the same times such shows are broadcast.

Bagdikian believes such reforms constitute the beginning of an effective counter to the "auctioning of broadcast frequencies" to commercial stations. This auctioning has transferred ownership of the airwaves from public to the mass media. Bagdikian argues that from the beginning of commercially licensed broadcasting in 1927, the Fairness Doctrine required broadcasters to devote a "reasonable amount of time" to a discussion of controversial issues that have public importance, and to permit reasonable opportunities for opposing views to be heard. The Fairness Doctrine obliged stations to provide time

for response by those attacked in discussions. For much of the twentieth century, this doctrine was more or less adhered to. With the election of Regan in 1980, however, the provisions of this doctrine were slowly stripped away both by Regan as well as by subsequent administrations. Box 3 provides a summary of Bagdikian's recommendations to solve this problem.

Box 3: Bagdikian's Strategy for Changing the Media System²⁴

1. A nonpartisan, nongovernmental, non-corporate commission of citizens should be convened to study the present and desired future status of the country's news media. Its final report must be frank, specific and unsparing of any special corporate interests or the status quo. How this commission will be chosen and administered is a major riddle, since it cannot involve government.
2. The National News Council, which existed from 1973 to 1984, should be revived. Supported by foundations, the Council heard serious complaints about specific cases of national news media performance. While its public recommendations were not mandatory, the Council provided the public with a voice and the news media with an alert to weaknesses and abuses. The Council must also design a means to address abuses in local news media. The Council's recommendations must be made available to the public by the same media it investigates, i.e. broadcast on broadcast news media or printed in the newspapers and magazines in question. A major PR campaign will also be necessary to give the Council enough public respect and influence that the news media will voluntarily comply.
3. The Telecommunications Act of 1996 should be rolled back and replaced with new laws designed to break up the most egregious conglomerates, reinstate mandatory local community access, and put teeth into the requirement that stations demonstrate their record of public interest programming when they apply for renewal of licenses. License challenge procedures must be made more accessible to civic groups dissatisfied with their local radio and TV broadcast stations. (Networks are not regulated but their local affiliates are.) The AOL & Time Warner merger and others like it should be examined carefully for its effects on quality of local and national news information.
4. Public broadcasting must be financed through a new, nonpolitical system, as is done for the best systems of other democracies. Today, noncommercial broadcasting depends on appropriations by federal and state legislatures that themselves are heavily beholden to corporate interests. A small surtax on all consumer electronic equipment—computers, VCR's, TV sets, radios and the like—would be miniscule at the individual retail level but could provide funding for a full-fledged multi-channel radio and TV noncommercial system, and for a substantial national broadcast news and documentary operation.
5. The FCC should be reconstituted to include representatives from nonpartisan groups like Parent Teachers Association and others, as well as Presidential appointees. It has

shifted from its original purpose of protecting consumers against unfair industry behavior to an opposite role of protecting media industries from their consumers and promoting their conglomeration. The championing of the 1996 Telecom Act by the FCC was a perfect example of this role reversal.

6. The Fairness Doctrine and equal time provisions should be restored. The answer to G. Gordon Liddy, Rush Limbaugh and Oliver North is not censorship but restoration of the public's right of timely reply on the stations and at the times those and other shows are broadcast. From the beginning of commercially licensed broadcasting in 1927, the Fairness Doctrine required broadcasters to devote a reasonable amount of time to discussion of controversial issues of public importance, and to permit reasonable opportunities for opposing views to be heard. These provisions were stripped away during the Reagan administration. The equal time provision in essence said that in the 45 days before an election, stations must make time available to opposing candidates on roughly the same time basis, regardless of whether the time was paid for, as well a make time for public service campaign discussions.

7. Restrictions on commercials should be restored in order to reduce the news media's incentive to narrow the truth and to cater to corporate interests. Restrictions on time for commercials shown during newscasts were dropped by the Regan administration in the mid 1980s.

7a) To address the problem in #7, we need a parallel non-commercial public information system, or several of them, financed by consumer subscription sign ups, to compete with commercial news media channels and outlets for consumer attention. This is essentially the same idea as item #4. Other means of financing might include a small surtax on all consumer electronic equipment, as noted in #4.

8. Broadcast frequencies should be granted on credible promises made and kept in terms of public service. The auctioning of broadcast frequencies to stations implies a transfer of the airwaves to private ownership—but the public owns the airwaves. The FCC should adhere to what basic public ownership of the airwaves implies by granting stations licenses for a limited time, conditional upon their general performance as good citizens in their communities.

9. The public should be routinely notified of local market broadcast license renewals. All stations in a given state have their renewals come up in the same year. As the date for renewal approaches, existing holders of licenses should be required to show evidence of what they have done in the past to serve the interests of the public.

10. Inexpensive licensing of low power, city and neighborhood range radio and TV stations should be made available to the public. Japan has them and so can the U.S. As it is, local communities have been excluded from the air by national broadcasters.

11. Local competition for cable service should be made available throughout the United States. A majority of local townships are served by only one cable company, which means there is no competitive pressure to increase quality of programming and community service or to maintain reasonable cable rates. Several cities in the Midwest have wired their own cable and Internet systems in direct competition with private companies.

12. Paid political advertising should be banned from American broadcasting. In the two months before elections, every station should be required to provide prime time hours for local and national candidates, with fifteen-minute minimums to avoid slick sound bites without content.

13. Teach media literacy in public schools, using independently created curricula. The average American child will spend more time in front of a TV set than in front of a teacher. The young are targets for commercial materialism. They need to be made aware of how important an influence the media are in their lives and how to analyze the media and its news presentations.

14. Political candidates should take up the cause of media reform and run on this public cause.

15. More citizens should join and contribute to media reform groups like the Center for Media Education, Fairness and Accuracy in Reporting (FAIR), and the Institute for Alternative Journalism.

In sum, critics like Bagdikian argue that American citizens depend on the media to be a public service. This task cannot be left to business alone, which has made little or no attempt to adhere to the original intent and purpose of publicly chartered airwaves.

We listed many nonprofit groups in Box 1 proposing media alternatives. Here's one of those alternatives in more detail.²⁵

The CIPB Proposal

Citizens for Independent Public Broadcasting (CIPB) is a national membership organization dedicated to “putting the public back into public broadcasting so that we all can join in the debate about our nation's future.” CIPB promotes an independently funded and publicly accountable Public Broadcasting Trust. At the community level, CIPB supports chapter initiatives to democratize programming on local public broadcasting stations. Toward these goals CIPB offers an “activist manual,” as well as videos, and an in-depth website. It also functions as a national clearinghouse for the organizing of media reform and accountability projects.

The CIPB argues that public broadcasting should be restructured as a public trust, comparable to the Red Cross, U.S. International Olympic Committee or Little League Baseball. Such a restructuring would address significant problems currently facing public broadcasting including funding, corporate influence and lack of public input into programming. The creation of a public broadcasting trust would, in this regard, take PBS off “the federal dole,” remove corporate advertising, stop the constant search for money, and allow “public broadcasting to pursue its mission with editorial integrity.”

CIPB says that to support innovative noncommercial programming for both national and local audiences, an independent public broadcasting service would require at least \$1 billion for insulated annual program funds. This money would be in addition to current levels of operational support from state governments, individual subscribers, and foundations. Corporate donations would be possible, but they would only be briefly acknowledged and restricted to general system support.²⁶

Box 4 provides a summary of arguments from the CIPB, following their own words as closely as possible.

Box 4 CIPS and its Public Media Trust

A new Public Broadcasting Trust (PBT) would replace the Corporation for Public Broadcasting (CPB). It would take over satellite distribution systems now administered by PBS and NPR. In contrast to the CPB and NPR, the PBT Board of Trustees would be insulated from direct political pressure. The PBT would have nine members: three from appointments made by representatives of the public broadcasting community; three from the educational community; and two from the President's Commission on the Arts and Humanities. The PBT Managing Director would be the ninth member, selected by the original eight board members. All members would serve staggered six-year terms. Participants in the nominating process would include representatives of public television and radio stations, independent producers, and associations for school administrators, teachers, academics, librarians, and school boards.

One half of the PBT's funds would go into commissioning, producing, and distributing programs as part of a national service to local stations. The national

television service would be administered through a Television Program Department, itself divided into a Division of News and Public Affairs and a Division of Cultural and Educational Programming. This programming, with funds for promotion, would be offered to local public stations free-of-charge. Thus, the Department would provide for a daily in-depth news program, documentaries, specials and coverage of special events as well as arts, entertainment, dramatic, and children's programming. Consistent with the unique mission of public broadcasting, there would be a premium on public affairs and cutting edge artistic presentations in prime time.

Within the Program Department, there would be a National Independent Program Laboratory, with a director and its own advisory board. This Laboratory would support independent productions for consideration by both local stations and the national service. The other half of the PBT's funds would be passed through to local television and radio stations to produce and acquire programs of interest for their specific communities. Since local program production is disproportionately costly, this fund would support productions that few stations now undertake for their communities.

In addition, there would be a Radio Department to distribute funds to national programming services, like NPR and PRI, as well as independent producers. The Radio Department would commission new programs as well as support existing programs, all of which would be offered to local stations via satellite. The Radio Department also would make grants to local radio stations to produce national programs and program segments. These would be offered to local stations for their own choosing.

The supporters of Citizens for Independent Public Broadcasting believe that any proposal for funding a Public Broadcasting Trust must respect the following criteria: Is it fair, is it sufficient, and is it reliable? The CIPB generally favors proposals that tax corporate profits rather than citizens and consumers for public broadcasting services. The following revenue sources would each provide the \$1 billion per year needed to endow the trust: a five percent tax on factory sales of digital television sets, a five percent tax on the sale or transfer of commercial broadcast licenses, a two percent tax on annual broadcast advertising, a two percent annual spectrum fee, or a modest tax on the auction of up to \$100 billion in digital spectrum. Any smaller combination of the above also could produce the \$1 billion required to support the trust.

Local Community Accountability

The commercialization of airwaves to the highest bidder has been years in the making. Without structural intervention, this trend will persist. New measures are needed to protect public service broadcasting from censorship or undue political pressure, and to ensure that boards are truly diverse, have a clear sense of mission and recruit and reward station managers for measurable public service, rather than profit-making ventures.

These new measures would empower local communities to actively oppose censorship and advocate for the full diversity of their programming needs. For starters, stations would be required to observe existing FCC rules and regulations. This would

include posting board and committee meetings widely and making them open to the public. This also would include providing members of the public with easy access to complete public inspection files, including financial reports and correspondence with viewers and listeners. A properly functioning Public Broadcasting Trust would supervise random accountability audits. There would be procedures to identify non-compliance and to facilitate compliance on threat of loss of funding.

It is essential that boards be chosen in such a manner as to ensure diversity by race, gender, age, community, and field of service. A diverse board would make policy discussions broader and more inclusive, better survey the interests of public constituencies, and provide easier access for station promotion efforts. Boards also must be educated and equipped to provide effective oversight of management on behalf of the community. One possible contribution to this goal might be to establish a system for subscriber election of board members.

Another requirement of a public broadcasting trust would be to better empower community advisory boards to perform their designated function. They would have routine access to active program proposals, ongoing production schedules and alternative program sources. They also would be engaged in active outreach to the community to solicit evaluations and assess needs. All of this would be subject to final approval by professional management and staff. Finally, the PBT would provide financial incentives for local program development.

Government Accountability

The proposed PBT would be accountable to both the legislative and executive branches of the federal government. The General Accounting Office would conduct a biennial financial audit to ensure fiscal responsibility. Every 10 years there would be an investigation, hearings and a report with suggested legislative changes prior to renewal of the mandate. Both a Presidential Commission and Congress would be involved in the process.

Advocates for U.S. public broadcasting have long recognized that its financial dependence on corporations and commercial sponsorship has compromised its editorial independence. Despite congressional sponsors, past proposals to establish a public broadcasting trust have been defeated by a combination of forces: a powerful National Association of Broadcasters, timid politicians not willing to confront commercial broadcasters or risk independent voices in the public arena, a divided public broadcasting community, and the narrow base of reform movements.

Recent changes are important to note. In 1998, House Telecommunications Subcommittee leaders Billy Tauzin and Edward Markey designed a bill (later withdrawn) to create a permanent PBS trust fund, abolish the CPB and phase out commercial underwriting messages. The Gore Commission on the social responsibilities of digital broadcasters strongly recommended that Congress create a trust fund for public television and eliminate "enhanced underwriting" by corporations. A December 1998 poll by Lake,

Snell, Perry & Associates found an overwhelming 79 percent of the American public favoring a proposal to require commercial broadcasters to pay 5 percent of their revenues into a fund to support public broadcasting programming.²⁷

In *A CIVIL REPUBLIC*, we proposed the appointment of a nationwide commission that would study how various models of a public media system could be developed for the common good. Members of this commission, we said, should examine these models, but they also examine models of media reform applicable to the private sector, based on the core principles of a civil society. These principles go beyond business and government alone, and depend on the development and encouragement of civil involvement in media.

IV A Civil Commission Alternative

During the Great Depression, the close proximity of big business and big government allowed European countries to move quickly into National Socialism, Fascism, and Communism. The collusion of business and government in these instances helped to ensure immediate and complete control of media agencies, which were quickly usurped into the dissemination of state propaganda. Our proposal of an independent and publicly funded media, encouraged by civil involvement, reduces the likelihood of such collusion developing between big business and big government.²⁸

A public (nongovernmental) corporation would place mass communications in the hands of diverse organizations. This media system would represent society, not just government and business. It would be based on a public philosophy, i.e. principles that govern a civil society. (See appendix H, Public Philosophy.)

We began our proposal in *A CIVIL REPUBLIC* by noting that, in response to the history of fascist control of the media, a commission had been appointed to study the

public media in Germany. This commission was well aware of the history of Nazi control of the media, and proposed that the German government should function only as a mediator in telecommunications. As a mediating agency, the commission determined that government interference with the media would occur only under specified conditions. (For more, read Chapter 7 on a US Commission because we take off from there.)

The hypothetical US Commission we have discussed elsewhere is similar to the German model in proposing a restricted governmental role in the development of new media models. The role of Congress would be to emphasize competition in this new model, but the model or competing models themselves would be developed through the cooperation of government, business, and the Third Sector. Thus, while the government would have a stake in the development of a new model, its role in maintaining such a model would be limited, except on matters of immediate danger to the United States.

In our hypothetical model, commissioners would serve to introduce a nationwide debate about how the media could be more equitably designed and managed. The commissioners would be, in our model, responsible for asking the public how Third Sector organizations might compete for revenue and visibility with government and the private sector? Here we add more information and ideas about the role of such a commission in our hypothetical model.

The New Media System

Importantly, in our view, the Third Sector must play a significant role in the development of new media models. Using the example, in Box 4 above, the Third Sector could function in this capacity by becoming a member of a Public Domain Board. This model Board would be composed of representatives from both non-governmental

organizations (NGOs) and government, and would serve to foster equitable competition on American airwaves. In this manner, NGOs and other civil organizations would organize a confederation, so to speak, a Third Sector association in telecommunications that complements our other proposals of civic involvement discussed in A CIVIL REPUBLIC.

The board members on the Public Domain Board in this model would coordinate the development of media programs, but would have no powers over telecommunication (TV/Computer) stations, unlike the current state model. Government, business, and Third Sector associations (religious organizations, professions, sciences, art, education) would thus derive authority from mutual consent and cooperation, retaining the benefits of a nonprofit charter, but eschewing coercive (police) power or corporate control over this media system.

The Third Sector would address issues of ownership for their media stations through a Civic Board. This Board would assess patterns of ownership and judge how organizations in their media domain would function “independently,” i.e., outside the auspices of government or business. In other words, this Board would consider funding sources of their own media stations in terms similar to that of an accrediting agency, and not a governmental or business organization.

Box 5: Public Broadcasting System

Public Domain Board

Representatives chosen from Three Sectors work to link core interests and values in the media system.

Third Sector Organizations	Business Corporations	Government
<i>Civic Board</i>	<i>Trade Board</i>	<i>Government Board</i>
<u>NGO Representatives</u> Religion, Education, Professions, Science, Art, Government, Business, etc.	<u>Trade Representatives</u> e.g. The National Association of Broadcasters (NAB), The Chamber of Commerce, etc.	Appointed by the U.S. President and approved by Congress

Each sector of society in this model would have its own board of directors. The business sector Board would be appointed by its associations, like the National Association of Broadcasters (NAB). The government sector Board would have its board of directors with Presidential appointees, as well as appointees from agencies like the EPA and the Department of Justice. The Third Sector would have its representatives from its nongovernmental orders, as in education and science.

The Public Domain Board in this model is chartered as a nonprofit with representatives from all three sectors. The President's appointees would manage only government stations. The federal government would function as a separate institution with authority over its own stations, as well as working in cooperation with other commercial and NGO stations. This scheme is conceptually similar to confederations such as the US Chamber of Commerce or the National Council of Churches. Membership in the Public Domain Board would be voluntary, but the assumed agreement of membership is the development of media that serves the common good. Legitimacy would be conferred, in this manner, through inclusion of the widest number of participants and the creation of media that serves all constituents, providing an important advantage over other competing media groups.²⁹

The successful development of this Public Domain Board would depend upon government leadership and civic leadership as well as acceptance by the U.S. Congress. Its legitimacy is thus based on its electoral process, not on legislated authority. As mentioned above, such a Board would gain its authority only through the fact that it is constituted by and serves the widest constituency possible.

Although the Public Domain Board would be composed of governmental, business and Third Sector interests, it also cannot function without public interest and support. The public, in this regard, would be made aware that the purpose of the Public Domain Board is to advance the core interests and values of American life: fairness, freedom, democracy, competition, accuracy, and honesty. Through the inclusion of the three sectors discussed above, the public would also know also that these values are not always interpreted the same way in various sectors, and would be more able to critically analyze how core interests and values are depicted and play out in respective sectors.

What is new in this hypothetical mass media model, then, is not only the reform of media access and programming. What is new is also the wide-scale introduction of the notion that various sectors and segments of society have radically different interpretations of drama, entertainment, news and commentary. As it stands today, the mass media filters and ignores many of these messages, particularly from segments of the public and the Third Sector that lack the resources to compete with billion-dollar corporate media conglomerates. The development of a Public Domain Board and public media would, in this manner, engender a type of competition based less on the amassing of capital, and more on the development and reception of programs and content for the broadest spectrum of consumers.

NGO and Civil Representatives

One manner in which this “competition” could be fostered would be through the creation of a civil commission that would seek out and organize the involvement of various NGOs and civic groups. These fields would include, for example, law associations like the American Bar Association (ABA); medical associations like the American Medical Association (AMA); religious associations like Jewish, Moslem, Buddhist, and Christian associations, and specifically the National Council of Churches (NCC); science associations like the American Association for the Advancement of Science (AAAS); and educational associations like the American Council in Education (ACE). A hundred other associations could be listed here, in numerous fields such as accounting, art, recreation, etc. The degree to which they participate in a public media and Public Domain Board would depend upon their interest, leadership, and sense of civic responsibility.

With the inclusion of NGOs and civic groups, the media in this scenario is no longer a monopoly of business. It represents the nation’s culture and diversity of associations. The basis for a Public Domain Board and commission to oversee the inclusion of NGOs and civic groups are, furthermore, protected under the constitution and federal law, which permits this type of media organization.³⁰ With the inclusion of various NGOs and organizations discussed above, the media is better able to serve its original charter as a forum and defender of freedom and democracy. Notably and unfortunately, the need for a media able to utilize and engage such organizations is perhaps more essential than ever. The rise of eco-system failures, terrorist activity, and the possible use of weapons of mass destruction demands the need for an informed and

active public, able to participate in democratic decision making processes concerning these very grave problems.

Box 5A presents the various governing bodies that might represent Third Sector nonprofit organizations and civic groups in our hypothetical media model. A public commission would make this model available for further public debate. In this model, each field would potentially have either its own telecommunication stations, or access to stations.

Box 5A Mass Media in Third Sector: Civic Board (Possible sub-boards)

Law (e. g. ABA.)	Medicine (e. g. AMA.)	Religion (e. g. NCC.)	Science (e. g. AAAS.)	Education (e.g. AAUP)	Others
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One benefit of the inclusion of NGOs and other civic organizations in our proposed public media model is the ability of these groups to produce programs outside the mainstream of current commercial media models. Another benefit would be the ability of Third Sector stations to offer programming in the above proposed public media system more quickly than is possible for them in the current business-sector model, and more powerfully than they can do in the current public media model.

Commercial and For-Profit Media Corporations

The business sector already has its own television stations, as indicated below in Box 5B below. The business board of media stations would then be composed of stockholder representatives in corporation boards (e.g. ABC, NBC, CBS, CNN, Fox). Each corporation is represented in a business sector Board.

Box 5B Mass Media in Business Sector: Trade Board

(Possible sub-boards of business)

ABC	NBC	CBS	CNN	FOX	Others
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Government

The government board would be composed of appointees of the President of the United States in Box 5C. Each agency is represented in a government sector board.

Box 5C Mass Media in Government Sector: Government Board

(Possible sub-boards of government)

Justice Dept.	EPA	FCC	FTC	SEC	Others
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In this organization of a Public Domain Board, we see cooperation and competition between the sectors of government, business and NGOs. Cooperation is achieved through participation in the Public Domain Board, where links are made between the profit, nonprofit and government sectors. Competition happens in the development of content and programs that are of interest to the widest number of Americans. In this regard, our model recognizes both the necessity of competition as well as cooperation.

For such a model to be implemented, the US Congress would have to act through legislation to authorize the development of this media system. In this plan, it has the option, like other sectors, to join into this governing system. The government of course, would still retain final legal authority over such a system, but in lieu of the use of coercion and force, the government would ideally collaborate in the media system with business and the Third Sector.

The Way it Works: Benefits of Business, Government and Third Sector Media

Let's say that a business station like ABC carries a news story with complex legal or medical issues. It could then refer its audience for more details to a professional (nonprofit) station sponsored by the American Bar Association or the American Medical Association. The signs of that connection are already visible in the current media model. Often, stations such as ABC invite experts to comment for a minute or two on technical issues. But the issues are often too complex to answer in a minute or two, and experts end up providing sound bites instead of detailed commentary or analysis. In our proposed media system, ABC would refer its audience to a professional (ABA or AMA) station, which in turn would introduce the audience to appropriate legal or medical details on the subject. The professional-association station, if it chooses to do so, can both cooperate with ABC, as well as compete by filling a "niche" that ABC cannot compete with by responsibly reporting the technical and in-depth subjects covered by ABC news.

The Third Sector stations could thus compete with major commercial stations by providing technical and comprehensive coverage in the fields of science, education, religion, and so forth. These stations, be they television, radio or Internet, would in turn rely on judgments in programming from their elected representatives. The business stations and the nonprofit stations therefore compete and collaborate as they provide both general and more detailed information to the public.

The mass media in this exploratory design becomes more than a way to amass capital. It becomes a public domain, where profit and nonprofit sectors can learn from one another by competition and collaboration. It becomes a space where the various

sectors would be able to come to compete, collaborate, and in the case of a Public Domain Board, to settle differences and conflicts.

Under a Public Domain Board, competitors would organize through their voluntary associations, described above. Business corporations today, such as NBC, CBS, ABC, CNN, and FOX, for example, would represent the telecommunications mass media. Under our proposed system, however, corporations would perhaps want new trade associations better able to collaborate and compete with other sectors. Under this proposed model, the trade association would appoint a representative to the higher Public Commons Board for this purpose.

In sum, the Public Domain Board works for the whole of society, not for business alone (in capitalist nations) or just for government (in communist nations). It is chartered to serve everyone.

Now let us detail specific cases concerning how this media system might solve important problems facing media industries and market sectors.³¹

CASE 1: The Motion Picture Industry

Recently, there has been much Congressional debate about movies, TV dramas, and commercials concerning their use of “immoderate sex” and raw violence. Let’s see how, under our proposed model, these stations could provide new ways to solve these problems.

The response of some US Senators and Representatives to concerns of sex and violence in the media has been to advocate the use censorship as means to curb such perceived excesses. The movie industry, for example, has repeatedly been called to justify and defend its product in Congressional Hearings. Legislators push for changes

from current levels of excessive violence and offensive sex, and industry pushes for creative freedom, but the end result is often a stalemate. What's wrong with this? ³²

Under the current media model, this problem appears irresolvable. Congressional leaders want censorship or “restraint” and the industry wants “artistic freedom.” In this regard, the movie industry is worried about government suppression and about the effects of such suppression on its profit making capacity. To complicate things further, while conservatives argue for censorship, and the movie industry for creative freedom, many liberals are opposed to both censorship and the reduction of art to profit-motive. They argue that when profits rule an industry, it degrades the field of art; aesthetics and its ambitions decline under the restraints of capital and cannot be supported by money alone. In this matrix of vested parties, there is much dissention and little agreement: industry must pander to sex and violence to produce “box office hits” and to cover the high costs of production; the government must protect the people from gratuitous sex and violence; liberals must fight for freedom of expression and the values of high art. ³³

What could a Public Domain Board do?

Let us imagine a scenario. Picture the new Public Domain Board appointing a committee to examine the alleged violence and unbridled sex. The committee proposes a public debate to bring more light to the subject. Sex and violence is not the real problem, the Committee discovers. Sex and violence are portrayed in the greatest plays and the finest poetry. The real problem is the manner in which sex and violence are portrayed in movies and television. Sex and violence have become ends unto themselves, and not part of artful expression.

So let's imagine that the Public Domain Board sponsors a series of movie-dramas for public debate over sex and violence in film and television. The series is about "great art" in the past, present, and possible future of film and television. The movie industry benefits financially because they are paid to replay films. Third Sector organizations benefit because their voice concerning art and censorship is heard. Government benefits because it becomes better able to respond to the concerns of the public. There is no censorship here. Rather, there is a public study about how great films can transcend the raw and debilitating impact of sex and violence in the media.

If such a debate found interest or demand, it could go further by inviting the Third Sector to join the debate – especially art associations, learned societies, and religious organizations. It might seek out departments of art in universities and theater associations to present their views on how the movie industry can attract artists and expand their audience in the future. Out of our hypothetical committee, a larger question begins to emerge: How can motion picture corporations and Third Sector organizations (profitably) bring excellence into the mass media? It is a match making of core interests in business and the Third Sector.³⁴

Such a committee would thus address both questions of art as well as questions of commerce and profitability. In our imaginary scenario, everybody wins. The movie industry continues to make money and the Public Domain Board educates the public. In this respect, such a project would strive to educate the public about art appreciation, at the same time that the commercial media gains an audience. Most important, the public would learn how to guide, not just censor, video and film making programs.

Match Making: Profit and Nonprofit Values

The Motion Picture Association (MPA) represents the movie industry, which includes home video and television industries. It acts on behalf of its members in theatrical film. In other words, it is an advocate for major producers and distributors of entertainment programming for television, cable, home video and future delivery systems around the world.³⁵

Let's say that our hypothetical Public Domain Board members were to ask the MPAA, and its international counterpart, the Motion Picture Association (MPA), to help them study the production of movies in collaboration with *university fields in art, humanities, journalism, and telecommunications*. They would organize a public discussion that goes on the air, including the participation of voluntary groups that could contribute solutions to this issue of art in the media. For example, they might ask for participation from the American Management Association, American Psychological Association, American Sociological Association, and the American Psychiatric Association.

The connivance between the MPA, MPAA and these different voluntary groups could be rewarding for all parties, given that members in these associations have been for some time raising all sorts of questions about the impact of movies on culture and society. These issues include the role and depiction of gender in film and television, the connection between violent films and violent acts, about the prevalence of sex and social and psychological impact on youth and adults. All these subjects would be (as they are today) presented in professional papers, lectures, talks, and in conferences made available to the public. These questions, previously academic, would now be brought forth into the

mass media.³⁶ The role of the Public Domain Board would thus be wider than questions of business and legislation. In addition to such concerns, the Board would address how media is related to problems facing our society, problems of street violence and domestic violence, problems of drug use and despondency, problems of race and gender inequality.

The new media under our proposal is now a “public educator.” The Board does what the U.S. Congress cannot do. It links business with the Third Sector to mix different resources and interests. It seeks to stop the decline of civil society.³⁷

CASE 2: Public Accounting and the Media

The bipartisan outrage in the U.S. Congress over accounting practices among big corporations like WorldCom, Enron, and Arthur Andersen prompted calls for a sweeping overhaul of financial practices. Congress itself called for basic changes in the system. In the end, however, not too much happened, leaving critics to argue that the high values of the accounting profession continue to decline. Yet others argue that the field of accounting is a “business,” not a profession, and subject to the same problems as other businesses. What to do?

Let’s imagine that the Public Domain Board starts a study on the professions. They seek to explore the purpose of professions in a civil society, and about the need for all professions (law, medicine, architecture, etc.) to sustain their core principles in business. Each profession has core organizations in its field. In our scenario for accounting, each organization would explain its purpose on a jointly sponsored TV program.

Which organizations would be represented in our case? In financial accounting, there is the American Institute of Certified Public Accountants (AICPA); it brings

together members in Certified Public Accounting (CPA). The AICPA says it carries the “wisdom of more than 330,000 members.” Then there is the American Accounting Association that promotes “worldwide excellence” in accounting education, research and practice; it was founded in 1916 as a voluntary organization with members interested in accounting, education and research. There are other organizations as well, all represented in our Civic Board (Third Sector) network.³⁸

Business associations would be represented on the Civic Board, as they are directly connected to the accounting problem. In certain cases such associations are on a borderline between the profit and nonprofit sector, but in this case they would be designed to serve their business members. The U.S. Chamber of Commerce, for example, is a nonprofit federation, which represents 3,000,000 businesses. It has an “organizational membership” of 3,000 state and local chambers, 830 business associations, and 87 American Chambers of Commerce abroad. It includes businesses of all sizes and industries, from every corner of the United States.

Why would the Board choose the Chamber to participate?³⁹

The Chamber carries a large audience in this proposed telecommunications system. It cannot represent all business, but it can build its own collection of “public members” seeking to bring civility into commerce. In this regard, the Chamber would likely not agree with all decisions made by Third Sector organizations, for example by acting against the interests of trade unions and environmental groups. However, the Chamber would perform an important service by supporting programs in business ethics and community development.⁴⁰

Let us imagine that our Public Domain Board appoints a Committee on Public Accounting (CPA), matching the acronym of the accounting profession. The PCB's CPA then organizes a national debate on the state of the nation's accounting problems. This Public Domain Board of this "TV-Internet media" would then include professional accounting associations, institutional investors, accounting corporations (e.g. Arthur Andersen, PriceWaterhouseCoopers, Deloitte & Touche, and KMPG Peat Marrick), the Securities & Exchange Commission (SEC) and the Financial Accounting Standards Board (FASB). This CPA would be required to deal across the separate media boards, the Civic Board, the Business Board, and the Government Board. And rightly so, these issues run deep into the life of the whole nation, not just business or government.⁴¹

The purpose of the Board's Committee on Public Accounting (CPA) in this scenario is to *bring trust back to the nation*. It is clear that the public wants objective reporting, honesty and transparency not only as shareholders, but also as citizens.⁴²

In our scenario, the Committee would set up a series of programs that review the facts for a discussion panel. The CPA would ask representatives from various organizations to present arguments for debate about reform of accountancy practices. Such representatives would include members from accounting agencies themselves, from Third Sector organizations, and from government, including former Chairs of the SEC (like Arthur Levitt and Harvey Pitt) to discuss what they think should be done. The inclusion of the SEC would be particularly germane as it holds statutory authority to establish financial reporting standards for publicly held companies under the Securities Exchange Act of 1934. It has also come under scrutiny as of late for its lack of oversight regarding recent accounting scandals. Our Public Commons Board and proposed public

debate would make this scrutiny more visible and relevant to the public, and perhaps more pressing to the SEC and other governmental organization such as Congress.

The SEC Review

Some background of the role of the SEC is necessary to better understand our proposal of a CPA and the need for public media debate over recent accounting scandals. The SEC report to the nation describes how early in the year 2000, the Chairman of the SEC, Arthur Levitt, Jr., challenged the work of the American Institute of Certified Public Accountants (AICPA), arguing that it was ignoring its public responsibilities as a “regulator.” Levitt proposed to split the big accounting firms’ business from their auditing arms.⁴³ The current professional accounting rules, argued Levitt, bar auditors from providing certain services, such as keeping a client’s books or giving legal advice. Such prohibitions in this sector, he said, require tougher enforcement. Under Levitt’s market-sector rules, then:

1. Audit firms would be allowed to do consulting on “information technology” and other practices only if company board audit committees justify their hiring.
2. Auditor independence would be judged by whether “a reasonable investor would see conflicts.”
3. Auditors would not do more than “40% of a client’s internal audit work.”
4. Companies would be required to disclose what they pay auditors for audits, consulting, and tax services.⁴⁴

One primary function of our Board would be to make the facts of the conflict between accounting agencies and the SEC more available to the public. The public should see how the SEC tried to push the accounting profession to work in the public interest and could not succeed. Levitt called upon the association to follow its principles of fairness and transparency, but failed to convince them to make significant changes in

their practices. This report to the nation illustrates how government can be weaker than the private sector, and how the interests of the public can be pushed aside. Levitt expected accountants to be trustworthy, democratic, fair and responsible, but the AICPA fought against him, successfully. Along with accounting firms, it lobbied against his proposal to Congress. Levitt and the SEC lost.⁴⁵

This media can and should stir public interest in these accounting scandals. The Committee we have proposed would do so, and would examine how finance really works in the United States. As a representative of all three sectors, the Public Board's CPA would be in a position to speak to the public as well as to government agencies such as the SEC, Congress and the General Accounting Office (GAO). It would be in a position to foster change, and not merely report the scandals in the business sections of newspapers, magazines and television news. .

The GAO Report

Our Board would be particularly interested in the role of the Government Accounting Office (GAO), which has been critical of current accounting practices but has not received significant visibility in the media. The GAO has reviewed the problem of moving from the old plan to the new auditing structure. In our plan, the CPA would suggest that the GAO show the connection between key parties, government agencies, the accounting profession and the accounting firms in public forums such as television, radio and the Internet. To do this, the CPA and GAO would hire specialists to help them give a dramatic picture with video clips and artistic charts.

Below is a summary of what the GAO has said concerning their investigation of accounting practices in the United States.⁴⁶

Box 6 GAO Report Summary

The GAO reports on the findings of a Panel on Audit Effectiveness, which was not presented clearly by NBC, CBS, or ABC. The Panel had reported in August 2000 that the accounting profession's self-regulatory system suffered from limitations, including a) lack of sufficient public representation on the various self-regulatory bodies, b) lack of unified leadership among the various self-regulatory bodies. It noted that the funds of the FASB were limited, which could bias its activity. It noted that *the not-for-profit FASB is supported by contributions from accounting firms and corporations.*

The funding link between the different parties becomes evident.

The GAO reported that the Panel's recommendations were directed at 1) enhancing the independence of the Public Oversight Board (POB) and expanding its oversight authority and resources; 2) improving communication within the self-regulatory system and with the SEC and the state boards of accountancy (the public regulatory systems) through POB leadership; 3) improving the accounting profession's peer review program and the POB's oversight of that program; and (4) providing more timely remedies to protect the public interest when legal or regulatory actions allege audit failures.⁴⁷

The GAO recommends that a new body should have direct responsibility for critical functions in connection with public accounting firms and their members who audit public companies and outlines these proposed responsibilities in detail.⁴⁸

Now the Public Domain Board (the CPA committee) would be able to do what NBC, CBS, and ABC did not do in 2000. It would educate the public about what pension investors have to say about this problem. It would call upon various Third Sector organizations such as the Council of Institutional Investors to make reports in this scheduled series of programs on the current problems facing accounting firms in the United States.

The Council of Institutional Investors

The Council of Institutional Investors represents institutional investments through 250 pension funds. It is responsible for nearly \$2 trillion of pension assets. The primary function of the Council is to address problems that affect the security of these pensions.

In its media program, the Council calls for a package of sweeping reforms to the U.S.

auditing and corporate governance systems. It suggests seven steps that its members have been urging for years, but could not get through to Congress.⁴⁹

In our proposed media program on accounting, the Council would participate not only through its current programs and practices, but also through cooperative production of television programs designed to make their work accessible to the public. The Council, for example, might seek advice on how to get their points across from the producers of compelling crime dramas such as *NYPD Blue*, *Law and Order*, and *The Practice*. It should seek for its presentation to be as exciting as these popular programs today. It wants to bring a broad audience. So, it must hold an audience with real drama, and lively debates along with the requisite charts, statistics and research findings.

Here is the summary of the findings of the Council of Institutional Investors, largely ignored by TV and newspapers at the time.

Box 7 The Council of Investors Summary

- 1) Reform auditor independence standards by prohibiting auditors from providing any non-audit services to their audit client. This is the position that SEC Chairman Arthur Levitt backed off from in 2000 under heavy pressure from the accounting industry and members of Congress.
- 2) Radically reform the oversight of auditors – They note how “it’s clear that the accounting profession’s current system of self-oversight is not working,” and demand that the opinions of “all interested parties—not simply the Big Five accounting firms be considered.” They want a new independent auditing entity.
- 3) Require enhanced disclosure of director links to companies. They insist that director independence is an important issue to Council members and other investors, stressing that current disclosure rules are inadequate. The Council has been calling for heightened disclosure for over four years, but has not been heard by Congress.
- 4) Toughen the stock exchanges’ listing standards on board independence and board composition. They insist that board audit committees fall far short of standards endorsed by a “blue ribbon” commission of the Council and the Business Roundtable.
- 5) Create tough enforcement efforts—and criminal prosecutions. The Council is distressed by Chairman Pitt’s recommendation that the agency take a “kinder, gentler” approach with the accounting profession and other possible wrongdoers.

6) Restore integrity to the proxy voting system by eliminating the stock exchanges' "broker may vote" rule, which allows brokers to vote on so-called "routine" proposals, including the election of directors and the ratification of auditors. "As Enron has shown, these proposals are not 'routine,' in fact, they may be two of the most important votes cast by shareholders.

7) Meaningfully update disclosure requirements for financial and other critical information. "Meaningfully" is the key because "simply switching to more current disclosure", as Chairman Pitt has proposed, is not enough. The Council urges the SEC to consider investors' views on what types of disclosures are material to them as it moves forward with reforming disclosure requirements.⁵⁰

More programming would follow in our media model by other interested parties. The Social Investment Forum, for example, would document how in March 2002 its members sent a letter to SEC Chairman Harvey Pitt offering to work with the SEC to convene a roundtable on social and environmental reporting issues. No response. Their concerns were raised again at a May 10th SEC investor summit in Washington, DC. The SEC acknowledged the importance of their questions but now gave a noncommittal response. The Forum then said that it would continue to press the SEC to strengthen disclosure requirements and provide avenues for members to participate in maximizing corporate transparency.⁵¹

The Public Domain Board's CPA would continue to round out the larger story with other Third Sector stations. It should strive to get the full circle of opinion. For example, it should seek participation from the Green Party and Public Interest Groups, asking them to propose solutions. In our imaginary scenario these groups come together as a Grass Roots Coalition to serve on the Civic Board.

Grass Roots Station Report: Public Accounting

A Grass Roots Coalition (GRC) is our term for a national group under the Public Domain Board. Under our proposal, when the GRC goes public with their comments,

some Board members may in turn worry about what Congress might say. The GRC report can and should be that influential in the new media.

In our proposal, the GRC claims that there is a clear and present danger presented by corporate raiders in this accounting system. The danger is in thoughtless corporate executives and venture capitalists interested in short-term capital gains - buying up controlling interests in target companies, pumping up their share prices by whatever means, and then getting out. It is legal and the profession accepts it.

But the real value of a corporation, the GRC would argue, is not in its short-term share price. Real value lies in long-term assets such as the talents and skills of employees, their capacities to collaborate over time, and the building of trust relationships with customers, communities, and investors. These assets are put at risk when share prices are artificially pumped up for short-term gain. No one should profit from outright fraud, especially corporate leaders vested with enormous responsibility. Executives who are responsible for defrauding the public must be prosecuted. Their ill-gotten gains should be confiscated, and the worst offenders sentenced to prison.

The GRC would present their solution for the TV public to consider. NBC, CBS, and ABC never did anything like this in 2002.

Box 8 Grass Roots Station Summary: Public Accounting

To achieve genuine reform, the government must root out the conflicts of interest that make fraud possible.

First, boards of directors should be custodians of the long-term value of the corporation. They must be truly independent. A majority should be selected not by the corporations' CEO but by investors. This includes as a practical matter institutional investors like pension funds that have a special interest in long-term performance.

Second, these independent outside directors should determine the pay of top executives, be in charge of nominating future directors, and be responsible for reviewing and approving all corporate audits.

Third, accountants who audit the corporation's books must be free from all conflicts of interest. They should not be selling consulting services and auditing a

company's books. No accounting firm should audit the same company's books for more than seven years in succession thereby ensuring that another accounting firm will check their work. Accountants should be fully liable for fraud. The essence of their job is to guard against it.

Fourth, analysts who recommend the purchase or sale of particular stocks must be insulated from conflicts of interest. Their pay should be decoupled from stock transactions by the investment banks with which they're affiliated.

Fifth, states and institutional investors should sponsor shareholder resolutions seeking ethical goals. States should vote their shareholder proxies in support of resolutions for corporate responsibility. They should take a tough stand, such as requiring that CEOs not serve as board chairman and that a majority of directors be independent. They should disclose publicly on their media stations every resolution they sponsor and how they vote on every issue. Some state pension funds, such as California's, routinely make such disclosures, and there's no reason why all states should not do the same.

Sixth, states should seek damages from companies that have engaged in fraud, and vote against the appointment of directors who have failed to adequately oversee companies they've directed in the past.

Seventh, states should require that investment managers advise pension funds to sever financial links between their investment banking and research arms, as is now the requirement in New York, California, and North Carolina. It is a clear conflict of interest if research analysts are compensated based upon the investment banking business they generate. As the evidence of corporate fraud continues to mount, it is irresponsible for states to remain silent. States owe it to their citizens to take a bolder role in improving standards of corporate governance.

Eighth, states should hold accounting firms (doing business in their state) liable for failing to detect material fraud. The crisis of confidence in both finance and politics dictates the need for stronger, not weaker, regulation. State Boards of Accountancy should require all accounting firms doing business in their state to separate their auditing from their advising and consulting businesses.

Ninth, government officials with responsibility for overseeing public investment and corporate conduct should take steps to avoid even the appearance of a conflict of interest. All candidates for office should not to accept campaign donations from lobbyists.

In sum, our disillusionment does not begin or end with the financial manipulations and outright fraud that have devastated families and depressed the markets. The public should have no doubts about the zealotry with which our political leaders are willing to fight corporate fraud and protect our investments and our jobs. We must do everything possible to restore public confidence in American corporations, and in our government's capacity to keep them honest.⁵²

The Public Domain Board Moves On

The issues of accounting discussed in the case above can be broadened under our hypothetical media model into what Third Sector groups call “public accounting” for the whole economy. Representatives of grass roots groups, social investors, and religious institutions on the panel would argue that all professions should be given the same civic responsibility. The accountants are not alone in creating market problems. The profession of law, for example, should have the same public-responsibility status. Lawyers also collude with corporations with no accountability.

The Public Domain Board would thus work to promote a critical discussion of how all professions can monitor their own standards in the market. Profit making should not be the primary goal of the standards of any profession: accounting, engineering, architecture, medicine, social work, city planning, education, counseling, science, and law. The primary purpose in professional work originates in the core values and is set forth in standards of their nonprofit associations.

The public media debate might broaden to include all major professions in the United States, bringing a new audience and a higher engagement among telecommunication citizens (netizens).

The Third Sector, with its Civic Forum Board, wants “a publicly accountable economy.”⁵³ Let’s picture the possibility of the Civic Forum funding public media conferences on how the nation’s accounting problem exists among various professions in the United States. The debate might start with science associations.

A Civic Forum Report: Accountability in the Sciences

Under a Public Domain Board, Civic Board representatives would talk with leaders in science associations. They ask: What are the public problems of science? The university stations collaborate with science stations to prepare a Report on Public Accountability, bringing a new audience of students, parents, faculties, educators, and university administrators.⁵⁴

The first Civic Board program reviews the legislation on accountability in the sciences. They look at the 1980 Bayh-Dole Act, for example, which enables *small business, universities, and other nonprofit federal contractors and grantees* to obtain exclusive rights to their inventions. The Forum produces some drama here.

The Civic Forum then turns to the Supreme Court's 1980 decision in *Diamond v. Chakrabarty*, which establishes the patentability of genetically engineered organisms (GMOs). They bring European leaders to a widely watched TV program to speak about why they are opposed to GMOs. Members of the U.S. Congress watch and listen.

They debate the 1984 Hatch-Waxman Act that extends the patent terms on regulated pharmaceuticals. They critically examine the 1994 Uruguay Round Agreement on Trade-Related Aspects of Intellectual Property Protection (TRIPS) and bilateral agreements, strengthening foreign Intellectual Property Rights (IPR) protection and harmonizing national standards. They present these ideas seriously and at the same time with a little entertainment. They want people to watch and start their own local debates.

After the public debate, let us say, the Civic Forum comes to a shocking conclusion in this airspace: Science associations should be publicly accountable. They should support transparency in scientific research. Indeed, they should stand against

proprietary rights on data that are in the public interest. Here is where real civic engagement begins.

Civic Engagement

The staff of the Civic Forum explains how members in professional and science organizations, for example the American Academy of the Sciences, should be accountable to the public. The sciences are in the public domain. This is a place where transparency reigns on matters of deep concern to all citizens, including public safety and health. It is in this domain where people expect and develop values like truth, honesty and fairness. These values and their necessity in the public domain should be expressed in the sciences and the public media.

There is uproar among scientists in business.

So, the Civic Forum brings Robert Putnam to talk about civil society. Putnam argued in Bowling Alone that there has been a decline in civic participation. The United States had developed a lively Third Sector engagement during the first two-thirds of the 20th century, but a decline became visible in the 1960s. For Putnam, the decline in civic engagement is strongly correlated to a decline in the moral order.⁵⁵

Other scholars talk about the problem. Sociologists argue that there is a fault line in society between the core values of the civic board and those of the trade board. They argue that the Public Domain Board should address the fracture between society's values and the structure of markets. People need to link markets with an interest in "public accountability." These scholars contend that public knowledge and education is central to participation in civil society and to an understanding of what "public accountability" is and how it can function.

Civic scholars, in turn, suggest that government should take aggressive action to break up monopolies, advance fair competition. They call for democratic values and standards for markets. They want participation for stakeholders. This will “shift those ledges of rock, dangerously poised, into a solid foundation.”⁵⁶

These scholars are on a roll. And the public listens.

They now move in new directions. A civil republic, they say, should smooth out extreme market fluctuations. The advance of stakeholders in markets, done with care, should smooth it out. It would promote a steady infusion of reliability in markets. Reliability and trustworthiness increases with the presence of public citizens on the boards of big firms and trade associations. This idea brings nationwide debate on how core values would promote a non-fluctuating, reliable and trustworthy economy.

It is an inter-sector debate. Business leaders label civic leaders “idealists” and the civic leaders label business leaders “greedy.” The public wants to know how this battle will end up in Congress.

But in our hypothetical model, the public is already witnessing more “truth” in the media. All political candidates are given free airtime to make their arguments. The public learns what happens behind closed doors with private lobbyists. What happens behind Senate doors is now in the public domain. Grassroots opinions are expressed, the civic forum speaks, and the dirty linen is exposed.

Now the U.S. Congress worries whether the public media might become a new power. It might take the place of lobbyists in Congress. It is the public space it was meant to be, with open debates.

This is all fiction but it could be real with a strong government.

A Strong Government

The government has the power to act on the business media system. It could initiate the changes noted by scholars like McChesney, Bagdikian and others we have discussed.

The government in the past has moved against monopolies. A trade association is a monopoly when its members are “vertically or horizontally integrated.” When deciding to confront monopolies, the government evaluates vertical monopolies in terms of “stages, breadth, degree, and form” of integration. It asks questions about the degree of fair competition and democratic practice in the market sector under review. The government asks about the extent to which a market is organized with proper judicial procedures to handle issues of equity in reference to competitors in its trade association. Indeed, the government bears responsibility for the “restructuring” of a market on these grounds.

It is perfectly legal for market associations to set their own standards for public safety and environmental protection. This type of cooperation in standard making is in the public interest and it what market associations should ideally strive to do.⁵⁷ However, when trade groups fail to stick to this charter, the federal government can require such groups to democratically re-organize. All trade associations, in this regard, should have fair elections for officers, and show “due process” for members represented in private juridical decisions. This can be achieved, in large part, by allowing for one vote per member, not for the current system that allows for weighted votes based on assets or sales. There must be equal opportunity for all members elected to the board of directors and equity on nominating committees. Federal agencies judge the extent to which a trade

association represents its members in an “impartial and evenhanded manner.” The law requires associations to take procedures to prevent “packing a meeting” with inappropriate voters. Associations must make “sufficient knowledge” available to members on the issues they decide upon as a trade body.⁵⁸

V. The Global Media: Another Story

Robert McChesney argues that a media oligopoly exists nationally and globally. Dominant firms, nearly all U.S. based, are moving across the planet at breakneck speed. They seek to capitalize on this growth because the U.S. market is well developed and it only permits incremental expansion. Viacom CEO Sumner Redstone says that companies are focusing on those markets promising the best return, which means overseas. Frank Biondi, former chairman of Vivendi’s Universal Studios, asserts that 99 percent of the success of these companies long-term [profit] is going to be successful execution offshore. The dominant media firms view themselves as global corporations.

Moreover, the level of concentration of these media firms keeps increasing. Seven multinational corporations dominate the global media market: Disney, AOL-Time Warner, Sony, News Corporation, Viacom, Vivendi, and Bertelsmann. None of these companies existed in their present form as media companies fifteen years ago. Today nearly all of them will rank among the largest 300 non-financial firms in the world. These seven companies own the all major U.S. film studios; all but one of the U.S. television networks; the few companies that control 80-85 percent of the global music market; the preponderance of satellite broadcasting worldwide; a significant percentage of book publishing and commercial magazine publishing; all or part of most of the commercial cable TV channels in the U.S. and worldwide; and a significant portion of European

terrestrial (traditional over-the-air) television. And there is every reason to believe that this concentration will continue.⁵⁹

After the national deregulation of media began in major nations, it was followed by global measures like the North American Free Trade Agreement (NAFTA) and the formation of the World Trade Organization (WTO). These measures were designed to clear the ground for investment and sales by multinational corporations in regional and global markets. This is the future foundation for a global media system, dominated by the above conglomerates, a market that some anticipate having trillions of dollars in annual revenues within a decade.⁶⁰

McChesney describes the key organizations to watch on the global scene. The World Trade Organization (WTO) is a pro-commercial organization, and the International Telecommunication Union (ITU), the global regulatory body for telecommunications, is in this same camp. It is losing its commitment to public service values. The European Commission (EC), the executive arm of the European Union (EU), also finds itself supporting the commercialization of media. The EC is committed to building powerful pan-European media giants that can compete with the U.S. based giants. But it is also committed to maintaining some semblance of competitive markets, and occasionally rejects proposed media mergers as being anti-competitive.

As a quasi-democratic institution, the EU is subject to some popular pressure that is unsympathetic to commercial interests. Sweden assumed the rotating chair of the EU in 2001 and began pushing to have their domestic ban on TV advertising to children made into the law for all EU nations. But this is an unusual attempt to limit the prerogatives of the corporate media giants that dominate commercial children's television.⁶¹

McChesney compares today's media firms to what Joseph Schumpeter has called "corespective" competitors typical of situations with high levels of monopolization rather than classical competitors in an anonymous dog-eat-dog world. The leading CEOs are all on a first name basis and they regularly converse. Moreover, all the first and second tier media firms are connected through their reliance upon a few investment banks like Morgan Stanley and Goldman Sachs that supervise most of the huge media mergers. Those two banks alone put together fifty-two media and telecom deals valued at \$450 billion in the first quarter of 2000, and 138 deals worth \$433 billion in all of 1999. This conscious coordination allows the media giants to be effective lobbyists at the national, regional, and global levels. The global media system is not the result of "free markets" or natural law; it is the consequence of state policies that create the system. The media giants have a heavy hand in drafting laws and regulations.⁶²

International law is waiting in the wings.

Conclusion

The U.S. government today has the power to appoint a civil commission to study the media. A Public Domain Board could be created with government leadership. Third Sector corporations could obtain funding following the model of the public broadcasting system (see chapter 7 in A Civil Republic) with innovative programs like Frontline and Nova.

All this dream stuff could happen with national leadership, but it is unlikely without technological innovations like those discussed by George Gilder or the possibility of nanotechnology moving into the ungovernable Internet and the mysterious electromagnetic spectrum. If the country faces major terrorist attacks, an eco-system

failure, or an economic depression, there is a dark future. Major crises cause nations to create centralized governments with the mass media as partners.

But new technology is not required for students to conduct social research around the media market. For sociologists, it means an inter-sector theory of “public media” and research on “civil federations,” that seek meaningful and viable relationships between government, business and the Third Sector. For political scientists it means more study of the polity of markets. For public planners and the U.S. Congress, it means legislation for media that includes the larger society. The fictional story above (A Public Domain Board for a Civil Republic) is not a dream like Plato’s Republic, not just for contemplation. It is a model to guide university studies and policymaking.

In the next appendix we will look at how federations develop in a civil society. Civil federations are the basis for creating a democratic republic. They foretell a fresh direction for democratic movements, poles apart from where nations exist today.

¹ While WDM has been around for some time, the cost of laying fiber to individual homes has been costly. Alternatives exist to retrofit cable TV systems and copper telephone lines, and use *directional wireless antennas* to build a new media infrastructure. Gilder argues that at the heart of this new field of telecommunications are lasers pure enough to carve a sliver of light into thousands of usable frequencies. These

“gossamer glass threads” carry millions of times more information even though they are thousands of times smaller than copper cables. These fiber strands made of glass are so pure, Gilder says, that “if it were a window you could see through seventy miles of it.” George Gilder, Telecosm: How Infinite Bandwidth Will Revolutionize Our World (NY: The Free Press, 2000), p. 4

² The “Telecosm” is Gilder’s term for technology unleashed by the discovery of the electromagnetic spectrum and the photon. This discovery will, Gilder argues, bring an era of “unlimited bandwidth.” This “age of the microchip”—dubbed the “microcosm”—is ending and in its wake will be a new era “wrought of sand, oxygen, and aluminum, the three most common substances in the Earth’s crust.” The microprocessor in this world “distills ideas as complex as a street map of America onto a sliver of silicon the size of a thumbnail. This gift of the quantum is a miracle of compression,” as a basic element in building a new media. He argues that the “telecosm” (technology in the electromagnetic spectrum and the photon) will replace “the seven-layer smart network of computers with a much faster, dumber, unlayered one, where all messages careen around on their own.” Most analysts, however, strongly question his claim. At least for the time being, the conventional wisdom and money remains vested in the seven-layer model.

³ Gilder points out how AT&T favored satellites and millimeter waveguide pipes for its next generation of long-distance links and how MCI built networks of microwave towers that communicate by line of sight. In the technology of glass fibers, however the interference generated by both these modes of communication would be eliminated. Already today fiber optics is threatening the regime of “slow wires,” and the future of telecommunications is centered on creating “more bandwidth” Such a change is poised to drastically alter the whole structure of the mass media industry. In an earlier book “Microcosm,” Gilder traced the role of solid-state physics in data processing, but in Telecosm he traces the role of light-wave physics in local to global communications. Data processing is about manipulating electrons, and communication is about manipulating photons. The computer age created an abundance of processing power, but the telecosm age is creating an abundance of bandwidth. The purpose of networks now is to pump light through packets, leaving the extraction and interpretation of content to the endpoints. In other words, fiber optics wins in the new economy, as copper loses in its inability to transfer large amounts of data. Hardware and operating systems will become subordinate to the Network, which in Gilder’s terms becomes the basis for telecommunications. The “Net,” Gilder argues, will become a collective intelligence that works “in spite of government and any attempts to control it.” *Ibid.*

⁴ Some critics say that Gilder’s vision is fantasy but the very speed of the Net could mean that each new break-in technique becomes instantly available to everyone. Critics say that putting the whole world online would increase the opportunity for mischief. Many problems lie ahead in this electromagnetic field. Commentators on Gilder’s book can be found at <http://www.seas.upenn.edu:8080/~gaj1/letters2.html>

⁵ While sharing copyrighted works with friends and family is covered under “fair use,” unauthorized digital sharing of copyrighted works is a felony under the NET Act, punishable by up to 3 years in prison and a \$250,000 fine. Companies commonly use the DMCA as an intimidation tool to restrict competition and even muzzle speech about defects in commercial products. Among the people threatened with DMCA violation was Princeton University professor Edward Felten. The Recording Industry Association of America sought to prevent him from publishing the results of encryption research in 2001. Linux and the free software movement, on the other hand, are examples of how people have successfully collaborated in the creation of intellectual property. My thanks for this note goes to a friend, computer analyst Brian Washburn.

⁶ A merger wave among business firms, and especially media companies, has been going on for over a decade with the support of government and the Federal Communications Commission (FCC) in particular. See Richard G. Parker and David A. Balto, “The Evolving Approach to Merger Remedies,” published in *Antitrust Report*, FTC Speeches, May 2000, <<http://www.ftc.gov/speeches/other/remedies.htm>>; see also FTC government speeches <http://www.ftc.gov/speeches/other/remedies.htm>, November 21, 2000.

⁷ Ralph McCoy uses the word “press” generically in an annotated bibliography with some 8,000 entries. His study includes “censorship” and its virtual opposite, “freedom of expression,” found in all media of mass communication: books, pamphlets, periodicals, newspapers, motion pictures, phonograph records, radio, television, and stage plays. Ralph E. McCoy, *Freedom of the Press* (Carbondale, IL: Southern Illinois University, 1993).

⁸ Herman says that 75 percent of U.S. sources on the current Iraq war were current or former officials. At a time when 61 percent of U.S. respondents were telling pollsters that more time was needed for diplomacy and inspections (2/6/03), only 6 percent of U.S. sources on the four networks were skeptics regarding the need for war. Sources affiliated with antiwar activism were nearly non-existent. On the four networks combined, just 3 of 393 sources were identified as being affiliated with antiwar activism—less than 1 percent. Just 1 of 267 U.S. sources was affiliated with anti-war activism—less than half of one percent. Edward S. Herman, “Word Tricks & Propaganda,” *Z Magazine*, June 1997.

⁹ A detailed outline of “who owns what” in the media industry is on the WebPages of [Columbia Journalism Review](#) and [The Free Press](#). The details on revenues and ownership patterns (e.g. TV/Movies, Music, Radio, Publishing, Internet, Production, Distribution, Retail, book clubs, etc.) of News Corp. General Electric, VIACOM, TimeWarner, Walt Disney, Vivendi Universal, and Bertelsmann can be found at these sites. See also various works by Neil Hickey, TV Guide's New York Bureau Chief for 25 years, and a Senior Editor for five years. He has written hundreds of articles on issues relating to the press, television, cable, and telecommunications and is a frequent panelist on television and radio talk shows.

¹⁰ -[The Free Press](#) says that many stations have profit margins over 50 percent. At Rupert Murdoch's News Corp, thirty-three television stations produce more cash flow than any other divisions, including Fox News Channel and the Fox TV network. The top ten companies that own stations increased their share of the industry's \$20 billion annual revenues from 41 percent in 1995 to 54 percent today. And networks want more stations to reach more viewers with promotional announcements for evening newscasts, their newsmagazines, their morning shows, and their entertainment schedule.

¹¹ In the past, the government has acted to dismantle big corporations in mass communications. The FCC acted against AT&T at the beginning of 1984. AT&T's local operations were divided into seven regional holding companies that were given the right to be autonomous local telephone companies. The government demanded "equity" and "fairness" as the standard for competition. In 1985, the FCC adopted a number of rules for the industry (nicknamed "ballot and allocation") that were based on the core value of justice. Critics say that the government can do it again. In the AT&T case, for example, the court ruled that customers must be allowed a period after equal access to switch carriers free of charge. It set out procedures for resolving disagreements between long-distance companies regarding customer selection in the aggressive marketing wars that followed the implementation of equal access.

¹² The government has the power to treat the media as a monopoly and does so in non-media sectors. At this writing, Sotheby's Holdings Inc., for example, one of the world's largest auction houses, agreed to plead guilty and pay a \$45 million criminal fine for fixing the price of commission rates charged to sellers of art, antiques, and other collectibles at auctions. The former chief executive of Sotheby's, was spared prison and sentenced to three years of probation, including six months of house arrest, for her admitted role in fixing commission rates with the rival Christie's auction house. From April 1993 to December 1999, the firm sought to suppress and eliminate competition by fixing prices in violation of the Sherman Act.

¹³ Josh Silver (Free Press) describes the way this grass roots movement is active:

- 1) Communities nationwide are fighting monopoly cable providers (like Comcast and Time Warner) to ensure that cable and broadband services serve the community and not just the bottom line, with increased public access and more non-commercial channels.
- 2) Advocates are pressing Congress to force cable monopolies to carry new, independent networks and to make access to cable more affordable through measures like 'a la carte' programming that let viewers choose which channels they pay for.
- 3) With last year's disastrous loosening of media ownership rules rejected by the courts, activists are pushing for more public involvement in the FCC's creation of new rules.
- 4) Legislation is being pursued to license thousands of new low power FM radio stations is working its way through Congress.

5) A growing coalition is demanding increased access to the public airwaves for low-cost, high-speed, wireless broadband that would turn Internet access into a public right instead of a luxury.

This is just a glimpse of what's going on in the fight for media reform. Americans understand that democracy will not survive without tougher journalism, more diverse and independent voices, and a stronger noncommercial media sector. The Free Press website (<http://www.freepress.net/>) contains resources and tools to "raise awareness, and hold our elected officials and the media accountable."

¹⁴ FAIR believes that structural reform is needed to break up the dominant media conglomerates, establish independent public broadcasting and promote strong non-profit sources of information. See <http://www.fair.org/whats-fair.html#mission>

¹⁵ The Institute's news releases provide analyses that focus on "fast-breaking events that rest on major public issues." See <http://www.accuracy.org/index.htm>

¹⁶ The MEF argues that global mergers involving media giants and multi-national corporations have increasingly threatened the public sphere through their monopoly of airwaves, television, the movie industry, print journalism and the Internet. The voice of the citizen, the staff argues, is driven out of the public domain by the "colonization of public space, from schools to ball fields, by an all-pervasive commercialism that bombards us with thousands of advertising images daily." See <http://mediaed.sitepassport.net/about>

¹⁷ See <http://www.mediachannel.org/about>. Contact MediaChannel, 1600 Broadway, Suite 700, New York, NY 10019, Phone: 212-246-0202.

¹⁸ THE CIPB argues that U.S. public broadcasters have typically nightly and weekly programs featuring Wall Street and business news, but no regular programs that examine the economy from the perspective of workers, consumers or environmentalists. PBS' news program duplicates the same reliance on official voices as commercial network news. Local news and public affairs programs are too rare. Public broadcasting's unique mission, on the other hand, should demand that it present public affairs programming that stimulates civic education and engagement. See http://www.cipbonline.org/video/cipbcut_dsl_300.ram.

¹⁹ CDD has broad goals: 1) To enhance public understanding of the changing dimensions of the US digital media system, by explaining the communications options and the public-interest resources that citizens should have at their disposal. 2) To foster the development of a new generation of activists to work on digital media policy issues, and 3) To make the media industry more accountable to the public.

²⁰ Today, IPA's membership includes large-circulation magazines, desktop-published magazines, alternative newsweeklies, monthlies, quarterlies, annuals, and publications

-serving African-American, Asian, Latino and working-class communities. See IPA, <http://www.indypress.org/programs/index.html>

²¹ Helen Grieco, Kimberly Weichel and a community of women initially organized our Media Voice in 1999. They began a grassroots movement to educate citizens on their media rights, build a national coalition for media accountability, establish local campaigns, and a clearinghouse for media activism.

²² Robert W. McChesney, “On Media and the Election.” November 9, 2004 [CommonDreams.org](http://www.pipa.org/CommonDreams.org). For more details, see <http://www.pipa.org/>

²³ Bagidkian’s classic work The Media Monopoly (Boston: Beacon Press, 1997, fifth edition) was first published in 1983 when 50 corporations owned most of American media. By 1997, Bagidkian notes the number had fallen to 10 corporations that effectively control almost everything we see, hear and read. This continuing trend of media conglomerates leads to loss of depth and quality in the news on the national agenda. http://www.ourmediavoice.org/article_reform.html.

²⁴ Ben H. Bagdikian, In the Midst of Plenty: The Poor in America (Boston: Beacon Press, 1963).

²⁵ For more information, see The Boston College Media Research and Action Project (MRAP). It provides training and technical assistance to community and grassroots organizations.

²⁶ Citizens for Independent Public Broadcasting (CIPB) is “dedicated to creating a national coalition to build grassroots support for this proposal.” At the same time, CIPB local chapters are working to democratize the governance and programming of their community’s public broadcasting station (s). CIPB acts as a clearinghouse on the activities and accomplishments of these local chapters and on programs available for airing both nationally and locally. Citizens for Independent Public Broadcasting <http://www.cipbonline.org/trustMain.htm>. See also <http://www.cipbonline.org/press10.html>.

²⁸ The shift into dictatorship can be swift. Although there were only three National Socialist members in the first cabinet when Hitler became the Chancellor in January 1933, it took Hitler a mere eighteen months to concentrate all power into his own hands. Hitler consolidated his position because of a sudden hysteria about the communist “Red Peril” in Germany. The Law of Reconstruction of the Reich (January 1934) abolished the state legislatures and subordinated them to the central government at Berlin. The Trade Union offices were raided by the S.A. and S.S. troops. The Communist base of support was destroyed. On July 14, 1933, all political parties except the Nazi Party were declared illegal.

²⁹ Dismantling global media corporations, as was done in the case of AT&T in the 1980s, would not solve the civic problem in telecommunications today. The field of telecommunications and the Internet are virtually beyond the control of national governments. Civil (media) regimes are the name of the game in a global economy.

³⁰ Such a commission, and the various media outlets charted under this commission, could be organized as TV-Internet media stations, and choose a domain (e.g. Education) or field of interest (e.g. Art) or a profession (e.g. Civil Engineering). Here people can deliberate and define that “field” as it pertains to their own audience. They all compete in this society-wide media, but the playing field is rendered equitable. In the field of religion, for example, Presbyterians and Congregationalists could compete, but they would also express a common concern about matters of public interest. Third Sector governing boards would choose the subject of their media station, such as law, medicine, religion, science, art, and higher education. Learned societies and professional associations would organize media stations (i.e. television, radio, Internet, according to their principles and their field. Each of them then develops a media board. Each media station would initiate discussions around its subject. The field of law, for example, could originate programs on concepts of *justice*. The field of religion would emphasize the meaning of *faith and love*; the field of art could emphasize excellence in *aesthetics*, etc. Stations in the profit sector would compete and promote their own programming as they do now, but of course influenced by competition from the Third Sector.

³¹ In a civil market (government) plan, if the biggest businesses like NBC, ABC, and AT&T are in violation of the law, they could be broken down in size, as was done with AT&T. This de-concentration then opens the door for fair competition among smaller enterprises based in civil associations. In civil associations, firms compete according to government rules on democratic practice, fair competition, and appropriate transparency.

³² Watching a great film could mean realizing a value as incalculable as *loveliness*. The loveliness of a film scene may not be capable of definition (Max Weber’s notion of “incalculable rationality”) but it is understood through the experience of it. To create high art with such a value in one scene is a substantive goal for competitors in filmmaking. A substantive goal demands exacting criteria by which associations can measure the refinement of this value. Filmmakers can move from producing regular low-grade violence (that tantalizes and attracts an audience for profits) to regular high-grade film dramas that include violence, but also heighten human understanding of other qualities expressed at the same time. An example would be Shakespeare’s The Life of King Henry the Fifth or a war movie like All is Quiet on the Western Front).

³³ The arguments of these vested parties belie the growing convergence between different media. This is evident, for example, in the rise of P2P networks and the increasing bandwidth capacity of Internet users. While most music corporations see downloadable music as “the canary in the coal mine,” music is just the first step in the blurring of media into digital format. The downloading of the digital revolution is not just about music, but about video, movies, books, and more. CEOs and business already know

this, regardless of their attempt to cling onto their waning models of media development and delivery. eBay Chief Executive Meg Whitman says that “a working group” should examine “peer-to-peer” computing, in which information can quickly be spread to thousands with the click of a button. Several hundred people gathered in November 2000 to hear an executive debate on whether consumers should be required to pay for music they now download for free. The story of Napster is already history. Hank Barry, chief executive of Napster Inc., faced a hearing on a lawsuit brought by the recording industry to put it out of business. He said, “Sharing a file without a license is absolutely within the law and there are 20 million people doing that right now.” See “An Online Threat: Internet Companies Fear Napster Is Wave of Future.” ABC News. By Cliff Edwards, The Associated Press, July 18
<http://more.abcnews.go.com/sections/tech/dailynews/napster000718.html>

³⁴ Let us say that the Public Domain Board starts with movies that have been works of art. We cannot go into the details here about what might happen but we can suggest one scenario.

Let’s say that certain movies have sex scenes that bring people to sense erotic feelings or violent scenes that invoke rage; they allow people to get a “rush.” But social scientists on the Public Domain in this case report that great art does not lead people to express those impulses, not in fine art. Rather, the story and its artful scenes bring people to appreciate various levels and types of emotion. A true work of art, the scientists and professionals say, is different. It may have sexually disruptive or disturbing violent – scenes, but it also adds emotions of great value. And it adds distance for the viewer as well as closeness to the raw impulses and instincts of human nature.

Poor movies, the professionals conclude in this story, rely upon raw impulses because they sell easily, but great movies transform. Great movies transform a violent scene by showing the audience a higher purpose evolving, or at least a deeper understanding of the human condition.

This is then the debate in our scenario. What is the nature of art? What is the purpose of art? What are the criteria to judge fine art? Can the audience understand the impulses of sex and violence emotionally but also understand those positive emotions, often latent or hidden, like tenderness, exquisiteness, and compassion. Do emotions of a spiritual nature carry equal majesty in this story? These questions are brought before the public.

³⁵ The Motion Picture Association (MPA) has a global influence. Today, U.S. films are shown in more than 150 countries worldwide and American television programs are broadcast in over 125 international markets. The U.S. film industry provides the majority of prerecorded cassettes and DVDs seen in millions of homes throughout the world. This audiovisual industry is global, represented by MPA, which was formed in 1945. On the board of the main association are the Chairmen and Presidents of the seven major producers and distributors of motion picture and television programs in the United States. This includes Walt Disney Company, Sony Pictures Entertainment, Inc., Metro-Goldwyn-Mayer Inc., Paramount Pictures Corporation, Twentieth Century Fox Film Corp., Universal Studios, Inc.; and Warner Bros. The Motion Picture Association of

America (MPAA) is also a major player, founded in 1922 as the trade association of the American film industry, and it broadened its mandate over the years to represent this rapidly growing worldwide industry.

³⁶ In *A CIVIL REPUBLIC*, questions like the following were posed:
How can the market be organized according to a combination of principles, such as freedom, fairness, efficiency, profitability and competition, while also meeting principles of art and excellence, high standards of decency and a civic responsibility in public performance?

With this question in mind, how might the motion picture industry become responsive to non-business associations that include churches and temples, professional associations, minority groups and appropriate educational associations, youth organizations, women's groups, trade and labor organizations, and government organizations? Movie producers today call upon individual experts to help in screenwriting and filmmaking, but we are talking about Third Sector organizations in law, medicine, art, religion, and education, becoming engaged in production.

³⁷ In other words, *government and business institutions by cannot alone be the judges of those values that are found in art, science, law, and health*. Leaders in these two institutions should not constantly make decisions alone about what is "art" or "science." Leaders in appropriate organizations must be included in deciding what is right for the media.

Film leaders know that the decision about "what is art" begins before business starts production. It begins when a studio selects a story and when someone starts screenwriting. The polarity between efficiency/productivity vs. aesthetics/morality begins right from the screenwriter in production and then to market distribution and sales. Third Sector organizations need to participate in this process, advising on how "art" starts at the beginning.

³⁸ The accountants in the AICPA want to uphold public standards and develop a vision for their advancement around the world. The AICPA states its hope on its website, in effect, every company in the world should produce accounts under the same public standards. Members state a hope that investors and analysts will be able to compare "apples with apples," as they say, with "minimal adjustment of completely transparent company accounts." And they claim, "Nirvana may be only a few years away." The International Accounting Standards Committee is working on it. In January 2000, the American Institute of Certified Public Accountants announced its vision of an international accounting standards-setting body in a letter to the Secretary General of The International Accounting Standards Committee. The letter, signed by Olivia Kirtley, AICPA Chair, and Barry Melancon, President and Chief Executive Officer of the Institute, and addressed to IASC Secretary General Sir Bryan Carsberg, describes the AICPA's vision of "an independent standard-setting body unaffiliated with any professional organization, country or national standard setter." A Board of Trustees that would appoint its members, develop fundraising strategies, and provide general oversight

and direction would oversee the proposed body. Accounting Standards Team
<http://www.aicpa.org/members/div/acctstd/index.htm>

³⁹ Although the nation's largest companies are active Chamber members, more than 96% of its members are small businesses with 100 or fewer employees. See the U.S. Chamber of Commerce, <http://www.uschamber.org/default.htm>. There are too many federations in the business sector to think that the Chamber could represent "business in America." Yet, it serves as a core organization in the field of commerce.

⁴⁰ These programs are introduced across America. For example, members of Greater Wildwood Chamber of Commerce established the following pledge:

1. To make every effort to furnish quality merchandise and/or service at fair and reasonable prices.
 2. To maintain standards of conduct, which shall make us known for strict adherence to honorable business practices.
 3. To maintain a spirit of harmony with our clients or customers, wherein merit alone wins their confidence.
 4. To use truthful and honest representation in all advertisings.
- <http://www.beachcomber.com/Wildwood/Chamber/code.html>.

⁴¹ The Financial Accounting Standards Board (FASB) was designed as a core organization that would be independent of all other business and professional organizations. Its Board of Trustees is made up of nominees from sponsoring organizations whose members have knowledge of financial reporting. There also are Trustees-at-large who are not nominated by those organizations, but are chosen by the sitting Trustees. The FASB establishes and improves standards of financial accounting and reporting in the public interest. Settling the issues in accounting is critical because all decisions about the allocation of resources rely on credible, concise, transparent and understandable financial information. The public uses financial information about the operations and financial position of organizations to make decisions. All the sponsoring organizations of the FASB should be heard in this debate -- the American Accounting Association, American Institute of Certified Public Accountants, Association for Investment, Management and Research, Financial Executives International, Government Finance Officers Association, Institute of Management Accountants, National Association of State Auditors, Comptrollers and Treasurers, Securities Industry Association. In our proposed scenario they would all have media stations (such as WebPages) and want a resolution that carries their interests.

⁴² The Board believes that professional associations should help business work for the common good. The accounting profession developed historically to check against mischief. People needed certified accountants to establish trust. So, this profession became like a public trust, drawing its legitimacy from core values - transparency, consistency, reliability, and honesty. The profession was not a government agency, but an organization both in the business sector and the Third Sector.

⁴³ CEOs in the big accounting firms, and members of the AICPA, did not like Chairman Levitt. Arthur Levitt Jr., fought the AICPA and became emphatic about the need for this

association to restructure itself and set new standards. He insisted that the AICPA let him speak at its annual meeting about his proposal on a new “structure.” He wanted to protect the profession and the public interest at the same time. “Accounting Wars,” Business Week, September 26, 2000, p. 157

⁴⁴ Levitt wants to do more on “structuring” than we can report here. Mike McNamee, “A Compromise from the Crusader,” Business Week, November 13, 2000, p. 197. Mike McNamee, “How Levitt Won the Accounting Wars,” Data Securities & Exchange Commission, Business Week, November 27, 2000, p. 60.

⁴⁵ The SEC would go further in our Media Station to report on Levitt’s proposal that companies should disclose all private information that is important to investors. Levitt argued that companies must share information with the general public and not just a favored few investors on Wall Street. But he kept met stiff resistance on Wall Street. Security analysts said that Levitt’s rule would have a chilling effect on business and would slow the flow of information. Companies would be fearful of liabilities stemming from mishandled disclosures and companies would disclose little in order to protect themselves. The Media Station in our scenario would explain what had happened. Arthur Levitt, Jr. was championing a “fair disclosure” regulation in all market transactions. Public disclosure, he said, should be just (equal and fair). The Station would defend Levitt’s leadership on fair disclosure. See Joseph Weber, “Give ‘Fair Disclosure’ Time to Work,” in Business Week, January 8, 2001, p. 42. Christopher H. Schmitt, “Fair Disclosure is even better than advertised,” in Business Week, May 7, 2001, p. 67.

⁴⁶ The General Accounting Office (GAO) says that the accounting profession maintains the self-regulatory system through the American Institute of Certified Public Accountants (AICPA). This activity includes establishing professional standards, monitoring compliance with professional standards, disciplining members for improper acts and substandard performance, and conducting oversight of the system. The GAO notes that the SEC on January 17, 2002, proposed new regulatory body without consulting with the Public Oversight Board (POB), which demonstrates the lack of effective communications and to protect the public interest. It also cites a problem for the POB in not having sufficient funding to do its job. The existing oversight body, the Public Oversight Board (POB), was critical of the SEC’s proposal and stated that it was not consulted about the proposal. It argues that the SEC developed the proposal in consultation with the AICPA and the five largest accounting firms.

⁴⁷ The Panel recommended that (1) the POB approve appointments to the ASB, the SECPS (the SEC Practice Section) Executive Committee, and the ISB, and that (2) the SECPS Executive Committee retain responsibility for approving appointments to the various SECPS committees that report to it, namely the PRC, the QCIC, the SEC Regulations Committee, and the Professional Issues Task Force. The AICPA accepted the latter recommendation but did not accept the former recommendation. The POB’s charter provides that the POB shall be consulted on appointments of members to the ASB and the SECPS Executive Committee, and that its concurrence on the chair of the ASB

and the SECPS Executive Committee should not be unreasonably withheld. Stuart Harden, "POB Proposes Controversial Changes to Audit Process." Public Oversight Board, California CPA, Nov. 2000.

⁴⁸ This Report was requested by Committee on Energy and Commerce, House of Representatives, and supplied by the GAO in May 2002 in coordination with a Panel on Audit Effectiveness, GAO-02-411.

⁴⁹ See Council of Institutional Investors 1730 Rhode Island Avenue, N.W. Suite 512 Washington, D.C. 20036, <http://www.cii.org>. The Council was founded in 1985 in response to controversial takeover activities that threatened the financial interests of pension fund beneficiaries.

⁵⁰ The Council believes the exchanges should adopt a definition of independent director that matches its own or comparable definitions endorsed by TIAA-CREF, the California Public Employees' Retirement System or other major investors. It also believes the exchanges should require that a substantial majority of the board (at least two-thirds) and all audit committee members should qualify as independent directors. These points can be seen on a Press Release issued by the Council. Contact: Sarah Teslik, Ann Yerger or Peg O'Hara Feb. 4, 2002, 202-822-0800. See, <http://www.cii.org/press/pressrelease.htm>

⁵¹ In terms of heightened disclosure by mutual fund companies on proxy voting issues, the Forum endorses the SEC initiative, launched by Domini Social Investments to require mutual funds to disclose their proxy voting guidelines and the actual votes cast with the companies in their portfolios. See: <http://www.shareholderaction.org>.

⁵² This account is drawn from "The Reich Report on Corporate Accountability," and a speech given at Harvard University on July 8, 2002. A few changes were made to adapt his ideas to this story. See <http://www.RobertReich.org/2005/2002/speech070802.asp>.

⁵³ The main functions of these associations are networking, i.e., bringing people together who share common interests, and ensuring that members are kept informed of the latest issues, ideas and activities in finance as well as research and advocacy. This group of social investors has a set of WebPages that together could be combined into a mass media station. The Social Investment Forum (SIF) is in a special category between being a trade group and a professional group. They call themselves forums and organizations and networks. This is due in some cases to the fact that the membership of some groups is open to anyone, and is not limited to corporations operating within the field. They all provide special services for their professional members. See, "Players in the Social Investment Community, Core Organizations, National Trade Associations, <http://www.web.net/~robrien/papers/sri/players/coreplayers.html>.

⁵⁴ In the public philosophy of the proposed Public Domain Board, let us say, great values are honored together, jointly optimized. A public domain is created without the loss of privacy, or human dignity and self-respect. "Going public" respects privacy, but not by

increasing the power of one group of people over another in the market. The Public Domain Board honors each individual. The individual now has maximum information available to make the right choices. The importance of each individual increases. Each person subsequently gains power in the market. The “good society” is a mutual enhancement of great principles, like individuality and community.

⁵⁵ Civil society advocates argue that after the mid-twentieth century, the power of families, churches, and neighborhoods lost their power to cushion failure and failed to support societal development. In A CIVIL REPUBLIC we go beyond families and churches to argue that core organizations in the Third Sector, which includes the sciences and professions, need to be civically (publicly) engaged. They need to match their power with public responsibility.

⁵⁶ In this mode of “societal development”, the public becomes like “organized stakeholders” who regulate themselves. In constructing civil markets, business internalizes the cost of doing business.

⁵⁷ The difference between the social structure of markets and the core values of society is what sociologists talk about. Emile Durkheim, at the turn into the 20th century had spoken of *anomie* (lack of regulation) in markets but Robert Merton defined the same phenomenon as a disjunction between cultural goals and institutionalized norms. Merton described the potential “disjunction” between the *social structure* and the *culture* of society. Merton chose the American goal of “monetary success” to exemplify his point and asked how well this goal could be attained within the scope of institutional norms. Merton’s answer was that the goal is not readily attainable, and for that reason a variety of deviant behaviors could develop in society. People must choose to *conform, rebel, retreat* or *innovate* in some way. As we shall see, these responses can be seen evolving around the mass media. Robert K. Merton, “Conformity, Deviation, and Opportunity-Structures,” *American Sociological Review* 24 (1959), pp. 178-189.

⁵⁸ Government can *require* trade associations to show evidence of “equal voting rights for members” and demand that they have “proper judicial proceedings.” The law protects small firms in an association. Judicial proceedings must have “reasonable notice of charges by complainants, proper notice of a hearing, the right to confrontation and cross-examination, and the opportunity to refute charges, by means of an unbiased tribunal.

⁵⁹ The development of the global media (conglomerate) system has not gone unopposed. Nations ranging from Norway, Denmark, and Spain to Mexico, South Africa, and South Korea keep their small domestic film production industries alive with government subsidies. In the summer of 1998, culture ministers from twenty nations, including Brazil, Mexico, Sweden, Italy and Ivory Coast, met in Ottawa to discuss how they could “build some ground rules” to protect their cultural fare from “the Hollywood juggernaut.” Their main recommendation was to keep culture out of the control of the WTO. A similar 1998 gathering, sponsored by the United Nations in Stockholm, recommended that culture be granted special exemptions in global trade deals. Nevertheless, the trend is clearly in the

direction of opening markets in favor of major media corporations. Robert W. McChesney, "Global Media, Neoliberalism, and Imperialism," Monthly Review, Volume 52, Number 10 March 2001. Footnotes are available by contacting the author rwmches@uiuc.

⁶⁰ Robert W. McChesney, "The Global Media Giants: The nine firms that dominate the world," www.fair.org/extra/9711/gmg.html. See also Media Channel, www.mediachannel.org

⁶¹ McChesney chronicles how the global media market has a second tier of six or seven dozen firms that control niche markets, like business or trade publishing. Between one-third and one-half of these second-tier firms come from North America; most of the rest are from Western Europe and Japan. Many national and regional conglomerates have been established on the backs of publishing or television empires. Each of these second-tier firms is a giant in its own right, often ranking among the thousand largest companies in the world and doing more than one billion dollars per year in business. The roster of second-tier media firms from North America includes Tribune Company, Dow Jones, Gannett, Knight-Ridder, Hearst, and Advance Publications, and among those from Europe are the Kirch Group, Mediaset, Prisa, Pearson, Reuters, and Reed Elsevier. The Japanese companies, aside from Sony, remain almost exclusively domestic producers. Second-tier corporations like those in the first-tier, want to reach beyond national borders but they are not really "oppositional" to the global system. So, the global media system is only partially competitive in any economic sense of the term. Many of the largest media firms have some of the same major shareholders, own pieces of one another or have interlocking boards of directors. When Variety compiled its list of the fifty largest global media firms for 1997, it noticed that cross-ownership had "resulted in a complex web of interrelationships" that will "make you dizzy." The global market strongly encourages corporations to establish equity joint ventures in which two or more media giants share ownership of an enterprise. This way, firms reduce competition and risk and increase the chance of profitability. The global media market more closely resembles a cartel than it does the competitive marketplace found in economics textbooks. *Ibid.*

⁶² McChesney sees the Internet moving in the same direction of conglomeration. Companies like Microsoft, AOL TimeWarner, AT&T and Telefonica are media players in their own right. The global media system is in process of converging with the telecommunications and computer industries to form an integrated global communication system, where anywhere from six to a dozen supercompanies will rule the roost. The notion that the Internet would "set us free," and permit anyone to communicate effectively, hence undermining the monopoly power of the corporate media giants, is not necessarily in the cards. The Internet offers promise in many regards, it alone cannot slay the power of the media giants, according to McChesney. *Ibid.*