BOOK REVIEW

Who Owns the Media?
Concentration of Ownership in the Mass Communications Industry

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One is instantly wary of a book about media ownership that opens with a reference to the First Amendment and a declaration that ‘anyone has the opportunity to enter some segment of the industry, limited only by ingenuity, management skill, and the ability to raise a minimum amount of capital’(9). So begins this unmistakably American account of ownership concentration in the U.S. media industry.

While the purpose of the book is ostensibly ‘to help sort out perceptions from reality and to give a sense of perspective to the term “media monopoly”’(2), it is plain that the project is to equate the editor’s perspective WITH reality, aided by the luminous presentation of ‘objective’ data that are assumed to speak for themselves, and to counterpose this ‘reality’ against all other ‘perceptions’. Among other dubious assumptions, ‘this book assumes a responsibility for the press of reasonable diversity, access, fairness, and honesty, without debating what is “reasonable” and with the recognition that in the real world there are obvious instances where this does not occur’.(9). If there is anything ‘real’ about this book, it is the authors’ unstated intention to defend the concentrated ownership of the major American media.

Of the four contributors (Compaine, Sterling, Guback, and Noble), it is the editor, Compaine, who subscribes most fervently to this ‘perception’ and who most avidly pursues its defence (Guback is notably less enthusiastic). Their arguments rest principally upon: (1) the selective presentation of data, much of which derives from questionable sources, and yet is said to represent the ‘objective reality’ of U.S. ownership; (2) the use of somewhat unorthodox measures of concentration, e.g. ‘share of total dollar shipments’, with sparse reference to circulation data; (3) the fragmented discussion of individual media sectors on a per chapter basis, which fosters the impression that concentration is an intra-sector phenomenon and
belies the importance of cross-media ownership; (4) the use of ‘ease of entry’ as a means to justify the existing ownership structure; (5) the absence of any comprehensive historical or cross-cultural perspective, of comparisons with other U.S. industries, or of explanations for all of these parallels; and (6) the familiar recitations from studies which ‘prove’ that concentrated ownership makes no difference to either the quality or content of media products.

Compaine employs all of these tactics in his chapter on newspaper publishing. He is literally correct to state that ‘concentration of (newspaper) ownership in the United States is relatively diverse (does he mean that OWNERSHIP is relatively diverse; aren’t ‘concentrated’ and ‘diverse’ contradictory here?)’ (20) — but relative to what? Canada, Ireland, and Spain, it seems. Obviously the operative word here is ‘relatively’. Twenty newspaper chains control 43% of the total U.S. circulation, while 63% of the dailies are group-owned, and group-owned dailies account for 72% of all daily circulation (see the text, 20, and Table 2.11, 21). Does this constitute diverse ownership? Relative to the Canadian case, yes: here there are no more than six newspaper chains ALTOGETHER, and two of these control more than half the daily newspapers and 54% of the total Canadian daily circulation. Despite Compaine’s attempt, neither declining circulation figures nor saturated acquisition markets should be allowed to mask real increases in concentration levels. In Canada, for example, the acquisition market for daily newspapers is almost completely exhausted (which has led Southam, among others, to seek dailies elsewhere, including the United States), and, barring a Southam-Thomson merger or some other major upheaval in the ownership structure, the level of concentration is not likely to increase very significantly. Nevertheless, the stabilization of concentration ratios does not mean that ownership is suddenly diverse, only that it remains inexorably at the same high point.

That equally high and higher levels of concentration exist in most capitalist societies might normally lead one to attempt to account for this persistent pattern within a broad theorization of economic or social development. Not so for Compaine: among the reasons why independent newspapers sell out to large chains, the first two listed are ‘weak management’ and ‘family squabbles’ (33). Perhaps if these small-timers were given family counselling and sent off to business school at Compaine’s Harvard, this whole ‘nasty’ problem of concentration could be resolved once and for all!

Compaine consistently fails to provide that ‘sense of perspective’ promised at the outset, and his selective use of data only aggravates the loss. We are told, for example, that the number of separately owned newspapers, AM, FM, and television outlets ‘actually’ increased between 1950 and 1970, by 25% (41). No doubt the heyday of television growth ALONE during the 1950s would easily account
for a growth in the total number of media outlets operative in America. Unfortunately, Compaine does not provide such data. In any case, the total number of independent start-ups does not in itself deny a concentrated ownership pattern, and the establishment of new broadcasting stations does little to undermine or threaten (a) the dominance of the already powerful conglomerates in the television industry (RKO, Westinghouse, etc.) or (b) the dominance of the three major television networks, with which new stations may ultimately (if not immediately) affiliate.

The growth in the total number of broadcasting outlets, together with FCC regulations, are said to have resulted in greater ownership diversity, notably a decline in cross-media ownership. At the start of the 1940s, for example, 23% of broadcasting stations were owned by newspapers IN THE SAME MARKET, yet at the end of the decade, the percentage dropped to 3% (41). However, in the next chapter, Sterling explains that ‘late in the (1930s) combined broadcasting chains controlled about 11% of both newspapers and broadcast stations. With the coming of FM and television, newspapers moved rapidly into the new services, getting a quarter of FM authorizations in 1941, THEREBY PROMPTING FCC action’ (92), (emphasis added). Sterling’s clarifications are good evidence of the myth of ‘objective’ data. Indeed, Sterling’s data demonstrate that newspaper ownership of television stations has been INCREASING since 1945, although the LOCAL proportion of cross-ownerships has declined, for a number of important reasons that Compaine neglects to mention. While in real numbers newspaper ownership of television stations continues to increase, the PROPORTION of newspaper control of the industry has declined, yet this is because ‘other ownership interests (i.e. non-media corporations) have entered the business’ (92). Originally, newspapers tended to purchase television stations in the same market (more than 80% of the cross-ownerships were local in 1955), yet, due to regulatory pressures and the competition of other buyers, the local portion of cross-ownership declined to 72% in 1960 and to 46% in 1974. The proportion declined further in the late 1970s ‘as newspaper owners, under increasing FCC and court pressure over local cross-ownership, began to discuss and in a few cases carry out plans to exchange stations, thus breaking up local combinations, while maintaining interests in both media’ (94). That this development constitutes increasing ownership diversity is a weak argument at best.

Sterling adds that ‘the newspaper ownership issue came to a head ONLY after the substantial increase in press control of radio in the 1930s more or less FORCED FCC action. In 1941 the Comission froze newspaper-owned construction or application for FM stations and began what was to be a three year investigation into the entire press-radio interconnection’ (94, emphasis added). Moreover, the
FCC should in no way be regarded as moral saviour of the industry, on the contrary, FCC actions mirror those of its Canadian regulatory counterpart, the CRTC. In the mid-70s the FCC ruled that more than 230 existing newspaper-broadcasting combinations could not be forced into divestiture, a ruling that had to be overturned by a U.S. Court of Appeals in March 1977 (see the text, 41).

Compaine's assurances about ease of entry into the media industry are also thrown into doubt by Sterling, who notes that 'prices of $60 million for a top market VHF television station, $17 million for an AM station, and more than $6 million for an FM were the top transactions early in 1979' (78). While Sterling is a little more thorough than Compaine in his presentation of data, he still shares Compaine's odd understanding of determination, arguing that 'the division of the industry into economic haves and have-nots is a direct outgrowth of the FCC's attempts to broaden the number of stations in order to make localism work' (116). There is little doubt that regulatory policies (intentionally or not) often contribute to increased concentration levels and tend, in the long run, to favor larger corporate owners. Canadian analogies are abundant: the CRTC's policies with respect to network service extensions, licence renewals, and its own version of 'localism' have by no means prohibited the ongoing trend towards further concentration here. Nevertheless, it would be foolish to claim that this concentration predates the introduction of broadcast ownership regulation in both the U.S. and Canadian cases.

In addition to the enormous wealth of empirical data assembled within these pages (there are a grand total of 115 tables, charts, and data appendices), tribute must also be paid to the insistence upon a historical overview of the respective industry sectors discussed in each successive chapter. This augurs well for most of the contributions, and considerably enriches the sectoral discussions. The exception is Compaine's account of the development of the magazine industry, derived exclusively from the well-known 'Great Man' theory of history. One of the pervasive features of the industry, according to Compaine, is 'the central role of the entrepreneur: the individual with a concept. Time and again the history of periodical publishing shows the role of the idea paramount. Money and initial execution are secondary' (133). To Compaine, the history of the industry is nothing more than the cumulative biographies of Henry Booth Luce, DeWitt Wallace, Edward Bok, Cyrus Curtis, and Hugh Hefner. Fortunately, we are only asked to endure this explanation for 2½ pages, at least until Compaine later decides to devote a complete section to the 'Role of the entrepreneur'.

It is here that we see Compaine at his dogmatic best, unable to dissociate American pioneer mythology from true historical force; instead, 'magazines — the best magazines — have long been closely
associated with a personality. And although it doesn't have to happen, all too frequently when that individual passes from the scene, the magazine begins to fade also' (154). Never mind that CBS owns Woman's Day or that the New York Times Company owns Family Circle — it is, after all, INDIVIDUALS that matter in this account. By this time (i.e. less than halfway through the book), we are no longer surprised to learn that the periodical industry is also characterized by 'ease of entry', since this sector is also 'diverse and dynamic. Like book publishing, it is an easy entry field and this brings into it a profusion of new products each year...the growth in additional magazine titles shows no sign of letting up' (163). What does an increase in the number of new TITLES produced, or for that matter, 'ease of entry', have to do with concentrated ownership of publishing houses? If Compaine wishes to imply a relationship here, he might at least provide data with regard to actual start-up costs for new independent periodical publication, so that we might truly judge for ourselves the ease with which 'anyone' can enter the publishing industry.

Based on the organization of the book, one is led to suspect that it is intended as a supplementary text for communication courses, and one is also led to worry about the amount of confusion and ambiguity that students new to the area will doubtless encounter. Not all of the contributors seek as anxiously as Compaine to distract attention away from large media corporations. Suddenly, after Compaine's painstaking apologies, we are confronted with Guback's opening statement on the film industry: 'The long term propensity towards concentration of ownership, endemic to the capitalistic system, is exemplified by the motion picture industry' (179). Although not without its own kind of theoretical faults, Guback's chapter is a welcome relief from the convert theology of earlier chapters, and one can only feel astonished at the contrast. In a mere two sentences, Guback manages to summarize concisely that argument which the others vigorously seek to discredit:

Companies in the industry are important because they are merchants of culture, dealing not only in theatrical films, but also television programmes, and frequently recorded music, books and magazines. Their empires, often spreading beyond the media to other service and manufacturing sectors, are integrated with the nation's centers of economic power (202).

A further contrast between Guback and the other contributors pertains to data sources. Whereas Compaine and the others make confident, unqualified use of data obtained from trade associations, Paine Webber Mitchell Hutchins Inc., and Compaine's own company, Knowledge Industry Publications Inc., Guback makes
greater use of annual corporate reports, always a crucial data source, and one of the rare places where state-pressured conglomerates actually BOAST about their acquisitions, their level of diversification, and their market shares. Guback is also the only contributor to point out the nascent development of formal ties BETWEEN the large media organizations, a development evident in the United States as well as Canada and the U.K., and one that raises whole new questions in the debate about competition. One example is the joint establishment by Paramount and Universal of Cinema International Corporation in 1970 which has effectively reduced the number of companies engaged in film distribution outside the United States. CIC, which now also handles overseas distribution for MGM, is reportedly the largest film distributor in the world, and in fiscal 1977 it accounted for a third of all foreign rentals of American films (see 221). Other linkages between corporations dominant in other media sectors must be extracted from the book at large; only Guback makes a few of them explicit and cites examples directly for the reader. Yet even Guback only hints at the significance of these alliances (‘Towering Inferno... was jointly produced and jointly distributed by Warner and Twentieth Century Fox, which would be analogous to Ford and General Motors manufacturing and marketing a new automobile’(224); unfortunately, the problem remains undeveloped in his account.

...it is somewhat myopic to debate ease of entry because entrance is only a ritualistic fig leaf confirming oligopolitic control. Access to a film camera can make one a director, and a bit of capital can make one a producer as well. But those resources give one about as much power as the owner of a mimeograph machine when confronting Time Incorporated or the Gannett newspaper chain (234).

Noble’s chapter on book publishing is another case study in the deceptive and selective use of ‘objective’ data. Here Noble draws exclusively from a 1931 study by O.H. Cheney in an effort to argue that concentration levels in the book publishing sector have not changed since 1925. Firstly, Cheney’s study was sponsored by the National Association of Book Publishers, formed by the largest houses, which makes it rather suspect, to say the least (Noble also quotes at length from a 1949 study of the industry titled A Banker Looks at Book Publishing). Secondly, concentration is measured according to the percentage of all titles accounted for by the largest houses (Cheney’s 1925-30 data) AND the percentage of the value of shipments (Noble’s own 1954-72 data). These very two different types of data (both highly questionable measures) are COMPARED in Table 6.2 (259) in order to make Nobel’s point that concentration...
ratios have remained unchanged for more than 50 years. (The same stability is essentially true of the indigenous Canadian periodical publishing industry, a pattern that simply reflects Maclean-Hunter's historical stranglehold). Even if we accept the use of these measures, we still find that between 1925 and 1930 the four largest publishers accounted for 20% of all titles and the eight largest accounted for 30%. Surely Noble should provide COMPARABLE data for later periods before making statements about stability. Thirdly, Cheney, in his original study, did not survey the whole industry, just a selected group of companies within it; Noble has an obligation to make this clear to the reader and to point out the consequent need for caution in interpreting Cheney's data. Fourthly, Cheney himself found that, during the 1925-30 period, the largest houses rarely published more than 200 titles annually, and, given that this period represents "the depths of the Great Depression", and that consequently the total number of new titles published was probably lower than at any other time in the history of the industry (a suspicion later confirmed by Noble's own data), the validity of this measure is severely in doubt — share of total industry revenue would have been a much more sensible measure to use. Finally, despite this reservation, one still learns that, according to Cheney's ESTIMATE, in each year for during this five year period, about 10% of the publishers accounted for 48 to 50% of the titles published (see 258). Meanwhile, the earliest year for which Noble provides data (and these are contained in a different table) is 1934, when less than 7,000 new titles were produced, compared, for example, to 1974, when more than 30,000 new titles appeared (see Table 6.5).

Noble's argument about the stability of ownership patterns is made less convincing by his own calculations of the merger rate for the industry, which is said to be 3.5 times the rate for mining and manufacturing (273). The ratio of mergers (at least between 1963 and 1978, the only period for which he makes these calculations) is a "reasonably consistent" 2.3%. The rate is calculated according to the number of mergers against the total number of companies operative in the industry, which (a) says nothing about either the size or significance of each individual merger; (b) nor its consequences for existing concentration ratios; and (c) worst of all, the very mode of calculation assumes equality among publishers operating in a freely competitive industry. In other words, the calculation of merger rates in this manner reveals very little about either changing or stable concentration levels.

The actual NUMBER of yearly mergers between 1963 and 1978, however, is somewhat more instructive. Noble identifies the late 1960s as the period of the greatest merger activity; a peak of 47 mergers was reached in the year 1968 (see Table 6.13, 274). That number of mergers declined in 1975, 1976 and 1978 to a level below
the average 16 year rate of 1.92% (in 1977, however, the rate was 2.3%) does not demonstrate that concentration levels are decreasing although Noble leaves the reader with this impression. The most that can be concluded on the basis of his data is that there are periods when merger activity is great and periods when it is not — it would have been more helpful had Noble attempted to account for this variation in historical terms, with attention to broader economic conditions and developments, something he chooses to disregard.

While it is important to contextualize media ownership patterns within broader tendencies towards monopolization, it is also quite accurate to point out a number of features peculiar to a specific industry that accelerate these general tendencies. Cable television is exemplary. While Sterling in his chapter on this sector, DOES note that cable is particularly susceptible to concentration in light of its high initial capital outlay requirements, its inherent ‘physical monopoly’ once established, and its relative security at licence renewal time, he still hesitates to state outright that ‘ease of entry’ is definitively not characteristic of this sector. At the most, he acknowledges that broadcasting companies own a rough third of all U.S. cable systems, and that publishers increased their share from 7% in 1969 to a fourth of all cable systems in 1977 (301).

Time Incorporated is found to clearly dominate pay television, as it has from the start, presently controlling about 80% of pay cable distribution (312). Yet Sterling’s discussion of cable, akin to the Compane kind of data analysis, merely poses problems for state regulators, and fails to pose larger questions about private ownership. Even if one adheres (mildly) to the ‘social responsibility’ theory of the press, one must surely find some fault with the private operations of cable companies, whose performance in the United States is apparently even poorer than it is in Canada: Sterling finds that ‘only two-thirds of the systems today have any local origination facilities and only 17% can provide live local programming. Clearly, cable has not been used to supplement local programming in areas that do not have their own broadcast stations’ (314).

There is actually ONE paragraph in this whole book that considers concentration within the U.S. media industry at large (see 327). In the last chapter, Compane finally allows the reader to see the overall picture of media ownership concentration and, for the first time, large media corporations are examined in terms of their total properties across all media sectors (see Table 8.3, 328-330). This might otherwise have been the most important table of the entire book; however, Compane does not identify his criterion of ‘dominance’, and so the table (along with his accompanying discussion) loses a good deal of its import. The table simply lists companies ‘dominant’ in more than one sector, without any data regarding their revenue, assets, media properties, circulation, or
'share of total dollar shipments'. (Some of these absences are compensated for by Sterling's Table 3.11 (97) and Guback's Appendix A5 (242-249). It is found that only one corporation, Times Mirror, holds a major position in as many as four sectors, with sizeable properties in newspapers, magazines, cable, book publishing, and a minor interest in broadcasting; while three corporations (Cox, CBS, and Time) occupy dominant positions in three different media sectors. Yet 'dominance' remains undefined, determined solely according to Compaine's impression of who is 'pre-eminent or a leading participant' (327n).

Among those who defend concentrated media ownership, Compaine's concluding arguments strike novel paths. He is led to suggest, for example, that:

On the one hand, there is a point at which some combinations may have to be limited. On the other hand, there can be no credence given to the argument advanced by some that every opinion or creative idea has a right to be heard through the mass media (333).

Surely for someone fond of quoting the First Amendment and Thomas Jefferson (see 337), this is patently unAmerican! A more common argument, and one that Compaine relies heavily upon, is that no differences have been demonstrated in, for example, television programme content or quality. Yet, why should one expect significant differences between stations privately owned by large companies and those owned by small ones? Not only does this disregard predominant patterns of programme flow, it misses the whole point about ownership concentration. If anything, it would seem more reasonable to expect significantly BETTER performance on the part of group-owned stations (group owners themselves frequently make this promise and/or claim at the time of licence hearings). Ideally, one might expect this kind of difference; however, expansionism is motored by pure and straightforward economic requisites, like the need to maximize economies of scale through horizontal integration, to offset instabilities in one area of operation through investment in another, and so forth — not by some admirable, voluntary concern to improve the quality of television programming. These are the harsh economic 'realities' of private ownership. We might more broadly counterpose private media ownership against its public forms, and THEN ask questions about programme quality; the U.S., however, glaringly lacks this point of comparison (a discussion of public television is relegated to an appendix (A3, 117-120) in this book).

What is most remarkable for a book about media ownership is that there is no examination of OWNERS (and hence Compaine et al fail to answer the question posed by the book's title), nor any analysis of
data regarding major shareholders or directors, nor of the relation between large media corporations and those dominant in other economic sectors, nor (as discussed) of the relatively recent and complex development of alliances between the dominant complexes; alliances that take the form of joint publishing and broadcasting undertakings, reciprocal shareholdings, and interlocking directorships.

Regardless of all these omissions, the very least one might expect is a plausible, comprehensive explanation of how or why these tendencies towards concentration exist. Instead, we are asked to accept the claim that small independent owners lack managerial skills, or that ‘concentration of power in broadcasting has its basis in the FCC’s continuing doctrine of localism’ (115). One might have gotten away with such claims a few decades ago, but concentration has increased to such an extent that arguments like these can no longer be seriously entertained. Not long ago, there was a time when unemployment levels were such that one could still persuasively perpetuate the myth that ‘unemployed people are just lazy and really don’t want to work’. However, once employment levels climb above 5 and 10% of a whole population, the argument becomes increasingly difficult to sustain, and some other more credible explanation must be sought. A credible explanation for ownership concentration will not be found in this book. Indeed, to his credit, Compaine suggests at the outset that ‘readers draw their own conclusions’ (2). Thank you, yes, we certainly shall...