Commentary: Transnational Capitalism and the New Political Economy of Transnational Media

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The recent July 2017 IAMCR conference in Cartagena, Colombia engaged hundreds of scholars in plenaries, panels, and presentations on social movements, community media, and campaigns for social justice. Noticeably, political economy of communication perspectives were relevant to most presentations, especially those seeking to conceptualize unequal media access, cultural independence, indigenous rights, and democracy beyond electoral politics. In my view, critical political-economies of the media need to consider, more closely, how the social relations of global capitalism have structurally altered the nation-centric functioning of media.

Several panels grappled with the global dimensions of media structures and practices, while also noting the role of national media in furthering neoliberalism, austerity, and war. The default charge of “US imperialism” was a recurring theme across much insightful research. Yet, there is an increasing body of evidence that reveals a global trend towards transnational capitalist relations, partnerships, and mergers centred around accumulation through dispossession. The taking of public resources and services by collaborating capitalist interests has become a decidedly cross-national development that cannot be reasonably explained through the language of national imperialisms.

William Robinson (2004, 2008, 2017), Leslie Sklair (2001), among other international political economists, have observed that the capitalist system is being reorganized globally. From the 1970s, capitalist classes in industrial nations confronted the limits of national markets and nationally-based export strategies. Consequently, they turned to outsourcing, offshoring, and maquiladora production to lower labor costs. Their drive for increased profits was facilitated by neoliberalism—the policy and practice of privatizing and commercializing national public resources for corporate profit, and of opening nations to foreign direct investment (FDI).

For capitalism, “every limit appears as a barrier to overcome” (Marx, 1973, p. 408); this includes ecological limits, national welfare systems, public services, and national boundaries. Transnationals from the North and South pool their capital around the world in enterprises that are connected with “a myriad of other firms: transnational and domestic, large and small, public and private…a bewildering variety of interorganizational collaborative relationships” (Dicken, 2003, p. 223). It is thereby difficult to “separate local circuits of production and distribution from the globalized
circuits that dictate the terms and patterns of accumulation worldwide, even when surface appearance gives the (misleading) impression that local capitals retain their autonomy. Intra-national capitalist classes will remain but they must ‘de-localize’ and link to hegemonic transnational capital if they are to survive” (Robinson & Harris, 2000, p. 38).

Among media, circuits of production and distribution, linked transnationally, have altered ownership structures, production practices and relations, and the resulting entertainment and news content. Such content, with creative variations, aligns with transnational capitalist class preferences for neoliberalism, austerity and consumerism.

Although Robinson, Harris, Sklair, Carroll (2010), and other transnational theorists have acknowledged the centrality of media, culture and ideology to the success of transnational capitalism and its neoliberal policies, none to date have investigated transnational media institutions and practices. This is our task as critical political economy of media researchers. We must collectively investigate the emerging transnational communications regime and its functioning if we are to make the case for democratic, participatory media. Some initiatives have begun to appear. My initial critical introduction to transnational media structures and practices (Artz, 2015) demonstrates how transnational logics are manifest in production and a range of content including action movies, animation (2015a), and telenovelas (2015b). Wayne Hope (2016) explains how the transnational digital convergence of media, ICTs, and the internet has accelerated human experiences of time while exacerbating economic and political crises. Although Scott Fitzgerald’s (2012) case studies of the global connections of Time Warner, Bertlesmann, and News Corporation are not intended as an exposé of transnational corporate environments, they do illuminate crucial operations and financial decisions within transnational capitalism. Further such research will be forthcoming as the spread of global capitalism affects media structures and practices. Some corporations merge across borders, combining two national companies into one transnational enterprise. In other cases, one national company, or a TNC, acquires another national company such that regulations on foreign ownership are circumvented. For the media and culture industries, production, content, and distribution are becoming transnationally intertwined, combining the resources and expertise of media giants with the local operations, connections, and government access of national and regional media (Artz, 2015).

In their exhaustive study of 37 million companies and investors worldwide, Andy Coghlan and Debora MacKenzie (2011) indicated the growing linkage of national capitals with transnational operations. A core of 1, 318 companies owned roughly 80% of transnational corporate global revenues. Rob Van Tulder and Alex van der Zwart (2005) earlier noted that most industries had become concentrated globally among a handful of TNCs. In telecommunications, the top ten companies control 86% of the global market, while just three global news agencies (Reuters, Associated Press and Agence France-Presse) dominate global information.

Within global capitalism, a general shift toward transnational production can be quantified. For more than a decade, the United Nations Committee on Trade and Development (UNCTAD) has been reporting a “transnational” index or TNI. This expresses the arithmetic mean of the following ratios: corporate foreign assets to total assets, corporate foreign sales to total sales, and corporate foreign employment to total employment. This gives a good indication of the extent to which an enterprise accumulates profits and capital transnationally beyond the “home” market (UNCTAD, 2011a). For example, General Electric, a “U.S.-based” corporation, has a TNI ratio of 59.7% and held more assets abroad than any non-financial firm in the world—over $500 billion in 2010. A decade earlier, Viacom’s Paramount studio had close to 50% of its sales in international markets (Havens, 2006, p. 48), a ratio not uncommon for other leading film producers, even without considering their extensive
co-productions and joint ventures with other media firms. As of 2011, other major TNCs with sizable TNIs include: Vodafone (TNI 90.2%); Honda (TNI 70.7%); BP (TNI 83.8%); Nestlé (TNI 96.9%); Philips Electronics (TNI 87.7%). By 2012, transnational production was even more prominent in world business: some 80,000 TNCs (compared with 40,000 in 1995) made $1.5 trillion from foreign direct investment (FDI), while holding more than $12.3 trillion in assets, and generating $28 million in sales. Overall, TNCs were responsible for 40% of world GDP (UNCTAD, 2012), compared to less than 33% in 1995. Empirical evidence of foreign direct investment (FDI), cross-national mergers, strategic alliances, joint ventures, and interlocking directorships confirms the continued spread of TNCs. UNCTAD (2012) reported an increase in FDI to a record $684 billion in developing countries alone – more than twice the world FDI in 1995.

The emerging transnational order includes and depends on transnational media technologies, institutions, ideological content and entertainment genres that promote consumerism. Yet the global shift toward transnationally integrated media structures and practices has not yet been fully analyzed. The remarkable collection *Global Media Giants* (Birkinbine, Gómez, and Wasko, 2017), for instance, tends to focus on the national reach of the largest media companies, even though (with the possible exception of Disney) major media conglomerates have extensive and multiple, transnational partnerships. Two examples may help illustrate this point: Time Warner and Liberty Media.

Time Warner appears in *Global Media Giants* as one of the five major global companies. In that chapter, transnational partnerships, joint ventures, and mergers are fully investigated. Yet, the significance of these is not properly appreciated. Time Warner has a 49% share of Central European Media Entertainment, the major broadcaster in six Central European countries; a partnership with Sony and Singapore’s satellite company Singtel to stream television across Southeast Asia; a joint venture with POPS Worldwide in Vietnam with 32 million YouTube subscribers; a deal with Astro Malaysia to broadcast to 75% of the population; a major partnership with China Media Capital in the Chinese-language Flagship Entertainment; broadcasting co-productions with Phoenix TV, the largest private broadcaster in China; a joint venture with Romania’s leading independent music label, Roton, to distribute to Latin America; and several CNN-branded partnerships including Turkey, India, and Chile. Of course, Time Warner also has its own HBO, CNN, and Warner franchises globally and purchases companies outright when fire sale prices arise, as was the case with Chilevision TV and Claxson cable in Argentina. Its centralized Board of Directors (which includes directors from Germany’s *Die Welt* and the Swedish-US merged Pharmacia) oversees its global operations, comprised of nationally-based and culturally-diverse directors, programmers, and content providers. Meanwhile, a coterie of international media supervises various Time Warner divisions. For example, former RTL chief Gerhard Zeiler heads Turner International. On this evidence, Time Warner cannot be simply categorized as a cultural imperialist institution; its entire operation depends on cross-national partnerships with local contractors, directors, and affiliates creating, editing, and promoting media content.

Another less-widely recognized transnational media corporation (TNMC) is Liberty Global/Discovery Communications (Artz, 2015). Although organized as separate companies, these two TNMCs have an interlocking board of directors. With assets in cable, entertainment, book publishing, satellite radio, telecommunications, and entertainment programming, Liberty Global (as Liberty Media and Liberty Interactive) annually draw in over US$15 billion. Discovery transmits its documentary nature programs in 38 languages to 170 countries, with revenues of $5 billion each year. John Malone, known as the “Darth Vader of the cable business” (Mediendatenbank, 2013), is a major shareholder in Liberty and Discovery, and has maneuvered his control over cable networks to secure
interests in content providers such as Turner Broadcasting Systems and Rupert Murdoch’s News Corp (18%). Liberty Media’s primary revenue stream comes from QVC, the home shopping network, received by over 160 million households worldwide. Liberty has major shares in Vivendi and owns 11% of Hallmark Entertainment. Liberty Global owns 58% of Telenet, Belgium’s largest cable service, and has merged with European cable provider UnitedGlobalCommunication, one of the largest broadband providers outside the US. Chorus Communications in Ireland is a 50/50 partnership (between Liberty Global and Discovery Communications).

Through its European division, Chellomedia, Liberty produces content and distributes programming to more than 125 countries. Liberty has joint ventures with CBS, A+E, and ZON Multimedia, the largest cable and cellular provider in Portugal and owner of Lusomundo, a film studio and video distributor for Disney, DreamWorks, and Warner Bros. Chellomedia has additional joint ventures with: Scripps, HiT Entertainment (Mattel); the British producer of “Bob the Builder,” “Thomas the Tank Engine,” and other children’s programming; MeteoConsult, a European weather channel; and Outdoor Channel. Chellomedia channels reach 382 million homes. Chellomedia has 66 active joint ventures with media companies from dozens of countries, in Europe and Latin America. Following media deregulation in Argentina in the 1990s, Liberty acquired 25% of Grupo Clarín’s Cablevision system. In 2007, Liberty paid $484 million to purchase Fun Technologies, the Canadian on-line game company with 35 million subscribers. In 2010, Liberty acquired UnityMedia, a broadband provider in Germany. Additionally, Liberty has merged with a diverse group of Internet, cellular, cable and satellite businesses, from Swiss Cablecom and Romanian Astral Telecom, to firms in Slovenia and across Western and Central Europe. In 2013, Liberty acquired Virgin Media, the second largest pay-TV network in Britain with a 30% share of its cable TV market. With Virgin Media, Liberty can provide television, Internet, phone, and cellular service, and has partnered with News Corp’s BSkyB to provide broadband in the UK. Liberty Media’s Board of Directors includes directors from Sony, ABC-Disney, Expedia, Oracle, Citigroup, Bank of New York and more—all companies in the process of transnationalizing their own operations. The directors oversee the strategic direction of Liberty Media, but local and domestic co-owners and producers such as Grupo Clarín and Lusomundo run the daily operations of Chellomedia and other Liberty divisions to ensure favorable national licensing, cultural translation, and local connections.

Small compared to Comcast or Time-Warner, Liberty Global still exemplifies the unrelenting sweep of transnationalism and shared transnational profits, as media companies either merge and grow or drift out of business. What Mastrini and Becerra (2011) conclude about Latin American media holds true for all: “market share leads companies to the crossroads of either growing through the takeover of smaller companies, or being bought out by international groups…the traditional company structure has become a group structure” of transnational co-production (p. 53).

This appraisal of transnational media and their practices holds true for every region. As filmmaker Peter Chan explained at the 2008 Asian Cultural Cooperation Forum: in Asia, the “national” media response to global media giants has been to vigorously become transnational, “not out of any cultural idealism, but from sheer necessity” (cited in Davis and Yeh, 2008, p. 9). Across national borders everywhere, market imperatives push all media to partner, merge, and collaborate in the production and distribution of diverse cultural entertainment. Even Disney has more than a dozen joint ventures in Europe, including those with local content producers from Germany, Spain, Hungary and the Czech Republic. Likewise, from its partnerships with Zee TV and Star India to distribution agreements in Singapore, Malaysia, and Thailand and co-productions in Argentina and Brazil, the one global giant
that would, seemingly, always champion its own brand increasingly seeks out interlocking transnational arrangements.

For transnational commercial media, entrance into domestic markets has required the participation of diverse national and local media in collaborative productions for culturally diverse audiences. Time Warner, Disney, and Liberty need Chinese language writers, editors, producers, and actors in stories culturally accessible to an audience of a billion viewers. Likewise, Reliance (India) and Dalian Wanda (China) need US partners (DreamWorks and Legendary Films, respectively), which will provide the artistic and production skills apropos to the North American market. In each nation, governments representing the interests of their own capitalist classes have facilitated the deregulation and privatization of media. In most instances, national media and their national governments have sought cross-border partners, inviting, underwriting, and establishing transnational relations of production. At this point, one can only maintain claims that US-specific media seek to dominate global culture by avoiding the new political economy of media production in every nation, by almost every media firm. In contrast, extending case studies of media companies beyond their “national” corporate addresses and activities will likely find that each firm has established multiple transnational ventures, and that they seek even more transnational collaborations.

As Vincent Mosco (2009) and Graham Murdoch and Peter Golding (2004) have reiterated, a critical political economy of media aspires to social praxis. The point of understanding the relations of media production is to advance the principles of democratic communication and social justice. To continue with US media imperialism as an analytical framework (which was valid in the 20th Century) is to disarm contemporary social movements by obscuring the crucial role that their own national capitalist classes, commercial media, and capitalist politicians play in producing and distributing ideological content. Defending Brazilian media, Indian media, or French media as a shared project against US intervention allows domestic national capitalist classes to marginalize democratic media activism within their nations. Meanwhile, national media companies and politicians hollow out public media and partner with transnational media in joint ventures disguised as national initiatives.

In every case, from Argentina to Poland or Turkey to Malaysia, national media champion and promote advertising-driven content, individual gratification, and the acceptance of corporate authority. For their own economic interests, (previously) national media willingly seek out transnational partners to share the risk, the production costs, and ultimately the profits—all with a shared ideological content that advances neoliberalism and consumerism (Artz, 2015). A full political economy of media relations today would highlight the class character of transnational media corporations and media work practices, along with the vocabularies of popular culture and the viewing habits of audiences.

The emergence of transnational media also suggests that the pattern of contraflow (Thussu, 2007) is but one variant of transnational realignments rather than a progressive national resistance to cultural domination by the West. Indeed, the very use of national markers to explain global media influence becomes problematic as transnational mergers, partnerships, and joint ventures proliferate. Debates about cultural imperialism (Schiller, 1976) continue to have historical significance and provide lessons for how critical political economy has been (and will continue to be) marginalized. However, cultural imperialism as a global condition has been displaced by more collaborative, hegemonic relations among capitalist classes and transnational media. These relations reflect and promote capitalism through local news, culturally diverse entertainment, and shared data transfer. Likewise, investigations and analyses of transnational media operations (Miller, Govil, McMurria, Maxwell, & Wang, 2005; Havens, 2006) find that hybridity, localization, and cultural diversity are as much
choices by transnational media seeking to maximize local audiences globally as they are expressions of audience autonomy.

As critical political economy of media scholars we are tasked with building accurate appraisals of the social relations that organize, frame, and create media and culture so we might better contribute to a more democratic media and a just world. In this regard, presentations at future IAMCR conferences ought to include the analytical category of transnational capitalism in their various rubrics of explanation.

Author Bio

Lee Artz, former machinist, is professor of media studies at Purdue University Northwest, teaching courses in political economy, popular culture, and international communication. His books include: Pink Tide: Media Access and Political Power in Latin America, Global Entertainment Media: A Critical Introduction; Bring ’Em On! Media and Politics in the Iraq War; The Globalization of Corporate Media Hegemony; and Cultural Hegemony in the United States. Artz is currently Director of Graduate Studies in Communication and Director of the Center for Global Studies at Purdue Northwest.

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