

4. Rupert Murdoch and his empire

4.1 The person

Keith Rupert Murdoch, born 11 March 1931 in Australia, personifies and shapes the News Corp.. In a special report about America's most influential and powerful people TIME (June 17, 1996) placed him fourth. It wrote, "If Machiavelli were alive today, he would be reading Murdoch". Another of Murdoch's characteristics is the readiness to take risks with new technologies at any time. As Beate Josephi (1995) emphasises, Murdoch is an admirer of the Science Fiction author, Arthur Clarke, who as early as 1945 predicted the global networking by satellite television and other technologies. Clarke argued that the struggle for access to free information would not be decided by politics but by technology.²⁹

Josephi (1995) also argues that Murdoch is anti-English because his grandfathers were of Scottish and Irish origins. His father, Sir Keith Murdoch, was an important journalist and as a war correspondent in World War I played an important part in forming an Australian national feeling. He reported how at Gallipoli³⁰ in 1915 the English supreme commander used the Australian soldiers as pure cannon fodder because of severe tactical mistakes. Australia's national day, ANZAC Day (from Australian and New Zealand Army Corps) on 25 April stems from the event. On the 75th anniversary of Gallipoli the London *Times*, which belongs to the Murdoch empire, used the occasion to highlight the central role played in the revelation of the military disaster by Keith Murdoch. Already at the coronation of Queen Elizabeth II in 1952 Murdoch said it was senseless not to be able to criticise the monarchy publicly. His English tabloid papers, e.g. The Sun, report accordingly on the House of Windsor. In the meantime the position of the royal house appears endangered by the scandal coverage Murdoch started to raise the circulation of his papers.

Literature about Murdoch, to put it cautiously, is marked by a certain extremity. On the one hand he is depicted as the genial media tycoon running his concern with consummate skill and readiness to take risks. On the other hand

²⁹ Clarke also calculated that a satellite would have to be placed in an orbit 22,300 miles above the earth to ensure reception of stable images. This region is now called Clarke Ring. In 1983 a carrier rocket (Columbia) took the first private satellite into a Clarke orbit. Murdoch was involved in the project.

³⁰ From April 1915 to January 1916 the English, commanded by General Ian Hamilton, tried to enforce passage through the Dardenelles.

he is portrayed as a fiendish spawn of capitalism, unscrupulous businessman and "dirty digger"³¹. Depictions such as "most madly daring media tycoon of our day", "mad kangaroo hopping from continent to continent", "world champion of strapping sex and silly gossip", "dangerous megalomaniac" and so forth are common usage. If one sums up the various assessments of his personality we are apparently dealing here with an ideal combination of tough-as-nails entrepreneur and journalist, bookkeeper and punter.

In an article on entrepreneurs, famous economist Joseph A. Schumpeter in 1928 distinguished between four types of modern entrepreneur. First there is the factory master and businessman who owns his enterprise and personifies the civic virtues of decency and business acumen. His hallmarks are concern for the wellbeing of his enterprise and his family. Often these men personify various qualifications in one: technician, finance director and so on. The second type is the modern captain of industry holding share majorities and being e.g. president, CEO or chairman of the supervisory board. Firm and family are separate. There is indifference towards the employees. The salaried director at the head of the company bureaucracy forms the third type. He is characterised by an interest in salary and security. To him the applause of colleagues and the public is important. Promotion tends to be akin to that of a civil servant rather than that of a factory master. The fourth type, finally, is restricted purely to the entrepreneurial function. Schumpeter (1928, 485) writes: "The social homelessness, the restriction to the search for and assertion of new possibilities, the lack of lasting relations to individual enterprises are characteristics most pronounced in this type... In all this the often low social and moral status of the type causes reluctance in practitioners and scholars to acknowledge him as a normal element of modern economic life and especially as a business 'leader'." Schumpeter, who saw creative destruction as the driving force of economic growth, would have found the ideal type personified in Rupert Murdoch. Irwin Stelzer, a friend and adviser of Murdoch, told *Newsweek* (February 12, 1996): "It's almost as if Schumpeter wrote a book for him. He's been a significant monopoly breaker ... all over the world." The journalist Michael Elliot characterises the entrepreneurial dynamism of Murdoch as follows: "If the Murdoch family business had been making bicycles, young Rupert would, by now, have bought General Motors. If his father had owned a small oil well, the son would have built up the stake into a firm to rival Shell. But dad was a newspaper man – and the rest of the story, you already know."

31 "Digger" is a popular Australian word for an Australian soldier, stemming from World War I when soldiers had to do a lot of trench digging. Even non-military friends or work-mates might address each other as "Digger" to this day.

Without doubt Murdoch is interested only in the commercial, which in respect of the media comprises two aspects. For one thing, journalistic ethics don't mean a string of beans to him, i.e. concepts such as internal press freedom are irrelevant. For another thing, contents are offered that make no claim to be in any way cultural or educational.³² On the first point Murdoch, who intervenes in the editorial activities of his newspapers and claims the right to take full editorial control in a crunch situation, remarked: "As proprietor, I'm the one who in the end is responsible for the success or failure of my papers. ... Since a paper's success or failure depends on its editorial approach, why shouldn't I interfere when I see a way to strengthen the approach." On the second point, the quality of his products, Murdoch says: "I answer to no one but the public. They tell me what they want, and I give it to them. If the public didn't want nudes, I wouldn't go on publishing them. Go complain to the public, not to me." So, the responsibility for the quality, or rather the lack of it, of media contents lies not with the publisher, but with the public?

In this sense Stelzer comments in *Newsweek*: "It's so much fun to watch the establishment squeal in horror, trying to turn (Murdoch's) moves into a cultural issue when it's really a commercial one." However, this is only one side of the coin because Murdoch, as a political conservative, also attempts massively to influence politics and did so successfully e.g. in Great Britain (Margaret Thatcher) and the City of New York (Ed Koch). Even Herbert A. Allen, who denies any danger to democracy from media concentration, referred to Murdoch as the exception, saying Murdoch was out to spread his political persuasion.

4.2 The development of the News Corp.

The history of the News Corp. is without parallel in the media sector. Murdoch began in 1953 with one newspaper in Adelaide, the capital of the state of South Australia. In 1995 the News Corp. could potentially reach almost two thirds of humankind. In 1950 Murdoch began studying politics, economics and philosophy at Worcester College in Oxford, Britain. His father, a publisher in Adelaide, died in 1952. Murdoch sat his exams in 1953. That same year, aged 22, he assumed his inheritance, the Adelaide afternoon paper *The News* and *The Sunday News*. By personal effort Murdoch managed

32 Murdoch is not alone with that. Helmut Thoma, head of the biggest German television broadcaster, RTL, which belongs to Bertelsmann, made this point about the quality of programming for which he is responsible: "The fish has to like the taste of the worm, the angler doesn't."

to keep the two tabloids alive against the competition. The focus of the daily was shifted to sex, crime and human interest. That brought profits which were ploughed into other loss-making papers, at first in Australia. With the proven sex, crime and human interest magic formula of Murdoch's success these were then turned into profitable tabloids as well. Expansion began in 1956. The Sunday Times of Perth in Western Australia was bought and turned into a profitable tabloid with terse, sensational headlines and brief articles of none too high intelligence. Also in 1956 the Northern Territory News in Darwin was bought. In 1958 Murdoch made his first move into television by taking over the Adelaide station Channel 9. The financial success enabled the acquisition of further newspapers in Australia, including printing plants. In 1963 another TV station was bought in Sydney and in 1964 The Australian was launched, the only daily newspaper circulated throughout vast Australia. It is not a tabloid but a serious paper. In 1995 70% of all daily newspapers bought in Australia were Murdoch papers. Already in Australia Murdoch followed a vertical strategy, i.e. he controls not only the daily press but at the same time has a market dominating position in the production of newsprint, in the printing industry, in book publishing and in bookstore chains. What News Corp. still lacks in the entertainment sector is a music division, without doubt one of the entertainment industry's most reliable profit generators. But there is no doubt that News Corp. will become active in the music market.

Without wanting to retrace all purchases and resales of the News Corp. here, Murdoch in 1963 ventured abroad, to Hong Kong and New Zealand. The chronology of further major events can be summarised as follows: start of investment in Britain in 1969, start of activities in the USA in 1973, purchase of the venerable London Times in 1981, engagement in satellite TV in Britain in 1983, Twentieth Century Fox and start of Fox TV network in 1985, purchase of Triangle Publications for \$3 billion in 1988, purchase of Star TV and Delphi Internet Service in 1993, satellite TV in Latin America in 1995, announcement in 1996 of the intention to launch a 24 hour news telecaster to compete with CNN.

In 1995 News Corp. reaped 1.3 billion Australian dollars³³, or \$US 991 million, in income. The corporation, which was close to bankrupt in the early 90s, was free of debt worries in mid 1996. Consolidated revenues grew in 1995 to \$A12.2 (\$US9) billion. The major global competitors such as Time Warner/Turner, Disney and Viacom were heavily in debt from their takeovers.

33 How complicated conditions in News Corp. are is shown by the following small mistake. Newsweek (February 12, 1996) reported the income as 1.3 billion US dollars.

Only Bertelsmann as a classical media enterprise is in a comparably good financial state.

Murdoch personally controls the News Corp.. The enterprise is an agglomeration of dependent parts of the whole, with the decision making power clearly tailored to Murdoch (Shawcross 1994, 310). Through the family-owned "Cruden Investment" Murdoch and his family own 28% of News Corp.. Murdoch, who can take decisions uncontrolled, in 1990 described his position as follows: "If our family had let our stake down to 20 percent, there would have been a bunch of investment bankers who would have risen up and fired me when I started Fox Broadcasting in 1988. If you don't have a major, major shareholding, you can't take the same risks." The fact that the family does hold so much enables Murdoch quickly to seize on every opportunity opening up. An example of this, chosen at random, happened in 1988. When the editor-in-chief of *Vogue* magazine was dismissed, Murdoch within a few months launched the new women's periodical *Mirabella* with her in charge. The competition would have needed a long time to prepare such a venture. (*Mirabella* was sold in 1995 to the Hachette Filipacchi media conglomerate.) Murdoch commented on this high flexibility in 1989: "We have made use of good opportunities as they came up. And we have been quite skilful in making use of them. If ten years or so ago we had attempted to chart on paper the destiny of our company, we would never have anticipated the 30 very different acquisitions we made on four continents, almost all of which arose from unique and unanticipated events. Business situations and business opportunities simply change too quickly for there to be much point in loading ourselves down with piles of strategic speculation."

Murdoch consciously avoids strategic planning, which does not mean planless action. Ongoing control of News Corp. by Murdoch is a characteristic of the global activities, as a statement by him in 1988 indicates: "I try and keep in touch with the details – you can't keep in touch with them all, but you've got to have a feel for what's going on. I also look at the product daily." To ensure continuation of the successful journalistic and economic concepts, proven staff were placed in the newly acquired enterprises. *TIME* (May 22, 1995) commented: "Despite its global reach, News Corp. is in some ways very much a one-man show – the Murdoch show." So, no attempt is made to build up a successor. *TIME* quotes a recent departee: "It's not a corporate culture. It's a Rupert culture."

4.3 The conquest of Great Britain

In Britain Murdoch found the ideal partner in Margaret Thatcher. He began investing in the country in 1968. John Foster, then General Secretary of the National Union of Journalists, said in 1995: "I would say that Rupert Murdoch was Mrs. Thatcher's right-hand-man, in fact I would rather put it the other way round: Mrs. Thatcher was his right-hand woman, in fact she did what Murdoch wanted" (Schöner 1966, 44). The *News of the World*, a tabloid published on Sundays, with a circulation of 4,681,793 in June 1995, was bought to compete against Robert Maxwell³⁴. The loss making *The Sun*, another tabloid, followed in 1969. When bought, the paper was called *Daily Herald*. It was turned into the biggest selling British tabloid, with a circulation of 3,987,030 in June 1995³⁵. *The Sun*, which is heavily into sex, gossip and scandal reporting, is now the most-read daily newspaper in the United Kingdom³⁶. In the same year the first British TV station was bought. In 1976 the attempt to buy the daily *Observer* failed but in 1981 the purchases of the *Sunday Times* (1,267,958 circulation in June 1995) and *The Times* (682,419 circulation in June 1995) succeeded. *The Times* had lost 15 million pounds sterling in 1980. It was sold for 13 million pounds, although the real estate value was very high and the price included a 5% stake in the Reuters news agency.

Mrs. Thatcher made a number of controversial decisions in favour of Murdoch which, for example, enabled his takeovers despite difficult anti-monopoly laws. David McKie, columnist for *The Guardian* and an assistant editor, alleged in an August 1966 interview that the Canadian enterprise Thomson had been trying to rid itself of *The Times* and *Sunday Times* and so deliberately depicted them as big loss makers. Up to then it was unanimously assumed in literature that the alleged losses were real. McKie said: "Thatcher really whistled the whole deal through. I think this is a pretty disreputable occasion, but she knew that if she had the Murdoch press with her it would be a great help supporting her various projects and that was where to start."

Murdoch pursued an aggressive marketing of his papers unprecedented in Great Britain. He distributed free copies, cut prices and so on. Prize games

34 Maxwell was Murdoch's biggest competitor in Britain; he incorporated in his person the contradiction of being a hard-nosed capitalist and committed socialist. Maxwell was a Labour Member of Parliament from 1964-1970.

35 More than the purchase price was spent to promote *The Sun* by radio and television advertising, billboards and free copies.

36 The Sun pursues a popular moral campaign against homosexuality, feminism and dissolution of the family. Pictures of nudes provide the sales-promoting sexual titillation.

like Bingo were used as marketing instruments, i.e. cards with series of numbers were distributed to households in certain target areas. Those with numbers corresponding to those printed in the paper won. Because the paper spread the announcement through several consecutive editions one had to buy them all to find out if one had won.

Many authors argue that by and large the *Times* and *Sunday Times* have lost their editorial independence. Celebrities who attended the 1985 festivities to mark the 200th anniversary of *The Times* included Premier Thatcher, the Royals and members of the high aristocracy. Sir Bernhard Ingham, government spokesman (Thatcher's Chief Press Secretary) from 1979 to 1990 commented in 1995 on Murdoch's influence on the British press: "There is a general disquiet ongoing at what the press in this country conducts. And the thing has got worse. It has got worse because of Murdoch, I think, who doesn't have any background in allegiance to this country, and he is just there to make money."

In the 1979 election campaign *News of the World* and *Sun* backed Mrs. Thatcher, whose electoral victory became decisive to Murdoch's rise. Terry Perks, deputy government spokesman (Mrs. Thatcher's Deputy Press Secretary) from 1987 to 1990 replied when asked what effects Murdoch's friendship with Thatcher had on the reporting of the newspapers under his 'umbrella': "It had none at all." John Foster, General Secretary National Union of Journalists, sees that quite differently and replied to the same question: "Every day, every part of it."

Thatcher's goal was to change British society by liberalisation and deregulation and she saw the trade unions as her main opponent. The clash with the coal miners led by Arthur Scargill took on civil war-like dimensions. The best organised unions were those of the printers and typesetters who, as new technologies made headway, went on strike to try to save their jobs, i.e. the traditional Linotype hot metal setting and compositing. The *Times* was not published for months because of the strikes. Outdated, labour-intensive techniques made labour and production costs very high in British publishing. It is against that background that Murdoch's 'masterpiece', carried out in 1986, must be seen. With Thatcher's support he was able to push the printers' and typesetters' unions out of his newspaper enterprises – and as a byproduct, as it were, destroy the venerable institution of Fleet Street. Murdoch had erected the world's most modern printing works in Wapping, in the east of London, under the pretext of building only a printing works for a new magazine. No unionised workers were allowed to work at the new machines, res-

pectively the computers that had been covertly installed. Five hundred new staff were trained on the machines. Then about 5,000 of Murdoch's Fleet Street workforce were dismissed, quite in line with Thatcher's designs. Graham Murdock (1992) writes that personnel costs were a special concern of Margaret Thatcher. She had fully supported Rupert Murdoch when he offered to break the negotiating power of the union by shifting his newspaper production from Fleet Street to Wapping and employing members of the electricians' union instead of the typesetters'.

The Wapping opening in 1986 triggered the longest and gravest industrial dispute in Britain. For almost a year the locked out members of the printers' unions tried to stop production. The building was secured like a military installation. Thatcher supported Murdoch who stayed in the building, even sleeping there, with massive police deployment. John Forster recalled in August 1995: "A lot of people were locked out. And that went on for a year ... And if you have seen the docks – remember this is supposed to be a media society, an open society – and the building and all print are behind 20-25 foot walls. There are big steel walls with spikes on the top, but at that time they had raised a barbed wire around. There's a security road running down from the ramp, but at that time you had literally a cavalry of policemen charged up and down what was called the highway. I was there, I know this is what happened. And you had this late at night simply to make sure that Mr. Murdoch was getting his papers out. ... They were saying that people didn't have a right to be in the union" (Schöner 1996, 53).

The move to Wapping increased profits by 85%. Having to compete against Murdoch's now unbeatably low costs, other newspaper publishers also left Fleet Street. The British newspaper market had been completely transformed. "There was before Wapping, and there is after Wapping." (Lord Rothermere.) It is probably not surprising that the News Corp. owned publisher, Harper Collins brought out not only Thatcher's bestselling autobiography, *The Downing Street Years* but also the follow-up, *The Path to Power*. The close linkage between Murdoch and the British Conservatives led not only to a motion by Labour in the Commons to limit publication of nudes in newspapers being defeated. Much graver was trade minister Lord Young's approving within 24 hours the 1987 sale of the mass circulation *Today* (557,251 in June 1995) to Murdoch, his fifth paper in England, without having the anti-monopoly authorities assess the deal. That purchase gave Murdoch control of 40% of the British newspaper market.

Thatcher's support was also decisive to Murdoch's entering the television business. Thatcher plumped for modern technologies to be used immediately. She supported development of cable and satellite television with the aim of creating a bigger choice of programmes. Moreover, a greater choice of media might weaken the British Broadcasting Corporation (BBC). Thatcher (1993, 635) writes in *The Downing Street Years*: "I also believed that it would be possible to combine more choices for viewers and more opportunity for producers with standards – both of production and taste – that were as high as, if not higher than, those under the existing duopoly³⁷." In 1983 Murdoch bought into British satellite television and took a holding in Satellite Television plc., which was renamed Sky TV. The company disseminated the pan-European Sky Channel in English to 40 million cabled households. The pan-European approach failed, i.e. not enough advertising revenue was earned, meaning losses. To begin with Sky TV put out mainly entertainment from Hollywood. Murdoch had again benefited from the backing of the Conservative government in making the purchase. By law publishers of nationally circulated newspapers were prohibited from owning more than 20% of British television broadcasters. An exception was made for News Corp., (Lex Murdoch) respectively its British subsidiary, News International. The media expert James Curran argued in November 1995 in a programme on the Franco-German public television channel, ARTE, that Murdoch is so influential that he is beyond the law. The British government had been very concerned not to annoy so mighty a media tycoon. It had bent laws to enable him to realise his plans. Curran said Murdoch is the only press czar controlling both newspapers and television broadcasters. He sees the accumulation of so much power in Murdoch's hands as a restriction on the democratic system.

A new broadcasting act was passed in Britain in 1990. Although it included new terrestrial concessions and satellite broadcasters, it did not cover medium-power satellites such as ASTRA, used by *Sky TV*. A ferocious battle for viewers and picture rights ensued between Sky TV and British Satellite Broadcasting, an alliance of several ITV stockholders and Sky TV's biggest competitor. The battle was also fought in the printed press. Two studies by the European Media Institute in Manchester (Variety 39, 1989, 15 f.) found the Murdoch press (*Sun*, *Times* and *Sunday Times*) propagandising for ASTRA. BSB countered with advertisements hitting at the poor quality of the ASTRA signals: "As you may have heard, it rains an awful lot in the UK. ... Frankly we wouldn't like to be in our competitors' shoes right now. Or, indeed, their Wellington boots." (Variety, April 19, 1989, 159.) BSB argued

37 The BBC and ITV.

that Sky TV was no pan-European broadcaster but aimed to destroy British television. Through a loophole in the law Sky TV had been exempted from control since News International operated from Luxembourg. John Foster commented in retrospect that Mrs. Thatcher said it was not British because though it was produced in Britain, the news service was dubbed in Luxembourg. Therefore it was not British, therefore it was outside control. (Schöner 1996, 68). Ingham also argues that Thatcher had undertaken nothing against the widening of Murdoch's power: "But anybody wants to go into extraterrestrial television, that's up to them. I mean, he backed his judgment, and he won through."

The rivals BSB and Sky TV made considerable losses. So in 1990 the two companies decided to merge. William Shawcross (1994, 388) writes: "On October 29 Murdoch went secretly to Downing Street to meet Margaret Thatcher. He said later that they talked about international affairs and that he mentioned the impending merger only in an offhand comment at the end of their chat. He knew that the merger would throw British broadcasting into turmoil, and that it needed the government's acquiescence. BSB did not have the right to give its franchise away to Sky." Under the agreement signed on 2 November 1990 Murdoch's News International controlled more than 50% of the new company. BSB invested another 70 million pounds, Murdoch another 30 million. With that Murdoch had also achieved control of BSB. Lord Thompson, former chairman of the Independent Broadcasting Authority (IBA) of Britain spoke of a "brutal Wapping in outer space" (Schöner 1996, 63). Home Secretary Peter Lloyd, responsible for media matters at the time, admitted in an interview that strictly speaking the deal had not been quite legal.

In September 1993 Murdoch upgraded his 50%-owned British Sky Broadcasting from six channels to 14. BSkyB is now a Pay-TV broadcaster, which enables double revenues from advertising and fees, which vary with the number of channels subscribed to. The number of BSkyB television subscribers was given as 4,163,000 for June 1995; for the previous year it was given as 3.48 million. BSkyB continued in 1995 to invest in programming, launching three new channels: Sky Sports, Sky Soap and Sky Travel. Among the new programming acquisitions are *The X-Files*, produced by Twentieth Century Fox Television and the most successful American series in 1995. Financial reorganisation of the capital structure was completed in December 1994 by which News International plc reduced its holding in BSkyB to 40%. According to the Financial Times, on 1 November 1994 News International "acquired a 49.9 per cent. interest in Vox GmbH & Co. KG, a German tele-

vision broadcaster, for a nominal consideration and during the year provided a funding of 31.6 million pounds sterling".

The main money spinner in BSkyB's programming is sports. It broadcasts the English soccer league games. At 5 a.m. on Sunday 17 March 1996 some 650,000 British households paid around \$15 million to watch the box fight between Mike Tyson and Frank Bruno. In total, Murdoch's Pay TV broadcasts 200 hours of sports a week in the UK. By comparison, the "free TV" BBC and ITV put out only 11 hours of sports a week each. The British House of Lords has ruled meanwhile that eight sports events of national importance have to be free to watch – tennis in Wimbledon, the horse races in Derby and the Grand National, the soccer world championships, the Olympic Games, the soccer cup finals of England and Scotland and cricket internationals. The Premier League, the top soccer division, has received 670 million pounds from Sky for the broadcasting rights for four years. Coming into force in 1997/98, the contract is substantially higher than the present one, under which Sky paid 45 million pounds a year.

In 1996 BSkyB, Bertelsmann, Havas and Canal plus shared in the founding of the Newco Europe Holding, which planned to conquer the German³⁸ digital Pay-TV market. But in June 1996 Murdoch cancelled before signing. On the newspaper market Murdoch has triggered price wars. In August 1993 the price of a copy of *The Sun* was cut from 25 to 20 pence. In September 1993 the price of *The Times* dropped from 45 to 30 pence; another cut followed in July. In July 1995, costing 25p an issue, *The Times* had a circulation of 680,000, its highest ever.

4.4 The move to America

When moving into America Murdoch was again fortunate to find under the Reagan presidency a climate favourable to him. Within the framework of the global strategy he bought his first U.S. paper, the *San Antonio Express*, in 1973. In the first year \$1 million was spent to promote it. The *New York Post* followed in 1976, was sold off again for a while and since 1995 has belonged to News Corp. again (March 1995 circulation 408,204 for the daily, 331,243

38 According to TIME (September 20, 1993) Murdoch is joining forces with German broadcaster PRO 7 to provide and manage satellite channels reaching 100 million potential viewers in Germany, Austria and Switzerland. In 1991 he bought into the east German tabloid Super! but withdrew from it again in 1992; cf. on this Wisniewski 1995, 177 ff.

for the Saturday edition). Murdoch bought into U.S. newspapers tending to be politically unimportant, i.e. neither the Washington Post nor the New York Times. In the first year \$5 million was spent to advertise the National Star (later only Star), a tabloid magazine founded in 1974. It later became quite a profitable publication with a circulation of four million.

In 1986 the publishing houses of Harper & Row and Collins were acquired. In 1988 News Corp. bought the Triangle Publications group for \$3 billion. One of its publications is TV Guide, which in 1995 was the No. 1 weekly magazine in the United States in terms both of circulation and advertising revenues. TV Guide has a paid circulation of 14 million copies per week, 60% of which comes from subscription sales. The magazine has an entertainment guide for parents and had a Star Trek issue described in the 1995 Annual Report as highly successful. TV Guide Online is already in the test phase. The New York Times (11.12.1995) reported in an article headed "After a positive article on a Fox show, TV Guide learns the other networks are watching" that a not very successful series of Fox TV was lauded by TV Guide under the heading "The best show you are not watching".

In 1985 50% of 20th Century Fox was acquired. No profit was made in the beginning but Murdoch now had at his disposal a library of some 2,000 films, i.e. he had film rights, film production and playing outlets. In News Corp.'s 1995 Annual Report Murdoch said: "Ten years ago we acquired a motion picture studio before others began to pay premium prices for similar assets. In the U.S. we launched a fourth television network when it was believed that only three could survive."

Twentieth Century Fox was extraordinarily successful in 1995. Its films *True Lies* and *Speed* each brought in more than \$100 million in the USA alone; abroad *Speed* brought in more than \$230 million. More than eight million video units of *Speed* were also sold. On the international video market *Mrs. Doubtfire* was the most successful product. *Die Hard With A Vengeance* had brought in \$87.5 million in the USA by 30 June 1995. Twentieth Century Fox Television produces and distributes television shows such as the *Simpsons* and *X-files*. The 1995 Annual Report states that television is an area of primary focus of News Corp.. In the film sector 20th Century Fox launched a big success in 1996 with *Independence Day*. Its first earnings are better than those of *Jurassic Park*. The film, which cost \$105 million to make, was not only promoted in advertisements but, with almost all Americans at their TV sets to watch the annual Super Bowl football championship game, an excerpt of the film was shown in which invaders from space blow up the White House in Washington. After that the film was "in".

Murdoch became an American citizen in 1985 and moved with his family to Colorado. That enabled him to buy the television chain Metromedia in 1985, with stations in Los Angeles, New York, Washington, D.C., Chicago and Dallas-Fort Worth. The stations were built up as a national chain under the name Fox TV. The purchase of Metromedia made big waves in the TV industry. From late 1993 the Federal Communications Commission examined allegations that it violated a federal law that effectively barred alien companies from indirectly controlling more than 25% of a TV station. In May 1995 the FCC decided not to force Murdoch to reduce his ownership stake in the then eight stations that formed the core of his Fox TV network.

Fox TV created "Reality TV" with such shows as *Cops*, in which police chasing criminals are accompanied. Another ratings hit is *America's Most Wanted*, which is basically public participation in hunting down criminals. Fox series include *Al Bundy* and the *Simpsons*. Politics does not get much of a showing on Fox, sport is all the more important. Fox bought the broadcasting rights of the American National Football League (NFL) for \$1.6 billion – a very risky investment that appears to have paid off. In the 1995 Annual Report Murdoch comments: "The move of the NFL to Fox meant that many of our owned and operated stations became the 'broadcast home' to their local NFL franchise." Since then the broadcasting rights of the National Hockey League have also been acquired and, in cooperation with NBC, those of the American Baseball League, which is likely to further strengthen the position of Fox Sports.

Fox Children's Network reaches around 35 million children and teenagers a month. fX, Fox's basic channel, in 1995 reached 22 million homes in all 50 states. Once the planned acquisition of Greensboro has been made, Fox Television will have 12 stations. Without doubt the buildup of Fox has been a success. Driven by such series as *The X-Files* and *Melrose Place* FBC (Fox Broadcasting Company) in 1994/95 displaced CBS for the first time as third in the primetime ratings among adults, aged 18-49, after ABC in first place and NBC in second.

The takeovers of Triangle, Metromedia and 20th Century Fox caused a severe finance crisis. In the early 90s News Corp. had a high interest debt of \$9.5 billion. The debts led to a 1991 loss of \$308 million. To cut the debt Murdoch sold \$1.2 billion of stock and spun off such assets as *Daily Racing*, *Seventeen* and *New York Magazine*. TIME (September 20, 1993) commented: "The moves still left News Corp. with \$7.5 billion in I.O.U.s but helped it record a profit of \$605.2 million, on revenues of \$7.48 billion, for its latest fiscal year."

In 1995 News Corp. held cash reserves of about a billion dollars and by restructuring its finances practically eliminated all the short-term debt that nearly crushed News Corp. in 1990.

Murdoch also practised his policy of cultivating contact with important people in the USA. He supported Ed Koch in the New York mayoral elections. He chose to back Koch because 2.5 million Jews live in New York but only one million Italians. Mario Cuomo was the rival candidate. Koch, who probably would not have been elected but for Murdoch, now moderates talk shows in Fox-TV. Newt Gingrich, TIME's Man of the Year 1995, had made a contract with Murdoch providing for a substantial fee for his autobiography. In December 1995 the House of Representatives Ethics Commission ruled that "the 4.5 million advance for his recent book that he accepted, then declined, from the publishing company owned by Rupert Murdoch, ..., the committee declared it unseemly but within the rules" (TIME, December 18, 1995, 35). Since autumn 1995 Murdoch has been publishing his own political magazine, *The Weekly Standard*, characterised by Richard L. Berke in the *New York Times* (30.4.1995) as new forum for the right.

4.5 The activities in Asia: Star TV

Murdoch bought his first newspaper in Hong Kong in 1963. In 1986 he bought 50% of the *South China Post* in Hong Kong, one of the world's most profitable papers. It was sold again to fund the acquisition of Star TV on 26 July 1993, operating in the enormous growth potential of the Asian market. Also in 1993 49.9% of Zee TV which covers the Indian sub-continent was bought. Zee TV is one of the most popular channels in India (on Zee TV cf. Chopra 1996). The 1995 Annual Report states that Zee TV is "already generating real operating earnings, just three years after launch". The Chinese-language Golden Harvest film library also became Murdoch's property.

At first 63.6% of Hong Kong-based Star TV was bought for \$US525 million; the rest of it was acquired in July 1995 for \$US299 million. Star TV potentially reaches about two thirds of mankind (c. three billion, TIME, September 20, 1993) within its direct-to-the-home satellite grasp. The 1995 Annual Report describes Star TV as the first and only pan-Asian satellite broadcaster that offers an array of regionalised programming to an estimated audience of more than 220 million viewers (54 million homes) in 53 countries. In 1995 programmes in 32 languages were broadcast and there are plans for 100 languages.

Star TV started broadcasting on 26 August 1991. It was a 50:50 joint venture between the Hong Kong conglomerate Hutchinson Whampoa and the tycoon Li Kashing. Star TV's initial target group was the well-to-do upper crust of Asia. The broadcaster's big advantage is the enormous reach of the signals transmitted while its costs are relatively low. Star TV's transmission reach ranges from Istanbul to Micronesia, from Siberia (Omsk, Novosibirsk) to Sumatra. Egypt, much of Sudan and Ethiopia are within reach as are Arabia, the Indian sub-continent, China, Taiwan, Japan and Korea, the Philippines, Thailand, Malaysia and many more. To begin with Star TV put out five different channels:

1. *Prime Sports*
2. MTV Asia in cooperation with Viacom; MTV was pushed out in May 1993 and replaced by Channel V which came into being by cooperation with the cable enterprise TCI and multinational recording studios. Channel V was divided into a northern region (China, Hong Kong, Taiwan) and a southern one (India and Southeast Asia).
3. A channel in Mandarin, broadcasting comedies, dramas, cinema films and financial news.
4. BBC News in English.
5. An English-language family entertainment channel (cinema films, soap operas, comedies).

The reactions to the cross-border accessibility of Star TV vary from country to country. Joseph Man Chan investigated the national media-political responses in Asia and in his 1994 study identified the following:

- virtual suppression, as represented by Singapore and Malaysia;
- regulated openness, as represented by Hong Kong and the Philippines;
- illegal openness, as represented by Taiwan and India;
- suppressive openness, as represented by the People's Republic of China, where no effective control is possible.

Chan comes to the conclusion (1994, 122) that "Star TV tries not to violate the national regulations, creeds, and beliefs of various countries or to show any ideological or political bias". The example of this approach given is the decision not to broadcast the video *Erotica* on MTV (when this was still transmitted via Star TV). D. Atyeo, head of Star TV's MTV is quoted: "(Erotica) is obviously designed to shock and outrage, and we're here to entertain. When you're dealing with a wide range of religions, cultures and beliefs it's hard to see not offending someone and we're very conscious of this."

Within a year the concept of the station, which had been providing Western style television programming, was transformed by Murdoch, who lived in Hong Kong. He replaced English-language programming by the languages of the respective countries. In his own words, Murdoch structured the programmes offered by Star TV in such a way that Asian families could relax and escape from the stress of their daily lives³⁹. The content is such that the not exactly democratic governments in the target area regard it as friendly. The aim is over time to loosen restrictions still in place. When Murdoch bought Star TV it was losing about \$US50 million a year. Murdoch announced in October 1995 that in the 1995 fiscal year it had lost \$US80 million. The problem is finding advertising customers in the vast region the station footprints, even though it is divided into a northern and a southern beam.

The official reason given for the sale of the *South China Post* was that the growth potential in the newspaper market was too small; bought for some \$U.S. 260 million in 1986, the paper in 1992 alone returned a profit of \$U.S. 76 million. The probably more credible reason for the sale of the paper, which is not exactly of a friendly disposition towards Beijing, is that Murdoch wanted to convince China that he was acting apolitically and purely entrepreneurially, because shortly after the purchase of Star TV China banned individual ownership of the satellite dishes needed to receive Star TV. In 1993 Murdoch had still declared in a speech that satellite TV is the enemy of totalitarianism, that satellites had made it possible to by-pass state-controlled television. In 1994 he yielded to pressure from China and on 31 March 1994 removed BBC's World Service Television from the northern beam because the BBC had reported critically about China. The official reason given for that move was that not enough viewers were watching the BBC. The BBC's slot was filled by cinema films in Mandarin. Sondhi Limthongkul, a media tycoon from Thailand, commented: "No matter how hungry you are, there have to be some principles." Murdoch himself said about the decision to ban the BBC from Star TV: "We are not proud of that decision. It was the only way." (Newsweek, February 12, 1996.)

In the meantime relations with China have changed totally. Not only has Murdoch published the biography of the Chinese dictator Deng. According to the 1995 Annual Report of the News Corp. a joint venture has been launched with The People's Daily, the *Beijing PDN Xinren Information Technology Co. Ltd.*. Its aim is "to explore and develop a range of opportunities in China's rapidly developing technology sector". With Murdoch's help China

³⁹ This is probably also the philosophy behind Star-Radio, a pop music broadcaster without news launched in March 1995.

was planning to set up a national satellite television network. There may also be a joint venture between China Central Television, China's sole national broadcaster, and News Corp., according to Newsweek (February 12, 1996) a deal that would allow CCTV use of Star TV's new satellite, AsiaSat2. In return, Star programming might go on CCTV's infant pay-television networks. With that, News Corp. could collect revenues from Chinese viewers for the first time.

The 1995 Annual Report also states that during the year two further subscription channels were added to Star TV's first subscription channel, STAR Movies, which has been broadcasting a mix of locally produced Mandarin-language films and movies from international studios on the northern beam since 1994, aimed mainly at Taiwan. One of the additions is an international version of STAR Movies targeting viewers in India, the Middle East and South East Asia, the other a Hindi-language pay movie channel, Zee Cinema. A Filipino-language movie service, *Viva Cinema*, was to follow in 1996.

Star TV is to be expanded further together with local partnerships. There had already been joint ventures in Indonesia with Indovision, that country's only Pay-TV licensee. Meanwhile Star TV can be received in Singapore (1995) via Singapore Cable Vision. In April 1995 Japan designated Star TV as one of only two officially recognised international broadcasters. From 1996 Star TV was to broadcast from a more powerful satellite, AsiaSat2. The 1995 Annual Report argues: "With AsiaSat2's digital capabilities, combined with state-of-the-art digital compression technique pioneered by News Datacom, Star TV will be able to offer dozens of channels and a range of services customized for its target markets."

Channel V, launched by Star TV to compete against MTV, comes in two distinct services: a Mandarin, Japanese and Tagalog channel for viewers in greater China and Northeast Asia; a second service in Hindi, Arabic and English aimed at Southeast Asia, India and the Middle East. Since January 1995 four of the biggest entertainment companies, BMG, Thorn EMI, Sony and Warner Music, have been joint venture partners in Channel V.

As banal as that may sound, the viewer numbers of Star TV in individual countries are governed by many factors. The centrally important ones are competition by the terrestrial broadcasters in each case and the extent of reception regulation. The higher the quality of the competition's programming, the smaller the chance of Star TV. Language barriers are significant, as are different levels of prosperity between countries, cultural differences and so

forth. Thus the sport channel was also split, beaming gymnastics and Chinese soccer to China, cricket to India.

Competing with Star TV since 1994 have been Television Broadcasts (TVB) Hong Kong and the Chinese Television Network (CTN), the world's first Mandarin network. Murdoch tried to obtain a share of TVB in mid-1993 but failed. TVB is Hong Kong's leading television company. In 1992 it captured about 80% of Hong Kong's viewing audience and 85% of Hong Kong's television advertising revenue. TVB is the world's biggest producer of Chinese-language programmes; The Economist (July 31st, 1993) put its library of Chinese-language programming at 100,000 hours, with a production facility that makes another 5,000 hours a year. Under TVB leadership a consortium grouping CNN, Capital Cities, Time Warner and the Australian broadcaster AUSTV has been formed to compete against Star TV. CNN offers news. Capital Cities offers ESPN as a sports channel to rival Prime Sports. Time Warner's Home Box Office provides the cinema films. AUSTV supplies English-language entertainment and TVB international Chinese-language shows. TVB is planning another Mandarin-language channel.

4.6 The Latin American and Australian target areas

Canal Fox has operated in Latin America since 1993; the 1995 Annual Report describes it as a 24-hour general entertainment cable channel, broadcasting to 4.2 million homes in 18 countries. In July 1995 News Corp. (30%) cooperation was announced with Globo TV (30%) and Televisa (30%) within the framework of a project to cost 500 million Australian dollars. The remaining 10% are owned by the U.S. cable company TCI. The satellite pay TV venture covering Latin America and the Caribbean was scheduled to go to air in 1996. It is planned to be the world's biggest digital satellite operation, capable of carrying 150 channels. News Corp. is the managing partner, all others contribute to the programming. Quoted in his own paper, The Australian, Murdoch said in November 1995: "We see enormous growth in Brazil, and resumed an enormous growth in Mexico." The group will compete with a similar satellite venture planned by GM Hughes Electronics and three others. Televisa, Globe and News Corp. will cooperate with PanAmSat, launching the satellite for the service.

In Australia News Corp. has joined with Telstra, a telephone company, to launch *Foxtel*. It has broadcast via satellite from October 1995. Telstra is building a fibre optic network to reach 85% of Australian households by 1999.

Here, too, sports is to secure the broadcaster's success. The 1995 Annual Report says: "Also in Australia, we have overturned the entrenched sports interest by creating the Super League. Enlisting over 200 of the best players in the Australian Rugby League, News Corporation will field ten teams who will compete from next March. These matches will be seen on Foxtel and will be an integral part of its sports programming package that we will offer Australian viewers." The Super League also includes New Zealand. The News Corp. also changes the world of sport: its own Rugby League is so to speak the functional equivalent to programme production – sport becomes a software.

4.7 Activities on the Internet

Delphi Internet Service, a Massachusetts based computer network that provides access to 20 million computer users, was acquired in 1993. With 50,000 subscribers Delphi was the smallest of the five leading online services. Murdoch stated his reason for buying as wanting to offer an electronic newspaper. This, too, shows that Murdoch always takes a chance with new technologies. Delphi Online Service has been operated on the Internet jointly with MCI, an American long-distance giant telephone company, since May 1995. With that a worldwide media partnership appears to be forming because in 1994 MCI had sold a 20% stake of itself to British Telecom for \$4.3 billion. MCI sought partners to transform its worldwide phone network into pathways for content. And, "You can hardly think of content without the name of Rupert Murdoch coming to the fore," commented MCI chairman, Bert Roberts.

MCI agreed to invest \$1 billion in News Corp. stock immediately, the payment occurring on 2 August 1995. Another \$1 billion is to follow in the following four years. That would give MCI 13.5% of News Corp.. Terms of the deal require MCI to vote its shares in the same proportion as the rest of the shareholders. TIME (May 22, 1995) commented: "That means that Murdoch, who with his family controls 40% of his company's stock, cedes no control." TIME went on: "In return, Murdoch will send his companies' immense fund of grunt-and-grin entertainment, news and information through MCI phone lines into homes and business screens. ... Each side will contribute \$200 million to a global joint venture in which programming and electronic information produced by News Corp. will be distributed to business and consumers in digital form through MCI's vast web of fiber optic cable."

TIME (May 22, 1995) saw the following problems. MCI has a strong customer base among business, News Corp. has little in the way of business information services to offer them. For Murdoch, however, there was an additional chance for Delphi, which lay in fourth place far behind America Online, CompuServe and Prodigy, which is that Delphi can open access to 16 million residential customers. However, Murdoch gave up the Delphi online service in May 1996. No details are known about the reasons.

TIME (November 13, 1995, 12) outlines the following additional aims of the cooperation with MCI: "As a part of the \$2 billion deal, MCI and News Corp. agreed to replace dreary text-based Delphi with a snappier, easier-to-use computer information service, initially known as MCI/News Corp. Internet Ventures. Under a new management team that includes Vinton Cerf, also known as the 'Father of the Internet', the service could finally fulfill the Fox's ambition to become a serious contender in the \$3 billion online business that is now dominated by industry giants CompuServe, America Online and Prodigy." TIME saw the following possible strategy behind the MCI-Delphi deal: "It could well emerge as a linchpin in a chain of content and distributing systems that will allow consumers to order 20th Century Fox movies and Fox TV shows by phone, read Murdoch owned newspapers such as the Times of London and TV Guide on portable television screens, and chat online with star athletes after a Fox-broadcast National Football League game."

4.8 Summary

The News Corp. is the media enterprise with the biggest reach worldwide. It is financially healthy. John Malone remarked about Murdoch in 1966, "He's made the tectonic plates move. He has changed the perception of what you have to be to be really successful in the future of the media-entertainment business. Today ... it's all about trying to catch Rupert". All leading banks now rate News Corp. as an outstanding long term investment opportunity. The enterprise has the financial strength to carry cost-intensive and heavily loss-making preparatory periods of several years in individual sectors.

I emphasise again: the decisive criterion for News Corp. is the profitability of investments. Such values as freedom of the press or efforts to offer culturally higher grade products are meaningless. The enterprise uses every opportunity that arises and, as mentioned, would have liked to buy Turner Broadcasting. Many areas where News Corp. operates cannot be addressed here in more detail for space reasons. Thus News America FSI is one of the largest publish-

ers of promotional free-standing assets (FSIs) in the United States, producing almost 60 million inserts each week. In the book publishing field News Corp. owns HarperCollins (e.g. the Zondervan division dominates the American Bible market). The Ansett Australia airline is 50% News Corp. owned. Further engagements are in The News Technology Groups. News Datacom is a provider of pay television conditional access systems, encryption technology and subscription management systems. Already in 1993 Murdoch's BSkyB, in cooperation with National Transcommunication Ltd. had a research facility to develop digital compression systems to enable satellites to beam down 180 channels.

News Corp. has a global monitoring system which once a week (!!!) compiles a balance of planned and actually made profits and losses, sales and advertising revenues, costs of individual media and their circulation and reach. Murdoch said in 1989 about the strategy of the News Corp.: "There is no such thing as a 'global village'. Most media are rooted in their national and local cultures. Nonetheless, when you ask me whether global communications networks are a reality, my answer unequivocally is yes. ... Our company strategy is to keep the various types of media separate and operate the individual companies as profit centres." But there is also differentiation by media, i.e. television, film and books are regarded as global media, while newspapers and magazines are not. Despite that, Jessica Reif, media analyst at Merrill Lynch in New York, is correct in her assessment (Newsweek, February 12, 1996) that "Murdoch has the best distribution on a global scale".

Apart from the acquisition of loss-making newspapers and television broadcasters, sport, being attractive to the public and 'non-political', is centrally important to the success of the News Corp.. In 1992 Murdoch acquired for \$US400 million the exclusive rights to broadcast British soccer for four years. In 1993 followed the purchase for \$US1.6 billion of the rights to broadcast the National Football League (NFL) of the US, i.e. Australian born Murdoch owns the Super Bowl Football game, an American national institution. In 1994 49% of the World League of the NFL were bought. Since 1994 News Corp. has had in China the exclusive broadcasting rights of the International Badminton Federation and volleyball games for 10 years. In 1995 not only was the Rugby Super League established but television broadcasting rights also acquired for Rugby in Australia, New Zealand and South Africa.

Murdoch tries to monopolise the televising of sports. But in February 1996 he failed to secure the rights to broadcast the Olympic Games. The International Olympic Committee turned down a Murdoch offer of \$2 billion for the

broadcasting rights for five future Olympics. But the rejection was hardly out of 'higher' motives – it was simply that NBC paid more. But Murdoch is very powerful in the world of sport, "simply too powerful" in the view of Britain's former national heritage minister, David Mellor, "and the time has come to do something about it". Sport is apolitical in the sense that its dissemination is hardly likely to cause problems in states without freedom of the press. In addition to sensations, sex, crime and human interest, sport is the decisive factor of Murdoch's strategy and success. Sport appeals to viewers regardless of their level of education, age, income, etc..

Murdoch sees technology as both a chance and a danger if one misses investing in new delivery systems as they become available. "What we are saying," Newsweek (February 12, 1996) quoted him, "is, there are so many options open that we had better have options for ourselves, and that's why we cannot just confine ourselves to being newspaper publisher, or just to television. ... We have to be sure we have access to all the different delivery systems that are emerging."

5. Media giants in Latin America: Globo and Televisa

5.1 Preliminary remarks

Whereas developments in the U.S. and European media industries are observed by a broad public, hardly any attention is paid to media enterprises that have developed in so-called Third World countries whose turnovers can compare with North American and European ones. Outstanding among them are the Brazilian Organizações Globo and the Mexican Televisa S.A.. Each reported a higher 1994 gross turnover on television activities than Bertelsmann's⁴⁰ DM 1.3 billion (c. \$860,000) – Globo DM 2.1 billion (c. \$1.39 billion), Televisa DM 1.4 billion (c. \$927,000). The two giants developed in similar ways. North American money and personnel played a big part in the initial years of their growth.

If the World Bank's definition of *developing country* by Gross National Product (GNP) per capita is applied⁴¹, Mexico and Brazil have been in the upper level of the medium income category since the 90s. Brazil and Mexico are threshold countries, which means it is assumed that their own economic dynamic will gradually lift them out of the typical criteria of a developing country.

5.2 Rede Globo de Televisão

5.2.1 History and political system of Brazil

When Portuguese colonial rule ended in 1822, Brazil became a monarchy. The monarchy was removed by a military coup in 1889. Military rule shaped the first years of the republic, with corruption, uprisings, electoral farces and the like. A German historian, M. Wöhlke, argues: "There was a strange ambivalence between democratic and oligarchical forces as well as in relation to the societal system with its tangible tension between outdated agrarian structures

⁴⁰ Since then Bertelsmann has become a major television player in Europe through its 1996 merger with Compagnie Luxembourgeoise de Télédiffusion (CLT). See p. 98.

⁴¹ In 1991 the categories were low per capita income (up to \$US 635 a year), medium per capita income (\$636 to \$7,909 a year), which in turn is subdivided into a lower income category (\$636 to \$2,555) and a higher income category (\$2,556 to \$7,910), and high income (\$7,911 and more) (cf. World Bank 1993).

and the rising urban-industrial civilisation.” (Wöhlke 1985.) This first phase of Brazilian democracy ended in 1930 with the takeover by Getúlio Vargas. He pursued a nationalistic policy, first as dictator (1930-1945), then as President (1951-1954).

Under his successor Kubitschek (1955-1960) there was an initial economic upswing, the first Brazilian economic miracle, followed a few years later by a recession that generated great social tension. His successors Quadros and Goulart could not solve the problems that had arisen under Kubitschek so that given the failure of the politicians the military coup of 1964 seemed almost inevitable. In the ensuing years the military attempted to ram through the “Brazilian development model” at any price, i.e. even against the will of the population. Human rights abuses were routine under that military regime which lasted into the mid 80s. At first there was strong economic growth, but it had to be paid for with rising inflation and high foreign debt. The country was heading for an economic crisis, expressed in the late 80s by the highest foreign debt of a developing country (more than \$100 billion) and inflation of more than 2,000% in 1987. In 1985 power was again transferred to a civilian government because of the incompetence of the military. A new constitution was adopted in 1988. In 1990 Fernando Collor do Mello took over a country with a devastated economy, his election being massively supported by TV Globo. Roberto Marinho, the owner of Globo, backed Collor with the following order: “I want nothing to air that could hurt this boy’s image!”

Brazil is now a federal republic of 22 states, four territories and the federal district around the capital, Brasília. The head of the executive is the State President who has very great powers. He is head of state, head of government and supreme commander of the armed forces all in one. The president is elected directly by the people every five years and is not eligible for immediate re-election. In the early 90s Brazil had a population of about 150 million. More than three quarters (77.3% in 1992) live in towns. The standard of education is relatively low. The literacy rate was given as around 80% in the 90s but in reality substantially fewer people can read.

5.2.2 The legal framework for media activities in Brazil

The legal regulations for mass media in Brazil are laid down by a *Telecommunication Act* and by the *Constitution of 1988*. Article 220 of the constitution states that neither the freedom of opinion, nor the freedom of education, speech and information may be restricted in any way. The prerequisite is that exercising these rights is in conformity with the Constitution of 1988

(cf. Wilke 1992). Paragraph 2 of this article stipulates a ban on censorship. Paragraph 5 forbids the direct and indirect monopolisation of societal communication means. Article 221 lays down principles that must be observed in programme planning. Preference is to be given to enlightening, artistic, cultural or informative broadcasts. Own productions are given higher priority than foreign ones. Production is to be regionalised and the ethical and social values of the individual and the family to be respected. Article 222 lays down that media enterprises may be owned only by native Brazilians or people who have been naturalised citizens for more than 10 years. Article 223 regulates the granting of licences by the executive. Concessions and permits for television stations are given for only 15 years at a time and have to be renewed at the discretion of the executive. Practically all television is commercial and has to make its income from advertising. There are no viewer fees. Stations are allowed to air advertising a quarter of the time.

Although freedom of opinion is guaranteed by the constitution, reality is often different. Antiquated legal regulations (Press Act) and the lack of a democratic culture cause discrepancies between the constitution and everyday reality, which is also partly due to a concentration of economic power. Especially the example of the newly regulated granting of radio and TV concessions shows the gap between aims and reality of the constitution. Although the constitution is to prevent arbitrariness, in practice favours continue to be rewarded and political support bought by concessions.

5.2.3 Launch and development of TV Globo

The origins of the present media enterprise Organizacoes Globo lie in a press publishing house of Roberto Marinho (born 1905) whose centrepiece was the newspaper O Globo started in 1923. With the launch of TV Globo in 1962 Marinho’s main interest shifted to the electronic media. TV Globo went to air on 26 April 1965.

TV Globo was not the first Brazilian broadcaster. The start was made by Assis Chateaubriand with TV Tupi Difusora on 18 September 1950. Until TV Globo was launched TV Tupi was followed by a number of local broadcasters, i.e. when television began in Brazil there was lively competition. But most of the broadcasters from that time did not survive the 60s. The high cost of receivers, moreover, caused the business community to regard the medium’s reach as too low to make advertising worthwhile (cf. Wilke 1992, 218 f.).

When TV Globo went to air it faced the problem of very little notice being taken of it because of the already well established rivals, TV Tupi and TV Rio. In that situation Globo tried to appeal to viewers' emotions. Floods in Rio de Janeiro in 1966 were used to emphasise the station's "humane soul". In addition to the coverage from the location, relief was organised for the victims. The station buildings were partly turned into collection depots for blankets and food donations.

In its founding phase TV Globo was able to draw on the knowhow and funds of the TIME publishing group which in the early 60s owned periodicals and newspapers as well as five TV stations in the USA. Shortly after the TV Globo launch a joint venture agreement was entered on 24 July 1962. In addition to financial support the U.S. enterprise also provided technical and personnel knowhow, enabling TV Globo to gain a decisive lead over its competitors (cf. Meyer-Stamer 1986, 675; Grosse-Kracht 1992a, 249ff). This included support in marketing and public relations work as well as training in the USA for Brazilian personnel and the assignment of TIME-Life personnel to Brazil. TV Globo was to pay for all this with 30% of its profits. From 1962 to 1966 TV Globo received more than \$5 million financial support. Neither a repayment modus nor the interest due appear to have been agreed, at least nothing has become public knowledge about this. Hermann-Josef Grosse-Kracht writes (1992a, p. 252): "The contracts with TIME-Life were not only technical and administrative aid for building up TV Globo, but on balance also brought in longterm, interest-free loans."

Because participation of foreign capital in ownership, management and content concepts were forbidden in Brazil under the 1945 constitution and the 1962 Telecommunication Act, the link with TIME was kept secret to begin with. Although after they became known a commission ruled the contracts to be illegal on 22 August 1966 the cooperation was continued until 1968.

In addition to TV Globo there are three other major television enterprises in Brazil:

- Sistema Brasileiro de Televisao (SBT), owned by the former entertainer, Silvio Santos,
- TV Bandeirantes, owned by the Saad family and
- TV Manchete, owned by the Bloch family which, similarly to Roberto Marinho, had already been successful in the press sector in the 50s (cf. Wilke 1992, 126).

Apart from that, there are also a number of independent television stations and one statal education channel, but none of these have national reach. Only TV Globo delivers its programming throughout Brazil. In 1992 it had a market share of 62% (compared with Sistema Brasileiro's approximately 20%), reaching 21 million households.

An opinion survey returned 80% of Brazilians questioned seeing TV Globo as "the most powerful institution in the country, ahead of church, president, parliament and judiciary" (Wilke 1992, 125). Many Brazilians are convinced no-one can be elected President if Globo owner Roberto Marinho does not want him to be.

5.2.4 The weight of television in Brazil and the role of the military

Television really began to grow in the 60s, driven primarily by the military government. Promotion of television became part of an all-encompassing telecommunication policy. A framework of legislation and authorities to monitor its implementation and the realisation of political objectives were put in place. "Widely unregulated in the initial years, television came increasingly under authoritarian rule" (Wilke 1992, 119). In the 70s and 80s followed Globo's fast expansion. In 1971 TV Globo was already airing nine of the 10 television programmes in Rio de Janeiro (cf. Füllgraf 1990, p. 73). The launching of a chain increased the number of affiliated stations from six in 1973 to 36 in 1983. The way was clear for country-wide delivery.

The protection of the military was of decisive importance to Globo. The reason for the favouritism was the support given the military by the O Globo newspaper during the 1964 coup. The coup was depicted as an important step to maintenance of law and order, the creation of a progressive, Western civilisation and preservation of Christian religion (Grosse-Kracht 1992a, 253). In times of political unrest the television station presented to its viewers a world view that all was well. Military dictator, General Emilio Garrastazu Médici (1970-1974) stated the essence on 22 March 1973 (Füllgraf 1990, 72): "I feel happy, every night, when I turn on the TV to watch the news. While the news tells of strikes, agitation, assassination attempts and conflicts in several parts of the world, Brazil marches in peace, on its road to development. It is as if I took a tranquillizer after a day's work."

The Brazilian military regarded the mass media, especially television, as an important instrument for national development. They promoted television in the mid 60s because in their view a national identity missing up to then was

needed for national security. Government plans aimed at unification of the nation, maintenance of national security and assertion of development plans. Another factor was that up to the mid 60s television, like radio, was tailored to regional tastes. TV Globo permanently changed this strategy by moving from Sao Paulo to Rio de Janeiro. The new Globo strategy of airing pan-Brazilian programming was in line with the plans of the military to achieve national integration.

The influence of television in Brazil is much greater than that of any other mass media. One reason is the still high rate of illiteracy; some 30 million of the 160 million Brazilians cannot read or write. For them television is the only window on the world, so to speak. In Brazil television reaches all parts of the population; even most of the poorest have a set: "Whereas in 1980 only 37.8% of urban households were connected to public sanitation systems, 73.1% already had private television receivers" (Grosse-Kracht 1992b, 322). In many rural areas it is usual for a generator-powered receiver, accessible to everyone, to be set up in a central village square in the evening. This form of "public television viewing" is called *teleposto* (cf. Grosse-Kracht 1992b, 343).

Nationally viewed television programming is an important factor in Brazil's cultural and political integration. Jürgen Wilke writes (1992, 118): "In the heterogeneous Brazilian society only television is able to deliver a joint stock of political knowledge and cultural experiences." The integrating effect of TV Globo may already be shown by satellite transmission creating a uniform Brazilian feeling of time, be it through newscasts or telenovelas. A strong integrating effect was created for the first time by the broadcasting of the soccer World Cup competition from Mexico in 1970, which Brazil won. Karin Knöbelspies (1993, 14) writes tellingly: "The feet of Pele and company jolted the country into a gigantic collective celebration. National unity through the visual medium began to be born together with the decade by means of a kick. Brazil was great and victorious."

Broadcasting policy in Brazil has always been a symbiosis between media entrepreneurs and government representatives. Within the framework of that policy broadcasting concessions and import licences were given which due to the imprecise formulation of broadcasting law leave the politically and economically powerful wide scope to interpret and act.

5.2.5 The company structure

Rede Globo de Televisao started broadcasting in 1965. Now Latin America's largest network reaches all Brazilian viewers. From 1965 to 1996 the Organizações Globo, headquartered in Rio de Janeiro, grew into a media enterprise that need not shrink from international comparison. In 1994 Globo came 11th in the world television turnover, with DM 2.1 billion (c. \$1.32 billion). Globo is Brazil's largest media enterprise, comprising the following in addition to Rede Globo de Televisao (TV Globo):

- *O Globo* is the second largest supraregional daily newspaper and origin of the present conglomerate; in 1992 the paper had a daily print run of 300,000 and a weekend edition of 550,000.
- *Sistema Globo de Rádio* is a linkup of 23 own and 58 affiliated radio stations reaching 45 million listeners.
- *Sigla* is a record company which, among other things, markets the film music of the self-produced telenovelas.
- *Globovideo* produces and distributes home video cassettes, inter alia in form of compilations of successful telenovelas and mini series.
- *Globosat* comprises four category channels: Globosat News TV, Top Sport, Telecine and Multishow.
- *Agência Globo de Notícias* is a house-owned news agency selling news and information to other mass media in the country.
- *Editora Rio Gráfica* and *Editora Globo do Sul* are publishing houses producing and distributing periodicals, books and penny-dreadfuls, many of them based on successful telenovelas.
- *Televisao Por Assinatura (TVA)* is one of the newer entrepreneurial areas of Marinhos, providing Pay-TV.
- *Globo Computacao Grafica (GCG)* develops new techniques for producing advertising spots.
- *Fundacao Roberto Marinho* is a non-profit cultural foundation which, for example, has produced 400 educational programmes for the government (status 1992), which are supported by course units in Globo periodicals and aim to raise literacy.

Globo also holds stock in food and cosmetic enterprises, real estate agencies and many other firms. Abroad the Globo group holds 49% of Telemontecarlo and 15% of the newly launched Portuguese TV station SIC. Coordination of the different sections of the group is done by Coma-Holding (Companhias Marinho).

5.2.6 Globo and commercialism I: telenovelas

The Marinho entrepreneurial philosophy is purely commercial. The product is the broadcast that he sells. The viewers are both consumers and capital because high switch-on ratings guarantee high advertising revenues. In Brazil the TV Globo novela evening begins at 6 p.m.. There are then five hours available for various series (cf. Armbruster 1986, 334f):

- *Films based on literature*,
- *regional telenovelas*, running outside Rio de Janeiro and Sao Paulo,
- *Telechanadas*, a form of “Crazy Comedy”,
- *Grandnovelas (Novelaos)*, aired after the 8 p.m. news,
- *Late novelas*, mostly in the form of opulent films based on literature.

In addition to their functions to entertain and advertise products, as well as occasionally carrying messages relevant to development, the telenovelas also have an integrating effect inasmuch as they drive the assertion of Portuguese as the national language. But the main focus of telenovela production is on stimulating consumption in the form of product advertising. Brazilian advertising is seen in expert circles as especially creative and witty. The importance of advertising is already shown by the fact that the advertising department is closely involved in the production of the telenovelas. The moments of high tension before the advertising breaks are determined in consultation with the department. Mostly there are three breaks of two to five minutes duration per novela. The maximum allowed is 15 minutes advertising per hour of TV programming.

Because of its huge reach television has become the major advertising medium in Brazil. In 1989 60% of the Brazilian economy's advertising budget (\$1.78 billion) went into television; there is, of course, not only advertising with the telenovelas, but also with other programming. In some partial markets there was even clearly more than that percentage. The share of television advertising for clothing was 89%, for food 88%, for perfumes and health 80% and for drinks 78%. According to Wilke, Rede Globo in 1988 attracted 65% of all Brazilian expenditure on television advertising (cf. Wilke 1992, 125); other sources put its share as high as 80%.

The telenovelas offer the opportunity of narrative-immanent advertising, i.e. product placement. This means deliberate involvement of a trade mark product in the dramaturgy of a film at a place where a product of this kind is meant to be, though not necessarily this very one. Globo launched a sales

agency, “Apolo de Comunicacoes”, which looks for favourable links between the plots of series stories and certain products. Generally the product is integrated in the plot. That not only raises the credibility of using the product but it also reaches people who do not watch the actual advertising blocks. The product placement practised in Brazil not only advertises products that fit smoothly into the plot. Claudius Armbruster (1986, 341) gives the following example: “A director might be ordered to move the focus of the camera during a kiss from the lips of the lovers to the feet of the girl because a manufacturer wants to advertise a new model of beach sandals.”

Omar Souki Oliveira (1993, 125f) likens the Brazilian telenovelas to a bazaar. “Everything within sight is for sale. The couch where the characters sit, the suits they wear, the scotch they drink, the paintings on the walls, lighting fixtures, carpets, lamps, and so on, all are being advertised.” International firms like Levi Strauss, General Motors, Volkswagen and Coca Cola and national banks and enterprises use this advertising strategy. Sometimes the product placement within a telenovela becomes a plot-carrying factor. An example of this was the advertising campaign for a brand of panties in the telenovela *Roque Santeiro*. The sexy advertising for the brand was first presented within the story so that viewers could follow on the screen how liberal and less liberal folk argued about the billboards being used. A week later the billboards were really put up in Brazilian towns. Armbruster writes (1986, 342): “The derealisation of reality often warned about by critics of the telenovela and the simultaneous realistic transformation of fiction reach an ambivalent high point here.” Joseph D. Straubhaar (1991, 48) reports that between 1983 and 1990 Globo ran advertising in telenovelas for a big Brazilian bank, the Banco Itaú: “In the Telenovela *Tieta* in 1989-90, a modern and colorful branch of Banco Itaú was frequently shown in the middle of a small, rather traditional northeast Brazilian town. The series showed the bank branch opening, characters doing frequent business and using credit cards etc..”

The advertising business with the telenovelas is profitable although only about 20% of the viewers reached could actually afford the products being advertised. Twenty percent of 160 million Brazilian inhabitants still comprise a market like Canada or Scandinavia. An essential characteristic of the telenovelas produced by TV Globo is that they come into being in constant interaction with viewers. The telenovela is an open-ended work without topics being firmly laid down (apart from the product placement). Opinion research institutes follow the resonance of the telenovela. Usually, three weeks after the telenovela starts discussion begins in groups representative of the mega cities Rio and Sao Paulo. In line with the upshot of these discussions and the findings

of the opinion polls the plots are devised. TV Globo and other Brazilian broadcasters already react to newest switch-on ratings while the programme is still airing. Without delay the Ibope polling institute passes the data to the broadcasters. This has changed live programming. On Sunday afternoon there is a four-hour family show, *Domingo*, on the rival SBT. If the ratings rise during a show act (women dancers rhythmically circling their lower bodies over beer bottles are popular), the number is repeated or extended. If the ratings drop, the act is shortened. The television consumption in 630 households of all social strata in Sao Paulo, assumed to be representative of the city's 17 million inhabitants, is monitored. Sex and animals have been found to raise the ratings.

Telenovelas are also a major export item. In the early 90s TV Globo exported to 128 countries (cf. Knöbelspiess 1993, 11). But compared with the market potential of Televisa, TV Globo's export potential for undubbed films is small, because of the approximately 200 million Portuguese speaking people most live in Brazil. Apart from Portugal, the other five countries where at least some people speak Portuguese – Angola, Mozambique, Guinea-Bissau, Cape Verde Islands, Sao Tomé and Príncipe – are not very interesting markets. Portugal and Italy are the biggest European importers. The first telenovela aired in Portugal in 1975. The genre is very popular in the country. Grosse-Kracht (1992b, 338) goes so far as to say that "Brazilian telenovelas regularly trigger national manias in Portugal". The statal telephone company reports that while telenovelas are on the air there is a regular dropoff in telephone traffic. In 1988 the novela *Roque Santeiro* achieved a record switch-on rating of 92%. Portuguese politicians are already complaining about the cultural imperialism of their former colony. The high ratings are causing "Brazilianisms" to assert themselves in everyday speech. The telenovela exports to Portugal are especially important to TV Globo because they do not need to be dubbed and the products have already completely recouped their costs by the time they are exported. Brazilian telenovelas have been aired in Italy since 1981, in France since 1985 and in Germany since 1986. In Germany *The Slave Isaura* was a big hit with viewers. Meanwhile Holland, Switzerland, Sweden and Ireland have become Globo customers. Considerable success was also scored already in the 80s in Poland, the Soviet Union and China.

Gabriele and *The Slave Isaura* are ranked with Brazil's most successful exports. The latter, aired in 30 countries, tells the story of a light-skinned woman plantation slave characterised by special nobility of character, diligence and virtue. In the end she gains her freedom and marries the handsome son of the neigh-

bouring fazenda. Oliveira (1993, 119) writes: "In China, *Escarva Isaura* captured an estimated audience of 450 million viewers. The identification the Chinese had with the slave girl, played by Lucelia Santos, was so remarkable that, when the actress went to China in 1985, more than five thousand people went to Beijing's international airport to welcome her." *Escarva Isaura* was also a big success in Cuba; Castro is said to have refused to attend meetings while it aired (cf. Grosse-Kracht 1992b, 338; Oliveira 1993, 118).

Globo is finding it harder to penetrate the USA because there Televisa has a competitive edge. Globo tried to get a foot in the door in North America in the 80s. Production studios were set up in Rio de Janeiro which were to concentrate on English-language telenovelas. It was perceived as the only way to get into that market because on the one hand Americans do not like dubbed programmes and on the other hand the Spanish-language market was already dominated by Televisa. Since this attempt is no longer mentioned in later depictions of Globo exports it has to be assumed that the project did not come to much.

5.2.7 Globo and commercialism II: marketing

The success of the Latin American media giants was largely driven by new marketing and entrepreneurial strategies in which Globo has been a trailblazer. To begin with TV Globo marketed its programmes in a push strategy. In marketing this strategy of sales promotion is defined as follows: "A push strategy means that with the aid of one's own distribution organisation and trade-oriented sales promotion a product is, as it were, pushed through the distribution system" (Kotler and Bliemel 1995, 946). It means that the manufacturer turns primarily to the wholesaler, not the end consumer. Related to the Brazilian media market, push strategy means that in shaping its series TV Globo primarily aimed to meet the needs of the advertising customers (Hackenberg 1989, 157, 161):

Broadcaster====>Advertising customer====>Viewer

First the price and placement of the advertising was agreed with the sponsors. Disagreements with the advertisers could lead at any time to their changing to rival broadcasters. This strong advertiser position without doubt curbed the programme making freedom. Thus the creative professionals were contractually bound to these enterprises, respectively their advertising agencies, within the framework of this strategy. From 1971 Rede Globo developed a new marketing strategy with the help of the opinion researcher (and former diplo-

mat), Homero Icaza Sánchez. Instead of the push strategy, a pull strategy was now used, that is the recipients moved into the centre of the activities:

Broadcaster====>Viewer====>Advertising customer

The orientation to the viewer as end consumer aims to create a "demand pull". This is achieved by investing in consumer-targeted sales promotion, i.e. in this case by producing attractive programming. The increased demand for certain programming increases reach and makes this programming a more attractive advertising medium. The advertisers become air slot tenants, respectively purchasers, because it is no longer the programming as such that is sold, but the switch-on ratings. No individual prices are negotiated with the advertisers any more, but certain rates are offered for air time packages. For the media enterprise this means that it can also sell less popular advertising time (cf. Füllgraf 1990, 73).

Switch-on data is no longer collected after a broadcast; one tries to programme it in advance with the aid of the group discussions mentioned earlier. Continuous series are planned in line with viewer interest. Involving the public in series planning proved very successful. Thus TV Globo achieved one of the highest ratings in Brazilian television history with the telenovela *Vale Tudo* (cf. Füllgraf 1990, p. 73f.). Five versions with different endings were pre-produced. In a large-scale campaign viewers were then able to tip how the story would end. Viewer interest was considerably heightened this way.

5.3 Grupo Televisa S. A.: giant from Mexico

5.3.1 History and political system of Mexico

Mexico was shaped by Spanish colonialism for almost 300 years, from 1519 to 1821. From 1810 to 1821 an independence movement fought against Spain. Independence was declared in 1821, the United States of Mexico in 1824. Texas declared itself independent in 1836. The Mexican-North American war took place in 1846/47. Benito Juárez was in power from 1858 to 1872. He nationalised the vast property of the church and did away with all its privileges. This caused civil war between clericals and liberals and intervention by British, Spanish and French troops. At the instigation of Napoleon III, the Austrian archduke Maximilian was declared emperor of Mexico but shot dead on 19 June 1867 after the French withdrew. The dictator Porfirio Díaz held political power from 1876 until the revolution of 1911. The Mexican revolu-

tion continued until 1917. A new constitution and the foundation of the *Partido Nacional Revolucionario* followed. The party aimed to unite the country's political forces, laying the foundation for what is still Mexico's most powerful party, the *Partido Revolucionario Institucional (PRI)*. Although a democratisation process has set in in recent years, the PRI still dominates politics.

According to the 1917 constitution, Mexico is a federal republic whose form of government is oriented to the presidential democracy. The president is elected for six years and re-election is not possible. The president, who has been from the PRI since 1928, has almost limitless powers. Since the 70s oil has been of central importance to the Mexican economy, which crashed massively in the early 80s, however. The distribution of income in the country has become ever more unequal by a new economic policy.⁴² Whereas average annual Mexican inflation ran at around 65% in the 80s, it was brought down to 15.5% by 1992. The 1992 per capita income was \$3,470. The big spread of income has to be taken into account. In 1994 the economic situation again deteriorated drastically. Falling central bank reserves and a balance of payments deficit of \$28 billion led to a 15% devaluation of the Mexican currency vis a vis the dollar on 20 December 1994. A day later the Peso was floated totally and lost another 20 to 30% of its value.

At the start of the 90s Mexico had a population of about 85 million, more than 70% of whom lived in urban areas. Mexican society is very young on average and comprises mostly people of mixed blood. Mexico is the biggest Spanish-speaking country, which is of great importance to the international expansion of Televisa.

5.3.2 The legal framework for media activities in Mexico

Similarly to Brazil, the legal foundations of the Mexican media are provided by the *constitution*. Freedom of opinion is provided by Article 7 and is inviolable. It is restricted by respect for privacy, morality and public peace (cf. Bohmann 1986, 170f.). This formulation leaves any government scope to restrict freedom of opinion in reality. According to Article 4 of the repeatedly modified *Federal Radio and Television Broadcasting Act* of 1960 the state must protect and oversee radio and television because these are activities of public interest. Article 5 defines the tasks of radio. They include in addition

⁴² Gerold Schmidt (1995, p. 42) writes: "Thus it can be explained that the fortune of several billion dollars of Carlos Slim, Mexico's richest man, is greater than the joint annual income of more than 17 million of the poorest Mexicans."

to national integration and improving living conditions, activities to promote education. Article 59 stipulates that up to 30 minutes of programming should be available daily for educational, cultural and societal themes (cf. Longin 1994; Schleicher 1994, 66ff.).

Radio is commercial in Mexico. Concessions are given either to individuals or stock companies. They are granted for a maximum of 30 years and have to be renewed thereafter. The only income of the private radio stations is from advertising. According to Article 41 of the *Ordinance on the Federal Radio and Television Broadcasting Act* of 1973 there has to be a careful balance between advertising and total programming to ensure natural narrative and dramaturgical continuity (Bohmann 1986, 168f). A maximum of six spots per hour up to a length of one and a half minutes each can be broadcast. In other broadcasts up to 10 spots per hour are permitted. But Article 43, for reasons of the general interest, allows a temporary increase in the advertising times. Since these reasons are not defined any more precisely, the door is open to expansion of advertising time at will. This exceptional regulation is in harmony with the Ordinance's also listing economic development of the country with the tasks of radio in addition to information, education, culture and entertainment. It is emphasised that advertising can stimulate consumption of national goods and services. *Article 10* lays down that there has to be an adequate balance between Mexican and foreign productions. This balance is defined more closely in Article 34, which stipulates that 30% of daily transmission has to comprise national programming (cf. Schleicher 1994, 98ff). As already suggested, the ordinance on the federal radio and television broadcasting act of 1973 and the 1960 radio broadcasting act are imprecisely formulated, leaving wide scope for interpretation.

5.2.3 Launch and development of Televisa

The origins of Mexican television lie in the 50s. After a commission convened by the president cleared the way for commercial television against public television, three concessions were granted to begin with. The owners of Mexico's first television channels were families (O'Farril, Azcárraga and Camarena) already successful in radio (cf. Meyer-Stamer 1986, 673). The three private channels merged in 1955 because of financial difficulties to form the chain Telesistema Mexicano (TSM). The most influential stockholder in the new company was Emilio Azcárraga, who bought Camarena's TSM holding and with that owned 55% of the Telesistema stock (Schleicher 1994, 59). Advertising spots were sold and the interest of U.S. advertising agencies increased. The monopoly-like position of TSM enabled it to charge relatively

high prices for the advertising spots. Additional transmitters were erected in rural areas so that the potential audience and hence the advertising attractiveness grew (cf. Meyer-Stamer 1985, 673). Ingrid Schleicher (1994, p. 64) writes: "It was Telesistema's aim to build up a television chain that would air countrywide the programming of one of the capital city channels. In the national expansion the concessionaires were yet again supported by the state."

In the subsequent years followed a state channel, primarily addressing the areas of education and culture stipulated by broadcasting law, and more private networks. These were *Televisión Independiente de México S. A. (TIM)*, *Telecadena Mexicana S.A.* and *Channel 13*, which were not particularly successful, however (cf. Bohmann 1986, 105f.). The state bought Channel 13 in 1972. Telecadena Mexicana was taken over by TIM. In January 1973 the two TV chains of TSM and TIM became the media enterprise *Televisión Via Satélite S. A. (Televisa)*. After Pemex (Petróleos Mexicanos) Televisa is Mexico's second largest enterprise. The reason given for the merger was coordination of programming and hence improvement of supply in form of a balance between entertainment, culture and education (cf. Ingrid Schleicher 1994, p. 107). Christine Longin (1994, 292) writes: "Televisa has since then dominated Mexican television. The only alternative provider is the state whose influence has fallen further under President Carlos Salinas de Gortari."

Televisa is a stock company whose shares have shifted several times since its launch between certain families. Up to 1990 the stock was distributed between the Azcárraga, Alemán and O'Farril families (cf. Longin 1994, 301; Molina 1991, 238). At the start of 1991 Miguel Alemán Velasco and Rómulo O'Farril sold up their holdings, saying they wanted to do something different. The departure of these longstanding stockholders prompted a restructuring of the enterprise. There was now 41% of the stock available for internal sale. As a result of the redistribution the Azcárraga family now holds just under 81% of it. Most of the rest was distributed among the Alemán family (11.39%) and two sons of the Canedo White family, longterm employees of Televisa. Another finance crisis of the enterprise in 1991 led to another redistribution of holdings. The owners decided to offer Televisa shares on stock markets in Mexico, Europe and the USA. To that end every stockholder ceded 20% of his holdings. That left the Azcárraga family, still holding just under 65% of the stock, in control of the enterprise (cf. Schleicher 1994, p. 253 ff.).

5.3.4 The weight of television in Mexico

There was competition on the Mexican television market only between 1970 and 1973. Since 1973 Televisa has dominated the Mexican TV landscape. Channel 2 is regarded as the leading and most popular channel, received by 96% of households (Schleicher 1994, p. 208). The stations not linked to Televisa belong to the estatal Imevisión, which is now the only but anything but a dangerous "competitor". The reasons for this have always been underfunding and unattractive programming of the estatal stations, trying to do justice to their legally prescribed task primarily with education programmes (Longin 1994, p. 296ff.). Another competitor came into the picture during the presidency of Salinas de Gortari with the sale of the state channels 7 and 13. Merged as *Televisión Azteca*, the two channels were sold as part of a package also including 420 cinemas and the América film studios to Radiotelevisora del Centro. This group, too, like Televisa, is committed to the PRI governing party (Schleicher (1994, p. 268ff.). Schleicher (1994, 274) argues that "the state was never really interested in offering an alternative to the television model developed by Televisa and its forerunners". On the symbiotic relationship between PRI and Televisa Christine Longin (1994, p. 308) writes: "The two strongest power centres of Mexico, PRI and Televisa, have not only allied themselves but support one another. The government needs positive reporting in the broadcast media, *Televisa* needs the goodwill of the government...to be able to expand its enterprise further."

The long-governing Partido Revolucionario Institucional – its very name is a contradiction in terms – is supported by Televisa in election campaigning, for example. No exposure, or very little, is given to opposition parties. The government in return shows its goodwill when licences are to be issued, for example. Emilio Azcárraga is a member of the PRI and described his relationship to it as follows (quoted in Schleicher 1991, 6): "We are of the PRI, member of the PRI, have always been of the PRI; we believe in no other formula. And as a member of our party we will do everything to make our candidate win. That is only natural." Correspondingly, in its main newscast, 24 Horas, Televisa gave about 70% of its election campaign coverage to the PRI candidate, Salinas de Gortari. Estatal Imevisión gave him almost 90% of its coverage. Gortari won the election. In addition to the imbalanced coverage, a lot of negative reports about members of the opposition were disseminated. The interplay between Televisa and the government is also shown, for example, by the concessions for Televisa being renewed a year after Gortari's election without being thrown open for tender (Schleicher 1991, 6).

Televisa's forerunners Telesistema and TIM were already skilful negotiators with the presidents of their day. They emerged the winners from two conflicts between the commercial broadcast providers and the state in 1969 and 1971/1972. In 1968 President Díaz Ordaz demanded a law that would have taxed concessionaire radio and television enterprises. The tax was to have been 25% of gross revenues. The concessionaires were offered the alternative of depositing 49% of their stock with a national credit institution and thereby pass the voting rights of almost half their holdings to other hands. Good contacts of the concessionaires to the governing party brought about a compromise favourable to the enterprises. The concessionaires were given the possibility of paying off their tax arrears by ceding to the state 12.5% of their daily broadcast time. The fact that the state was not even able to fill with programming the 30 minutes it was already entitled to before this law was enacted enabled the concessionaires to come out of this conflict without financial loss (Schleicher 1994, p. 85ff).

The second conflict in the early 70s arose from the criticism that radio and television were neglecting cultural and educational aspects. President Echeverría was even bent on nationalising broadcasting – a hopeless intention. Efforts to change media policy so that the 12.5% of air time due to the state were actually used also came to nothing. However, the technical infrastructure was put in place to disseminate television to rural areas as well. At the end of the day it was again the commercial providers who gained because the state was unable to fill the time due to it with programming but the reach of the commercial television stations was increased.

The predecessors of Televisa countered critical voices demanding fulfilment of the educational task of television with public relations campaigns. They were able to improve their image vis a vis the public and the state (cf. Schleicher 1994, p. 89ff.). They managed to portray themselves as entrepreneurs in the service of the public, that was not better supplied because that was what it wanted and it was impossible to do for financial reasons, anyway. To improve their reputation, which was then suffering greatly from accusations of yellow journalism and the dissemination of violent programmes, the concessionaires ran spots in July 1972 aimed at winning back and securing the favour of the public and the government (Schleicher 1994, 93f): "Radio and television are part of the social, industrial and commercial progress of Mexico. They convey business news" (i.e. advertising spots) "that sell Mexican products and create Mexican jobs." "Radio and television cooperate with the administration and support public order by carrying the voice of the government to all parts of the country."

As in Brazil, the initial phase of Mexican television was strongly US-influenced. Channel 4, owned by the O'Farril family and going to air in 1950, had a production and marketing director who had come from NBC. Telesistema Mexicano also cooperated for a time in its initial phase with a North American TV giant, the ABC. In 1960 Telesistema and other TV enterprises owned by the Azcárraga and O'Farril families, launched the Teleprogramas de Acapulco company together with ABC. Its task was programme production. Primarily that meant telenovelas to be aired not only in Mexico but also to be exported to Central and South America and the USA.

The Inter Press Service (IPS) news agency reported on 19 December 1995 that in the meantime private media entrepreneurs in Mexico have joined together to break the monopoly of the TV giant Televisa. The stake is advertising revenue of about \$100 million. The spokesman of the MEDCOM association of entrepreneurs, Javier Madragon, said the time had come to break Televisa's dominance. MEDCOM owns a substantial radio network and now wants to move into television as well.

5.3.5 The structure of the enterprise

The Grupo Televisa Mexico in 1994 made a gross turnover of almost \$ 1 billion, putting it in 13th place worldwide. Televisa has four channels, each specialised in and aimed at certain areas or target groups. *Channel 2* airs nationwide programmes produced within the country. These include telenovelas, sportscasts and shows. It is aimed primarily at the new middle class. *Channel 4* is aimed at viewers in Mexico City. Although its programme structure is similar to *Channel 2*'s, its advertising is locally based, whereas *Channel 2* prefers advertising by foreign and big national firms. *Channel 4* also carries mainly foreign series and feature films. In 1991 all feature films and 70% of the series were foreign. *Channel 5* specialises in airing imported programmes in the Mexico City region and the central and northern provinces. Until 1983 *Channel 8* also aired mostly imported programming. But it was finally turned into an education and culture channel. It is operated in cooperation with the national university. Because this channel no longer generates income from advertising, it was compensated by advertising prices being raised for the other channels. *Channel 9*, "El Canal de la Familia Mexicana", reaches the capital, Mexico City, and its surroundings (Schleicher 1994, 145ff.). Although in 1991 Televisa announced it would change the programme structure, Schleicher 1994, 181) suggests that "it took place on paper more than it did in reality".

The history of the company structure of Televisa is fairly complex. Already in 1960 Emilio Azcárraga, then president of Telesistema, began activities in

the USA (cf. Schleicher 1994, p. 222ff.): The Spanish International Broadcasting Corporation (SIBC-Texas) and the Spanish International Broadcasting Company (SIBC-Los Angeles) were launched, merging later into the Spanish International Communications Corporation (SICC). In 1961 the Spanish International Network (SIN) was launched, developing into the fourth largest network of the USA and reaching about 80% of its Spanish-speaking population. Two thirds of Televisa's Channel 2 programming was delivered to SIN. In 1975 Azcárraga sold the 75% of SIN he owned to Televisa. In 1986 the concessions for 13 TV stations belonging to SIN and SICC were not extended. The reason was the regulation banning foreigners from owning more than 20% of the stock of U.S. electronic media.

Televisa also operates channels in cable TV with the firm Cablevisión launched for the purpose. The Univisa subsidiary represents Televisa's interests in the USA (Longin 1994, p. 294f). Univisión was also launched, tasked with "exporting programming to the USA and Spanish-speaking foreign countries by a microwave transmission net and satellite" (Schleicher 1994, p. 226). Galavisión was a further subsidiary of SIN, responsible for disseminating Mexican programming in the USA and Europe.

In addition to television Televisa is also active in other fields, but exact information is hard to come by. For example, Televisa owns the radio chain Sistema Radiópolis and 25% of Cadena Iberica, a radio network in Spain. Fonovisa is a record company belonging to the enterprise. There are close personal ties to the radio chain Organización Radio Fórmula, whose majority stock holder is Rogelio Azcárraga, a cousin of Emilio Azcárraga. Televisa also owns:

- *Videovisión* and *Videocentro*, chains of video shops;
- *Videovisa*, which sells and replicates video films;
- *Viditrón*, producer of video cassettes and video recorders;
- *Televisión*, *Dibujos Mexicanos* and *Televisión*, producers of cinema films;
- *Fundación Cultural Televisa*, a culture foundation;
- *Discos y Cintas Melody*, *Discos América* and *Musivisa*, representing the enterprise on the sound media market;
- *Empresa de Comunicaciones Orbitales (ECO)*, a news agency based in Los Angeles.

Televisa also holds concessions for 10 radio stations. It holds 76% of the Compañía Peruana de Radiodifusión in Peru, in Chile it is 49% of the Red Televisiva Megavisión. Televisa holds 40% of Discovery Latin America. There is a cooperation agreement with the Argentinean TV station AIC on pro-

gramming exchange and joint productions. Shares are held in Canal Montecarlo in Uruguay and Venevisión in Venezuela. Televisa is also the leader in the Latin American market in the dubbing of U.S. feature films and television series. It has 15 dubbing studios producing around 200 hours a month for its own needs and clients (Schleicher 1994, p. 252). Because of its leading role in dubbing U.S. films and series, Televisa may be contributing to a standardisation of Spanish in the Latin American countries (Meyer-Stamer 1986, 677).

Since 1992 Televisa has held 50% of the PanAmSat satellite network, which cost \$200 million at the time. The PAS-1 (PAS=PanAmSat) started operating in 1988 and covers South America. Also in 1988 followed PAS-2, which reaches from Los Angeles to China. PAS-3 complemented the function of PAS-1; PAS-4 serves the Indian Ocean region. Since 1988 the Galavisión programming in Spanish has been beamed to Spain and the rest of Europe.

In 1992 Televisa took over the Latin American and U.S. business of the *America Publishing Group*, making it the world's biggest publisher of Spanish-language periodicals. Televisa holds 75% of *Ovaciones*, the biggest circulation newspaper of Mexico City. In 1993 Televisa was involved in the launch of a company publishing and distributing periodicals in Latin America, the Caribbean and the USA. Altogether, more than 60 enterprises are part of the media conglomerate. Other activities include such things as production and sale of parabolic antennas and the promotion of so-called *Eventos Especiales*. Televisa runs such events as music festivals, Miss competitions and sports fixtures, which are broadcast on its own channel. There are also engagements in branches of business which only at first glance do not fall into the media category. Examples are football clubs, football stadiums, restaurants and caterers, real estate and tourism activities. The importance of Televisa in this sector was shown e.g. by the 1970 World Cup soccer competition in Mexico. State television held only 25% of the television company launched especially for the purpose, Televisa owned the other 75%. Televisa owns two of the stadiums where World Cup games were played, the Aztec Stadium in Mexico City and the La Corregidora in Querétaro.

5.3.6 Televisa and commercialism

Telenovelas are also produced in Mexico, aimed at different target groups and containing different emphases. There are especially age and gender differentiations. Thus the afternoon programming is dominated by series for children and housewives (Klindworth 1993). Televisa also incorporates viewer feed-

back in the content of the telenovelas. But nothing precise is known about how that is done. The enterprise cooperates primarily with the Nielsen Agency and the International Research Associates Mexicana. The fact that the research methods are not revealed often leads to Televisa being accused of manipulating switch-on ratings. In Mexico, too, consumer products are regularly advertised within the context of telenovelas. With the exception of the afternoon programming, it is primarily the cigarette and spirits industries that present themselves: "Attractive, preferably blonde women and broad-shouldered men link their success image to cigarette smoke and hard drinks" (Trappel 1991, 31). The law permits a maximum 10 advertising breaks per hour.

Possibly unique was Televisa's marketing of the solar eclipse in Mexico on 11 July 1991. Apart from the fact that the enterprise had the exclusive global transmission right to the occurrence, it managed by a special "enlightenment campaign" to draw the Mexicans and the Latinos in the western USA to the screens although they could have watched the eclipse outdoors. The "enlightenment" consisted of making people afraid to watch the phenomenon directly. Possible eye damage emphasised by Televisa made many people prefer watching the spectacle on TV. Because the campaign had secured switch-on ratings, Televisa was able to sell advertising time at relatively high prices (Schleicher 1991, p. 9).

5.3.7 Telenovela and education

Apart from product advertising and national integration the telenovelas may also have a kind of educational function. The strategy of packaging such things as development aid or education in entertainment has its origins in the Peruvian telenovela, *Simplemente María*, aired in 1969. It is the story of a simple house maid who, because of her sewing skill and attendance at evening classes, attains a higher social status (Rogers and Antola 1985, 30). Sales of Singer sewing machines rose and young girls became more interested in learning to sew wherever the telenovela aired in Latin America. Demand for evening adult education also increased.

Stimulated by this success, Miguel Sabido, who worked for Televisa, developed a form of telenovelas with educational character. The genre seemed suited to the task above all because in addition to the high switch-on ratings the series are also cheap to produce. Moreover, the contradiction between "good" and "bad" was exceptionally suitable for showing the difference between socially acceptable and socially unacceptable behaviours. Televisa aired this form of telenovelas between 1975 and 1982. They dealt with themes like adult

education, family planning, equal rights for women, child rearing and so on and made a proven successful impact (Singhal et alii; Rogers and Antola 1985). The telenovela *Ven Conmigo*, whose declared aim was to promote the adult education offered within the framework of statal literacy campaigns, increased the number of registrations for classes by 63% (although the data do not appear to prove that there was a causal nexus). The following soap *Acompañame*, which addressed family planning, increased sales of contraceptives by 23%. Despite the big successes and high switch-on ratings that also made this form of telenovelas interesting to advertisers, production was stopped in the early 80s (Schleicher 1994, p. 190f).

Telenovelas are a Televisa export hit. The number of countries to which Televisa exported its productions rose from 35 in 1988 to 59 in 1992 (Klindworth 1993, 531). Especially export to Latin American countries is of great importance. Everett M. Rogers and Livia Antola (1985, 24) note that "Mexican (and Brazilian) exports of telenovelas to other Latin American nations have in large measure replaced U.S. program exports to those nations". The authors write of an imbalanced flow of telenovelas between the countries studied – Mexico, Peru, Argentina, Brazil and Venezuela – in 1982. The main producers are Mexico and Brazil, with especially Mexico's exports to other Spanish-speaking countries like Argentina and Peru being important. Thus in 1982 42% of all telenovelas aired were Mexican-made; another 11% came from Brazil, despite their having to be dubbed. Even Argentina, despite its high own production rate, drew 15% of all telenovelas aired from Mexico and 10% from Brazil. Notable here is that Argentinean viewers apparently liked the Mexican telenovelas better than Argentinean ones.

Both Televisa and Rede Globo also sell to Europe. Televisa began with the Spanish market, where the first production aired in 1988. Because of the large Spanish-speaking market in the USA, Televisa – carried by SIN and Univision – has gained a competitive edge on Rede Globo. Televisa can quite appropriately be regarded as a gate keeper for the programme flow between Latin America and the USA because it has a key role in importing North American programmes to Latin America. Because Mexico is the most populous Spanish-speaking country, the dubbing into Spanish of U.S. films is focused primarily on the purchasing interest of Mexico. Moreover, most dubbing is done in Mexico, leading to programmes with a "Mexican touch" being disseminated throughout Latin America.

5.4 Summary

Although both Brazilian and Mexican media legislation stipulate social, education and development policy functions for the media, in practice they are widely neglected. This is due to the commercial organisation which leads to production of programming with high reaches. In Mexico, for example, the proportion of entertainment programmes in the total output was 61% in 1991 and 65% in 1993 (Schleicher 1994, 184). The entertainment programming, consisting to a large degree of telenovelas, is focused e.g. in Brazil mainly on the big cities, Rio de Janeiro and Sao Paulo. Rural areas are practically ignored in these programmes.

Televisa and Rede Globo can be regarded as examples of the bridgehead hypothesis of Galtung. They are not owned by central nations but they transport their values. But if one perceives the telenovelas as an expression of Latin American cultural identity, Televisa and Rede Globo have to be regarded as successful. The structural problems arising from the fusion of politics and media must not be overlooked for Televisa or for Globo. Moreover, telenovelas can transport people into a world of illusion and thereby suppress efforts to solve topical social problems, for example the removal of social injustices.

6. The Indian experience

6.1 The beginnings of television in India

The development of the statal Indian television, Doordarshan (Doordarshan defines itself as "a department of the Government of India and as such is funded by the Government") is special inasmuch as television in India set itself the task of making a major contribution to the country's development. In the meantime, driven by the demands of the recipients and commercial compulsions, it has moved away from this objective. In this process the influence of foreign satellite programmes such as Rupert Murdoch's Star TV must not be underrated.

Television was introduced in India with UNESCO help in 1959. To begin with, a New Delhi station went on air twice a week. It was to serve the training of personnel and enable study of possible effects on the development of Indian society. The aims were to raise illiteracy and fight underdevelopment and promote the creation of a national identity. Teleclubs for viewing were formed. School television was introduced in 1961. Although until 1971 there was only one transmitter, the interest of the government in the new medium grew especially from 1965, when Indira Gandhi became minister for information and broadcasting. Manjunath Pendakur (1989, 180) prints a letter from Mrs. Gandhi in which she appeals for financial support for Indian television since India itself was suffering an extreme shortage of foreign exchange: "I feel that it is a wonderful opportunity to try out programmes of better farming methods as well as family planning through TV, since the visual impact is so much greater than the spoken word."

It took until 1972 for a second station to be established in Bombay. In 1973 followed Srinagar, Amritsar and Calcutta; in 1975 Madras and Lucknow. In 1975/76 the "Satellite Instructional Television Experiment" (SITE) was carried out, airing programmes about such areas as farming, health and other social concerns. In 1976 television was separated from All India Radio as an organisation in its own right and named Doordarshan. Until 1982 only 8% of the population could receive Doordarshan; fewer than 2% of households owned a TV set, due partly to extremely high import duties but certainly also the not very attractive programmes, aired for only a few hours a day.

6.2 Development into a mass medium

Indian television began to develop into a mass medium with the 1982 Asian Games. The number of transmitting stations was increased to 42 for the occasion. Indian TV set makers were given licences to import parts and the import barriers for foreign made sets were lowered. Broadcasting times were extended. Colour transmission began. Quite obviously television was also to be used in the context of the Asian Games to raise India's image abroad.

In 1982 the television satellite INSAT-1A was installed and INSAT-1B followed in 1983. This assured coverage of the entire country. Advertising was allowed on Doordarshan from 1976 and sponsoring of programmes became possible in 1983. With that, content structures shifted away from the tasks of educating and fostering development to entertainment. Thus in 1994 the Audience Research Unit of Doordarshan reported 18% of the output of Channel 1 (DD1) to be sports. DD-2 Metro Channel, Doordarshan's entertainment channel, showed fairly new films with the aid of sponsors.

In *Indian television comes of age: liberalization and the rise of consumer culture* Pendakur (1989) examines how the changes came about. He states that in the 70s a broad middle class grew who were not so much interested in development communication on television as in entertainment. A milestone in this process was the series *Hum Log*. With it, television could no longer be regarded as purely a medium for education and development. There followed in India in the 80s intensive discussion of whether television should have a purely instructional character or not, and if not, who should build up the new television and how should it be structured?

Given the growth of a relatively prosperous, consumerist middle class, an entertainment and advertising programme aimed at them came into being. The following data make clear that the recipients' wishes were obviously met. Between 1971 and 1985 the number of television sets exploded from 4,000 to 6.8 million and the number of recipients from half a million to about 60 million. In India in 1995 there were more television households than in France and Great Britain together, namely 48 million (of the total 160 million in India). There were 14 million households connected to cable. In 1995 Doordarshan had more than 700 terrestrial transmitters and operated 34 production centres for television programming. Doordarshan has become one of the world's biggest broadcasting institutions. Doordarshan (National Network DD-1) reports that in 1994 it imported only 2.3% of what it aired. In 1995 it gave the following structure of the 70 hours of programming a week transmitted by the National

Network: Information 40.7% (inc. sport), education 15%, entertainment 44.3%. Metro Channel DD-2, whose main focus is on entertainment, at the end of 1994 reached 15 large cities. Especially DD-2 puts out programmes that no longer meet the original criteria. It shows Hindi and English-language films, soap operas, quizzes, talk shows and two to three hours of MTV every evening. DD2 also puts out regional programming (apart from which there are 10 additional regional stations). On 30 June 1995 Doordarshan entered into a cooperation agreement with CNN to create the 24-hour news broadcaster, DD-CNNI.

Doordarshan, like All India Radio, is subject to certain regulations. For example, no criticism must be aired of countries well disposed to India. Religions may not be attacked. Glorification of violence and the showing of obscenities are banned. India's integrity may not be endangered. The programme principles of Doordarshan further stipulate the following objectives: catalytic function for social change, advancement of national integration, family planning, information about agricultural production methods, consideration for the interests of the socially underprivileged, engagement for traditional values and folklore.

It has to be mentioned in this context that one of Doordarshan's main problems is lacking credibility. German journalist Gabriele Venzky reported in 1992 that Indians who wanted to know what was going on in India listened to the BBC or bought news videos from private providers because Doordarshan news was state-controlled. Venzky states that it reported the assassination of Indira Gandhi on 31 October 1984 more than 12 hours after it happened. German television reported the assassination of Rajiv Gandhi two hours before Indian television did. When fanatical Hindus stormed the disputed mosque in Ayodha and people were killed and wounded, Doordarshan reported that all was calm and peaceful. But in 1991 the information situation in India was changed drastically by CNN. Almost overnight the country was plugged into the global information and entertainment net with all its uncensored programmes. The Indians were able to see what they could not see before, for example clashes between the castes, people starved to death in Madhya Pradesh and so forth.

Doordarshan responded to the satellite broadcasts with greater flexibility and by meeting viewer wishes. K. Kunhikrishnan, Deputy Director General Doordarshan, stated in March 1996: "The strategy is to review the programming and with the virtue reaching on to more and more people." The flexibility is also evidenced by the launching of the Metro Channel, which was a reaction to the success of ZEE TV (cf. chapter 4.5). The movie channel has

been airing films 24 hours a day since April 1995 and is the response to Murdoch's pay-channel, Star Movie. Films in English and Hindi target the middle class. There were also talk shows on the theme of "What's wrong with Doordarshan?". In these shows, which served as a kind of feedback mechanism, criticism could be levelled at the programming.

6.3 Soap operas in India

One of the consequences of the reorganisation of Doordarshan was the production of soap operas. According to Pendakur (1989, 192) the Indian government sent people for training to Televisa in Mexico to learn the trade of series production. The 156-part series *Hum Log* ("We People") aired in 1984/85 was sponsored by Nestlé (Maggi). The topics of this soap opera about the life of a middle class family are characterised by Arvind Singhal and Everett M. Rogers (1988, 114) as follows: "Amelioration of women's status, family harmony, family planning, national integration, maintenance of traditional culture, problems of urban life, dowry, and alcoholism." The series aired in Hindi. Each episode lasted 20 minutes, at the end of which a prominent Indian actor, Ashok Kumar, whom Singhal and Rogers describe as "doyen of the Indian film industry, something akin to Burt Lancaster in Hollywood", summed up the story again and gave advice on how to behave. While the main plot was about the joys and sorrows of a lower-middle-class joint family, a plot running parallel was about smuggling, political corruption and underworld goings on.

The series was especially successful in northern India, scoring switch-on rating of up to 90%. In the 18 months it ran in 1984/85 it reached 60 million viewers (Singhal and Rogers 1989, 331). They wrote 400,000 letters to Doordarshan. Nothing like it had happened before in the history of Indian television. One viewer wrote: "*Hum Log* is entertaining, socially relevant, and highly educative. It brings U.S. face to face with the social realities of present-day India." (quoted in Singhal and Rogers 1989, 331). Brown (1990) can show that viewing *Hum Log* produced at least some of the desired results: "Viewers who were more exposed to *Hum Log* were also more likely to believe in women's equality and women's freedom of choice, but not in family planning." Another effect concerned the "Maggi 2 Minute Noodles" that were advertised. These noodles, now widely spread in India, like fast foods, were unknown in the country before then. According to Singhal and Rogers (1988, 119) it can be assumed on the basis of a survey done in 1987 that 85% of those questioned had heard of Maggi Noodles; 50% had already consumed the product at

home, 58% of those who had eaten the noodles had started doing so after seeing the TV spots. The success of *Hum Log* led to Indian television being further commercialised. Singhal and Rogers (1989, 342) write: "*Hum Log* launched the era of commercially sponsored programs on Doordarshan."

In 1988 followed the 93-part soap *Ramayana*, the shorter of the two a Hindu classics, written probably about 300 years BC by the Sanskrit poet Valmiki and popularised in the 16th century by a translation into Hindi. The story is about the eternal struggle between good and evil in a mixture of drama and love story. The series was highly successful and ran Sunday mornings. In 1988 Erhard Haubold, a German journalist living in India, described the effect as follows: "At half past nine every Sunday morning India comes to a standstill as around 60 million TV viewers, the biggest audience ever, let themselves be transported into the realm of mythology." Power failures even led to arson attacks on transformer stations (blamed for the breakdowns – M.K.) at the time. According to Haubold the actors were worshipped almost like gods. Their feet were kissed and sick children were held up to them to heal.

In 1990 the second and longer of the two great epic poems of India, *Mahabharata*, went to air as a 50-part soap. It also attracted enormous advertising revenue, 500 million Rupees, corresponding to about a quarter of the television budget. The last soap, which ran in 1995, was *Dilka Doctor* and particularly upset Indian nurses who felt themselves depicted as sex objects.

Doordarshan in 1995 started a new soap titled *Self Esteem* (*Swabhimaan*), comprising 524 episodes. Written by Shobha De, directed by Mahesh Bhatt, it is the longest series in Indian TV so far. It airs in Hindi, Bengali and Tamil. TIME (May 1, 1995, 69) describes the content as follows: "The Bold and the Beautiful Meet Dynasty in Baywatch for All Eternity." *Self-Esteem* is about the fate of the enormously rich Malhotra family: "The head of the clan dies, leaving behind him a mistress named Svetlana, an alcoholic wife, a handsome son and an embittered younger brother to fight over the family business. Son Rishab hates Svetlana and freezes her bank accounts; the wife tries to destroy her rival through black magic. Rishab's cousin is seduced..." The plot spans two generations and has more than 100 characters.

Entertainment now dominates on Doordarshan. It has adapted to the world of the trivial. There is no more development communication to be found in the successful series. All the same, in March 1996 the Deputy Director General Doordarshan, K. Kunhikrishnan, defined the programme task as follows: "Doordarshan's object is art, education, information and entertainment in that order."

6.4 Recent developments

Rupert Murdoch's Star-TV (Satellite Television Asian Region) began targeting India in 1992. India's response was especially artful. Although satellite reception was allowed, it was illegal to deliver Star TV by cable because the Telegraph Act forbade "to dig across a road to lay cables without permission of the Telecom Commission" (Chan 1994, 117). The cable disseminators took a very simple way out – they just laid their cables above ground.

D. Berwanger reports in an as yet unpublished article that Indian households were not only able to receive Star TV free of charge, but were called on to build up their own little cable distribution systems to supply the neighbours. Star TV also sold aerials because the greater its audience, the more it would be able to charge for advertising. Murdoch commented on his strategy: "The future in India as in Europe and America is subscription TV or pay TV whereby subscribers pay for access to a channel." Advertising target groups are easier to define that way.

The Indian Supreme Court ruled in 1995 banned government control of broadcasting. Broadcasting and reception were freed. The government was ordered to establish an independent, public law control institution to regulate access to frequencies. The ban on satellite dishes in private households had to be lifted (Reuters 9 February 1995). The ruling was seen as opening the way to commercial broadcasters. Up to then only the state-run Doordashan TV and All India Radio were allowed to broadcast. The TV landscape of the Indian sub-continent is undergoing big processes of change. From October 1995 Sony also targeted it, initially with Hindi films. Later the Sony library is to be used. Sony claims to reach eight million households already.

Developments in India show how commercial compulsions and competition from foreign TV broadcasters offering entertainment put so much pressure even on state-owned broadcasters that ultimately they have to adapt to the public taste so as not to keep losing viewers.

7. Europe versus Hollywood: experiences and strategies in resisting media imperialism

7.1 The beginnings of European media policy

Europe, until recently split by the Cold War into East, West and neutral states, is culturally much too heterogeneous and through its historical development much too complex to be expressed in a simple formula. Definition of European identity usually begins with the Greeks and the Romans, who in turn were greatly influenced by non-European cultures, i.e. Africa (especially Egypt) and Asia Minor. Then follows the concept of the Christian Occident, although Christianity quite obviously is of non-European origin. Great emperors such as Charlemagne, Frederick II or Charles V are cited, cultural achievements emphasised and so forth. But attempts to reduce Europe to one definition regularly fail. In an essay, "Europe – but where does it lie?"⁴³, Werner Weidenfeld (1985, 13) puts the issue of European identity in a nutshell: "Europe simply defies simple attempts at definition." Similarly Hans J. Kleinsteuber and Torsten Rossmann (1994, 45) note: "Europe cannot be understood as a unit in time and space."

All the same, since after World War I, contemporarily with the pan-European movement (the Austrian Count Richard von Coudenhove-Kalergie in 1923 published the appeal Paneuropa, which foresaw a phased plan for the creation of a United States of Europe), there have been attempts to develop a European film. An advantage was that silent film was involved, i.e. it was theoretically possible to disseminate contents throughout Europe without linguistic problems. The background was the stagnation of European film production due to the first world war, made clear by Gregor and Patalas (1962, 14): "Whereas still in 1914 90% of all the films shown in the world were of French origin, in 1928 85% of all films came from the USA." However, already in 1914 a short flowering of Danish film had ended French dominance. In 1925 American films dominated the market in Great Britain with a share of 95%, in France the share was 77% and in Italy 66% (cf. Guback 1976, 390).

Not surprisingly resistance against the predominance of American films began to stir in Europe in the 20s. Germany in 1925 became the first country to set a limit on film imports. Permission to show a foreign film in German cinemas

⁴³ The title is an allusion to Goethe's *Xenien* and the utterance, "Deutschland? Aber wo liegt es? Ich weiß das Land nicht zu finden." (Germany? But where does it lie? I don't know how to find the country.)