Chapter IV

AMERICAN STAKES IN THE NEW ORDER
The International information has been the subject of truculent debates between spokesmen for the Third World and the West during the last two decades. The United States in particular, has taken the lead in shaping a united response of the advanced countries, viz. Britain, Denmark, West Germany and others. While not all Western countries agreed on the US position on the NWICO debate, there were certain areas in which they gave their approval. The main argument centred on the role of mass media in society in general philosophical terms. The countries of Western Europe, however, registered their viewpoints in regard to the "transborder data" issue.

The debate on NWICO had been reflecting the opposing viewpoints of the United States vis-a-vis the demand of the Third World. The US predominance in the sphere of communications was a major consideration. At the end of World War II, when Europe and Japan were rebuilding their devastated economies, American science and industry were in a position to launch a network of communication satellites, create a gigantic data processing industry and offer films, broadcast programmes and news services at favourable rates throughout the world where such things were in a short supply.

The growth of the so called "information sector" in the United States since World War II thus became a significant factor in the calculation of, both, the Third
World as well as the other Western countries.

The re-examination of the contents of the Western mass products in terms of their cultural thrust evoked a severe criticism among the Third World countries. Foremost among them was the contention that films and television programmes, as well as books and magazines, which are imported from the West and especially from the United States project values which would be inappropriate for some other cultures. As was the case of transmission and dissemination of news, the US mass media in the Third World was regarded as being "value loaded". The cultural entertainment that was offered by the US was felt to be detrimental to the local cultures of the Third World countries. Such an imported mass culture would be an alienating influence and contrary to their own system of values. In essence, increasing attention was focussed on the question of desirability and practicality of westernizing vast numbers of people in the developing world via media products. Viewed in that context, it was essential to understand the role of the US media in international communications. It also became necessary to understand the domestic and international ramifications of the "media industries" in the United States. The term "media industries" was used so as to explain the nature of media conglomerates that operated from the United States and the vital linkages
they had to the industries involved in the "information sector" of the American economy.

**Economic Stakes**

Some of the dimensions of the growth of the "so-called" information sector have been frequently cited to explain the vital stakes America has in the "new world information and communication order" debate. According to some scholars, new information-communication technologies laid the foundation for the rapid transformation of the US economy.¹ From a predominantly industrialized society, America was now characterised as a "post-industrial society", in which information would play a major role.² Indeed, information itself became a major economic activity. The information sector, according to analysts, included the production of information technology and goods, and the information services utilized by the rest of the American economy.

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¹ Major changes have occurred in the electronics industry which have directly affected the "communication potential" of the United States. For a detailed description see, Herbert S. DorDick, Helen G. Bradley and Burt Nanus, *The Emerging Network Market Place* (New York, 1981), pp. 3-5; and Oswald H. Ganley and Gladys D. Ganley, *To Inform or Control? The New Communication Networks* (New Delhi, 1982), pp. 60-68.

Additional changes have taken place due to the impact of the electronic instruments on the manufacturers and service sector of the US economy. According to one estimate, almost 30 per cent of the workforce in the United States was in contact with computers on a daily basis. It is claimed that by the 1980s, the figure will increase to 50 per cent and reach 70 per cent subsequently. It indicated that there would be an evergrowing market for the services of the industries involved in providing communications hardware and software. But these industries were also dependent on overseas markets for their sales and growth.

The emphasis on the importance of international markets to the developed countries was given by some recent reports. It was pointed out that world market economies were characterized by a system of transnational enterprises. This process was increasing due to the spread of new communications technologies such as computers.


4 Datamation (New York), June, 1979, pp. 98-100.

communication satellites and television. The transnational character of these industries it was felt, contributed significantly to the international flow of information and personnel, as they manufactured the equipment that was essential in carrying the mass media messages. For example, radio and television production, film, recording and phonographs equipments were manufactured with an international market in view. In addition, the service industries which included advertising, management consultancy, data processing and film production had an impact upon the markets in the developing world. In the long run, it had been estimated that services provided by information networks in the US would be increasingly active internationally. "US computer firms", one observer noted, "are the major world suppliers, deriving about half of their revenues from overseas sales; overseas revenues of US computer firms from sales of services was one billion dollars in 1976 for both on-line and software services and may increase to more than two billion dollars by 1981". Information machinery, information services, information products, and information "know-how" have become increasingly significant components of American foreign trade, as well as supplying dynamism to the US domestic economy. A major computer

business study estimated that the world market for telecommunication equipment would more than double between 1977 and 1987, going from 30 to 65 billion dollars and with the greatest market potential for the developing nations. A recent government publication noted that by 1984, almost $450 billion was at stake in the telecommunications and computer industry goods and services world-wide and the US provided the world’s largest market for such goods.

Additional importance to the information sector was provided by the cultural products and services offered by the US mass media – films, TV programs, books, news and audio-records. Besides offering entertainment, the media products were ideological items embodying social values and messages, and consequently influencing the organization of the entire social enterprise. Together with computerization and data processing, they exerted a marked impact on the societies of the world.

While information goods and services flowed out of the US, America was the “world’s leading importer of

7 Computer World, 1 April 1979, p. 80.
In other words, raw data through various sources, remote sensing satellite being one of them, flowed into the United States. It was processed and then exported to various Third World countries as media products and technological goods and services. Third World resources were researched by powerful technical equipments developed in the US. They were then re-sold to the same countries under various business packages.

For ideological and economic reasons, therefore, the information industries, their ancillary activities, and information circulating organs (like the newspapers), have become vital determinants of existing and future power relations within and between nations. Internationally, many of the powerful decision makers admitted the American role in information age will require a new set of relationships of the Americans with the international economy. John Eger, formerly director of the Nixon Administration's now defunct White House Office of Telecommunication Policy, urged an acceleration in the


10 One assessment of the trends within the U.S., on the growth of information network and its impact, stated that "we may be moving toward a new and hazardous form of information inequality, well beyond the traditional gap separating those who have the economic and social means to gain access to information resources and those who do not", p. 39. Wilson P. Dizard Jr., The Coming Information Age (New York, 1982), pp. 22-44.
transformation of the domestic economy, eliminating as quickly as possible older, less profitable manufacturing industries. "Since the export of information products and the import of raw information is essential to our growing information economy, we must treat these efforts as we would in any other important sector of our economy".\(^{11}\) He cautioned, however, that if the Americans insisted on the free flow of information, they would have to be prepared to make trade concessions in other areas, where technological advantage is smaller and labour costs greater. He observed that the trend towards international regulation was inevitable and that the US influence would increase if it actively participated in the framing of the policy. It had a special obligation to do so as it was rich in communications technology.\(^{12}\) In other words, he emphasized the major focus of the American economy as an information led one. The leaders and representatives of information industries outlined the old and new forms of technology as "sunset" and "sunrise" industries. Financial editor of New York Times recommended that "the task of industrial policy is to help the new to emerge, and fertilize or replace the old".\(^{13}\)


The highlights of the new information based economy were given a major emphasis by an official publication in 1977. Sponsored by the US Department of Commerce, it provided valid data on the economic evidence that indicated the entry of America into the "post-industrial" phase or into the "information age". The following figure from the study illustrated the growth of the US economy and its transition to an "information economy".

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15 Ibid., vol. 1, p. 121. The significant changes that have taken place in recent years in the United States were the focus of other studies as well. See for instance, Martha Boaz, ed., *Strategies for Meeting the Information Needs of Society in the Year 2000* (New York, 1981).
FOUR SECTOR AGGREGATION
OF THE U.S. WORK FORCE BY PERCENT
1860 - 1980
(Using median estimates of information workers)

STAGE I
STAGE II
STAGE III

INFORMATION
SERVICE
INDUSTRY
AGRICULTURE

YEAR
1880 1900 1920 1940 1960 1980

Figure 1 displays the same data in a four-sector aggregation. The charts clearly reveal the transformation of the United States through three distinct stages.
The report stressed the role of labour as a primary factor in bringing about the change. It analysed the American work force specifically involved in "information related activities" and concluded that by the end of seventies, more than half the work force would be made up by "information workers".\textsuperscript{16} The significant fact that emerged in the analysis was that the number of such workers grew at almost the same rate as the overall work force.

Other indicators that were measured were the Gross National Product (GNP) and the national income. It was found that the "information sector" which consisted of primary and secondary sections, together, provided 46 per cent of the total GNP.\textsuperscript{17} The primary information sector included industries which produced, processed or transmitted knowledge or information via its sale of goods and services. The electronic and print media and the advertising industry were placed in this category.\textsuperscript{18}

\begin{itemize}
\item \textsuperscript{16} One of the main reasons cited for this was the higher income available to these workers as compared to the workers in agriculture or industry. Hence, there was a rapid shift of the work force from the manufacturing sector to the "information sector". It also laid down a conceptual framework for classifying workers in information industries and services. \textit{Ibid.}, Chapter VII, pp. 118-24.
\item \textsuperscript{17} \textit{Ibid.}, Chapter IX, pp. 148-50.
\item \textsuperscript{18} The secondary sector was defined as information goods and services produced in a non-market context, e.g. internal informational consumption of a firm such as typing, filing etc. \textit{Ibid.}.
\end{itemize}
offered information as a commodity for sale, the implications of these findings were significant in shaping the US response to the NWICO debate. The report added further that, by the mid seventies, the primary sector had begun playing a larger role in the "information sector" and hence provided 53 per cent of the national income. In view of these findings, it was clear that the American economic stakes in any new communication order would closely involve the mass media and their role in international communications.

This report indicated the official appraisal of the US stakes in the information communication issues. While it described the domestic ramifications of the "information sector" in the US economy, it also brought to focus new priorities that needed to be considered by the American policy makers. Its findings came at the time when the American role in international communications was beginning to be challenged in international forums like the General Assembly and the UNESCO. The NWICO debate had already reached a vortex point during the debate of the UNESCO general Conference in 1976 held at Nairobi. The American viewpoints, therefore, were constantly analysed and reassessed in the context of the demands of the Third World countries.

19 Ibid., p. 167. For details on the total national income originating in the "information sector" from 1929 to 1979, see Table 9.9, p. 171.
Evidence from the business circles also revealed the importance of understanding the domestic "information sector" and its international implications. For instance, one survey of the revenues and profits of selected US information industries revealed the following data (Table 1).

Table 1

Revenues and Profits of Selected Information Firms

<table>
<thead>
<tr>
<th></th>
<th>1977 Revenues</th>
<th>1977 Profits</th>
</tr>
</thead>
<tbody>
<tr>
<td>American Telephone and Telegraph (AT &amp; T)</td>
<td>36112.1</td>
<td>4455.8</td>
</tr>
<tr>
<td>American Broadcasting Company</td>
<td>1616.9</td>
<td>109.8</td>
</tr>
<tr>
<td>International Telephones and Telegraphs (ITT)</td>
<td>13194.2</td>
<td>562.7</td>
</tr>
<tr>
<td>Columbia Broadcasting Station (CBS)</td>
<td>2776.3</td>
<td>182.0</td>
</tr>
<tr>
<td>Control Data</td>
<td>1493.4</td>
<td>62.4</td>
</tr>
<tr>
<td>Digital Equipment</td>
<td>1262.3</td>
<td>128.0</td>
</tr>
<tr>
<td>Gannet</td>
<td>537.2</td>
<td>69.4</td>
</tr>
<tr>
<td>Harris</td>
<td>770.5</td>
<td>46.2</td>
</tr>
<tr>
<td>International Business Machines (IBM)</td>
<td>18133.2</td>
<td>2719.4</td>
</tr>
</tbody>
</table>

In Million dollars

<table>
<thead>
<tr>
<th></th>
<th>1977 Revenues</th>
<th>1977 Profits</th>
</tr>
</thead>
<tbody>
<tr>
<td>McGraw Hill</td>
<td>659.0</td>
<td>51.4</td>
</tr>
<tr>
<td>New York Times</td>
<td>511.2</td>
<td>26.1</td>
</tr>
<tr>
<td>Radio Corporation of America (RCA)</td>
<td>5921.8</td>
<td>113.2</td>
</tr>
<tr>
<td>Sperry Rand</td>
<td>3475.4</td>
<td>164.8</td>
</tr>
<tr>
<td>Time</td>
<td>1249.8</td>
<td>90.5</td>
</tr>
<tr>
<td>Warner Communications</td>
<td>1143.8</td>
<td>66.9</td>
</tr>
<tr>
<td>Xerox</td>
<td>5076.9</td>
<td>406.6</td>
</tr>
</tbody>
</table>

The survey thus demonstrated the business viability in terms of profits accruing from the US mass media. The inclusion of *Time*, *New York Times*, Columbia Broadcasting Station (CBS), and the Radio Corporation of America (RCA), provided a clue to the intertwined nature of the industries in the "information sector" and illustrated the importance of formulating a proper response to the criticisms of the developing countries vis-a-vis NWICO debate.

An academic analysis of the economic characteristics of mass media products also underscored this viewpoint. According to some scholars, "A first characteristic that sets mass media industries off from more conventional
industries is the fact that nearly all of them involve questions of freedom of expression". As a result, it was argued that, most of the mass media industries were vested with a social importance beyond their simple economic value. Further, conventional measures of their economic importance understated the real economic value of mass media products in comparison with other, more conventional, products. For instance, the total cost of watching a television programme may be minimal in comparison to the services obtained by a car user. However, the crucial difference was, in the case of media products (in this instance, a TV programme) the additional cost per viewer or reader was zero, while in the case of other commodities (e.g. automobiles), adding another consumer involved additional cost. When this phenomenon was viewed in the international context, the economic attraction of American media products to users in the Third World was apparent. Thus, it was economically more feasible for countries to buy US films, television programming and magazines than to produce them at home. It was also cheaper in many cases to rely on Western or US news-gathering resources. New technological possibilities for media access to almost any

part of the world, coupled with a vast increase in the international trade of media products intensified the distrust of other nations on the one hand, and enhanced the economic stakes of the US media on the other.

Despite national fears for sovereignty and resentment over what the Third World considered the US "cultural invasion" or "cultural imperialism", American media goods were popular all over the world. In order to understand its popularity, the unique commercial nature of the US media system must be analysed with an international perspective.

American Mass Media Products And Their Transnational Flow

The American mass media which dominated the international flow of media products can be broadly divided into three categories. They are:

(i) Print medium: This included newspapers, books, periodicals and magazines.

(ii) Visual medium: It largely consisted of television films and programmes and motion pictures; and

(iii) The audio medium - broadcasting by radio and sound records or phonographs.

Added to these are the wire agencies which provide news reports to both newspapers and television stations.
The challenge to the flow of American media products into the developing countries prompted many in the US to reassess the vital role of media in international communications. Some of them described extensively the workings of the American media in both domestic and international context. By and large, most of them concurred with the view that the spread of American mass media occurred in conjunction with two factors, viz., the technological breakthroughs which led to the communication revolution and the encouraging environment, produced by the "free flow doctrine". It was particularly stressed that the impact of the media abroad deserves to be analysed on the basis of its revenues from sales abroad. Some of the facts about the international operations of the US media clearly illustrated this viewpoint. For instance, the wireless news agencies, Associated Press (AP) and United Press International (UPI) had significant investments overseas.

New Agencies; AP and UPI

The Associated Press, based in New York, was generally held to be the largest of the five world agencies. Six New York newspaper publishers founded the agency in 1948 as a non-profit cooperative which it still claims to be today. According to Bruce Nathan, AP's promotion manager, AP's board consisted of 18 newspaper publishers and three broadcasting executives. About 1200 US newspapers made up the voting membership of the agency. Over 10,000 newspapers and broadcasters subscribed to AP's news services. The agency had a full-time news and photo staff of about 1032 domestically and 498 abroad. Its 1980 operating budget was over 130 million dollars. Recent estimation showed that AP has currently, more than 10,000 subscribers in 108 countries, more than half of them overseas. It issues 17 million words daily.

The United Press International (UPI) formed by E.W. Scripps in 1907 was a privately owned, New York based company. It operated in 114 countries with 6,900 subscribers, transmitting 100 million words a day. In 1973, the annual report of the UPI boasted that its stories were translated

into 48 languages. There were 695 foreign newspapers, 188 foreign news agencies, and 90 foreign radio and television operations among its subscribers. It employed a full-time staff of 1725 journalists worldwide, 1265 of which work in the US. Of the rest, 135 are posted in Latin America, 9 in Mexico, 119 in Asia, 8 in Africa, 28 in the Middle East, and 148 in Europe. The agency had an operating budget in the neighbourhood of 90 million dollars.

The substantial involvement in foreign markets by these media can be further ascertained by including supplementary news services of newspapers like the New York Times. For example, by 1973, 200 leading newspapers outside the US were subscribing to either New York Times or the Washington Post - Los Angeles Times supplementary news services.

The New York Times sold its news and columns to 350 clients in 40 countries. Transmitting by cable exclusively, the Times news service operated for 14 hours a day and moved an average of 35,000 words in that period. The Washington Post-Los Angeles Times news service had 300 clients, 100 of them outside the US in 43 different countries.

25 The World of News Agencies, n. 23, p. 4.
and transmitted similar number of words during a day. 26

**Newspapers**

In the field of newspapers, it was found that the "prestige press" of the US led by the *New York Times*, *Washington Post*, *Los Angeles Times*, and *Christian Monitor*, heavily influenced public opinion both nationally and internationally. Situated as they were in the international market, it was fairly easy for them to act as "gatekeepers" to the American public. 27

While most of these dailies were cited as having impressive records in the coverage of foreign news, particularly in terms of quantity, it was found that they depended heavily upon their own correspondents and tended to be influenced by US diplomatic or political interest in a given country. For example, the perception of the media in its reporting of a country like Iran during the

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27 For instance, a reporter for the *New York Times* based in Nairobi, Kenya, will be writing for predominantly an American public. His or her stories would be chosen and later edited not according to what the East Africans prefer, but what editors in New York think their local readers will be interested in knowing. This method is known as "gatekeeping" and the city desk editors are called "gatekeepers".
hostage crisis illustrated this point very well. 28

A critical appraisal of the role the newspapers played in the US economy and society also revealed other interesting facts. By 1978, it was estimated that 1,756 dailies were published in the US. The advertising revenue from them was close to 12.7 billion dollars, and the newspapers employed 406,300 people, becoming thereby, the third highest providers of jobs. 29 In addition, polls revealed that 69 per cent of the people surveyed get their news from newspapers and 50 per cent of them read newspapers daily. 30 Thus, the importance of newspapers in shaping public opinion and exerting considerable influence on the economy was clearly demonstrated. 31

28 S.M. Nazharul Haque, "Is the US Coverage of News in the Third World Imbalanced", in Journalism Quarterly (Columbia), Autumn, 1983, pp. 521-4. One of the main points of this article was that the US political or diplomatic interest in a country "may be a more important factor in the coverage decisions than the internal situation of the country itself over a period of time".


In the field of magazines, Reader's Digest, Time and Newsweek played a dominant role. As early as 1963, Adrian Berwick, the then senior editor of the Digest's international editions stated that it had headquarters in 37 non-American places, and that in nearly every country the Digest was published, it was on the top of circulation charts. By 1978, it was estimated to have a record circulation of 12 million copies a month. Time and Newsweek had special foreign editions which claimed overseas circulation in millions. According to Andrew Heiskell, the then Chairman of Time, it published five magazines and books in twenty-six different languages. It also produced and distributed films for television which were shown in forty-seven countries.


35 Statement of Andrew Heiskell to the US Senate, The Implications of International Communications and Information, n. 26, pp. 192-3.
Motion Pictures and Television Films

The visual media in the US consisted of the full length feature films in Hollywood and programmes and films made by television broadcasting companies.

In the sixties, it was the motion picture industry that had a maximum impact abroad. As one of the major business magnates involved in movie-making put it, "I have little doubt these films are, to many of the world's people, the main window on America". He went on to add that, "In the arsenal of the Cold War, our motion pictures are tremendous weapons. They were not conceived as such, but we cannot ignore the massive function they perform". Obviously, the ideological stakes for the US in winning the Cold War was having a sharp impact on the business perceptions of their role. The economic angle was somewhat subdued, though an officer of the Motion Pictures Association stated that "Making American motion pictures is an independent business activity in a free enterprise system". Other facts of economic consideration were also underplayed.

36 Statement of George Englund, Producer and Director, Metro-Goldwyn Mayer (MGM) Motion Picture Studies to the US Senate Committee, in Modern Communications and Foreign Policy, n. 32, pp. 536-8.
37 Ibid., p. 540.
38 Ibid.
For instance, in 1963, in a week more than 150 million non-Americans paid money to see American films. In the realm of television pictures too, business was booming. More than 1,100 television stations outside America imported old "shows" from US television producers. Companies like the National Broadcasting Company (NBC), American Broadcasting Company (ABC), and Columbia Broadcasting Service (CBS), had extensive investments abroad. The main interest at that time was on the ideological impact the media had on other countries, particularly those from Asia, Africa and Latin America.

With the seventies, however, the economic potential of the visual media became important. An internationally estimated account revealed that, in the seventies, over 55 per cent of the combined US film earnings were from remittances abroad. The Motion Pictures Export Association of

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39 Tapio Varis, *Television Traffic - A One-Way Street?* (Paris, UNESCO Reports and Papers on Mass Communication, no. 70, 1974), pp. 32-33. Although the study only provided crude estimates of the international television flow, its overall findings have not been contested.

40 See, *Modern Communications and Foreign Policy*, n. 32, pp. 533-4. The major perception of the mediamen as reflected in the US Senate hearings of 1963 indicated that, they were primarily concerned with the way American news makers and film producers portrayed America in the context of the Cold War. Further, they also voiced their concern that there was a tendency to view the impact on other countries through "American eyes" rather than "Indonesian" or "Peruvian" viewpoints.

41 Guback and Varis, n. 5, p. 205.
America (MPEAA) estimated that in 1974, out of the total remittances of $460 million, $350 million came from theatrical release, and $110 million from television. The nine members of MPEAA were said to have remitted $400 million and the others $60 million.42 By 1976, these figures rose to a staggering $700 million in rental fees. In that year, it was estimated that about 49.5 per cent of theatrical revenues for member companies came from abroad, whereas the foreign market provided about 23.4 per cent of all television revenue.43 It was observed that based on the available data, for every dollar earned from television release, three dollars were earned from foreign theatrical releases of motion pictures. According to the MPEAA, this revenue contributed positively to the overall US balance of payments in that year.

Parallel data from the US Department of Commerce pertaining to the volume of exports of motion picture film and sound tracks, provided additional indicators of the international activity of American film and television


43 Testimony of Jack Valenti, President of Motion Picture Export Association of America to the US Senate Committee on Foreign Relations, n. 26, pp. 210-13.
programme companies. In 1975, for example, approximately 483.7 million linear feet of exposed and developed motion picture film were exported from the US. The value declared by the exporters was £39.2 million. In the same year, value of imports of motion picture films totalled £14 million.44 Though these figures reflected the cost of raw stock and printing and excluded anticipated box office receipts, rental value or production costs, it clearly showed the increasing economic interests these media had in influencing the US policy in communications.

The companies that dominated the export of films (both motion pictures and TV films) were generally ranked among the 500 largest industrial films in America, by taking into account their revenues from diversified conglomerate activities. The following table based on the companies own reports, illustrated the relative positions of several American broadcasting, motion picture and television production or distribution companies and their ranks within 500 largest industrial companies in the US. This table gives a valuable clue to the volume of revenue derived solely from distribution of material to theatres and television.

### Table 2

<table>
<thead>
<tr>
<th>Company</th>
<th>Rank*</th>
<th>Revenue from national and television distribution</th>
<th>Percentage of Total Revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>American Broadcasting Companies Inc.</td>
<td>191</td>
<td>50.0</td>
<td>98.0</td>
</tr>
<tr>
<td>Columbia Pictures Industries Inc.</td>
<td>463</td>
<td>239.3</td>
<td>72.1</td>
</tr>
<tr>
<td>Gulf and Western Industries Inc. (Paramount Pictures)</td>
<td>69</td>
<td>217.0</td>
<td>6.4%</td>
</tr>
<tr>
<td>Metro-Goldwyn Mayer Inc.</td>
<td>241</td>
<td>123.3</td>
<td>46.4</td>
</tr>
<tr>
<td>Music Company of America Inc.</td>
<td>241</td>
<td>478.7</td>
<td>59.0</td>
</tr>
<tr>
<td>Trans America Corporation (United Artists Corporation)</td>
<td>5</td>
<td>217.0</td>
<td>67.9</td>
</tr>
<tr>
<td>Twentieth Century - Fox Film Corporation</td>
<td>451</td>
<td>242.1</td>
<td>70.6</td>
</tr>
<tr>
<td>Walt-Disney Productions</td>
<td>334(+)</td>
<td>112.5</td>
<td>21.6</td>
</tr>
<tr>
<td>Warner Communications Inc. (Warner Bros.)</td>
<td>279</td>
<td>255.9</td>
<td>38.2</td>
</tr>
</tbody>
</table>

* The ranking in the table is taken from the magazine *Fortune* list of 500 largest industrial firms in America.

£ Metro-Goldwyn Mayer Inc. was ranked below the 500th largest company, which had revenues of £ 297 million.

@ If classified as an industrial, Walt Disney would be 334th in the list.

This percentage represents Gulf and Western Industries only.

The audio industry in the United States is intertwined with other media industries. The major companies in the field like the Columbia Broadcasting Service (CBS), Warner Communications Inc., or Radio Corporation of America (RCA), were involved in the production and global distribution of sound records. As the production costs were low, it was possible for the transnational record companies to produce their merchandise in several countries outside the US.

In order to obtain an idea of the transnational flow of sound records, the best approach was from the point of revenue rather than production, as the music industry and the trade journals produced ample information on the foreign revenues of records and cassettes. It was estimated that the volume of world record markets in 1974 was approximately $6 million. The US share of record markets was close to 40 per cent as compared to the Latin America's 5 per cent. However, among the major transnational corporations involved in the record business, US firms were in the lead. A study of the main markets of these

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46 The five big international corporations in the record industry are: Columbia Broadcasting Service (CBS), Radio Corporation of America (RCA), Warner Communications Inc. (all of them from the US), Electrical and Musical Industries Ltd. (EMI) (British), and Polygram (Netherlands/Federal Republic of Germany).
corporations showed that they cover at least half or more of the record markets share in those areas.

Domestically, there was cognisance of the fact that corporations like the RCA occupied "a premier position in fields which are profoundly determinative of our way of life". At the end of 1975 RCA had assets worth $3.7 billion, of which $554 million were abroad. In the same year, the RCA revenue from the foreign activities represented 18 per cent of its total, amounting to $856 million.

CBS, another major corporation, had assets worth $1.2 billion, of which $82.8 million was outside the US. Foreign operations contributed to $312.2 million to the company's total revenue of $1.9 billion. With more than 100 subsidiaries in 32 countries, CBS's major foreign activities was of considerable value to the economic stakes of the US.

The subsidiaries of other corporations in the motion picture field also had sizeable stakes in the selling of sound records. The main fact to be noted is that with the growing involvement abroad, most of these companies also

48 Guback and Varis, n. 5, p. 18.
49 Ibid., p. 19.
diversified their investments in media products. For instance, broadcasting networks like the ABC had sizeable interests in phonograph record business apart from television programmes. Warner Communications Inc. (WCI) was engaged primarily in recorded music, music publishing, motion pictures, television films, magazine and paperback book publication and distribution, and, Cable Television. Several other corporations also exhibited cross-media links. The best example that can be noted in this regard is the Time-Life chain.

The transnational degree of these corporations was an essential factor in the growth of the "media conglomerates" wherein the ownership of a variety of media products was concentrated. Since the transnational film and television industry were often related to the hardware industry which produced radio and television receivers, transmitting equipment for broadcasting and other audio-visual products, their impact on the international market was considerable.

The commercial flow of media materials from the US to the rest of the world was also facilitated by advertising. The major corporations of America were totally in command

50 Ibid., p. 22. The WCI annual revenue from record markets abroad was close to $75.4 million.

of the domestic audience through advertising. They also exerted influence in international communications by exporting the "consumerist culture" to the developing countries. Thus the media corporations were, according to many analysts, conduits for products other than news and entertainment items. The world advertising industry was again dominated by the US-based companies. It was observed that twenty-two of the world's twenty-seven largest advertising firms were partly or wholly American.

Thus, the diversification of investments by media owners into new channels of communication coincided with the growth of an international advertising industry in the US. As the foreign involvement of the media was considerable, this was said to contribute positively to the

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52 Basic motivating force behind the spending habits of people in the US was held to be advertisements, particularly broadcast advertisements, *New York Times*, 6 December 1978. For a discussion on the effectiveness of advertisement in media other than TV, see *New York Times*, 18 October and 26 October 1976.

53 The McBride Commission had recommended that the excessive dependence by the media on commercial advertising for their revenues should be reduced as they influence the content and organization of the national and international communication. It was evident that they had included the problems created by the transnational corporations in advertising in such as assessment. For some useful information on multinationals, see, United Nations Centre for Transnational Corporations, *Transnational Corporations in Advertising*, UN Doc., ST/CTC/8, 1979).

United States' balance of payments positions. 55

The economic interests of the US media in the present information order was clear. By promoting the principle of "free flow" in information they were able to facilitate "free trade" of other economic goods. This combination had in fact provided the source for the US economic power in world trade. Perhaps President Harry S. Truman's speech in March 1947 at Baylor University, Texas, was prophetic. Noting, that America was the giant of the economic world after the Second World War, he said that "... the future patterns of economic relations depend upon us. The world is watching to see what we shall do. The choice is ours". He then went on to declare that "there is one thing that Americans value even more than peace. It is freedom: freedom of worship, speech and enterprise". He also called for a pattern of international trade which would be conducive to "free enterprise". 56

How communications could help in the attainment of these objectives, the President did not specify. But in retrospect, it was clear that the pursuit of the doctrine

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55 For instance, exports from the US visual industry was over $350 millions in 1980 alone. For details see "Exports of American-Made Television Movies", in New York Times, 29 January 1980.

of "free flow of information" would be conducive to "free trade" and "freedom of enterprise". This was felt to be in the national interest as US media had the unique advantage of being able to secure both ideological (or political) and economic advantages.

Through the years of Nixon Administration these advantages seemed to be becoming more and more clear. There was no overt attempt to understand the importance of mass media as a whole vis-a-vis the developing countries. Nevertheless, there existed a certain feeling among the official and business circles, that future American foreign policy objectives would have to take serious note of the views of the media. Particularly interesting was the political climate in the US in the aftermath of Vietnam and Watergate. The Congressional concern over the "executive lapses" in foreign policy, was amplified by a discussion on the role of the press in foreign policy. The House Subcommittee on future foreign policy of the Committee on international relations invited a distinguished panel of mediamen to discuss the issue. While the overall interest was on the role that the Congress could play in foreign policy making, certain interesting details emerged.

57 US, House of Representatives, Committee on International Relations, Subcommittee on Future Foreign Policy, 94th Congress, 1st session, Panel Discussion on the Press and Foreign Policy (Washington, D.C., September 1975); pp. 1-2.
For instance, Congressman Thomas Morgan (Pennsylvania) commented that there was very little foreign news from foreign countries in the US press. He felt that perhaps this phenomenon may have an impact on the foreign policies of the countries of Western Europe and the Third World. Many mediamen agreed. There was also an acceptance of the fact that there was a lack of awareness of events abroad as the coverage was crisis oriented.\textsuperscript{58} It was justified on the grounds of reflecting the wishes of the domestic readers and viewers.\textsuperscript{59} However, there was a clear indication that the press had an influential role to play not only in the domestic environment, but also in the countries of the Third World.\textsuperscript{60}

There was a growing awareness that the challenges to the US lead in international communications, (particularly the impact of the media) needed to be reviewed in the overall context of national interest. In the seventies, it was amplified by the consistent Congressional concern over the questions relating to "free flow" of information and the US interests in the framing of the US international

\textsuperscript{58} Statement of Jack Anderson, Syndicated Columnist and reporter, \textit{ibid.}, p. 6.

\textsuperscript{59} Statement of William Atwood, publisher of \textit{Newsday} magazine, \textit{ibid.}, p. 7.

\textsuperscript{60} Statement of Martin Agronsky, Radio and TV news analyst, \textit{ibid.}, p. 8.
communications policy. As the international discussion gained momentum over the role of media and their impact on the Third World, the US government had to shape its response to the UNICO in the wake of new priorities.

It was the Carter Administration which clearly spelt out the American interests in international communications. The Secretary of State Cyrus Vance outlined the stakes America had in the international economy. He stated that exports were one of the fastest growing sectors of the US economy and that one out of every three dollars of the US corporate profits was derived from international activities. He also stressed that the developing countries provided the "fastest growing markets" for American exports. 61 When one considers the fact that the "information/knowledge industries" both in terms of software, hardware, goods and services contribute significantly to the US economy, it is clear that America "... depends upon a growing world economy and a healthy trading and investment climate".

The government also specified the American communication interests in the international context. The Department of State published an official document describing the

American stakes in the field of information and communication. To quote:

The United States has national security, political, ideological, economic and technological stakes in international communications. Our national security is dependent on advanced telecommunications systems. Politically, we are committed to a broad exchange of information both domestically and internationally.

Our economic interest is obvious; our industrial base relies on adequate communications; Corporations have become increasingly dependent on worldwide computer circuits. Moreover, the United States is the world's largest producer and consumer of telecommunications equipment and services. Exports of communications, computers and auxiliary hardware exceed $5 billion per year. Technologically, the United States holds a lead in most areas of satellite communications, in fiber optic communications and in very large electronic switching systems ... on computer and data communications and in their applications, the United States is commercially dominant. (62)

Congressional Perception

The political implications of the economic value of media products was not missed by the legislators. As early as 1967 Congressional interest had consistently stressed the role of mass media as a part of communications diplomacy. Particularly in the context of the Cold War, the media were seen as harbingers of ideological changes that were necessary to win over non-Communist states.

The findings of the US House of Representatives after a series of lengthy hearings on the ideological and psychological dimensions of US foreign policy, sharply outlined the impact of "communications revolution" on world affairs. It emphasized the increasing influence of communications on public attitudes and behaviour patterns. It referred specifically to the role played by mass media in this regard. It said:

Man has learned that mass media can be used not only to disseminate news and to sell soap and refrigerators, but also teach skills, convey ideas and to motivate man to action - even to violence. (63)

The value of mass media, according to the Committee, was in introducing new dimensions in the "art of persuasion". As the US media are privately owned, the Committee also warned against their tendency to emphasize the "unusual and sensational" which may not always convey flattering images of the US abroad. Additionally, it may also be non-conducive "to the attainment of our foreign policy objectives" according to the report.

The recommendations of this Committee provided an insight into the Congressional feeling with regard

to the US national interest in international communications.

Barely a decade later, the House Committee on Foreign Relations heard the testimony of the then Assistant Secretary for International Organization Affairs. He advocated the continued US support to the UNESCO for the promotion of entire range of American interests. He specifically referred to communication interests of America and said:

"The commercial export of information has a significant market potential and we receive much scientific and technical information from other countries as well. We serve our own interests when we work within UNESCO to support its programs that stimulate the free flow of information. It has also some commercial value to us through sales of wire services and information packages, but the free flow of information is more important in terms of its impact on the potential development of democratic government around the world". (64)

It was clear that the official circles had formally accepted the media perceptions of the role UNESCO was playing in attempting to make the information media more useful. The acknowledgement of the commercial value was thus combined with the ideological stakes

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64 Testimony of Samuel Lewis, Assistant Secretary for International Organization Affairs, to the US House of Representatives, Committee on International Relations, Subcommittee on International Organization, 94th Congress, 2nd session, Hearings on The UNESCO: Challenges and Opportunities for the United States (Washington, D.C., June 1976), pp. 3 and 7.
the US policy makers perceived in the field of communication.

The growth of the "information sector" in the US also had an impact on the domestic and international policies of the US government. In an attempt to outline the importance of this growth, the Senate Committee on Foreign Relations prepared a study titled "The role and control of international communications and information".65 The study clearly stated that there was a need to understand the impact of "... increasing dependence on the communication of information by nations, peoples business and other international institutions ...".66

The study also mentioned four important areas for potential international disputes. These were economic, strategic, human rights and freedom of information. It was over the last area that the US media became overtly concerned. The Congress too reflected this concern by giving voice to certain doubts with regard to what the developing countries had suggested to overcome the imbalances in the flow of information. For instance, the report claimed that if a precedent such as Declaration on the


66 Ibid., p. 3.
Mass Media was allowed in forums like the UNESCO, it would be followed by "concerted attempt to shackle the Voice of America, Radio Free Europe, Radio Liberty and the mass media of the Western World".

This study was undertaken after the (1976) Seventeenth General Conference of UNESCO at Nairobi. It was clear that perception with regard to communications in the United States had shifted. From using US private media abroad as part of ideological offensive in the Cold War, there was a general appreciation of various issues that were involved in international communications. Yet, much of the US criticism towards new world information communication order frequently emphasized their fears that the UNESCO would sanction censorship licensing and government control over the mass media. 67

Evidence also indicated that senior members of the Congress in 1977 were concerned that agencies like the non-aligned press pool could be used

67 Leonard H. Marks, "The New World Information Order and Free Flow of Information", (paper presented to the Journalism School, University of Chile, (Santiago, Chile)), 22 August, 1984. Marks was the former Director of United States Information Agency and presently treasurer of the World Press Freedom Committee, a media pressure group in Virginia.
"... by governments to completely deny U.S. media access on the argument that their own news organizations (working in conjunction with the Third World News Agency) should be the sole source of news about member nations. This conceivably could cut off access to unbiased news reporting about much of the world now available to U.S. citizens". (68)

In other words, objective reporting was expected of the US news agencies and media. However, the perception did not take note of the fact such fears were also expressed by the Third World and some developed countries in a similar context. By the seventies, there was a growing feeling among the Third World that they could better articulate their own cultural values and views by making the "all pervasive" Western media accountable and by developing alternative sources to produce and disseminate information.

In the US, concern was also expressed by noted communication experts on the vital stakes America had in the debate. Testifying before a senate committee, one expert expressed the view that information as a basic resource affected national and international interests. 69

68 Senator McGovern, Chairman of the Senate Foreign Relations Committee, in "Introduction", in Report on the Role and Control of International Communications and Information, n. 65, pp. 6-7.

Growth of information industries, particularly in the field of telecommunications and computers suggested that "communications" (a coined term for intertwining interdependence between science and technology of computers and communications) are of strategic value individually and nationally. Its absence would mean a strategic weakness.

These developments only provided a general backdrop to the economic, political, and strategic stakes the US has in the present "information order". Interlinked with the ideological impact of the US media products, abroad, a convincing picture of how and why the US responded to the "information order" debate emerged.