

## Corporate Propaganda in the USA

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### Abstract

コミュニケーションとは人間が人間に気持、感じ、考え方などを伝えることである。日本では、最近、コミュニケーションというのが流行のことばになっており、この概念にはほとんどいいイメージがある。しかし、コミュニケーションには裏もある。宣伝と国家や企業のプロパガンダとして行われるコミュニケーションもあり、自由な社会と民主主義への影響が深刻になってしまった。この論文では、米国の宣伝・公告としてのプロパガンダの発展を説明する。メディア企業は民主主義社会において重要な役割を担っているが、その役割を十分にはたしていない面もある。そのことを中心に論じる。米国のメディア企業は世界最大規模で、自分の社会だけではなく、他国の社会にも極めて大きな影響を与えるので、米国では、コミュニケーションの問題は一番深刻になっている。それゆえ、本論文では、米国の例を取り上げる。

When we think about “propaganda”, we tend to think about manipulating techniques and endeavors of more or less totalitarian social systems to streamline how people think and behave. Since at the beginning of the 21<sup>st</sup> century, totalitarian systems are in increasingly short supply, we also tend to think of “propaganda” as something of the past that does not affect our lives in any way. This also means that we think that “propaganda” does not exist in—what we think of as—free societies.

However, exactly the opposite holds true. Alex Carey in his enormously illuminating study *Taking the Risk out of Democracy: Corporate Propaganda versus Freedom and Liberty* (1995) cites Bauer (1958):

One area of social science that is ordinarily assumed to be useful to a totalitarian regime is research on social and political attitudes . . . Ironically, psychology and the other social sciences have been employed least in the Soviet Union for precisely those purposes for which Americans popularly think psychology would be used in a totalitarian state—political propaganda and the control of human

behaviour.

As a rule, the freer a society the more refined and advanced are the propagandistic techniques. The current standard of propaganda is not set by nation states, but by corporate businesses. After an initial outline of the propagandistic aspects of communication—which propaganda is, after all a second chapter informs on the development of propaganda from a manipulative approach used by state media to corporate advertising techniques. The third chapter outlines the historical development of corporations. The fourth chapter deals with the increasing control of the media by corporations, and the fifth chapter explains how far-reaching the impact of advertisement on media is. The sixth chapter refutes the six myths of corporate-owned media. The seventh and last chapter deals with the consequences a profit-driven, advertisement-sponsored, and corporate owned media system has for the political organization of a democracy.

### **Propagandistic aspects of communication**

To manipulate people to behave or think in a way fitting to one's needs is not new to humans but deeply ingrained into our very existence. Communication with other people is so much a necessary part of our lives that practically everything would be missing if we could not communicate. However, communication is not simply a mechanism to “radio” our ideas to others—as it is ineptly illustrated in linguistic textbook models of communication. Communication is most of all exerting influence over others. After all, even if I convince someone by purely logical methods without taking resort to immoral methods such as lying etc., I still will have influenced another person to do one thing rather than another. In other words, there can be no communication without the attempt by the speaker to change some attitude or way of thinking in the listener. The fact that our societies—be they large or small—do still work is not to be taken as the indication that our communication is all “good”—whatever that may mean - but rather that humans are able to contain communication that does not coincide too well with their own needs. How does that work?

Humans are in constant competition with each other. Available resources are limited and therefore every single human has to expend a certain amount of energy in order to get that much of a given resource in order to be able to live on. In our high technology civilizations, that is not always evident. Human societies have evolved coexistence patterns that make use of reciprocity. It works better if those better suited to do a certain job actually do that job while others that are ill suited for the first kind of job do a job that they can do better than others. That way, human beings evolved the principle of the division of labor. Still, the division of labor—even if practiced with utmost rationality—keeps everybody very busy. Under these circumstances, it is a very seducing idea to influence others to do things that you do not like to do so much. Since human beings over all are rather suspicious of every attempt that demands action from them without any immediate benefits for themselves, influencing is a highly demanding task.

Furthermore, the exertion of influence and its benefits for the manipulator have to strike a certain economic balance. If it takes more time and/or more effort to influence somebody to do a certain task,

rather than doing it yourself, it is questionable whether the influencing attempt is economically feasible. The amount of effort spent of course hinges on the expected gain. If you do not want to take out the trash yourself, but want your son to do it, then it may be wise to do it yourself if the effort required to persuade your son to do his household chores is greater than just doing it yourself. However, if you want to persuade someone to invest one million dollars in your business, you will be prepared to sacrifice a much greater part of your time, and make a greater effort in order to succeed. That is the reason why successful swindlers do not come over as swindlers at all.

That efforts and gains have to balance each other is true at least for any pre-mass media societies. With the advent of first newspaper magazines and then radio, the above-mentioned balance has moved in favor of exerted effort because communication does not take dialogue form any more, but has become a one-way street. The speaker or writer, i.e. the producer of communication, can behave without immediate interference of the addressees. Furthermore—and this is even more critical—addressees can now be massed together into audiences. In order for the influence to be successful, influence need not be complete over every single member of the audience, but only over a certain part of the audience.

Communication techniques have also to be adjusted. What may work fine in a business conversation between a seller and a buyer, may not work for a larger audience. Because immediate interference cannot be integrated into the communicative strategy, positive reactions by the addressee cannot be used either, since immediate interferences are immediate responses, and they lack in any one-way communication.

What is required at this point is extensive research—an enormous effort—to determine a base that the majority—if not all members—of the audience share. In modern terms, this is called *consumer research*. Any attempt at influencing large audiences will only be successful if this attempt manages to offend the smallest number of audience members possible and to cater to very general likes, i.e. likes that are shared again by the majority of the audience. It turns out that seemingly the most appealing topics that are utilized in different influencing attempts are typically at cross-purposes. For instance, while car manufacturers may well use sexual icons to advertise their products, presidential candidates cannot do this but have to appeal to family values etc.

This works because the ultimate aim of influence inherently defines who needs to be influenced, and if you know whom to influence, then you also know how to do it. A presidential candidate has to satisfy so many different individuals who are statistically extraordinarily diverse that s/he has to appeal to ideas that have been determined as common middle ground through opinion research. Car manufacturers have to appeal to a different, and much smaller clientele that shares, however, more common ground. It turns out that the most impacting influence can be made by using sexual icons—and that is exactly why they are employed.

## **The history of modern propaganda**

Alex Carey (1995) recounts that from the 1880s to the 1920s the electorate tripled, and that this was taken by various renowned scholars in social and political studies at that time that the hitherto working democracies might face a serious legitimization problem. It was therefore suggested that the increased

electorate needed to be influenced in order to make informed decisions. Carey (1995: 21) writes:

... in 1913, a committee of the US Congress was established to investigate the mass dissemination of propaganda by the National Association of Manufacturers (NAM), the leading business organization of the time, for the purpose of influencing legislation by influencing public opinion. The committee appears to have been no little awed by the apparent ambitions of the NAM for meeting the challenge to its interests from popular democracy by controlling public opinion.

Carey (1995: 21-22) proceeds to recount:

The committee's report coincided with the beginning of World War I, during which the Allied governments expended unprecedented resources on the development and dissemination of propaganda to heighten patriotism and hatred. Propaganda became a science and a profession. A campaign launched by President Wilson on America's entry into the war in 1917 filled every home, workplace and leisure activity with its messages. The campaign produced within months so intense an anti-German hysteria as to permanently impress American business (and Adolf Hitler, among others) with the potential of large-scale propaganda to control public opinion.

Two men who were intimately involved in the war propaganda machine of the Wilson administration were the journalist Walter Lippman and Edward Bernays, a nephew of the worldwide renowned psychologist Sigmund Freud. It was Bernays who spearheaded the transformation of war propaganda into business propaganda.

Immediately after World War I, American businesses met the first crisis when they tried to renegotiate on concessions they had made to workers during the war. In particular concerned were the steel manufacturers. Not only were they deeply involved in wartime production efforts but they had also the largest amount of foreign-born workers in their factories. At that time, practically all workers were signed up in unions. Accordingly, unions were rather big and powerful brokers for their cause. Under the Roosevelt administration (1901-12), legislation had granted more rights to the unions. This led to an increase in union members. For instance, the already large union *American Federation of Labor* tripled its membership to 1,800,000 members. However, it was the small union *Industrial Workers of the World* (IWW) founded in 1905 that made a memorable impact. Its members were recruited largely from East-European immigrants, and its political program was leaning heavily towards radical anarchism. From the outset, IWW was considered by the American government as a potential security risk. The treatment of the IWW during the 1920s set a benchmark for public treatment of dissenting opinions in the American political culture. In response to the foreign-born dominated IWW, the *North American Civic League for Immigrants* (NACLI) was founded in 1907 after a conference sponsored by the YMCA, New York.

Between 1909 and 1912, IWW won several free-speech lawsuits invoking the First Amendment for its own propaganda publications. In 1912, this culminated in the IWW win of the *Textile Strike* in Lawrence, Massachusetts that involved the police shooting a female striker and fatally clubbing a pregnant woman. This resulted in martial law and arrests of workers. The American nation was

shocked by that brutal treatment of their workers. That in itself constituted a propagandistic victory for the IWW.

The Industrial Committee of NACLI convened shortly after the Lawrence disaster and began to plan the establishment of an *Americanization Movement*. In 1914, NACLI changed its name to *Committee for Immigrants in America* (CIA), and from that time on, the movement was rather successful. It managed to align the Federal Bureau of Education and the Federal Bureau of Naturalization towards its own goals. This was also due to the war starting in Europe which served as hang-up to picture immigrants as less inclined to their new country than their old one. In 1915, the CIA managed to make the 4<sup>th</sup> of July the *Americanization Day*, and in October of the same year, it launched its *America First* campaign, both with immense success.

All this working experience was utilized when the war propaganda started in America. After the war, during the *Great Steel Strike* in 1919, a labor dispute between the *Congress of Industrial Organizations* (CIO) and the Bethlehem steel plant in Johnstown, Pennsylvania, the NAM and the local Chamber of Commerce successfully utilized everything from radio programs to outdoor advertising in order to deliver effective anti-labor propaganda.

The passage of the *Wagner Act* in 1935 was a superficial setback to corporate efforts to install a system of manipulating public opinion in their favor. The *Wagner Act* decreed that management had to negotiate with labor union representatives, which until then was mostly dealt with violently. After analysis of the public treatment of the CIO during the *Great Steel Strike*, the *Remington Rand Corporation* came up with a propaganda stratagem on how to deal with unions which became known thereafter as the *Mohawk Valley Formula*. This formula was distributed to all members of the NAM in 1936.

After World War II, the *General Motors Strikes* in 1945 and 1946 triggered the NAM to draft a new labor law which managed to be submitted to Congress. It resulted in the *Taft-Hartley-Act*, passed in 1947 that made it extraordinarily difficult to arrange for labor organization in any way. This was a very evident signal that the American business organizations were able to form political attitudes in influential circles to get their way. As a result, the public image of labor organizations began gradually to decline, and with it membership. In the beginning of the *Great Steel Strike* in 1919, the American public was very much in favor of the striking steel workers. Working in a steel factory was very hazardous labor, which was not remedied by an 84-hour workweek. However, after World War II, the reputation of labor unions had abysmally declined, and it never recovered.

## The history of corporations

The first corporations were installed by Queen Elizabeth I of England in 1600 for the purpose of exploiting foreign countries and colonies. Corporations worked under rigidly defined *charters* that laid down their purposes, goals and means. Above all, corporations had to work in the *public interest*. If a corporation exceeded its charter, it ran risk of getting its charter revoked which immediately nullified their existence. Corporations had a rather limited lifetime of—usually—20 years. Thus they had only a temporary existence in order to reach fixed goals with fixed capital—and all in the public interest.

The colonization of North America was aided by corporations such as the *Hudson's Bay Company* and

the *Massachusetts Bay Company*. However, the American public at that time was and remained doubtful of the British corporations that were after all only a remote control mechanism of the British crown. The American Revolution in its economic ramifications was also aimed against corporations. The Declaration of Independence effectually barred corporate existences.

By the year 1800, more than 200 corporations existed in America, but their power was rather limited—compared with today. Corporations were not allowed to buy stocks of other corporations. Revocation of corporate charters, in particular those of banks, was quite common, and often found wide spread backing in the populace.

It seems that corporations did not altogether have enough power to make them an interesting capital venture. However, already the first corporations had among their plentiful obligations one important privilege: as the British crown was rather cash-strapped, Queen Elizabeth I ruled that investors in corporations should not be liable beyond their investment. This served as an incentive to invest in what was often a risky business venture. The property of *limited liability* was the main reason why corporate charters were defined so strictly and why their lifetimes were limited.

The eventual corporate ascent to power was the result of a misruling in 1886. In the rail bed dispute between *Santa Clara County versus Southern Pacific Railroad* the Supreme Court ruled that corporations were entitled to the same privileges and rights as a human being. This was insofar of relevance as corporations from then on had the right to be treated like individual human beings in spite of having much more economic and legal power than any individual.

Corporations used their economic power they achieved in particular during the Civil War to influence politics to gain more liberal charters. They were extraordinarily apt in utilizing the social and political chaos of the period and gained a considerable foothold in legislative and judicative circles. They eventually succeeded in getting *free incorporation laws* passed that granted the right to corporations to do any business they liked.

Giant companies like DuPont, US Steel and Standard Oil grew to dominate commerce. By the 1930s, corporations employed more than 80 percent of the people and produced most of America's wealth. In the post World War II years, corporations merged, consolidated, restructured and metamorphosed into ever larger and more complex units of resource extraction, production, distribution and marketing. In the 1990s, corporations put aside their traditional competitive feelings toward each other and forged tens of thousands of co-branding deals, marketing alliances, co-manufacturing projects and R&D agreements, and created a global network of common interests.

By 1997, 51 of the world's largest economies were not countries but corporations. Today, the top 100 companies control 33 percent of the world's assets, but employ only one percent of the world's workforce.

Mega-corporations have now become so big in financial and economic terms that the largest of them are bigger than countries (cf. table 1)

Corporations	Countries
General Motors \$189	Denmark \$173
	Thailand \$168
Wal-Mart \$166	Norway \$146
Exxon Mobil \$163	South Africa \$133
Ford \$162	Poland \$117
General Electric \$111	Iran \$105
	Portugal \$102
	Singapore \$85
Citigroup \$82	Venezuela \$76
	Pakistan \$68
	Chile \$67
AT&T \$62	New Zealand \$60
Philipp Morris \$61	

All numbers are *billion* dollars. The data were taken from the website <http://adbusters.org/campaigns/corporate/>.

### Corporate control of the media

In today's world of mass media, corporate propaganda establishes itself at least in two different ways: advertisement directed at consumers and media-internal propaganda. As corporations grew larger and larger, certain considerations of economic feasibility came into play. The larger a company, the larger its bureaucracy will be. Bureaucracy does not directly contribute to sales, but is basically costly. Companies, however, realized that a certain consumer base had to be created and *sustained*. This has been done by using mass media outlets as carriers of consumer-directed advertisements. In consequence, mass media outlets across the board have changed in significance and style.

Mass media incorporates technologies such as radio, TV, the Internet and print media such as books, magazines and newspapers. The present situation is that all these different technologies of providing information to the people are concentrated in very, very few corporations. In 1996, Bagdikian (1997<sup>5</sup>: xiii) estimates that the following ten US corporations exercise media control in the USA and also extend a global reach:

*Time Warner* (merged with *American Online Services* in 2001), *Disney/ABC/Capcom Cities*, *Viacom*, *News Corporation Limited*, *Sony*, *Tele-Communications, Inc.*, *Seagram*, *Westinghouse*, *Gannett*, and *General Electric*. They are joined by *Thomson* from Canada and *Bertelsmann* from Germany. *Westinghouse* and *General Electric* who are also huge defensive contractors hark back to the birth of radio. Newspapers have stayed rather isolated during the 19<sup>th</sup> century, however newspaper magazines have started to operate on a nationwide range already from the 1880s.

It was the invention of radio, and its eventual application as a mass media device that initiated an unprecedented influx of advertisement into the media. Until 1920 there were no commercial radio stations in the USA. Radio stations were operated mostly by universities, schools and communal institutions. Millions of people tuned in to these radio shows. Consequently the sale of radio sets was becoming big business. *General Electric* (GE), *Westinghouse* and *American Telephone & Telegraph Company* (AT&T) formed a cartel called *Radio Corporation of America* (RCA). GE and

*Westinghouse* were the largest suppliers of radio sets, while AT&T supplied wiring and technical assistance required to operate a radio station. The RCA was formed for the purpose of starting commercial radio stations mainly in order to maximizing the sale of radio sets. Initially, AT&T was not to set up radio stations, but entered the arena of radio operators later, and it was an AT&T station that aired the first commercial on August 28, 1922 on 5 pm.

The idea of radio commercials caught on and spread like wildfire through the 1920s. Consequently, the operators of commercial radio stations realized very early that a lot of money could be made from commercial radio. The reason for this lies in the fact that a radio operation itself is not a costly enterprise. All that is needed is a room for the technical equipment and a cable to a transmitter antenna outside. For this reason noncommercial radio stations could be successfully operated by non-profit institutions. Since the members of RCA required nothing more of substance than the noncommercial radio stations, although they set up much more stations, they could easily and speedily amortize their initial investments by selling time for commercials.

Very soon, America was bristling with radio stations, and a fierce competition for bandwidth developed. While the RCA was looking very favorably on noncommercial radio stations in the beginning, they were soon to realize that due to the prior establishment of noncommercial radio, programs of noncommercial radio stations captured very large audiences. But now, noncommercial radio stations were keeping audiences away from the RCA stations, audiences large enough to make a case for successful commercial radio—if one could reach them. RCA invested considerable resources in lobbying to finally achieve government issued regulations that transferred noncommercial radio stations to lower bandwidths with less power, allowed them to air only at unfavorable times (such as 6 am or 2 pm), or kept them entirely off the air. Other than operators of noncommercial radio stations, RCA had the economic power to send out lawyers in lawsuits against noncommercial stations to which these could not respond due to the lack of financial resources. By 1930, all radio stations resorted to airing commercials, and they either depended entirely on advertisements or to an overwhelming degree.

The intrusion of advertisement completely reshaped radio programs. The more secure a radio program was in its message, the more likely it was to receive sponsoring by an advertiser. Vice versa, the larger the volume of advertisements a radio program carried, the more likely it was to be aired in a time slot accessed by a large audience.

The transformation of noncommercial radio to commercial radio had an unprecedented impact on other advertisement-sponsored media, in particular newspaper magazines. While magazine editors would put advertisements in magazines in a special section in the end of their magazines, advertisers now insisted to intersperse advertisements. This led to the creation of special ad-slots in the magazines such as the second and the last page of a magazine that even today are always carrying advertisements. Newspaper magazine editors could not well resist these demands since they realized that an advertiser could always leave the magazine and go to a radio station.

The lesson of commercial radio stations was not lost on television operators. While radio stations are relatively cheap to operate, much more resources and investment are needed for television programming. From the outset, television was sponsored by advertisements which initially framed the programs, however. The first advertisement aired as a break in a program—a technique solely

employed today—was aired in the 1950s. However, there were also strict regulations applying to television stations and their programming that were defined by the *Communications Act* in 1934. This act demanded in particular from every television station owner a local presence in order to prove that the station not only operated in commercial interests but also in the public interest. Local presence guaranteed communal institutions time slots to air programs of local interest. Noncompliance with these regulations could lead to the revocation of the broadcaster's license. Before this legal background, national television networks that began to grow during the 1960s worked on a rather slippery slope.

Television exerted much more pressure on other advertisement-sponsored media than had radio before. Magazines did come in two large categories: photography-based magazines such as *Life* (founded in 1936) and *Look* (founded in 1937) directed at large audiences, and intellectual magazines such as the *New Yorker* directed at a specific segment. Television enjoyed its highest income from advertisement with shows that created a "buying mood" with viewers to which commercials aired after the programs or in program breaks would easily fit. Magazines, in particular those who favored in-depth articles or articles on difficult topics had a much more difficult task in creating a "buying mood" surrounding the articles. The ultimate death bell for newspaper magazines tolled when color television made its first appearance. Color had hitherto been the monopoly of magazines, and it was lost now to television.

Television has become *the* mass medium of our times. Although the Internet is gaining in significance, economically it is still a far cry from the profits television generates. All large corporations are involved in television, either by operating television stations, owning networks or by owning stocks of television networks. Some corporations that were initially not media-related such as *Proctor & Gamble* have resolved to buy their own television stations solely for the purpose of creating inexpensive advertisements. The non-advertising elements of their programming is made up of what is called "fluff" in the media industry: cheap material such as talk shows, soap operas etc. that do not emphasize critical thought but serve as a kind of visual valium.

Television station and network operators have also invested enormous economic and legal resources on getting the *Communications Act* from 1934 revoked. In 1996, media lobbyists succeeded in making the Clinton Administration pass the *Telecommunications Act* that revoked the requirement for television station operators of serving the public interest, and that practically guaranteed corporate ownership of the airwaves.

## **The impact of advertising on the media**

With the advent of color television new media-related professions became established: public relations, professional advertisement firms, consumer research groups etc. In a remarkably short time, all these media-related professions have made a lasting impact on style, lay-out, content and other properties pertaining to news.

The most notable impact of large-scale advertising affected daily newspapers, and has transformed the USA into a unique media landscape compared to other advanced, high technology countries. According to Bagdikian (1997<sup>2</sup>: 118f), 98% of all American cities that have a daily newspaper have

only one, while most of the cities have no local daily paper. New York is the American city with the most daily newspapers; it has exactly three dailies. The capital of the USA, Washington D.C., has only one daily. In comparison, London and Paris have 14 each, Rome has 18, Tokyo has 17, and Moscow has nine.

How did it happen that the American daily newspaper landscape became such a monotonous information landscape? Bagdikian (1997<sup>5</sup>: 122f) explains the process of attrition due to advertising citing the case of three Washington D.C. daily newspapers in 1970: the *Washington Post*, the *Washington Star*, and the *Washington Daily News*. The *Post* had a circulation of 500 000, the *Star* of 300 000, and the *Daily News* of 200 000. Production costs for all three newspapers were basically the same. Advertising fees are based “on the cost of producing each individual copy of the paper, adjusted by its desire to attract as many advertisers as possible while maximizing profits (or minimizing losses)” (Bagdikian 1997<sup>5</sup>: 122). In 1970, for the same kind of advertisement, the *Daily News* charged \$9 676, the *Star* \$12 634, and the *Post* \$16 676. Although the *Daily News* was the cheapest advertisement, it was read in only 20% of all circulating daily newspapers in Washington D.C. If the possible readership that could be reached with each issue of the dailies was calculated, it turned out that the *Post* was actually the most inexpensive newspaper outlet for advertisers. Of course, advertisers realized this, and began to expand the advertisements in the *Post*. As a result, the profits of the *Post* rose which enabled the *Post* to spend more money on sales and promotion. This in turn, led to an expansion of the *Post*'s circulation, which again made it a more promising outlet for advertisers. The *Daily News* folded in 1972, and the *Star* in 1982, leaving Washington D.C. with only one daily newspaper. This process has happened not only in the American capital, but also everywhere in the USA, making the US populace the most ill informed people in the advanced world. This is true not only if seen in terms of news plurality and quality, but also in quantitative terms: Bagdikian (1977<sup>5</sup>: 203) cites the 1982 edition of the *World Press Encyclopedia* that gave a ranking of countries in daily newspapers sold per 1000 population. Sweden ranked first with 572, Japan second with 526, and the USA 20<sup>th</sup> with 287.

Actually, the situation is even worse. Mass advertising in newspapers, magazines and television has led not only to an increase in advertisements, but also to an increase of content control by the advertisers. McChesney (1997: 15) estimates that—depending on genre and audience reach—between 40% and 70% of the news in today's media is not produced by journalists, reporters or news agencies but is made up of corporate press releases or PR-generated material. In particular some sections of newspapers and magazines such as real estate, home and gardening etc. are now routinely outsourced to public relations companies or directly managed by the advertising staff.

Even big and influential newspapers such as the *Wall Street Journal* or the British *Financial Times* have writers on their payrolls that specialize in “fluff”. They are solely employed for the purpose of writing pseudo-articles on new products that serve as a background for advertisements that endorse exactly the product featured in the “fluff” piece, or they write “lifestyle columns” and related pages.

Incidentally, all newspapers have increased in volume. Surely, news information has increased in volume, too, but advertisements have increased much more, and since newspaper prices have increased without proportion to that, readers effectually pay the price for advertisements most of them they neither read nor want. At least, this is what Bagdikian (1977<sup>5</sup>: 135) concludes, when he compares the volume and price of a 1940 newspaper with a 1980 newspaper, and calculates that the 1980 newspaper

was ten times more expensive than it should be, based on comparative price indices, a generous profit model, and calculation of the amount of editorial matter versus advertisements.

But there is more: a corporation like *Proctor & Gamble* can afford to run a television station that—besides their commercials—airs only “fluff” and entertainment, because their products (detergents, crackers etc.) are common products used in practically every household, and thus there is no segmentation of the audience in potential buyers and non-buyers. However, the situation is different in particular for high-priced items such as luxury items, cars, houses etc. Since not everyone can afford to buy these products even on credit, the audience is segmented into a “target audience” and the rest. PR companies that are employed by the big corporations also do research on the impact of advertisements with consumers. If a certain medium such as a newspaper or a television program does not reach the desired target audience, a potential advertiser will refrain from buying space or time.

Bagdikian (1997<sup>5</sup>: 105ff) recounts in detail how this kind of mercantile thinking has affected the *New Yorker* from 1967 on. Before that date, the *New Yorker* was the number one magazine in the USA, generating the most profits from advertising, and constituted something like a media standard for successful sales management. Space in the *New Yorker* was very expensive, and therefore the advertisements practically all endorsed high quality products or luxury items in a very high price range. Since the *New Yorker's* editorial content draw an audience sufficiently wealthy to actually buy these products, all was fine. But in 1967, the *New Yorker* ran a feature on the war situation in Vietnam. Gradually, the *New Yorker* established itself as the leading anti-war medium, and gradually its audience changed. Affluent readers might have withdrawn from the magazine, but more importantly, non-affluent readers in particular university and college students who led the anti-war efforts turned towards the *New Yorker*. However, university and college students were not among the target audience for the high priced products the advertisements in the *New Yorker* endorsed. In 1970, as a result, the *New Yorker* had lost 40% of its advertisements, and its shares and its net profits had shrunk to a third from 1966. The important issue here—and the *New Yorker* makes a good case—is not that advertisers withdrew from the *New Yorker* in political protest, i.e. over a matter of editorial content, but that they withdrew because they realized that *New Yorker* began to draw a type of reader unlikely to become a potential consumer. Although the *New Yorker* decided not to change its editorial content—which is the standard maxim in such cases—the overwhelming majority of editors will decide to change their content if they find themselves in a similar situation.

What mass advertising has managed to achieve in the US media landscape is conflicting with the tenor of free market economics: it helped to bring about a system of localized monopolies in the newspaper business. Furthermore it has significantly contributed and fostered blandness in television programs and magazine content. American news consumers have reacted with a steadily decreasing loyalty towards the media. Bagdikian (1997<sup>5</sup>: 195) states that in 1930 on average 100 households consumed 132 daily newspapers, while in 1980 they only consumed 72. Television is bound to meet the same fate.

## **The six myths of modern mass media**

McChesney (1997: 8) states six myths that are perpetuated by corporate media and which include:

- 1) that an advertising-supported, profit-driven media system was ordained by the Founding Fathers

and the First Amendment;

- 2) that professionalism in journalism will protect the public interests from private media control;
- 3) that the Internet and new digital technologies with their billions of potential channels eliminate any reason to be concerned about corporate domination of the media;
- 4) that the market is the best possible organization for a media system because it forces media firms to “give people what they want”;
- 5) that a commercial media system was selected historically in public debate as the best possible system for a democracy, and that the matter has therefore been determined for all time;
- 6) and that the media are not dominated by corporate interests but, instead, have a liberal or left-wing anti-business bias. (breaks and numbering by T.G.)

Due to lack of space in this article, it is impossible to discuss and counter every one of the above-mentioned myths in detail, though the interested reader is referred to McChesney (1997) and (1999). However, it is at least possible to deal with these myths in a short but satisfactory manner.

#### 1) *The myth of the “Founding Fathers”*

That the Founding Fathers did not ordain the commercial media system as it presents itself today, can be countered by the simple fact that the Founding Fathers could not have known about the technological advances media outlets have made. On the contrary, it may be safe to say, that the Founding Fathers might have one or two critical things to say about the contemporary media situation.

#### 2) *The myth of journalistic professionalism*

Professionalism in journalism is not a concept that has come up as an answer to protecting the public interests from corporate media domination. It has been instituted to counter unethical journalism by the US yellow press around 1910. Later, it has been dubbed “objectivity”, and everyone with a background in basic philosophy knows how misleading and difficult the concept of objectivity is. Objectivity is nothing a journalist has primary access to; the world is rather perceived by different persons differently. It is true, however, that the majority of reporters and journalists are better prepared for their jobs, do it more professionally, and have a firmer ethical standing than at any other time in the media history. But, on the other hand, what the concept of objectivity as professional journalism has been able to achieve was blandness of news, coupled with an overdose of sound bites, and frequent unintelligible articles.

#### 3) *The myth of alternative media technologies*

While it is true that the Internet has turned out to be a possibility for millions of individuals to communicate, it is also true that every corporation owns a website and advertises on its own and on other websites. In particular media corporations pay close attention to new web technologies and have practically from the start tried to get their foot into the door. Television news and other channels now routinely refer viewers for any in-depth treatment of news and other information to their websites. In particular television has become unsuited for any lengthy, informative in-depth features and as advertisement plays the key role in program design and layout, any in-depth information is outsourced

to respective websites.

Two very important issues intensify this approach: advertisers seek to address a target audience, and this target audience is necessarily defined as affluent. In order to view a website, people must meet two relevant criteria: they must own a computer or have access to one, and they have to have access to the Internet. Furthermore, any access to the Internet is monitored by so-called “cookies”. Cookies are data that are sent from an individual computer to a server, and returned from the accessed server to the accessing computer. In particular, the Microsoft browser Internet Explorer is designed to use cookies. Cookies may—but not necessarily do—contain information about the accessing terminal, in other words the user. Cleverly used, cookies help consumer researchers to find out individual buying preferences and personal interests. The use of cookies is not a technical requirement of connecting to a server from a terminal, but all websites of big corporations use them.

It is noteworthy that recent technologies spawned by the Internet—in particular the Peer-to-peer technology (P2P) used by *Napster* or *Gnutella*—have not been to the liking of the big music industry. Both *Napster* and *Gnutella* allow individual users to download and install a specific search engine that searches individual terminals for multimedia files, in particular mp3-sound files. These young entrepreneurs—high school and college students—who invented the P2P-technology have been carpet-bombed with lawsuits by big corporations—without any significant and decisive victory for the corporate side\*. It is therefore safe to say, that corporations hate nothing more than an Internet that allows people to deal with each other directly and without corporate “supervision”.

Perhaps the most unethical manner in which corporations use the Internet now is in addressing children as potential customers. Children have come to command significant resources even at a young age, and are therefore plastered by television commercials and especially designed websites. These websites are for all practical purposes made up to look like secure servers, i.e. their access requires passwords. Passwords, however, can only be attained by filling out a lengthy personal questionnaire. These questionnaires routinely demand information about buying habits and personal preferences that young children are not able to properly judge with respect to their own personal interests and privacy protection. This practice has come to annoy American legislators—most of whom are fervently pro-big business—to a degree that legislation has been passed to put an end to it. Immediately after the respective legislation was put into law, an Internet research group found out that less than 10% of all commercial websites addressed at children obeyed the law.

#### 4) *The myth of free market and competition*

Corporate worldview preaches free market doctrine, but is least inclined to present itself in the open arena of free market competition. Quite to the contrary, regulative offices in the USA and other countries have been kept busy for a full century with hitting corporations with anti-trust suits and breaking down cartels. The Clinton Administration marked a turning point insofar as it has completely given in to corporate interests. No era in the USA has seen so many mergers with most of them

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\* After I finished this paper, the pressure on *Napster* increased to a degree that the statements I made above are not fully true anymore. The legal pressure on *Napster* has forced the company to filter any music files that are copyrighted from being freely swapped.

crossing or perilously close the border of cartel forming than the eight years under Bill Clinton. At no time in human history have different media technologies been monopolized by so few. The statement that media and other big corporations operate in an open and free market, or that they are successful because they operate in an open and free market, is outrageously untruthful. The corporate propaganda oozing out of corporate media sound bites and press releases suggests the opposite, and since any sincere and influential opposition has long been eliminated, the American public is deeply divided into a segment that fiercely believes the propaganda, and segments that remain doubtful and untrusting.

That mass media does not give people what they want is evident from dwindling loyalty to the media. People are being carpet-bombed with advertisement in sound, bytes, print, and on the screen—and they do not like it. The American populace is the most intensively polled people in the world, and polls regularly and indisputably show that people prefer content information to any other media content. People want good news and reliable consumer information, and that is not what they get.

It is also untrue that competition has led to plurality of media content. Proponents of the introduction of commercial cable television stations in Germany, argued in the 1980s that the more stations went on the air, the more diverse the media landscape would become. In fact, 20 years after the inception of commercial cable television in Germany, it is safe to say that the media landscape has never been less diverse. It does not matter which channel you chose, you invariably get to see the same drivel.

##### 5) *The myth of "the best system"*

At least in the USA commercial interests have never incited a new technology, rather they were conceived by private citizens—invariably intended to be used in the public interest. However, once there was the prospect of commercial profits to a new technology, corporations have—again invariably—succeeded in taking over the technology for their commercial interests and profits. There has never been a *public* debate in the USA on how to use radio or television or the Internet in the public interest. Rather it was corporations who relentlessly pursued changes in laws and regulations—changes that were invariably in the interest of profit. Corporations have spent and still spend enormous amounts of money on lobbyists in order to gain or increase influence in political circles. Two of the best-documented incidents in recent history are the creation of GATT (General Agreement on Tariffs and Trade) and NAFTA (North American Free Trade Agreement) in the 1990s. In both cases, the American public was overwhelmingly against creation or participation, but two unprecedented media blitzes managed to “convince” legislators to decide otherwise. The creation and passing of the *Telecommunications Act* in 1996 has been reported in the American media only in a very general manner without informing the public about the benefits and disadvantages of the new legislation.

That mass media need not necessarily be profit-driven and advertisement-sponsored, can be seen in Japan and Germany. Both countries entertain public channels. *Nippon Hōsōkyoku* (NHK) in Japan, and *Allgemeine Rundfunkanstalten Deutschlands* (ARD) and *Zweites Deutsches Fernsehen* (ZDF) in Germany have succeeded for many, many years in practically any area: news, culture, sports etc. These channels belong to the most-watched stations in both countries. Ironically, the Japanese NHK was installed under the US occupation after World War II. Although both Japan and Germany also allow

commercial television, no commercial television channel has been able to come close to the public channels in terms of viewer loyalty and consumption frequency.

6) *The myth of a left-wing media*

Apart from the fact that this myth is not wholly compatible with the myth of journalistic professionalism, it is simply not true. Polls on journalists, reporters and other media-related workers in the USA have shown the opposite: media-related workers rather adopt a conservative position as a personal worldview. For all things being equal, there is no reason whatsoever to believe that the general political and social attitudes of media-related workers are any different from the general attitudes of the whole populace.

## **Propaganda and democracy**

And this is the reason why the above-mentioned problems must be addressed: in our advanced and large societies political will is expressed very indirectly now because anything else is too unpractical and time-consuming. It is unrealistic to imagine a society of millions of people creating political will at town meetings. The only feasible way to create political opinions and political will is by ensuring that a mass media system is in place that guarantees free flow of comprehensive information *in the public interest*. In particular, if a society is modeled after the concept of democracy, the will of the people is the paramount measure of everything and for everything. Even though individual citizens can only contribute very indirectly to the formation of political will, this is no reason whatsoever of disenfranchising individuals by usurping the media system for the purpose of economic profit. McChesney has exactly this in mind when he points out that three relevant criteria have to be met if a democracy as a self-participatory political system should work. According to McChesney (1997: 5), the first criterion is that “there are no significant disparities in economic wealth or property across the society”, and the second that “there is a sense of community and a notion that an individual’s well-being is determined to no small extent by the community’s well-being”. Furthermore—and intimately related to the issue address in this paper, McChesney (1997: 5f) emphasizes that

. . . democracy requires that there be an effective system of political communication, broadly construed, that informs and engages the citizenry, drawing people meaningfully into is polity. This becomes especially important as societies grow larger and more complex, but has been true for all societies dedicated to self-government. While democracies must by definition respect individual freedoms, these freedoms can only be exercised in a meaningful sense when the citizenry is informed, engaged, and participating. Moreover, without this, political debate can scarcely address the central issues of power and resource allocation that must be at the heart of public deliberation in a democracy.

If McChesney’s words are taken to heart, and the society of the USA is measured against them, one cannot but refrain from calling America a democracy. Neither is there in the USA something that remotely resembles economic parity in income of property, nor is there any sense of community. Furthermore, as pointed out in this whole paper, America is far from having a media system that allows

its people to be “informed, engaged, and participating”. Thus, the USA is unable to meet any of the above-mentioned three criteria. In no other country is there such a large gap between high-income earners and low-income earners. Just 5% of US citizens own 80% of all the property, and this trend is increasing. Media coverage on many issues has instilled in many people an uncomfortable disposition with—so-called—“big government”. Partisan republicans have successfully shut down almost all branches of the federal government during the first Clinton term by boycotting the passage of the federal budget. Even very well educated Americans now believe that federal government is too big and should be significantly curtailed. Education is not considered a federal issue, i.e. Americans do not believe that education should be similar across the country. On the issue of welfare and health care, Americans remain deeply divided, although it is difficult to avoid the fact that America has the worst welfare system and the worst health care system among the advanced countries in the world. These are the results of effective corporate propaganda.

What America has become—in particular in the last decade—is therefore better described as a *corporate republic*. There can be no doubt that—for a country that does not stop to tell other countries to better mend their ways and construct their own societies after the American model—America is in no position to demand any respect for its truthfulness nor its purposes. It would be reassuring to be able to say that Americans of course have the right to design their society according to their wishes and choices. However, it remains doubtful whether their choices have any significance.

Other societies and countries must be cautious how much and exactly what they “borrow” from the American lifestyle. In particular, economic cooperation has to always be perceived in light of the fact that the American government for all practical purposes acts as an arbiter of American business interests and corporate profits.

Since in the last century, America has been the vanguard of most major trends—be they positive or negative—it is at least possible to regard the American foray into corporate media culture as something that should be avoided.

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