DIGITAL POSSIBILITIES, MARKET REALITIES: THE CONTRADICTIONS OF COMMUNICATIONS CONVERGENCE

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CONVERGED MEDIA, ERODED CITIZENSHIP

Advances in communications technology over the last forty years have generated considerable rhetoric and hyperbole about the transformations in social relationships they would both enable and compel. In particular, the emergence of the computer as a tool for storing and rapidly manipulating increasingly large sets of data, and its convergence with telecommunications systems providing the means for swift and extensive transmission and carriage, has been the root of endless discussion about the presumed arrival of an ‘information society’. The convergence of these developments, both technologically and organizationally, with the broadcasting industry has completed a fusion offering genuinely massive transformations in the worlds of work and leisure.

The technological core of these developments, digitization, involves the common transformation of a variety of modes of communication — print, speech, audio-visual materials, raw data — into a common form as electronic binary digits. This allows each form to be readily transmuted into any of the others, and for all of them to be stored, retrieved, manipulated, and distributed with unprecedented facility through the merged apparatuses of computing and telecommunications. Our concern here is not with the arguments about whether or not these innovations permit us to diagnose a transformation into a new kind of society. Suffice to say we understand them to have made major impacts on the relations between human beings and their environments, and between differing groups and social sectors, but in ways that largely enhance or recompose existing relationships. In short, the political economy of these changes will identify shifts
Three contradictions arising from current changes are of significance here. First, the massively increased efficiency by which information (a term used here generically) can be produced and distributed allows a substantial reduction in unit costs which could, in principle, create major enhancements in aggregate consumption and thus of standards of living and welfare. In practice, however, there is a strong correlation between those societies in which digitization — the ‘information revolution’ — is most advanced, and those with rising inequalities of condition.

Secondly, new means of accessing and producing information appear to lower the entry costs for new producers. On the internet anyone can be an author. The distinction between producer and consumer becomes malleable, and the power of the consumer in the ideal market, based on perfect knowledge of price and product choices, is substantially, indeed unprecedentedly, realizable. At the same time, however, distribution systems, not least the internet itself, have become enmeshed in the same convergence — economic rather than technological — that has transformed it increasingly into the model of older communication forms. They have become vehicles for the promotion and marketing of branded goods, and of the communication services themselves, as they become rapidly incorporated into the ownership of major communication multinationals.

Thirdly, the rise of faster, simpler, and more mobile forms of communication, and their diffusion to large sections of the population of richer societies, either through individual or civic access, opens visions of ‘cyberdemocracy’, the Jeffersonian ideal of direct citizen–government dialogue in which communication both comprehensively reveals the process and substance of government to the citizen, and also reconstructs the methods of accountability of elected representatives and public officials to the population, and the demand for it. At the same time the emergence of the ‘public relations state’, and widespread concern about the apparent torpor and disenchantment of electorates in many western countries with the mainstream political apparatus, suggest a less healthy set of consequences. Thus, while the widespread use and availability of new forms of political communication have set in place the possibility of radical transformations of organization and mobilization, they also facilitate considerable centralization of political control, and the further migration of power from the civic political to the private corporate sector.

As soon as a modern market-based media system emerged in the second half of the nineteenth century, critics identified a fundamental contradiction between the requirements of democracy and the logic of capitalist enterprise. The ideal of citizenship promised everyone the right to participate fully and equally in contemporary social life and to help determine the forms it might take in the future. Commentators rightly saw that this promise could only be made good if access to the basic material and symbolic resources required by participation was universalized. In the cultural sphere, this meant guaranteeing access to the widest possible range of (1) the information required to make considered personal and
political decisions, (2) frameworks of interpretation, explanation and evaluation and debates over their relative strengths and limits, (3) representations of coexisting and competing aspirations and ways of life, and (4) opportunities for active participation in shaping debates and representations. Many observers argued that the capitalist cultural industries failed to fulfil these conditions due to the endemic tensions between a conception of citizenship rooted in a vision of the common good and the private interests of owners and advertisers.

These deficits were addressed by a prolonged struggle to institutionalize the public interest within the communications system. This took two main forms, regulation and public subsidy. These devices assumed many of their modern characteristics in the inter-war period with the coincidental emergence of the two dominant forms of modern communications — mass broadcasting and domestic telecommunications connections — and the consolidation of a mass democratic system based (albeit incompletely) on universal suffrage. Regulation, the preferred choice in the United States, set out, firstly, to ring-fence the scope of capital by imposing restrictions on ownership and advertising, and secondly, to promote the public interest by requiring companies to forego some opportunities for profit maximization and deliver certain basic cultural resources for citizenship. These included minimal or zero domestic telephone call charges, broadcast programmes for unprofitable minorities, and air-time for rights of reply. In contrast, European societies sought to provide cultural resources for citizenship by operating both broadcasting and telecommunications organizations as public utilities funded out of taxation.

This dual system, in which public sector broadcasting and telecommunications corporations coexisted with commercial print, film, and music industries, survived, with modifications (such as the introduction of a strongly regulated commercial television system in Britain in the mid-1950s), until the late 1970s. From that point on, the communications landscape has been transformed by an accelerating process of marketization. This is the essential context within which convergence must be viewed.

The central dynamic of convergence is economic not technological. The development of fixed and mobile devices that combine the present functions of the television set, desktop computer and telephone/fax machine is not the main story. Instead of asking, as many techno-enthusiasts do, ‘What can digital technologies do and where might they take us?’, we need to ask ‘How is the political economy of the communications system shifting under the impact of market-led convergence and what are the consequences of this movement for patterns of corporate control and popular use? Will fatter communications companies mean a thinning out of citizenship?’

THE FORWARD MARCH OF MARKETS ACCELERATED

Marketization is both an institutional and ideological intervention. It entails three analytically distinct processes. Firstly, the size and operating scope of the market sector is progressively increased by colonizing space previously occupied
by public sector institutions and by relaxing or removing the public interest requirements of regulation. Secondly, market criteria of success — cost-saving, commercial revenue generation, and customer maximization — are established as the primary yardsticks against which the performance of all organizations, including those still formally in the public sector, are evaluated. Thirdly, audiences and users of communications facilities are addressed primarily as consumers with a sovereign right to have their personal needs met, rather than as citizens whose right to full social participation carries with it an obligation to recognize and respect the needs and aspirations of others. By linking demands for expression and satisfaction to the logic of purchase and possession, marketization promotes consumerism as the meta-ideology of the age.

Institutionally, marketization is propelled by four basic dynamics.

1. **Privatization.** The sale of strategic public assets to private investors and the reconstitution of public enterprises as profit-seeking corporations, as in the transfer of the telecommunications business of Britain’s state owned PTT (post, telegraph and telephone utility) to a new commercial concern, British Telecom.

2. **Liberalization.** Opening up monopoly or restricted markets to competition. Significant examples include the final liberalization in 1998 of the telecommunications markets in the member states of the European Union previously controlled by PTTs, and the introduction of commercial cable and satellite television services into European television markets historically dominated by either a single public broadcasting organization (as in Norway and Sweden) or by a strongly regulated public/commercial duopoly (as in the UK).

These two processes, taken together, have massively increased the scale and scope of corporate reach in key communications sectors. Corporations’ room for manoeuvre within this enlarged space has been significantly extended by a third process.

3. **The reorientation of regulation** from underwriting the public interest to securing a business environment that gives major corporations maximum scope for action. The celebration of enterprise and commercial innovation that underpins this shift also extends to the public sector, producing a fourth dynamic:

4. **Corporatization,** whereby public sector organizations are encouraged and/or compelled (through cuts to their core public funding) to pursue commercial opportunities more aggressively and to adopt corporate forms of organization.

The onward institutional and ideological march of these core elements of marketization has been propelled by the relentless rise of variants of neoliberal economic thinking. Faced with increased popular and elite disillusion with the performance of public enterprises and dirigiste policies, governments throughout the capitalist world in the late 1970s began to listen more attentively to the siren song of the new marketers. The conservative governments of President Reagan in the United States and Mrs Thatcher in Britain became emblematic of the emerging market orthodoxy, though it was arguably the 1984 (Labour) government in New Zealand — the country that had established the first modern welfare state — that insisted most zealously that there was ‘no alternative’ to comprehen-
sive marketization. Nor was structural readjustment confined to mature capitalist economies. It was globalized, firstly by the conditions attached to loans to developing countries, and secondly by shifts in the policy regimes of the world’s three most populous societies — China, India and Russia. As a result of the pro-market reforms initiated by Deng in China and Rajiv Ghandi and his successors in India, and the collapse of the Soviet regime, by the end of the end of 1980s all three regions were integrated to varying degrees into the new marketized world order.

This redrawing of the global map has established a new economic playing field for the major corporations. The aim now is to re-write the rules to confer additional advantages on leading players. As capitalism’s centre of gravity moves from manufacturing to services, so these sectors account for an increasing share of economic activity. Historically under welfare capitalist regimes, however, key services have tended to be operated primarily as public enterprises. In some countries (including the UK) some sectors such as water, gas, and voice telephony have been privatized (by selling state assets to private investors) and liberalized (by allowing competition in supply), but in other major areas, notably education, health and some cultural services, public sector enterprises retain a substantial and often a dominant presence. Corporate awareness of the untapped potential for profits in these sectors has made the service industries a major target for further marketization, spearheaded by the General Agreement on Trade in Services (GATS) being promoted by the World Trade Organization (WTO). The GATS was originally introduced in 1994 but is currently being renegotiated with the aim of extending its scope and closing loop-holes for non-compliance.

The GATS, as the WTO’s Secretariat points out, ‘is the first multilateral agreement to provide legally enforceable rights to trade in all services’ supported by ‘a built-in commitment to continuous liberalisation through periodic negotiations’. Embedded in this sentence are two key propositions. Firstly, the agreement will cover all services. The WTO classification lists twelve main areas. Subdivision 2, ‘Communications Services’, includes telecommunications services, radio and television services, sound recording, and motion picture production. Subdivision 10, ‘Recreational, Cultural and Sporting Services’, includes news agency services, theatres and music performances, together with libraries, museums and ‘other cultural services’. Taken together, these categories embrace most of the key industries producing and distributing the informational and symbolic resources that support the cultural rights of citizenship. Secondly, the agreement stretches the established definition of ‘trade’ to include services provided ‘by a service supplier of one Member, through commercial presence in the territory of any other Member’. The clear intention is to open up the full range of services previously administered by national governments to international competition and to exert continuous pressure on governments to establish full liberalization in all relevant sectors. Once implemented the aim is to make all such moves irreversible. As the Secretariat noted, ‘bindings undertaken in the GATS have the effect of protecting liberalization policies, regardless of their underlying rationale, from slippages and reversals’.
Supporters of the GATS have sought to answer critics by drawing attention to two provisions in the draft agreement. Firstly they point out that it excludes services provided solely by government. It does, but this caveat does not apply to services supplied in competition with the private sector, which would cover most public services (including public broadcasting services) in most ‘restructured’ capitalist economies. Secondly, they argue that countries will be able to choose which sectors they want to open up. This is misleading. The draft ‘general obligations’ place the onus on governments to justify their existing regulatory regimes. Article VI.4 of the GATS specifies that these should be ‘no more burdensome than necessary to ensure the quality of the service’.7 The Working Party on Domestic Regulation is currently urging that this should be interpreted as requiring governments to demonstrate that no less ‘trade restrictive’ option was available to them. If a government set a goal of facilitating universal internet access for example, it could be argued that instead of providing communal points of access in libraries, schools and community centres it would be less ‘trade restrictive’ to give low income families vouchers to spend in the marketplace.

Whether or not all the proposals currently on the table are incorporated into the revised version of the GATS, the marketized world view that underpins them is already firmly entrenched. The history of communications liberalization in the European Union, for example, can be read as a steady march across rough terrain (in which public interest arguments have precipitated frequent landslips and blockages) towards a regulatory regime oriented around corporate requirements. Surveying the final liberalization of voice telephony services in the EU in 1998, the then Deputy Director General of the competition directorate greeted the move as a very welcome step towards ‘open and competitive structures in the telecoms and media sectors’ in which these services ‘high growth potential’ could be pursued unimpeded.8 The previous year, a position paper on the convergence of the telecommunications, computing and audio-visual industries had argued strongly that ‘in principle ‘there should ‘be no restrictions on business activities ‘and that companies should be allowed to supply any service over any network to any users.9 This was modified in redrafting, but the revised version remained firmly committed to minimizing barriers to corporate action, arguing in almost identical terms to the GATS that ‘regulation should be limited to what is strictly necessary to achieve clearly defined objectives’ and be deployed ‘simply as a tool, alongside the use of market forces’.10 This argument is illustrative of the fundamental rethinking of the role of regulation now in process.

RETREATING FROM REGULATION

As indicated above, marketization entails moving the underlying rationale of regulation from defending the public interest to advancing business interests. This shift is institutionalized by transferring key areas of allocative and operational decision-making to corporations, and redefining the proper province of public regulation as keeping a general watching brief on corporate performance and intervening only where absolutely necessary.
Historically regulators would allocate key communicative resources, such as broadcasting franchises and radio spectrum space, on the basis of a so-called ‘beauty contest’ in which applicants would be judged against a range of criteria, including their contribution to the public good (however defined). In a number of countries, this system is now in the process of being displaced by competitive auctions in which strategic resources go the highest bidder. This favours players who are already well resourced and established. The recent auction of spectrum capacity for the third generation of mobile telephones, instituted by the ‘New Labour’ government in Britain in 2000, is a particularly dramatic example. The funds this exercise raised for the Treasury outstripped initial projections by a considerable margin, but left successful bidders with far less development money than they had originally calculated. They are now seeking partnerships to spread the costs, a process that will further consolidate the market power of the players with the deepest pockets.

Regulators are also progressively withdrawing from intensive oversight of corporate operational performance, preferring a ‘light touch’ to a ‘heavy hand’ and transferring responsibility for compliance to the corporations themselves, backed by annual or periodic regulatory audits. The promotion of self-regulation is at the heart of the British government’s proposals to dissolve the current regulatory bodies responsible for overseeing broadcasting and telecommunications and to create a new body, OFCOM (analogous to the FCC in the United States), charged with ensuring that Britain takes maximum advantage of the business opportunities offered by a converged media environment.\(^1\)

There is a fundamental contradiction in the emerging regulatory regime of marketization. On the one hand, open competition is being promoted as the most effective way to secure the core public interest criteria of diversity of service and universal access. On the other hand, governments wish to ensure that they can field national contenders with the critical mass to compete effectively with the major players in a converged international marketplace. This tension between promoting competition and creating national champions is being rapidly resolved in favour of the largest corporations.

**CONSOLIDATING CORPORATE POWER**

The last five years have seen an unprecedented wave of mergers and acquisitions in the communications industries as the major players have moved to take maximum advantage of the new market environment opened up by privatization, liberalization and the relaxation of ownership regulations, and the new opportunities presented by convergence. Much of this activity has been driven by three main ambitions; to establish a significant presence across the full range of core areas of cultural production and content; to control distribution as well as production through vertical integration; and to integrate emerging media sectors into established nodes of media power.

Digitization significantly increases both the number and scope of distribution channels. Digital compression means that many more broadcast channels can be carried in the spectrum space or cable networks now occupied by relatively bulky
analogue signals, while increasing versatility at the point of delivery allows key technologies to become multi-functional. Mobile telephones can be used for text messaging and accessing still images and video, for example. This rapid proliferation and extension of carriage and delivery has not been matched by a concomitant increase in original production, however. Converging communications is conduit-rich but content-poor. Consequently, control of content remains a pivotal source of competitive advantage. To remain a major player in public communications it is therefore necessary to have significant holdings in all three of the major media sectors — print, recorded music, and the moving image industries. The German-based concern, Bertelsmann AG (the third largest global media operator), illustrates the emerging structure of multimedia conglomeration very well. Originating as a print-based company with significant interests in books, newspapers and magazines (which now include eighty magazine titles published worldwide and the US-based publisher, Random House), it is now a major presence in both European television (through CLT-UFA, which operates the well-established RTL network) and the international music industry, with holdings that include the RCA Victor label and Napster’s recently acquired online business, whose free distribution policy had previously been seen as a substantial threat to the entrenched power of the record majors.

As the Napster example demonstrates, the advantages of control over strategic content are further consolidated if some control can also be exercised over carriage and delivery. This has led companies to take full advantage of the opportunities for vertical integration opened up by changes in the US regulatory regime, and in particular the chance to combine the production facilities of the Hollywood studios with the distribution reach of the US television and cable networks. In 1995 the Walt Disney Company bought the broadcasting network operated by Capital Cities/ABC for $19 billion; and in 1999 Viacom, which controlled the old Paramount Pictures studio, merged with the CBS network. Both consolidated corporations also have extensive transnational interests in cable television. In addition to the flagship Disney Channel, Disney operates the world’s most successful network of sports channels, ESPN, with a presence in 165 countries, while Viacom controls the MTV music network and the Nickelodeon film channel. The former reaches 342 million households worldwide; the latter, over 300 million.

In October 2000, the purchase of another major Hollywood studio, Universal, by the French-based concern, Vivendi, was approved by the EU Competition Commissioner, Mario Monti. This brought together Universal’s production capacity, and Europe’s largest pay television operator, Canal Plus, which reaches fourteen million subscribers in eleven European countries, with one of the continent’s major forces in cinema exhibition. But this integration of key audio-visual resources was only one element in a much more ambitious game plan. Indeed, Vivendi’s rapid rise encapsulates many of the core processes of marketization. It began as a utility company taking advantage of moves towards privatization within Europe to supply water and other services (including rail travel). The profits from these activities provided a ‘war chest’ that could be used to expand into key areas
of communications. The aim was to make convergence a paying proposition by combining strategic holdings in both established and emerging media. In addition to the film and television interests, these now include: the sixty publishing houses grouped under the Havas division, selling 80 million books a year; the substantial Universal music interests (which account for 22 per cent of the global market and now include the MP3.com internet music distributor, bought in May 2001); Vizzavi, an internet portal operated in partnership with Europe’s biggest mobile phone operator, Vodaphone; and Viventures, a venture capital fund with investments in over fifty internet companies on both sides of the Atlantic. As the company chairman, Jean-Marie Messier, pointed out at the time of the MP3.com purchase, the expertise offered by these strategic stakes in digital media ‘will be a tremendous advantage, especially in the digital distribution of all Vivendi Universal content and the creation of common technology platforms’.12

The only other corporation to match the scope of Vivendi Universal’s operations so far is AOL Time-Warner, formed in January 2000 and finally approved by the European Commission in October 2000, within days of the final clearance of the Vivendi Universal tie-up. Time-Warner, itself the product of a series of earlier acquisitions which brought together substantial holdings in the audio-visual industries based on the Warner Brothers’ Hollywood studios and music interests, Ted Turner’s CNN satellite news system, and the publishing interests developed from the success of Time and Life magazines, was already the world’s leading ‘old’ media corporation at the time of the amalgamation with AOL. This latest merger offers access to some of the best known on-line service providers including America Online (with over 22 million subscribers), AOL International (with 4.4 million subscribers in fourteen countries), CompuServe Interactive Services, and the Netscape internet browser.

The formation of Vivendi Universal and AOL Time-Warner, and their successful clearance of the relevant regulatory hurdles in both the US and the EU, with requests for only very modest concessions, suggests that the future shape of the converging media marketplace will be determined primarily by transnational corporations with significant stakes across the whole range of ‘old’ and ‘new’ production and distribution systems. The emergence of these integrated communications corporations not only changes the terms of competition, making it increasingly difficult for new entrants to establish a viable presence. It also obliges national regulators to recognize and accept the commercial ‘realities’ of transnational convergence. This in turn puts additional pressure on publicly-funded media organizations which have traditionally seen their primary role as providing cultural resources for citizenship.

INCORPORATING PUBLIC COMMUNICATIONS

One of the central features of marketization is the progressive application of corporate institutional models and rationales to organizations still formally in the public sector. This drive to corporatize public communications was pursued most forcefully in New Zealand where the public broadcaster, Television New
Zealand, was converted from a licence-funded organization to a State Owned Enterprise with a statutory duty to maximize the returns it made to the Treasury. The licence fee continued to be levied but the monies raised were put into a general production fund, New Zealand On Air, designed to support national programme-making. However, awards were conditional on the applicant demonstrating that one of the major channels has agreed to air the programme. As a consequence ultimate editorial control lay with the channel schedulers rather than with the NZOA panel, allowing significant sums of public subsidy to be directed to projects endorsed by commercial channels.13

Governments in other mature capitalist economies have pursued corporatization somewhat less literally, preferring to promote change by creating conditions that pointed insistently towards commercial solutions. This was most often achieved by reducing the real value of public subsidy at precisely the time when public media organizations were facing intensified competition for both core production resources and audiences. These shortfalls were addressed in three main ways. Firstly, production costs could be cut by scaling down in-house facilities and ‘outsourcing’ projects to independent producers, or by introducing internal markets in which creative teams within the organization bid against external suppliers for project commissions, as in the BBC’s ‘Producer Choice’ initiative. Secondly, costs could be spread by entering into public-private partnerships. In May 2001 for example, the BBC signed a three-year deal with the Cobalt Media Group to develop major feature films, entitling both partners to a 50 per cent share of any net profits from joint projects. This was the latest in a lengthening line of partnership agreements that the Corporation has signed, including a major deal with the Discovery Channel. Critics of these arrangements have argued that whilst they help to sustain the BBC’s ability to launch big budget projects, they raise awkward questions about the locus of editorial control and the criteria underpinning decisions to back one project rather than another. A third way to address the escalating costs of production is to maximize the income generated by sales in overseas and secondary markets and by merchandising and ancillary products, from magazines to toys. Again, the BBC has pursued these options with considerable vigour, and has been in the forefront of exploiting the commercial possibilities of moving onto the internet through its commercial subsidiary Beeb.com.

These initiatives may be successful in their immediate aim of generating more income for domestic production but they generate several deep-seated contradictions. Firstly, the more successful a public corporation is in raising commercial revenues the weaker its case for continuing to receive earmarked public subsidies, in the form of either a licence fee or a block grant. Secondly, the more successfully it competes in the marketplace the more vociferously commercial actors are likely to raise questions of unfair competition on the grounds that decades of public subsidy have enabled organizations like the BBC to build a valued brand with worldwide recognition without the cost of transnational advertising, and that the licence fee continues to confer an unwarranted advantage. As one
disgruntled competitor put it: ‘[i]f its job is to compete in the new media arena then [the BBC] must lose the licence fee, because if it’s competing aggressively with everyone else, there’s no reason why it should get a licence fee and we shouldn’t’. Thirdly, it is likely to be increasingly difficult to maintain the ‘Chinese Walls’ that currently separate the public service side of the BBC’s operations from commercial operations already thoroughly imbued with the practices and rhetorics of corporate life. In order to attract the best qualified staff to join its commercial internet venture, Beeb.com, for example, the BBC recently offered new recruits ‘phantom’ share options with values tied to the overall valuation of the business. As a Corporation spokesperson explained at the time, ‘Beeb Ventures needs to be in tune with the marketplace’. The declared rationale for this rush to embrace corporate strategies is that the returns from these enterprises help ensure that the BBC can continue to provide the widest possible range of services, both over air and on the internet, free at the point of use. But the more insistently corporate language, practices and ‘targets’ are adopted the more likely they are to tunnel under the Chinese Walls and find their way into the mainstream of the Corporation’s rhetoric and strategies.

Arguably, the need for publicly-funded communications organizations committed to resourcing citizenship is greater than ever at a time when the onward march of marketization has increasingly converted information and communication goods into commodities and tied access ever more securely to ability to pay. This is particularly so now, when inequalities of income and condition are increasing in a number of key economies and transnationally.

SOCIAL DIVISIONS AND DIGITAL DIVIDES

The widening of social divisions that has been endemic in many Western societies in recent years is reflected in ownership of and access to new information resources. The cliché of the ‘digital divide’ is, like most clichés, well founded in empirical reality. In the UK the wealthiest 1 per cent own between a fifth and a quarter of total household wealth; half the population own just 6 per cent of total wealth. The gap between household incomes is nearly as stark. The earnings of the poorest tenth of male workers as a proportion of the top tenth fell from 43 per cent to 30 per cent between 1979 and 2000. The number of people in poverty increased from 9 per cent to 25 per cent of the population between 1979 and 1999, an increase that included an additional 3.1 million children. Household expenditure matches these inequalities. Lower income groups spend a higher proportion of their income on essentials. While the poorest twenty percent spend 22 per cent of their income on food and non-alcoholic drink, for the top fifth the figure is 13 per cent (of a figure itself roughly double the disposable income of the poorest fifth).

This inequality readily appears in the ownership and use of communication goods and facilities, as we have explained in a number of analyses elsewhere. Unequal access to the internet is an important indicator here, since it illustrates some key features of the digital divide. In the UK, while headline figures
constantly trumpet the growing number of households who have accessed the internet recently, or who now have home access, 60 per cent had still not accessed the internet by the end of 2000. In early 2001, while 78 per cent of professional households had used the internet, only 27 per cent of those in homes with an unskilled head of household had done so, and the gradient from lowest to highest income groups remained steep, and had grown over the previous two years. As market analysts Booz-Allen point out: ‘as the online revolution runs its course, the divide looks set to grow worse … far from evening out the emerging inequalities, the wave of growth is likely to exacerbate them in relative terms, leaving an unconnected or excluded group of over 20 million citizens’.

The situation in the world’s most advanced information economy is the same. The US National Telecommunications and Information Administration data show that, behind the apparent good news of rising access and gains among the digital ‘have-nots’, only 19 per cent of people in households with annual incomes below $15,000 were internet users in 2000, contrasted with 70 per cent of those in households with incomes above $75,000. Single parent households are only half as likely to have access as two-parent households, while the gap between Hispanic groups and the remainder of the population did not diminish between 1998 and 2000.

This pattern is sometimes regarded as an inevitable transition while the real costs of new forms of commodity and service, initially acquired by richer ‘early adopters’, reduce and are gradually diffused through the wider population. However, even if this were true of previous waves of consumer technologies, it is not happening with communication and information goods and services. The high initial capital costs act as a substantial barrier to low income groups. But even as they do reduce, the recurrent costs of unavoidable replacement of key items (as producer-enforced specifications are upgraded), the purchase of supplementary and increasingly essential associated equipment (modems, printers, scanners), and the cost of use (particularly online and subscription charges) all impose very high demands on consumer disposable income. In consequence ownership profiles are dissimilar to those of earlier generations of technology, creating two new forms of inequality. One simply demarcates the digital ‘haves’ from the ‘have-nots’, with a significant minority apparently permanently excluded from the new facilities. The second sees a major widening of the gap in the quality and capacity of the communication and information goods available to groups of differing spending power. Lower income groups, even where they are able to make an entry into the new marketplace, find themselves forced to manage with lower specification and limited capacity resources, which compromise fundamentally the more flamboyant claims of those who see the new technologies as ‘democratizing enablers’ which abolish social distinctions.

To meet this criticism governments have adopted two approaches. The first has been to seek to foster the growth of the information sector of the economy by the deregulation and quasi-subsidization of production. This has had special appeal to European governments anxious to confront competition from the US.
and Japan. The other approach has been to subsidize consumption, by incorporating information and communication goods into public provision. These initiatives have had their own difficulties. In the UK the government has launched endless schemes to increase the use of new information and communication facilities by low income households. But these have mainly been conditionally linked to labour-market policy, imposing retraining and welfare benefits conditions, with very limited success even on their own terms. They also have the inevitable consequence of providing a ‘hand-out’ mode of distribution that places lower capacity resources into lower income homes, thus exacerbating the digital divide. An alternative to this approach offers collective forms of provision (for example in schools, public libraries, or community centres), which creates an additional contradiction, since the content providers (in the main private corporations) design their systems for the model of the individual household consumer market.

The divisions and inequities at the heart of the digital revolution within nations are inevitably replicated on a global scale. The availability of communications goods and services has perennially matched obstinate patterns of inequality in incomes and wealth between nations. The availability of cheap, fast communication opens up possibilities for progressive social change in a variety of spheres, from health and education to the potential for liberatory networking between social movements with concerns and grievances that transcend the borders of nation states. Yet just as the contours of telecommunications mould onto the residual markings of empire, so the distribution patterns of new communications technologies match the global distribution and control of wealth.

With about 6 per cent of the world’s population North America has about 41 per cent of the online population. Africa, by contrast, with nearly 10 per cent of the global population, has fewer than 1 per cent of the on-line population. There are more users online in Sweden than in the whole of sub-Saharan Africa. As Norris observes, '[t]he 29 OECD member states … contain 97 per cent of all internet hosts, 92 per cent of the market in production and consumption of computer hardware, software and services, and 86 per cent of all internet users.' The contradictory potential of the new communication technologies for poorer countries is intense. First, their growth enables new patterns of participation in the distribution of knowledge and competencies. Yet at the same time intellectual property regimes prevent poorer countries obtaining access to information of crucial use to them in technological development. This includes information about themselves, which often remains locked within the grasp of private and multinational users. Secondly, speed and cost advantages open up the entry of ‘emerging market’ economies into global commerce: a document sent between two African countries costs 200 times more to send by fax as by email, and 400 times more to dispatch by courier. Yet the control of available networks by global distributors of entertainment means that a set of contradictory forces is in play. Not surprisingly, agencies like the United Nations Development Programme see the third world cup as half empty, while the World Bank sees it as half full.
gap in information and communication resources is both a consequence of global inequalities arising from the international economic order, and in turn becomes a reinforcing source of their perpetuation.

CITIZENS AND NETIZENS

The charge from the left has always, and rightly, been that the media’s embrace by the corporate structure of capitalism has distorted their potential contribution to informing and empowering citizens in an effective democratic structure. The incorporation of the media into larger enterprises has resulted in three broad types of failure in this respect, the details of which we have catalogued elsewhere. First, the range of voices available in the market place becomes determined not by political action or democratic entitlement, but by the combined forces of advertising, ownership, and market manipulation. Minority and weaker voices survive, but become marginalized and impoverished. Secondly, the ambitions and relevance of the media as contributors to popular enlightenment become muted, a charge most recently represented by the identification of ‘tabloidization’ in the ‘quality press’; that is, the adoption by serious and information-oriented media of down-market efforts to entertain and expand their markets at the expense of their former broad and politically-significant content. This latter charge has attracted a radical riposte; that it is itself rooted in an elitist and narrow notion of what it is to be ‘relevant’ and ‘informative’, and that the charge of ‘dumbing down’ is no more than a blinkered failure to acknowledge the widening of political discourse to embrace newer, more demotic, and possibly less gendered concerns. It is hard, though, to recognize in the strident excesses of Jerry Springer or the UK Sun a welcome expansion of the imaginative breadth and popular liberation of political discourse. Thirdly, the media have been accused of narrowing their vision and conception of the world to represent an unchallenging consensus that conforms to the world view of the most powerful social groups. This view has underpinned much social research into the content of the media for several decades, in both particular areas of social affairs and in general.

Yet all three charges are now challenged by the transformations being driven in communications by technological change. It is now argued that the massive expansion of channels for communication and information flow creates a landscape in which choice and abundance wholly compensate for, or indeed dissolve, these weaknesses in the media structures of modernity. First, there are no limits to the range of materials that can be made available. The internet, new and cheaper forms of information production and distribution, and the increased proportion of productive labour committed in advanced societies to information and communication activities, all combine to create a limitless cornucopia of diversity. Secondly, the very simplicity and availability of new communications forms lowers the entry threshold for oppositional forms of communication; the radical, progressive, and heterodox are as free to broadcast their voice or communicate among themselves as the previously powerful and dominant voices of yesterday’s mediascape. The age of limitless information abundance, it is claimed,
heralds the formation electronically of an agora without the ancient restrictions by wealth and gender.

There are a number of reasons to pause before applauding uncritically this apparent transformation. Debate about the potential and actual changes in political relations and communication consequent on new communication technologies is now voluminous. But a few brief contradictory pointers are of particular relevance here. First, it is important to recognize how frequently descriptions of new democratic communications focus on the apparent success of what might once have been termed prefigurative forms, that is anticipatory pioneers whose model could be seen to have potential for wider progressive application. A torrent of appreciative studies of newsgroups, email lists, electronic town meetings and the like has paid testimony to the potential liberatory character of the internet, in much the same terms as earlier writers celebrated citizens’ band radio, guerrilla television and desktop publishing. But these acclamatory descriptions are almost invariably based on exceptional, wealthy, and demographically limited locations and populations, making their euphoric tone inappropriate and inapplicable to much of the rest of the world.

Second, as we have seen above, the facilities and networks that enable such new communicative democracy often bypass poorer sections of the population. As Wilhelm points out, ‘[p]rivate-sector investment in telecommunications infrastructure deployment in the largest metropolitan areas, such as fibre–optic networks built by competitive local exchange carriers, follows clear patterns of bypassing poor neighbourhoods and communities of colour in order to maximise profits’.32

Third, the ‘new politics’ underpinned by the direct electronic connection of government to governed, powerful to non-powerful, bypasses not just the poor but political organization and collectivity as well. There is here the potential for a fundamental individualization of politics. In cyberdemocracy the role of representative and intermediary organizations — trade unions, community groups, political parties, pressure groups — atrophies.

Fourth, digital democracy suggests a diffusion and distribution of power but, contradictorily, has exacerbated its concentration and centralization. This has two aspects. One is the transfer of effective power and control over major resources and strategic planning from the nation-state, imperfectly but nonetheless indubitably linked to a political system of accountability, to transnational corporations. The other is the ‘concentration of politics in the registration, control and surveillance by states, corporations, and societies’.33

There are without question myriad examples of the politically progressive contribution of new communication and information technologies, from the emancipatory politics of the Zapatistas in Chiapas34 to the international harrying of corporate giants like McDonalds.35 But the very architecture and construction, as well as the political economy, of the new technologies, are liberatory in their potential but regressive in their contemporary reality.
CONSUMING CITIZENSHIP

The biases in the material organization of the new digital media are further reinforced by an insistent promotional rhetoric that has hollowed out the space previously available for the reconstruction and extension of citizenship, and refilled it with seductive promises of boundless consumption and personal satisfaction. Corporations entering the new media marketplace work with social maps on which affiliations are classified by life styles and leisure interests rather than by membership of moral communities. These market segments are then addressed by themed channels and internet sites. This produces a contradictory movement in which digital technologies facilitate ‘the development of distinct groups organised around affinity and interest’ while at the same time undermining the possibility of creating ‘a public — an active democratic encounter of citizens who reach across their differences to establish a common agenda of concern’.36 This erosion of a communal public sphere is further accelerated by the emergence of personalized systems of delivery developing around the Personalized Video Recorder, which uses a programmable hard disk to track its users’ particular interests across the range of channels and record the relevant programmes while filtering out the advertisements.

The arrival of these ‘Me TV’ systems exacerbates the problems advertisers have faced for some time, of viewers using their remote control consoles to zap away from advertising breaks. New technologies, however, offer several ways to reintegrate ads into the viewing experience. Advertisers can take up the option of ‘brandcasting’ and enter the marketplace with their own channels. They can incorporate products into the programmes through various forms of placement and encourage viewers to use the developing point-and-click technologies to order goods they have seen directly from the screen. They can use the wealth of socio-demographic and taste data generated by personalized viewing and interactivity to target ads more precisely so that viewers are only exposed to promotions for goods they are interested in. And they can follow viewers out of the house, using mobile phones as a marketing tool. As Charles Vallence of the WCRS agency notes, mobile telephony ‘is the most personalised medium that has ever existed’.37 The trick is to replace person-to-person calls with business-to-person traffic.

Historically the organization of an evening’s viewing has resembled traditional cinema programming with a major feature (in the centre of prime time) surrounded by a news bulletin, second features, promotions and advertising. Viewing in the age of convergence is modelled on the shopping mall, in which the pleasures of looking are seamlessly combined with the pleasures of buying and possession. Broadcasting is no longer an event. It is an environment built around an ever-thickening network of connections between the television set and the internet. Within this space the ‘mission to explain’ and the obligation to represent yields to the drive to sell both the channel itself and the goods and services it promotes. Intimacy and interaction are enlisted in the service of marketing. As Jim Rudder, the director of interactive broadcasting at Rupert Murdoch’s BskyB,
candidly put it; ‘[i]t’s about creating a close relation with the viewer. Once you have that relationship, the monetising is pretty predictable stuff. You will find opportunities all the way through.’ 38

The concerted ‘monetizing’ thrust of market-driven convergence has not gone unopposed, however. Despite the political and ideological battering they have received, many people working in public cultural organizations continue to view their productions as public goods rather than commodities and to argue forcefully that they should be available free of charge. The Massachusetts Institute of Technology’s recent decision to make much of its course material available over the internet at no cost to users is a powerful restatement of this principle, particularly in a context where a number of other leading universities are developing commercially organized distance learning programmes. In addition, despite the rapid commercialization of the internet and the proliferation of subscription sites, a number of civil organizations still operate on the principle of reciprocity, posting material that others may find useful in the hope that they in turn will donate their own expertise and energy. These counter-moralities of exchange are fragile and continuously open to commodification, but they provide the only basis on which to build a digital commons that mobilizes emerging communications technologies in the service of an extended and cosmopolitan ethos of citizenship rather than consumption. Finding ways to develop this vision and construct an infrastructure to support it materially is the one of the greatest challenges facing democracy over the coming decades.

NOTES


5 General Agreement on Trade in Services, Part 1 — Scope and definition, Article 1 (2c).


7 General Agreement on Trade in Services, Part 11 — General Obligations and disciplines, Article VI.

8 J.F. Pons, The Application of competition and antitrust policy in media and telecommunications in the European Union: speech presented to the International Bar


23 National Telecommunications and Information Administration, Falling Through the Net: Toward Digital Inclusion, October 2000, Figure II–3.


38 Quoted in David Teather, ‘Now we have to show where the money is’, Guardian New Media, 2 April 2001, p. 54.