

18/02/2000

Behemoths can rule the world

Rozi Ali

OVERLOOKED in the excitement that greeted the US\$172 billion (RM653.6 billion) merger between America Online and Time Warner, are two issues.

The merger between the world's biggest online information company and the largest traditional media and entertainment empire has tremendous implications on the corporate and media business landscape.

The trend of mega mergers may lead to a situation of worldwide oligopoly. In this case, the merged entity might use its technological prowess and control of the Information Superhighway to entrench monopolistic power in the world. This heralds a new form of imperialism - corporate imperialism.

The second issue is, perhaps, narrowly addressed to the implications of mega media deals on the international flow and freedom of information.

These issues have not been highlighted in well-regarded publications such as The Economist and Newsweek. But then, such mega deals have received almost the total acquiescence of the doctrinal system of economic quarters.

Seduced by "the power of the idea", the digital transformation of traditional media and the claim that AOL Time Warner will bring on a communications revolution, many may appear satisfied with the verdict that the landscape of media business will never be the same again.

But there are subtler and potentially far more serious consequences of this convergence of power: the story not told, the questions not asked and the power unchallenged.

True, this is not the first of media conglomerate deals. Last year saw Viacom (the parent of MTV, VH1, etc) buying CBS Corporation (which owns CBS and the world's largest radio network and billboard advertising) and in 1996, Disney shelled out billions for Capital Cities/ABC.

But the emergence of AOL Time Warner, worth US\$335 billion, as an oligopoly has defied widely-embraced predictions by futurists that in the Internet Age, "all the monopolies and hierarchies and pyramids and power grids of industrial society are going to dissolve..." (George Gilder, Forbes, Feb '95).

Its invasion of the Net may debunk the theory that the Internet Age proclaims man as a sovereign individual, free from all manner of control. As pointed out by University of Illinois Communications professor Robert A. McChesney (New York Times, Jan 10), "The Internet is going to have a billion Web sites from every possible point of view, but it is not going to spawn a new generation of commercially viable media companies. The few that are left are destined to be bought."

Such invasion is unnerving. Senator Patrick J. Leahy, the ranking Democrat on the Senate Judiciary Committee, reportedly said, "The great promise of the Internet has been to allow people a wide range of information sources and choices. What we should do is to make sure that all information does not become funnelled and controlled by just two or three sources."

As an unfathomably large and multifaceted entity patterned along American capitalism, AOL Time Warner will not stop at where it is. With technological benefits and, possibly, with predatory designs elsewhere, it will emerge as an oligopoly with monopolistic power. On this key issue, it poses a threat, albeit not an immediate one.

But considering that the neo-liberal based global economy seems wedded

to the course of the Great Bourgeoisie, who is to stop behemoths with their oligopoly capital from controlling businesses in less developed countries?

Prime Minister Datuk Seri Dr Mahathir Mohamad at the 10th United Nations Conference on Trade and Development, "Can it be that a corporation is not a monopoly in its country of domicile but a monopoly in the rest of the world? And if we restrain them, would we be accused of not subscribing to globalisation and liberalisation?"

That, indeed, is the point. However, multilateral agencies like the World Trade Organisation universalises corporate practices, legal norms and management models utilised in the US. The imperialistic streak in corporate moves is a manifestation of American hegemony for, as seen in the last half century, the US has re-organised the world market under its own hegemony.

The mega merger is a corporate imperialism which has no historical precedent. But the more ominous aspect of this situation is that it breeds an "information imperialism". It is not the obvious kind of cultural imperialism or cultural hegemony such as Coca Cola, McDonalds or MTV. Rather it involves the more damaging kind, precisely because they are insidious.

AOL Time Warner has the power to control and create a corporate base to monopolise the manufacture, control and flow of information worldwide. Consider its size - 13 million subscribers to its cable television systems, 35 million to its premium cable television channel, 28 million to its publication division, 120 million readers to its 33 magazines and 22 million subscribers to the online services - and it is fast expanding.

It is unlikely the transfer of control from newsmen to corporate shakers - AOL has material control by virtue of its 55 per cent shareholding - will depart from the economic and political viewpoints of the American Government.

As it is, its reportorial elite has preconceived views on the developing world.

Author of Rich Media, Poor Democracy McChesney said that presently only nine major media companies control much of the information and delivery systems around the world: Time Warner, Disney, Sony, General Electric (NBC's parent), AT&T, News Corporation, Seagram, Viacom (CBS's parent) and Bertelsmann.

With the mega merger trend, it is likely that the imbalance will deepen with only three or four left in the scene. What will the chances be for developing countries to push through with their own views?

Deals like AOL Time Warner are not only a blow to pluralism in international media but will further mute the developing countries and be a disadvantage to them.

Malaysia has already suffered at the hands of the Western media. Dr Mahathir reminded at the 22nd Conference of the Commonwealth Press Union in October '98, "... the international or, more precisely, the Western media, would like to teach Malaysia a lesson, to pull it down a few pegs more".

These issues are rarely given space in the western media. But ironically, there were fears in the US that such mergers will compromise editorial independence and journalistic integrity.

Commenting in International Herald Tribune (Jan 15), Tom Rosenthal and Bill Kovach said, "The interdependencies inside AOL Time Warner will be so myriad that any claim by its journalists to independence - and therefore worries about conflicts - may no longer be realistic. The problem is in covering not just AOL, but all of the Web, e-commerce, entertainment, cable, telecommunications and on and on.

"The theory of a free Press that evolved out of the Enlightenment was that there would be an independent voice that could comment on and monitor the influence of powerful institutions in society. Can we rely on a small cadre of behemoth corporations to monitor themselves?"

Their conclusion? "... barely noticed in the economic reorganisation (of such mega deals) will be the end of America's independent Press."

AOL Time Warner chairman Stephen M. Case reportedly said, "It sounds corny but I want to change the world." Corny or not, it sends the alarm bells ringing.

(END)