Ad Astra 2 (1) 2003
www.ad-astra.ro

Ad Astra
Young Romanian Scientists' Journal

On the Future of "Global Television":

An economic and historical approach to understanding the basics and trajectory of world television

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1. Introduction

- In Japanese homes today, TVs are more common than flush toilets
- During the Golf War, Iraqi troops carted off an estimated 50,000 satellite dishes – leading some CNN staffers to joke that what the Iraqis wanted was not oil but free TV
- Filipino troops recently surprised and captured a guerilla mountain camp because its revolutionary inhabitants were too busy watching MTV
- *Los Simpsons* is now a top-rated show in Colombia and Argentina, while a Mexican soap opera, *The Rich Also Cry*, has won massive audiences in Moscow
- The United States alone now exports more than 120,000 hours of television programming annually just to Europe, and global trade in programming is growing at more than 15 percent per year[1]

Examples, statistics and prospects are enchanting for the future of a perceived "global television". But how should we think about the momentous changes in the nature of television in the post-Cold War world?

First of all, what do we mean by "global television"? After seeing television's coverage of Tiananmen Square, the fall of the Berlin Wall or the Gulf War, it is hard to doubt that some sort of transformation *is* going on. Each of these geographically distant events was not only changed by seeing broadcast "live", but we as an audience were in some sense changed as well – aware (as were the event's participants) that what we saw was being seen simultaneously in more than a hundred countries around the world. This new global television coverage – the extraordinary ability to broadcast events into hundreds of millions of homes around the world – has become a part of the events, an essential in the grammar of change itself – so much so that, it seems, the pundits, accepting that change, have been left to reflect on what responsibilities the new global TV journalists and TV news organizations now have towards their massive, cross-cultural audiences[2].

This idea of "global television" is about more than just news coverage and the enormous size of a mass, universal audience. It includes a technological component – represented by satellites and home satellite dishes, cable and a nearly unlimited number of channels, high-definition reception, virtual reality and interactivity. It also encompasses a global programming menu of game shows, shopping channels, sports, movies, sitcoms, "soft" news" and even "soft" porn. Most importantly, at its core, it implies the foundations of a common universal culture, in which we will someday see much the same programming no matter where we live – a finality which renders close approximation to the notion of "mass culture". Economically, it implies an equally expansive vision of a capitalist dream, the ultimate "mass market" not

[1] Anecdotes from "Tuning in the Global Village", *Los Angeles Times*, October 20, 1992 (A World Report Special Edition)
[2] See, for example, John MacArthur, *Second Front: Censorship and Propaganda in the Golf War.*

only for global programming but global advertising, global products and global consumer spending. Linked together through these common invented "vernaculars", proponents imply that we stand literally on the edge of an era when, no matter where we are on the planet, we will be able, with the push of a button, to satisfy whatever interest, appetite, or fantasy we might have, in real time.

2. The terms of the debate

Keeping in mind the symbolic anecdotes from the *Los Angeles Times* I started with, where are we really heading? Have we entered a century when satellites humming above us will bounce back identical and instantaneous information and entertainment whether we are in New York or Nairobi? Is it realistic to expect that cabled and digitized high-definition television carrying not just two or ten, but hundreds of channels, will be universally available by the middle or end of this century in our homes, our offices, our cars, regardless of where we are?

There is a strong debate about the future of television between the advocates of the global television revolution, the skeptics of this development, and those who strike a middle path. For many, the promise of global television appears unmistakable, and undeniable facts seem to point towards the accuracy of that promise. For example, CNN International already reaches more than two hundred countries, with the overwhelming majority of the world population; more than 120 communication satellites now beam TV pictures down to every inhabited continent on earth; the number of TV sets now in use exceeds 1.2 billion globally; and that symbolic cornerstone of the internationalized, TV future – the simple "home dish" receiver –is as small and inexpensive as a television set. There is a host of additional evidence pointing towards much of the same conclusion, sometimes in quite disarming ways. To put it in the words of John Eger, a former CBS News executive,

> [Global TV is] a technology that knows no barriers, no national boundaries and does not recognize any of the artificial divisions between the different people and places of the world. Here is a technology that does not recognize color, creed, race or nationality. It is a technology that is supernational, acultural, alingual, a technology of sight and sound, of binary digits, and that can indeed saturate the world.
>
> It is a technology that creates simply by providing the means – a flow of information and ideas – a force throughout the world that simply will not stop, however we may resist its flow… [Global TV is a] truly vast and revolutionary change, propelled by our technology towards acceptance of the concept that we are indeed one people on Earth, one family living in one home, a family with common problems, concerns, and interests[3].

But while to its advocates the emergence of this vast new world holds out unlimited promise, to others the potential has at times seemed more questionable. During the late 1970's and early 1980's broadcasters, governments, and media specialists alike were driven by the highly charged "New World Information Order" debate. At its height, UNESCO's director pronounced global information flows "one of the greatest forms of inequality in the contemporary world". Third World media critic Mustapha Masmoudi went even further when he declared that "the flagrant quantitative and qualitative imbalance" in North-South communications equals to nothing less than "a violation of national territories and private homes, and a veritable form of mental rape"[4]. Issues raised by this debate have continued to reappear in new as well as consecrated forms since the 1980's. At the same time, major changes in technology – an increasing number of satellites, the proliferation of television sets, a growing number of channels – plus a new political climate, fed in the West by a movement towards "privatization" and in the East by the collapse of the Soviet empire and its satellite countries, have altered significantly the terms and meanings of the ongoing debate[5].

In recent years a new, third position has emerged somewhat in between the existing polar positions (represented here by Eger's "lyric" vision and Masmoudi's "demonic" nightmare), held, interestingly enough, by some of television's most powerful and informed players. For example, Silvio

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[3] John Eger, "Prometheus Revisited", Inaugural Address, Institute for Humanistic Studies, Tokyo Institute of Technology, October 1991.

[4] The UNESCO director is quoted in *Final Report: Intergovernmental Conference on Communication Policies in Latin America and the Caribbean*, Paris, UNESCO, 1976, p.23-24. Mustapha Masmoudi is quoted in Jim Richstad and Michael Anderson, *Crisis in International News*, p. 80.

[5] A good summary of the debate can be found in George Gerbner, *The Global Media Debate: Its Rise, Fall and Renewal*.

Berlusconi, president of the international media conglomerate Fininvest Group (as well as Italy's richest man and current Prime-Minister), feels that the future of "global television" is much more complicated and uncertain than Eger and Masmoudi would have us believe. Berlusconi agrees with the broadly popular notion that the future belongs to global television. But he also insists that its arrival lies in a distant and uncertain future. "That future will be a long time coming", in his words. "Not years but maybe decades, maybe more than a century". On a similar note, it is worth mentioning the assessment of Peter Fiddick (editor of *The Listener*) regarding this unfolding process. To him, much of the cheerful predictions of "borderless television" conceal a quite nationalistic and corporatist struggle over control of new wealth. All too much of the talk about "globalization" is a corporate form of "happy talk", as media giants go about the process of reorganizing and capturing control of new media markets and assets:

> In some cases we see the preemptive strike in action, as some media group stakes out a piece of territory to ensure against having to pay twice the price to retrieve it from a rival at some unknown future date… Others, more versed in the niceties of mediaspeak, talk of the need to form an integrated network – vertically, horizontally, you name it – capable of giving a flexible response to the demands of the 21st century and so forth, when what they are really doing has more to do with getting big enough to be bid-proof[6].

What both Berlusconi and Fiddick seem to be getting at is that, ultimately, global television – whatever its technological origins – seems destined to be profoundly driven by the emerging market economics and the market actors that increasingly shape the TV industry. It is crucial therefore to understand the basic economics shaping global television's development.

The background from which we depart in trying to understand the legacies of "national" television and its potential for development into a "global" phenomenon of mass culture includes forty years (outside the United States[7]) of development of government-owned stations broadcasting frequently on as few as one or two channels. From the mid-1950's until the mid-1980's, "economics" – in the sense of competitive market rules and behavior – played a little role even in Western Europe, since the governments operated their television systems as public agencies. Sustained by a combination of taxes and viewer fees, advertising and competition between channels played virtually no part in television's national and global development.

3. The economics of television

3.1 National policies and income levels

The background from which we depart in trying to understand the legacies of "national" television and its potential for development into a "global" phenomenon of mass culture includes forty years (outside the United States) of development of government-owned stations broadcasting frequently on as few as one or two channels. From the mid-1950's until the mid-1980's, "economics" – in the sense of competitive market rules and behavior – played a little role even in Western Europe, since the governments operated their television systems as public agencies. Sustained by a combination of taxes and viewer fees, advertising and competition between channels played virtually no part in television's national and global development.

To start with, an interesting insight on the economic limits acting on the emerging market for global television lies in the history of other "wonders" of the Industrial Age. Television is by no means the first impressive "revolution" that industrialization has brought us. The electric light, telephone, radio, airplane, automobile, phonograph – are all widely celebrated and widely analyzed examples of earlier technological transformations that form cornerstones of the now reigning consumer society. Nevertheless, despite their "global" technological availability (in some of the cases, for more than a century), the world, and here I point to the West in particular, tends to forget that *well over half of the planet's population enjoys no routine access to virtually any of them*. For example, 60 percent of the world's inhabitants have never made a phone call[8].

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[6] Peter Fiddick, "The Global Village", *Gannett Center Journal*, 1989: 92, p. 99-100.
[7] U.S. TV industry was based on private entrepreneurship and developed a competitive market, even though it has never been a perfect model of laissez-faire competition.
[8] See Chris Irwin, "Address to the New Delhi Press Club", BBC London, March 5, 1992

The unavailability of historical perspective in the case of the television phenomenon (we are still in the exploration phase as related to the potential and limits of this highly popular communication medium), makes it difficult to address it in comparative terms and therefore to better grasp its meaning in our society. But let us consider the automobile for a moment. Mass production of automobiles began in the United States and Western Europe by the eve of World War I (television is also a highly American/ Western European phenomenon when we speak about its power and potential, as I discuss below). By the mid-1920s, they were in use in virtually all countries around the world, but at widely different levels. Today, seventy years later and under the reign of the consumer society, the automobile is most certainly a global phenomenon at least in some ways – yet still used at widely different rates if measured on per capita, country-by-country basis, and with much the same relative ranking of distribution as in the mid-1920s. What is true of the automobile holds with striking regularity across a host of other modern technological innovations that citizens of the developed countries take for granted. Whether it is washing machines or sewing machines, stereos or dishwashers, the West's common exposure to advertising and the notion of easily accessible consumer culture is consistently belied by global data on household appliance and consumer electronics consumption for the rest of the world[9]. If technology is such a driving force, then why does this *continue* to be so? Probably the simplest answer in economic terms, and one I am interested in for the purpose of this paper, is that dispersion of, and benefits from new technology, follow markets or their lack. In the case of television's development, two crucial elements in market development have shaped dispersion of television to date: income and government policy.

For a vast majority of people in most countries, income is the first crucial determinant of access to television (or autos, stereos, or other consumer goods). In fact, most studies of country-by-country ownership of television show how simply such ownership correlates with per capita income. High income equals a high number of TVs per capita while low income equals a low number[10].

But as income plays a leading role in the distribution of basic access to television, the second factor, government policy toward television, has been the other chief determinant of television's evolution. Apart from the United States and maybe two or three other exceptions, virtually every country developed its television broadcast system as a terrestrially based government monopoly. Sometimes the system was considered a direct, ministerial part of government, and sometimes a semi-independent public agency (BBC is a good example of a semi-independent public agency).

In the excited talk about globalization and competition, it is sometimes forgotten just how large these public systems still loom. Globally, the majority of people still live in countries where public broadcast monopolies have little to no domestic private competitors. In Western Europe and Latin America, which in the 1980's began allowing privately owned channels as competitors, these public systems still play a major role in broadcast. In countries with "dual" public-private systems – such as Britain, France, Germany, Italy and Japan – the public broadcaster is still more watched than any private competitor. In revenue terms, moreover, the largest public systems (such as the BBC, RAI in Italy and NHK in Japan) rank in revenue terms with private media giants such as ABC, General Electric (GE) and CBS, even though the U.S. market is substantially larger[11].

To date, in the more than 160 countries that began with public broadcast monopolies, I am not aware of any of these broadcasters having gone out of business. In the forty or so countries (primarily in Western Europe and Latin America) with dual public-private systems, public broadcasting – despite a great deal of talk about it being a "dinosaur" – shows no signs of withering away. Quite to the contrary, charged with becoming more competitive, these public systems may now accept advertising, use sophisticated audience research, and generally behave and present themselves in many ways as if they were private broadcasters. As a consequence, although European public broadcasters in the 1980's experienced a sharp drop in audience share as new private channels proliferated (similar to the fall U.S. networks experienced when they faced the challenge of cable), more recent information suggests public stations are now holding their own. With only a handful of exceptions, in fact, the public channels still capture the majority of the audience against aggressive private competition and growth[12]. This survival - on a position of dominance in many countries – of the public broadcasters will greatly influence the evolution of global television

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[9] See, for example, Pavlik and Dennis, *Demystifying Media Technology*, ch.6.
[10] See Pavlik and Dennis, p.33-39.
[11] "Top 25 Public Broadcasters" and "Top 25 Private Broadcasters", *Television Business International (TBI) Yearbook*, 1993, London, 21st Century, 1993, p. 346-347.
[12] Charles Brown, "Public Service Blues", TBI, May 1993, p. 64-72.

patterns. Fundamentally committed to their national audiences, with a more complex mandate and agenda, and now increasingly competitive under the pressure of private national alternatives, they are shaping the markets and the market entry terms in a number of crucial ways.

Eli Noam, in his comprehensive *Television in Europe*, underscores this point in a way that fairly describes the complicated interaction of public and private interests over television's future outside Europe as well. Talking about the impact of video cassettes, satellite transmission, and cable technology on Europe's public TV in the 1980's, he cautions against viewing change as simply a product of technological innovation and private entrepreneurship. Noam emphasizes that the role of the public sector is going to loom large for a very long time:

> Clearly media issues are highly political. Broadcast media are part of our cultural reference and they help to set the political agenda-setting role. Competing groups vie for control over culture because it permits them to influence society. Thus, broadcasting institutions are often embroiled in controversy over values and politics.
>
> In the process, however, neither governments nor public broadcasters will become obsolete. The latter continue to have important functions, in particular producing or distributing programs that are not adequately provided otherwise. They are experienced organizations with an important mission and wide support, and they will not vanish. They may even improve as the privileges of their exclusivity vanish[13].

A government's direct hand in broadcasting is far from being the only means by which it is shaping television. As Noam mentions, governments have a myriad of means to profoundly affect the evolution of television well into the 21st century. I will mention bellow only two, which struck me as highly relevant.

Through their systems, for example, they can directly control (or set standards for) entry and operation of the cable systems that compete with domestic over-the-air broadcasting. Although there are more private satellite operators now (such as Astra and Panamsat), governments – not private enterprises – will most likely launch, operate, and allocate space on the majority of TV-carrying satellites. In addition, through promotion of domestic programming production and limits on "foreign" programming content, they can shape in important ways many of the viewer choices that national audiences have.

National economic policies will also play a crucial hand in the evolution of 21st century television. The hard-fought current struggle over standards for high-definition-television (HDTV) is only one of the many seemingly technical issues that represent thousands of jobs and billions of dollars for the winners. In the post-Cold War era, with market economics as the new centerpiece for competitive national relations, few governments are likely to treat television in isolation. Who produces the new technology, who owns the broadcast systems and programming, and what standards will be accepted are as much an issue today as the once obscure issues of rail track width or electrical voltage standards seemed a century ago – with equally sizable economic implications.

3.2 Economic structure and survival strategies

If income levels and government policies are acting as crucial forces *shaping* the environment for global television from the outside, I will now turn to the economics of the system itself, especially keeping in mind the way it emerges from its history of national government monopoly. Any global television system is not a unitary whole, as we might imagine, but is composed of several distinct elements. There must be a *delivery system* (designated over-the-air frequencies or a satellite or cable network) that can carry a television's electronic signal from the point of origin to the television screen. A *broadcast system* must also exist (as a network, independent over-the-air or cable channel, or satellite broadcaster), capable of organizing the programs and ensuring their placement on the delivery system. Thirdly, a *programming system* (whether linked to or independent of the broadcast system) must conceive and create the programming, for example organize the news or arrange for sports coverage. Lastly, there must be a *payments system* beneath all this (advertising, viewer fees, or a tax of some sort), to allow the various systems to operate.

This basic economic model is important to be understood, as, from the early 1950's, when television began, at least until the late 1970's, these four requirements were met at a national and not a global level. Governments (again, excepting the U.S.) generally authorized a single broadcast entity to organize, program, deliver, and financially operate single-nation, over-the-air television systems. Small

[13] Eli Noam, *Television in Europe*, ch.1.

elements of a global system appeared quite early, in the sense that some programming was purchased from other countries and there was some international exchange of news footage, sports events, etc. But all of this was done within a national context, and the delivery of broadcast material between nations was done by sending videotape or film by mail or courier, an activity knows as “bicycling”, which hints at its simple origins and characteristics.

However small and technologically primitive during its beginnings, the international sale of programming was laying a crucial foundation for the modern possibility of global television - a rudimentary international TV market. Government broadcasters around the world operated with limited revenues and saw purchase of foreign programming through this market as a cost-saving measure when ranked against original domestic program production. But what made such foreign programming so comparatively cheap and, indeed, what drives the inter-national television market, is reflected in two crucial economic concepts. The first is the concept of “sunk costs” and applies to the seller: the programming offered in the international market had generally already been produced, shown, and paid for in its original market. Because in television new programming is almost always preferred by audiences to re-runs, the economic value of such “old” programming plummets in its original market. This leaves a secondary, foreign market where the program has not been shown before. Here the second economic concept comes into play: how wide disparity in income levels and government dominance of broadcasting historically cooperated to shape the buyer’s end of this inter-national programming market. Program producers sell a product to a broadcaster who in turn shows it to his audience. Of course, the seller hopes to sell the program to multiple broadcasters, each delivering a national and hence geographically separate non-overlapping audiences. The most striking feature of these distinct audiences is their ongoing variation in value to the seller even today. For example, selling a program to a U.S. network can yield the producer millions of dollars, whereas selling the same program to a French broadcaster nets between $6,000 and $60,000 and to a Chilean station as little as $1,000. Immediately, we can see here what is a seminal issue for a would-be global television industry: although the global market for programming sold to multiple domestic broadcasting would be extensive (considering the large number of national markets), the value of the separate markets varies enormously. Selling to just 5 or 6 of them, out of more than 160 worldwide, will produce more than 83 percent of all the potential available income globally for a program. Given the fact that sales effort is not cost-free in a competitive market, the smaller markets are likely to be ignored, which leads to complex and intriguing questions about the nature of this global phenomenon.

Why is this discrepancy so extreme in the world of television? One basic factor is a market’s size: smaller markets with fewer people should earn less than larger ones, if everything else is equal. But this is far from being the case, as also pointed out earlier. There is a wide variation in personal income among countries, irrespective of size. In Africa, Asia, Latin America and Eastern Europe, lower per capita incomes and substantially fewer TV sets are directly accountable for the low price levels, and not total population. To add to this discrepancy, there is a qualitative difference between the U.S. and the rest of the developed countries such as the countries in Western Europe, Canada, and Japan (a program’s value in the U.S. is 4 to 6 times greater pre viewer than in other advanced industrial countries). In the U.S., with high average incomes, competition among networks and stations, and an advertising-based revenue stream, program producers do not encounter the more deterrent conditions inherent in the dual public/private systems in countries with similarly high incomes. In these countries with a public/private mix, the government channels still capture the largest audience and the amount of advertising carried on both public and private channels is strictly regulated. From the 1950’s until the 1970’s these governments operated TV monopolies that had no particular reason to bid up the price of programming they purchased, nor to worry about audience acceptance (and hence size) for the programs they broadcast. The historic fact of government monopoly alone should not presumably explain why in public/private systems today, programmer revenue is still lower. After all, deregulation has existed long enough to approximate competitive U.S.-style markets. Or has it?

The reality is that in these mixed systems in which the public broadcaster still relies for much of its income on license fees as well as advertising, an indirect cap is placed on private broadcasters’ advertising income. By dividing the market between public and private channels, and with public channels capturing substantial license income, these public channels hold advertising rates bellow those a private-only market would have. This in turn lowers the income private channels are willing to spend on programming, whether imported or domestic. Lower spending on advertising is compensated for, at least for public broadcasters, by their license fees. In 1991, gross West European license fees totaled nearly $12.9 billion, even as advertising revenues have grown as a percentage of their total income. Moreover, although private competition had taken off in the 1980’s, license fees had risen steadily in nominal and real terms allowing the public systems to hold their advertising rates bellow what they would have been had the systems been purely advertising-based. This downward pressure on ad rates by the public systems in turn placed an upward cap on the rates the private competition could charge, since the public systems still held a major audience share.

A look at worldwide television advertising expenditure outside the U.S. and Western Europe would clarify even further our discussion of the possibilities for global television success. In Asia, for example, Japan and Australia, with 6 percent of this region’s population, account for over 80 percent of TV ad spending; all of Latin America, with a population 50 percent larger than the United States, amounts to 6 percent of the U.S. TV ad revenues. Most striking maybe, the entire Middle East amounted to barely $100 million per year in the early 1990’s while African TV ad spending was virtually non-existent aside from South Africa.

The above statistics amount to say that the size of the ad market outside the OECD countries (comprising basically the industrial West, Japan and Australia) is a minor fraction of the money spent inside the world’s industrial core. Although deregulation in the 1990’s is bringing rapid growth to many of these markets, the bases from which they start are often no larger than some city or county television ad markets in the U.S.

Would-be global broadcasters are by no means entirely dependent on advertising alone for their revenues, but advertising is a crucial part of their strategies for profitability. Thus, we are forcibly brought back to the realization of the role income and government policy – not just with regard to television but also economic growth – are going to play in any future for global television. Far from being a matter simply of technology driving a global future through its miraculous achievements and impressive potential, we are forced to revisit the basics of development, some of the fundamental questions of political economy, when we venture into the realm of understanding the “global” potential of television.

3.3 The supra-national dimension

Besides the economic basics portrayed so far, it is equally important to look at the progress of this medium in its attempts to link the world more effectively. A particularly good example of “global television” is CNN International, now broadcast into more than 200 countries. CNNI is joint globally by the BBC’s World Service Television, MTV’s European, Latin American and Asian efforts and, on a more regional basis, by Rupert Murdoch’s Sky-TV and the EBU’s Euronews in Europe, by the Middle East Broadcast Center in the Arab World, by Televisa’s Eco and NBC’s Spanish-language service in Latin America and by South Africa’s M-Net in Africa. This list includes only already well-established “titans”, and leavs aside more recent competitors like Japan’s NHK, French broadcasting in Francophone Africa and others. But with this variety in the size and quality of the already established and potential entrants in the global TV field, it might be helpful to distinguish separate concepts related to the nature and degree of supranational involvement.

The first degree is commonly referred to as *international* television, the oldest of these supranational categories, which suggests simply the transfer of television programming through sale or barter between at least two countries. This particular form of trade dates way back to the 1950’s. Second is the idea of *multinational* television, which suggests a more kaleidoscopic set of relations, including much wider program transfer, co-production of programming, regional (rather than national) broadcasting, and transnational ownership of broadcasting and production facilities. For the most part, this newer form began in the 1980’s, with the technological and regulatory changes that characterized the decade. Finally, there is the *global* television of the 1990’s, certainly not an approximation yet of the ideal type envisioned by many, but with an expansive multi-nationalist purpose that promises to make all, or at least a great portion, of the planet’s TV audience available to a set of individual broadcasters. This most encompassing third stage of world television includes many of the features of multinational television, but vastly transcends in scope the regional ambitions of a multinational TV enterprise.

Global TV may be the category under most scrutiny from analysts and supporters of the television era, but of the three categories mentioned international television is by far the most important in economic terms. Beginning in the 1950’s, the United States build on its experience in theatrical motion picture exports by selling movies (either from studio libraries or, after an appropriate delay, following foreign theatrical release) to foreign broadcasters. In turn, Western European, Japanese, and smaller markets sought export markets for their own motion picture industries. By the early 1960’s, this process gradually began to include trade in television programs, particularly in domestically popular U.S. TV series. From its inception forty years ago, however, this international trade in programming has been far from global as we commonly use the term. First, it was (and remains) overwhelmingly a bilateral, transatlantic affair, in economic terms. Second, it has been a decidedly one-way trade: measured in dollars, this international market has been one of Western Europeans buying U.S. exports.

International trade data shows this concentration and flow pattern quite clearly. In 1989, for example, total world trade in TV programming amounted to $2.4 billion. Far from being broadly distributed among many trade partners, that trade was concentrated in very few hands: U.S. exports alone accounted for 71 percent of the total. Appetite for those U.S. exports, in turn, was similarly concentrated: Western Europe imported three-quarters of them. (By comparison, and as a measure of the one-way flow, U.S. imports of all foreign programming, not just from Europe, amounted to just over 10 percent of U.S. exports, and barely 2 percent of U.S. programming hours).

Put slightly differently, if one ignored the U.S. and Western Europe as TV program importers, the remaining 200 or so nations of the world (with nearly 88 percent of the world's population) imported in 1989 barely a quarter of the world's total TV programs. One could more rightly refer to this not as international trade, but as a dual-level trading system, overwhelmingly dominated by a Euro-American market, with only a distant secondary global component. Several things are noteworthy from an analysis of television trade between 1987 and 1995. The good news for the U.S. is that the international market for programming is still expanding rapidly, mainly as a result of new European channels. As in the past, because it continues to purchase more than half of the programming sold internationally, Western Europe still drives that growth as it searches for ways to fill the explosion of total broadcasting hours now available on the continent as a result of the new broadcasters. Although the U.S. has overwhelmingly been the beneficiary of this explosion in European television, future market growth also poses some problems for the U.S. in the sense that its share of the global market is declining even while growing in dollar terms. In comparison to this, it is significant to mention that the most rapid growth of exports comes from Western Europe, a slight shift likely to prompt the growth of what I mentioned as the multinational market.

However, multinational broadcasting does not by itself imply a leap into a new, "global" era of television, as some might feel it to be the case. But nor is it simply replacing the older, well-established international trade. Rather, it is supplementing the older form by forging a new category in television trade among various nations. Its emergence in the 1980's directly reflects a shift in the transatlantic trade that has characterized that older – but very much still ongoing – international market. That shift was caused primarily by two changes in the European TV environment: first, the privatization and commercialization of TV itself (which I already mentioned) and, second, the rise of the European Community (EC) with its quest for an integrated, continental market.

With the arrival of competitive broadcasting and viewer choice, broadcasters discovered that an old assumption, that Europeans readily accepted foreign programming, even when dubbed or subtitled, was little more than a myth. Given the opportunity, viewers showed a great preference for original programming in their own language, with characters, plots, and styles that reflected national – rather than Hollywood's – culture. This discovery, however, presented a challenge to the broadcasters, because the cost of original production was decidedly higher than purchase of U.S. reruns. A study from 1992 summarized the cost dilemma facing the new European broadcasters: "If considered as a single unit, [the European Community] may represent the largest media market in the world… However, Europe's media industry is fragmented by culture, language, taste and regulation… [consequently] there is no truly pan-European media market, and European media groups are relatively weak."[14] One significant measure of market fragmentation, as the study notes, is that 85 percent of all European television programs are never transmitted beyond their original linguistic group.

Thus, for Western Europeans, a crucial issue in the environment where channels were proliferating and viewing hours growing was how to satisfy popular demand for domestic programming to relatively small audiences. "Co-production" and "outside production" became the watchwords of the new multinational approach. By dividing costs and responsibilities through co-production among divisions or subsidiaries of two or more broadcasters, often from different countries, program producers could divide the costs and hence the risks associated with program production. To be more specific about the growth of multinational programming, in 1992 co-production and outside production represented more than $2.8

[14] Anton Lensen, *Concentration in the Media Industry: The European Community and Mass Media Regulation*, p.5, 8, 10.

billion of Western Europe's program purchasing (imports were $2.15 billion), while, by 1995, multinational programming grew to $5.3 billion (imports grew only modestly to $2.7 billion). Another measure of the spread of multinational co-production comes from a survey conducted by *Television Business International* in association with the William Morris Agency: in 1989 this survey found 78 active co-productions in France, 82 in the U.K., 52 in Germany, 42 in Italy, 61 in the U.S., 25 in Canada, and dozens more among the smaller states in Western Europe[15]. The mention of 61 U.S. co-productions by 1989 indicates that the new multinational programming wave is not an exclusively Western European phenomenon. As European television has grown in the fashion discussed, U.S. producers have recognized the threat posed by the multinational alternative to their "owning" of the market, especially since the "multinational" threatened to become, more accurately, multi-European in scope.

A second factor has also come into play in the U.S. reaction to the growth of multinational production especially in Europe. For years, European cultural critics had denounced the "Hollywoodization" of European cultural life – first through movies, and then through the heavy purchase of U.S. programming by European public broadcasters. One of the most powerful arguments against privatizing European television came from those critics, who feared that more channels would open a floodgate to U.S. sitcoms and melodramas such as *Dallas* and *Dynasty*. The French particularly goaded the European Community into looking carefully at setting restrictive quotas on further imports of U.S. TV shows. In the end, as set forth in eventual EC reports and guidelines, the threatened quotas proved to be far from restrictive and so loosely drawn as to be ineffectual, but the warning was heard on both sides of the Atlantic. A 1991 study by US consulting firm Frost & Sullivan, which specializes on high-technology and industrial markets, concluded the following in regards to the new multinational trends in programming:

> U.S.-based and other foreign producers who would sell their teleproductions in the Europe of the 1990's must increasingly (a) engage in coproductions with the Europeans; (b) produce their own shows partly in Europe; (c) help distribute European productions elsewhere, in order to maintain access to their European markets…
>
> Large U.S. producers, eager to extend their sales successes in Europe, can [also] expected to cooperate with Europeans to produce shows saleable in the U.S., thus changing the long tradition of ratings disasters for foreign shows on U.S. TV. Only those European producers willing and able to work closely with U.S. partners and buyers will achieve this export success.

The result is that multinational programming has been growing quickly in the 1990's, quite surprisingly so. The consulting firm Booz Allen & Hamilton, examining the dynamics of the co-production field, estimated that, throughout the 1990's, it has expended at the rate of 30-40 percent per year. Sampling 50 co-productions, this study found that U.S. producers were extensively responding to the "multi-European" threat to their historic market share for programming exports[16].

5. Conclusions

Why are the two markets outlined above – in international and multinational production and trade – so important in understanding a potential evolution towards a "global television village"? The answer is that their structures and their heavy reliance on the European and the United States markets let us see once again how important income is in shaping TV markets. The affluence of Western Europe and the U.S. has meant that, since its beginnings, the international trade has really been primarily a bilateral, transatlantic trade between these two players. Nonetheless, international trade, although economically minor, has allowed broadcasters outside this axis to become more experienced in program exchange. Thus, the claim of ground-breaking novelty for at least part of what proponents cite as a "global television" is instead well established and quite familiar, even though less important economically.

Secondly, focusing on multinational programming shows that the new technology and regulatory environment of the 1980's, which supporters cite as laying the ground for the globalization of television, is spawning a process that is decidedly more complex. As European broadcasters discovered in the 1980's, the demand for foreign programming is substantially less than they had imagined and less than critics of "Hollywoodization" had so dramatically feared, if a decent quality, locally produced alternative is made available. This represents no small challenge to proponents of a global TV future, because it suggests that

[15] Barrie Heads, Co-productions: A Guide to Who's Doing What", *TBI*, October 1989, p.126-134.
[16] Booz Allen and Hamilton, *Strategic Partnerships as a Way Forward in European Broadcasting*.

rather than serving to unite separate national markets, the changes of the 1980's have actually strengthened national broadcast systems even as the number of broadcasters has grown in each country.

Too much focus on international and multinational markets can lead us astray from a central fact almost never highlighted in the discussion of television in the post-Cold War era: *the vast majority of programming is produced, aired, and remains in a single country.* This is an integral part of the economic basics of television. In the U.S., barely 2 percent of program hours broadcast come from overseas, mainly British imports. The case is almost identical for the lucrative Japanese market. When the European Community set out to consider quotas on foreign imports, it discovered that in fact, after a decade of channel and broadcast proliferation, 85 percent of all broadcast hours in Western Europe were conceived, produced, aired in, and never left, their country of origin. And these conclusions are not limited to the huge transatlantic market. If we look at programming expenditures globally, we are led to the same results, contrary to the images of "the brink of globalism". By comparison to the $2.4 billion per year trade in international programming, the sum spent by broadcasters on domestic programming is more than $70 billion.

In short, on the eve of an expected new global era for television, it is domestic – not international and not regional – broadcasting which is surprisingly powerful, at least when measured in terms of programming. The changes brought by the 1980's and 1990's may have made foreign programming more technologically available than ever before, but the actual use of such programming in the schedules of most broadcasters continues to be quite small more than forty years after the international programming trade was first created.

By itself, this does not refute the idea that a world of more homogeneous programming will emerge, but it does suggest why such a knowledgeable player as Silvio Berlusconi would say that global television might take a long time to come about. Not years, but decades. And coupled with the fact that national public broadcasters remain a powerful force, with large audiences and a strong interest in preserving not only their own roles but also an identifiable national TV culture that justifies those roles, this realization of the size of domestic versus international markets is of no small significance. Linked together, local broadcasters are likely to find new and innovative roles to play, unforeseen by the proponents of television's "global village".

To end on a more spiritual note, stranger things have happened. It was not long ago that the mainframe computers of IBM seemed ready to define the "Computer Age" in their terms only to be slowed down by the apparition of the PC. If a "Global Television Age" seems destined to share its time in history with the computer, the experience of the later should be taken as a lesson of the much more proper place of modest claims about guessing what lies ahead.

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