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Media Ownership, Oligarchies, and Globalization

Media concentration in South America

Guillermo Mastrini and Martín Becerra

University of Buenos Aires

Introduction

This chapter begins by reviewing different lines of thinking within the political economy approach to the media industries and communication.¹ It then sketches the main historical processes that have shaped the media in Argentina, Brazil, Chile, and Uruguay—the Southern Cone countries of Latin America—and compares media concentration trends in these countries over the past decade. Lastly, we analyze the variety of strategies used by the main actors in the media markets of the region.

Studying the media industries, and media ownership in particular, in Latin America is important for several reasons. For one, the region has one of the highest levels of media concentration in the world (as this chapter will show) but is difficult to study because Latin American countries lack reliable statistics from either the State or the media companies themselves.² There are many studies available about media ownership, but most have been national in scope and lack a consistent research methodology.³

Underlying all of our research is the belief that any theory about the consequences of concentration must first establish the real structure of the media system. We have set out to do this by systematically surveying the structure of media markets, their concentration levels, and the main media groups in each country of the region using data from three different points in time (2000, 2004, and 2008).⁴ This research project has already helped to illuminate the main tendencies with respect to media ownership concentration and has set critical precedents for linking the analysis of media structure to the development of communication policies in Latin America over the past 5 years (see Mastrini and Becerra 2006; Becerra and Mastrini 2009).

This chapter extends our research project by setting out the main characteristics and tendencies of the media industries in the Southern Cone countries. We pay

particular attention to the strategies used by telecommunication companies such as Telmex and Telefonica to expand their influence across Latin America in the twenty-first century, largely as a result of technological developments, especially digitalization, that have blurred the traditional barriers between telecommunications and media (especially radio and television). We also show that the close historical ties between media owners and the State is changing with the rise of the “regulatory state,” a trend that has been magnified by the rise of left-wing, center-left, and populist governments in the regions (Brazil, Chile, Bolivia, Ecuador, Venezuela, Nicaragua, Uruguay, and partially Argentina) that have been keen to flex some regulatory authority.

We are particularly interested in showing how the large communication groups of the region are adapting themselves to the new environment. They are doing so by finishing the transition from family-owned businesses to media conglomerate structures. Some have also taken advantage of globalization to diversify their interests in other countries (especially Televisa, Cisneros, and Globo). At the same time, however, we argue that large media groups in Latin America are at a crossroads, with ample opportunities to expand but with their strategies hemmed in by more assertive regulators, on the one hand, and as powerful telecommunications-based rivals enter their domains, on the other.

Approaches to media concentration

Media markets in Latin America are both international and dynamic, and most media companies are now at a crossroads where future growth depends on acquiring smaller companies or being taken over by an international group. The increase in mergers and acquisitions of info-communication companies as a result has turned the traditional structure of firms into a new structure of groups. Spanish scholars such as Enrique Bustamante (1999), Ramón Zallo (1992), and J.C. Miguel de Bustos (1993) have developed a solid body of research that provides a wealth of detailed analysis on the structure and strategies of the main communication groups in the region. Our research builds on that tradition and other internationally well-known approaches to the political economy of the media and cultural industries.

In general, there are three approaches to media concentration. The first one, marketing oriented, is not concerned about the concentration processes except for monopoly cases and the impact of consolidation on advertising rates. The second is the pluralist school, which recognizes the risks of concentration and supports State intervention to restrict ownership concentration but usually does not share the broader criticism of the critical approach. Finally, the critical school characterizes media ownership concentration as a dynamic process shaped by and through markets, political decisions, technology and cultural

influences, as well as one of the main mechanisms through which capitalism achieves legitimization.

Adam Thierer (2005) proposes a drastic version of the market-oriented thesis when he suggests that criticism of media concentration rests *entirely* on myths. In his view, information is abundant, not scarce, in the information society, and ownership concentration, even if it does exist, does not necessarily imply a reduction in informative options given the pace of ongoing technological change. His position supports the least possible State intervention and the market as the best way to guarantee diversity: “[F]ar from living in a world of media monopoly we now live in a world of media multiplicity” (Thierer 2005: 18). For Thierer, we live in a golden age of media diversity. Benjamin Compaine (2005) similarly states that there is no empirical evidence to relate the effects of concentration of ownership to the decline of diversity of media content.

Eli Noam (2006: 1) explains that “[p]luralism is important. But, there is no conceptual, practical or legal way to officially define and measure the vigour of a marketplace in ideas. The best one can do is to count voices, and assume that in a competitive system, diversity of information increases with the number of its sources.” In order to better analyze the impact of media ownership concentration, Noam proposes to divide the Herfindahl–Hirschman Index (HHI) that shows the power of the market, by “the square root of the number of voices.” The resulting index, according to Noam, would measure the diversity of the markets more accurately and also make it easier to develop policies according to the prevailing political and cultural standards of the time and place.

The critical school has strongly condemned the processes of ownership concentration. In a pioneering study, Ben Bagdikian (1986) tried to demonstrate that the media in the United States are concentrated and that media owners promote their values and interests through the outlets they control. Interference in journalistic work can be indirect when influencing editors through self-censorship or direct in cases in which media texts are changed or spiked. The key point is that ownership concentration jeopardizes the expression of critical voices. More recently, Robert McChesney (1999) has raised the alarm about the risks of communication concentration at a global level. According to McChesney, market logic and convergence are turning a global media oligopoly into an even larger communication oligopoly. Graham Murdock eloquently states why we should be concerned about these trends when he observes,

[P]ress freedom was [originally] seen as a logical extension of the general defense of free speech. This was plausible so long as most proprietors owned only one title and the costs of entering the market were relatively low ... By the beginning of this century the age of chain ownership and the press barons had arrived, prompting liberal democratic commentators to acknowledge a contradiction between the idealized role of the press as a key resource for citizenship and its economic base in private ownership. (Murdock 1990: 1)

Arsenault and Castells adjust the focus of the critical school by recognizing the effects of media concentration within a global framework but give greater weight to the idea that the groups standing at the core of the global media system are not stand-alone entities but complex multinational companies that operate through a global network of relationships. According to Arsenault and Castells, those networks are capable of producing diverse content, especially when taking advantage of the benefits of digitalization. In order to understand power, therefore, we need to comprehend a dual process that combines networks of control by big corporations with the creative capacity of new producers. Moreover, we need to see media conglomerates as being compelled by the threat of extinction, or exclusion from the network, to be agile and determined to discover new business models that will sustain them into the future (Arsenault and Castells 2008b: 744).

Our research has gathered contributions mainly from the critical theory approach. From this perspective, the assessment of ownership concentration and consolidation constitutes one of the entry points for understanding the processes of social signification on a massive scale. The structure of the communication system is a vitally important dimension in the process of meaning making and circulation, and needs to be analyzed along with other mediations. Moreover, this task is especially urgent in Latin America, where it must not be forgotten or ignored that it was impossible to discuss this topic in either academia or government during the 1980s and 1990s.

The issue of diversity

A general consensus exists among communication scholars, reinforced in recent years, about the importance of preserving and strengthening cultural diversity.⁵ However, beyond the most general level of agreement on this point, opinions and approaches to the issue diverge sharply.

There are no fixed rules regarding the number of products or proprietors necessary to guarantee pluralism in a society. At the most basic level, the key issue is whether or not concentration of the media has a negative influence on the range and flow of information and ideas (Vivanco Martínez 2007: 14). The relationship between concentration and pluralism, however, is neither simple nor linear since there are many factors to account for, that is, the size of a particular market and the availability of resources, media market structure, diversity of content, sources, and innovation tendencies (Doyle 2002a: 15). Gillian Doyle underscores the difficulty of linking the number of owners to the range of voices available. As she states, it is reasonable to think that big companies are in a better position to innovate in products and content than small firms. That being the case, concentration could conceivably increase levels of pluralism. A concentrated market with few proprietors could have a more

efficient cost-benefit margin and, therefore, more resources to innovate and to increase the quality of its products. However, she also counters that “[p]luralism is not simply about the presence of several different products in a given market, or even separate suppliers, for their own sake. The need for pluralism is, ultimately, about providing society a whole representation of the different political viewpoints and forms of cultural expression” (Doyle 2002a: 14).

Napoli agrees that diversity and public policies are part of a larger goal of the State to ensure the development of a well-nourished “marketplace of ideas” as a necessary condition for the exercise of the rights and duties of citizenship (Napoli 1999: 9).⁶ However, after studying communication policies in the United States for the past two decades, he asserts that many State decisions have assumed a cause-effect connection between source diversity and content diversity (limited concentration brings more diversity) but have failed to empirically demonstrate such a relationship. Napoli (1999: 12) states that focusing on the number of proprietors can provide a useful tool for approximating the diversity of information sources available, but he also argues that any examination of the concept of diversity must also consider whether the market allows broadcasters reasonable access to audiences. Such an approach, he argues, should focus on the distribution of the market share (“diversity exposure”) in order to assess the exposure of audiences to different content.

Van der Wurff and Van Cuilenburg (2001) analyze the effects of concentration by combining industrial organization theory—particularly, the concept of “competitive strategies”—together with the Schumpeterian emphasis on innovation as the key element to ensure diversity and pluralism in media systems. Diversity, in this case, encompasses two key dimensions:

- 1 *Reflective diversity*: the ratio of media content that represents ideas and issues requested by the audience.
- 2 *Open diversity*: evaluates the ratio of the media that expresses the ideas and points of view that circulate in society, beyond the audience’s demand.

For Van der Wurff and Van Cuilenburg (2001: 214), an “optimum” media system exists when it achieves a “balance” between “reflective” and “open” diversity. The most likely route to that balance, they argue, is through an oligopoly media market structure that allows for *moderate competition* while avoiding *ruinous competition*. From this point of view, moderate concentration can encourage media companies to adopt strategies that promote product differentiation and the use of resources in ways that offer acceptable levels of reflective and open diversity, while increasing audience size and maximizing benefits overall. It would also, however, restrict the entry of new competitors to the system.

Measurement techniques

According to Doyle and Frith (2004), most studies of media economics and concentration focus narrowly on specific issues in specific media industry sectors. Consequently, we end up with a variety of inconsistent results derived from the techniques and theoretical approaches of a wide range of disciplines running the gamut from sociology and political science to economics and industrial organization theory. On their own, none of these approaches by themselves offer a common approach or adequately address the specificity of cultural and communicational products. The success of inquiries, as a result, turns on our ability to assess the strengths and weaknesses of these perspectives and the methodological tools they use.

The HHI is one of the most widely used techniques to measure media concentration. This index can be used to measure the market share of each proprietor among the total number of media companies under consideration and can give an approximation of existing levels of diversity on the basis of the relative weight of each source within whatever media sectors a researcher chooses to select. Napoli (1999: 20) recognizes the value of the HHI on the grounds that studies of diversity and pluralism need quantifiable evidence, but he also argues that there is still not enough empirical evidence to conclusively demonstrate a causal relationship between the number of sources and diversity.

Albarran and Mierzejewska (2004) also highlight the crucial role played by the availability of information and survey techniques in North American and European markets. This point has broader application and applies especially to Latin America, where the lack of reliable State statistics and the scarcity of data provided by media companies pose severe challenges to researchers. For our studies, we have chosen the CR4 concentration ratio, which measures the market share of the top four operators. Although this technique may not be as accurate as the HHI, it adjusts better to the limited information available in Latin American markets. This choice is also supported by Albarran and Dimmick (1996: 44), who state that “the best measure of concentration is the HHI. The index is more accurate than concentration ratios, but to calculate the HHI one must have data on every firm contributing to total revenues in an industry ... [Absent such data] concentration ratios are the most useful when analyzing trends over time.” Our analysis covers the years 2000, 2004, and 2008, and our fieldwork is complemented by an analysis of the revenue sources by media sector for each of the main companies in the region over time.⁷ This approach allows us to assess concentration trends during the first decade of the twenty-first century.

The media in the Southern Cone

Generally speaking, the communication model in Latin America follows the main characteristics of the North American model. Broadcasting was taken over by the private sector from the outset and has stayed that way with some competition and near complete reliance on advertising for financial support ever since.

Both radio and television have shown a strong tendency to centralize their content production in major urban centers. Free-to-view television depended heavily on North American content for many years, but since the early 1990s the ability to produce national content has steadily grown, and now even prime-time fiction genres have been captured by national productions (although Uruguay is an exception due to the small size of its market). Foreign content, however, is still predominant on cable television, with several movie and series channels relying entirely on a flow of content from Hollywood.

There is one key difference between Latin America and the United States, however, and this is the existence of State-owned television channels. Chile is perhaps the most outstanding case in this regard, where television channels were run by the State and universities until the 1990s. A similar case took place in Colombia, although despite these differences in ownership the overall business model hewed closely to the business models adopted across the rest of the continent.

In a comprehensive study of Latin American television, John Sinclair (1999: 77) highlighted the extent to which ownership and control in the industry is based exclusively on family structures with strong patriarchal figures. Although this model is still relevant, the internationalization of the audiovisual markets has also led to the arrival of a new generation of large media groups. As we stated in a previous study, “the descendants of the patriarchs still exercise family control over the media groups but they apply new management styles. The old ‘national champions’ are turning into important actors in a globalized world” (Mastrini and Becerra 2001: 180). Fox and Waisbord (2002: 9), who have systematically chronicled the main changes in the media system since the 1990s, paint a portrait whereby “the main trends in Latin American media have been the formation of multimedia corporations; the decline of family-owned companies; the articulation between local, regional, and international capitals; the intensification of cross-regional trade of investment and content; and the increase in the production and export of television programming.” Media have also changed their supply. As Bustamante and Miguel (2005: 13) state, media groups “originally based on distribution and diffusion ... have learned to take charge of important national productions with strong local demand (like TV fiction), but they have also abandoned or weakly cultivated the most dominant markets, like cinematography or record companies, where they have developed alliance policies with global groups.”

As regards the relationship between the media and the political system, governments historically have generally adopted lax standards with respect to media ownership and other standard policies in exchange for a certain level of political control over media content. Elizabeth Fox (1990) describes this model as a politically docile commercial media system. The predominance of neoliberal policies since the 1990s promoted an even more lax environment, with ownership concentration increasing as a result and greater cross-ownership setting the stage for the rise of large media conglomerates. This situation is especially apparent in large markets such as Brazil and Argentina.⁸

During the first decade of the new century, however, the neoliberal postulates of the Washington Consensus have waned and a new agenda is arising, where media have a prominent status. Some changes in media policies have increased regulatory intervention and to the adoption of at least some modest limits to ownership concentration. Likewise, there has been more encouragement for civil society to participate in the arena of policies and media ownership.⁹ Media proprietors have responded immediately and vociferously, denouncing government regulation as a constraint on their independence and freedom of speech. This is in line with their stance for decades, where any proposed effort to increase access to new actors has been steadfastly opposed. The previous cozy relationship between media owners and political power described by Fox has increasingly been turned into an antagonistic one in most Latin American countries over the past decade, with television channels, radio, and the press leading the political opposition against democratic governments. In the following sections, we offer a brief overview of the media structure of each country in the Southern Cone region.

Argentina

The definition of communication policies in Argentina involves a paradox: a strong State but with few policies promoting the public interest. The State has had a decisive influence in the broadcasting sector (defining licenses, granting subsidies, sanctioning the legal frame, etc.) but, at the same time, has lacked sustained public policies.

The media system structure is based on private-owned broadcasters that control the media in the main cities in the country. The State/government media complement this structure, although coverage only includes Buenos Aires and areas of low-density population; meanwhile, the main urban centers are not served by public media.

The media structure until the 1980s showed no cases of press and broadcasting cross-ownership. After the 1990s and the neoliberal policies of Carlos Menem's administration, however, the legal framework of broadcasting was modified to allow the creation of media conglomerates. Since then, media ownership concentration has grown steadily. Clarin is the main media group in the country with direct

control over the leading newspaper in terms of sales (*La Nación*), and through local partnership agreements, it also controls several newspapers in the rest of the country (e.g. *La voz del Interior* and *Los Andes*). The Clarin Group owns one of the main TV channels in Buenos Aires (Canal 13) and many others across the country, a radio network, the main cable service provider, and several cable channels. The group also participates in other areas of the cultural industries, including newsprint paper production (as a State partner), cinematography production, news agencies, and as a broadband internet service provider. The most significant threat to the Clarin Group's position in the media market is the telephone companies, especially Telefonica from Spain, which dominates the fixed telephone market as a duopoly. Besides Telefonica and Telecom (linked to Telecom from Italy), Telmex from Mexico is increasing its presence. Both Telefonica and Telmex want to enter the cable television business but are currently banned from doing so. The annual revenue of these companies vastly exceeds those of the Clarin Group.

Since 2008, the government and large media groups, especially the Clarin Group, have clashed repeatedly, and especially, over the passing of a new audiovisual media law that sets limits to media ownership concentration. The main argument of media proprietors has been, once again, that regulation restricts freedom of expression.

Brazil

Brazil is the largest media market in Latin America. Cultural industries have an enormous potential development in this country due to its population of over 180 million inhabitants. In absolute terms, cultural consumption in Brazil remarkably exceeds any other country of the region, even though estimates consider that one-third of the population lives in extreme poverty.

Over 500 newspapers circulate in Brazil, most of them regional in scope since there is almost no printing press with a national reach. Media concentration in the main city centers (Sao Paulo, Rio de Janeiro, and Salvador) exists for radio and television, and the shared distribution of content among "media chains" across the country aggravates this situation, even though each member paper in such chains is usually not commonly owned. In other words, while the structure of ownership is distributed among different interests in the major cities, content is shared throughout the whole country.

The Globo Group, whose origins date back to the 1960s, stands out in the Brazilian media market structure. In the mid-1960s, the Marinho family's holdings (headed by the O Globo newspaper) emerged as the dominant player in the television market. According to Fox (1990: 72), TV Globo originated during the dictatorship established in 1964 and served the regime's conservative modernization project very well. After receiving investment from the US-based Time Life Group, Globo displaced its competitors and has become the main national player. Its subsequent growth resulted from substantial investments

made by the State in an effort to develop telecommunications through the Brazilian Telecommunications Company. The Group's horizontal and vertical integration was an advantage for the production of a new product with a distinct national pedigree, "telenovelas" (soap operas), which subsequently become Globo's "raw material" for expansion into the international market.

Globo Group also owns the second largest newspaper in Brazil in terms of circulation, the main television channel (with booster stations in most of the territory), and the main cable company in association with Televisa from Mexico. Globo Group has also been keen to expand through partnerships with foreign media companies to counter the mounting threats posed by the possibility that telephone companies such as Telefonica and Telmex will soon enter the main media markets in Brazil and throughout Latin America (Possebon 2007: 302).

In terms of media policies, President Lula's administration (2002–present) has been restrained; in fact, for a long period of time, the communications minister was a journalist Helio Costas, a man with long-standing ties to the Globo chain. The main policy of the government addressed the promotion of public broadcasting through the creation of the Brazilian Communication Company, but that venture has not gathered much momentum. The National Conference on Communications convened by a heterogeneous group of civil society organizations in December 2009 tried to give further impetus to media reforms and the democratic regulation of communication by proposing over 600 projects, but it is uncertain whether or not the administration will update media regulations that date back to the last dictatorship.

Chile

The Chilean Republic has been the most stable economy from the last decade of the twentieth century until the beginning of the twenty-first century. Chile is the only "successful" case of neoliberal policies in the region, in terms of not only economic growth but also some degree of wealth distribution. Though this fact can be attributed to the nonorthodox characteristics of those policies, at least since the recovery of the constitutional regime in 1989 (part of the structural reforms that took place in the 1980s during the dictatorship of Augusto Pinochet). Since then, however, and until March 2010, the country has been run by presidents from the Chilean Social Party.

The cultural industries market in Chile is one of the least regulated in the region. There are almost no legal restrictions for media ownership concentration or for foreign investment in the info-communication sector. The structure of media organizations, especially in the press, was strongly linked to political allegiances until the 1970s. Moreover, television channels were owned by the State and universities. The dictatorship of Augusto Pinochet (1973–89) imposed ideological control over media, censorship, and in many cases closure, all the while buttressing a duopoly between the Mercurio Group (Edwards family) and COPESA Group (La Tercera).

Since the beginning of the 1990s, together with the recovery of democracy, there has been a liberalization and privatization of the info-communication sector. In contrast to the period before the 1990s when the entire media system was controlled by the State and the universities, democratic neoliberalism has allowed private media firms to expand and media concentration to increase. Greater levels of foreign investment have also been permitted, and there is a fairly strong presence of foreign capital in the broadcasting industry. Over the past two decades, the historically high level of concentration found in the Chilean press has spread to other sectors of the media, although media concentration in Chile is still lower than either Argentina or Brazil. At the same time, however, the Concertacion government has adopted policies that constrain the potential for government intervention in the media while also striving to increase the role of public television in the overall media landscape. As a result of the latter efforts, public television in Chile now has higher audience ratings than any of the privately owned media.

Uruguay

For many years, Uruguay has been considered the Switzerland of South America. In fact, besides an oversized banking system renowned for its accounting information secrecy, the socio-demographic characteristics of Uruguay are similar to many European countries. The media system has a strong presence in Uruguayan society, but the small size of the market (less than 4 million inhabitants) prevents the development of scale economies. Moreover, there is a high dependency on content produced in neighboring countries such as Argentina and Brazil.

The media is highly concentrated in Uruguay, although there are no significant, large media groups. In terms of both the press and audiovisual sectors, three groups control the market. Even cable television services have been developed by these three companies. It is important to mention that Uruguay is the only country in the region that has maintained a monopoly for all fixed telephone operations and a central role for the State mobile communications company.

The center-left-oriented Frente Amplio government won the election in 2005 for the first time, but has not adopted any communication policies that have significantly affected the interests of the commercial sector. Nevertheless, a new broadcast regulation for community media was passed in 2008 that is considered to be one of the most innovative of its kind worldwide.

Concentration in the Southern Cone today

As outlined earlier in this chapter, our research has collected data on media concentration levels for the years 2000, 2004, and 2008 in order to identify prevailing trends during the first decade of the twenty-first century. We have already published two books to account for the situation in 2000 and 2004

(Mastrini and Becerra 2006; Becerra and Mastrini 2009), but this chapter updates that work by including evidence from 2008.

Because there are no systematic collections of public or private statistics about the economic behavior of the media, data presented in this chapter have been collected from diverse sources that did not always follow the same criteria but which we have accounted for by cross-checking our data against multiple sources. Beyond some possible inaccuracies of figures, this study systematizes information that has been extremely difficult to find and collate in a meaningful way. Although our broader project analyzes all communication markets (press, radio, television, cable, fixed telephony, mobile, internet broadband), this chapter focuses on the daily press, free-to-view television, and mobile telephony, with data and examples from each. The internet market did not really begin to grow significantly until the first years of the new century and, consequently, data for internet remain limited and incomplete.

Press concentration levels differ in each country. While in Brazil¹⁰ the revenue of the top four newspapers is less than 40 percent of the market share, in Argentina it is over 60 percent, and Chile and Uruguay have a concentration index that is even higher (Figure 2.1). This data confirms previous studies that link editorial market diversity with market size. Simply put, a high volume of readership provides the scale economies that a newspaper needs to operate efficiently. The implications of this point are clearly demonstrated in Brazil where a population that is triple that of Argentina, Chile, and Uruguay combined is able to sustain a larger number of newspaper groups. In terms of the direction of trends, concentration levels have held steady over time.

The television market in Latin America also shows high levels of concentration. According to the data obtained (Figure 2.2), it constitutes an oligopoly market. In all countries of the Southern Cone, the top four television channels control at least 50 percent of the total revenue of the sector. Thus, it can be asserted that the reported levels of concentration are high. Brazil's concentration index, however, is lower than its neighboring countries. It is important to mention

Figure 2.1 Newspaper market concentration

Note: Figures represent the percentage of market share accounted for by the top four ownership groups.

that even though the number of licenses in each country varies remarkably—with over 300 in Brazil and less than 50 in Argentina—concentration levels are high in both cases. This would suggest that those who gain dominant positions with audiences early on are able to maintain the most significant part of the market over time. Unlike the press sector, the data show a gradual increase in concentration in the television market of the Southern Cone.

The mobile telephone market is the most concentrated of the markets we assessed. All countries of the Southern Cone reach the CR4 maximum, that is, 100 percent (Figure 2.3). In fact, it is curious that neoliberal policies that

Figure 2.2 Television market concentration

Note: Figures represent the percentage of market share accounted for by the top four ownership groups.

Figure 2.3 Mobile phone market concentration

Note: Figures represent the percentage of market share accounted for by the top four ownership groups.

eliminated telecommunications public monopolies at the outset of the 1990s have since spawned a strong private oligopoly (in some cases, duopoly). Even the mobile telephone market, which developed in a “competitive” environment, does not seem to be able to support more than four operators. This situation is also present in Brazil, which showed a lower concentration index at the beginning of the century but which has since seen the demise of most competitors.

The extremely high levels of concentration in the telephone market deserve deeper analysis. As Elizabeth Fox and Silvio Waisbord (2002: 11) point out, “Privatization and liberalization in the telecommunications industry also contributed to the formation of conglomerates. It is impossible to analyze the evolution and structure of contemporary media industries without addressing developments in telecommunications.”

Two companies have launched strategies to capture the Latin American market since the beginning of the twenty-first century: Telefonica from Spain and Telmex from Mexico. The Telefonica Group has had a significant presence in most Latin American countries since the beginning of privatization in the 1990s (see Figure 2.4). The Telmex Group (Figure 2.5), which took over the Mexican telecommunications system in 1990–1, began this race later than its rival (Figure 2.6), but it has gained ground and surpassed Telefonica in terms of regional revenue in 2008.

It is also important to compare the relative size of the telecommunication groups and those in the traditional media to underscore the economic importance of the former. As Figure 2.6 shows, in 2008, the revenue of Telefonica in Latin America was nearly 10 times higher than those of all the newspapers in Argentina, Brazil, Chile, and Uruguay combined, 6 times higher than cable television, and triple those of free-to-view television. In fact, the revenue of Telefonica and Telmex combined was US\$73 billion for the region, an amount that vastly exceeds the US\$21 billion in revenue for the press, free-to-view television,

Figure 2.4 Telefonica presence in Latin America (2000–8)

Note: Shaded areas equal the growing footprint of Telefonica’s presence over time.

Figure 2.5 Telmex presence in Latin America (2000–8)
Note: Shaded areas equal the growing footprint of Telmex’s presence over time.
Source: Own elaboration from company balances.

Figure 2.6 Media and telephone sector comparative revenue
Note: Data are expressed in millions (US\$).

and cable television services combined in the four countries under study. In other words, the capital available for the telecommunications groups vastly exceeds those of the media groups, and this gives them inordinate power when they decide to use it to implement their strategies, policies, and developments across the region. Indeed, that scenario is now coming to fruition with Telmex and Telefonica’s recent decisions to expand into cable television to reap the potential benefits of digital convergence. This issue is beyond the scope of this study, but data from Figure 2.6 reveal the potential threat that these initiatives pose to the current proprietors of cable systems in the Southern Cone.

It is also necessary to consider that telephone companies follow the logic of global markets and participate in it on a different scale than traditional media operators (McChesney 1998). Crucially, their global ambitions and reach

exceed the traditional frameworks for commercial media operations that have largely been confined to the territorial boundaries of the nation-state. In other words, companies such as Telefonica and Telmex are the most influential actors and will likely be the main beneficiaries of the changes that are now taking place within the framework of the so-called Global Information Society.

According to McChesney, there are three levels in the commercial global system of information and communication. The first level belongs to 10 transnational groups that operate worldwide. The second includes the 50 largest groups based in Europe, United States, or Japan that have businesses spanning several regions and countries worldwide. Telefonica and Telmex are part of this second group. The third level covers groups that lead national domestic markets or subregions and encompasses around 90 corporations, from which Globo Group from Brazil and Clarin from Argentina are the most important in the Southern Cone. The entrance of the telephone companies to the paid television market presumes a dispute between actors from the second and third group, where the telephone companies have stronger financial resources, although the national groups have closer ties with the political world and deeper knowledge of the cultural idiosyncrasies of local media system. There are also thousands of smaller cultural companies, but they do not directly affect the global market, even though their cultural productions are important at a local level.

Concluding comments

As we started out by saying, concentration is a complex, multifaceted, and diverse process. And media are complex, double-sided institutions that mediate both political and economic interests. The sort of commodities they work with have a material as well as a symbolic value. This turns them into special actors whose activities have specific consequences. They intervene, affect, and constitute (although not determine) the public sphere, which is also a political sphere. As economic actors and, due to the very high fixed costs and very low variable costs associated with their activities, the media industries are strongly predisposed toward concentration. The major players organize their activities within this framework, and this has the potential to create entry barriers for other market actors. In order to counteract this tendency, many States have decided over the course of the past century or more to use antitrust policies to stimulate different sources and editorial perspectives.

With regard to the Latin American situation, Bustamante and Miguel (2005: 13) consider that "in terms of the general structure of the cultural industries sector, several conclusions seem to be clear: concentration in Latin American countries, favored and catalyzed through political interference and in an absence of public action to counter them, raises significant concerns in terms of

political pluralism in each country, with numerous moments when politicians have assumed unbearable arrogance.”

The study has sought to further understanding of the media structure in the Southern Cone, especially through the analysis of the concentration index in the most relevant sectors. Based on the widely accepted standard that concentration exists and is considered high when the top four operators control over 50 percent of the total market share (Albarran and Dimmick 1996: 44), our analysis shows that in all cases (except for the Brazilian press) concentration ratios are high. Although we have shown some of the different points of view on this issue, our methodological tools do not yet permit us to say what the implications of these high levels of ownership concentration are for diversity. That debate is still open.

Finally, a third aspect to consider is the increasing integration between the logics and dominant actors of the communication sector in the Southern Cone and those that lead the market worldwide. As an inherent quality of this process, it is worth emphasizing that overcoming both geographical and industrial borders creates an objective articulation between the global and convergent characteristics of the media and telecommunications sectors. In this respect, Arsenault and Castells (2008b) propose that

[m]edia content is both diversified and globalized: media ownership is concentrated and organized around networked forms of production and distribution, the backbone of which is provided by a core of multi-national media corporations that operate through a global network of media networks. The majority of media businesses follow a networking logic so that all nodes of the network are necessary to fulfil the ultimate goals of their program: the commoditization of mediated culture and the subordination of all forms of communication to profit making in the market place. (Arsenault and Castells 2008b: 743)

Seen in that light, the greatest challenge for media in the Southern Cone, and especially for its societies, is to somehow mesh with the requirements of a globalized world while trying to avoid the loss of significant cultural diversity at the hands of a highly concentrated media system that such dynamics seem to inexorably entail.

Notes

- 1 Part of the research for this chapter has been supported by the Press and Society Institute (Instituto Prensa y Sociedad in Spanish, www.ipys.org), a nongovernmental organization based in Lima, Peru, concerned with the defense of freedom of expression and which sees media ownership concentration as a threat to free journalism.
- 2 One of the consequences of conglomeration processes is that as media companies entered the stock market, they were compelled to provide more information about their financial status—although this only applies to the big media groups that are publicly traded.

- 3 To the traditional studies of the 1970s (Muraro), we can add recent studies in English: Sinclair (1999), Fox and Waisbord (2002), and in Spanish: Mastrini and Becerra (2006), Becerra and Mastrini (2009), and Trejo Delarbre (2010), among others.
- 4 The survey collected data of all countries in Latin America from 2003 to the present, including the following markets: editorial, record companies, cinematography, press, radio, television (free-to-view and cable), and telephony (landline and mobile).
- 5 All member countries of UNESCO, with the exception of United States and Israel, adopted the Convention on Protection and Promotion of Diversity of Cultural Expression in 2005. In Argentina, the House of Representatives passed law 26.305 on November 14, 2007, ratifying the Convention. This is the only international treaty that strives to safeguard cultural expressions in opposition to the movement toward the free trade of cultural goods that takes place in other international organizations, especially the World Trade Organization (WTO).
- 6 This concept reflects the First Amendment of the United States Constitution, adopted in 1791, which states that “Congress shall make no law respecting an establishment of religion, or prohibiting the free exercise thereof; or abridging the freedom of speech, or of the press; or the right of the people peaceably to assemble, and to petition the Government for a redress of grievances.”
- 7 In previous studies (Mastrini and Becerra 2006; Becerra and Mastrini 2009), we have measured the concentration levels with CR4 ratio, both for companies’ revenue and consumption. Nevertheless, we will only work with revenue data for this chapter because the updated information about consumption is not available yet.
- 8 The same applies to Mexico, Colombia, and Venezuela, but these countries are not part of this study.
- 9 Analyzing the change of scope of the policies exceeds the remit of this chapter. We will briefly mention a few cases: A new law was passed to regulate the audiovisual sector in Argentina and Venezuela. Bolivia and Ecuador have modified their Constitutions to incorporate the notion of communication rights. Uruguay has passed a new broadcasting law for community media. Brazil organized the National Conference of Communication, attended by thousands of people. The role of public television has been reinforced in Chile.
- 10 Unfortunately, it was not possible to obtain the revenue data of Brazilian newspapers for 2008.