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The global television system has dramatically changed during the past two decades. The number of television sets has increased, and the number of TV channels has soared as television industries have been privatized and commercialized. New broadcasting systems such as cable and satellite broadcasting industries have also become part of everyday life around the world. This article maps out how the transformation of the global television-industry system can be understood within the larger context of global political-economic shifts and accompanying technological development. Specifically, I explore the changing structure of the broadcasting industry by examining consolidation. That is, I analyze foreign and domestic investment activities of the TV industry through mergers and acquisitions in the past twenty years. I also discuss the role of national governments and domestic communication industries in the transformation of the television system.

Keywords: *global TV; broadcasting industries; commercialization; liberalization; neoliberalism*

During the past two decades, the global television system, as the primary component of global communication systems, has undergone a dramatic change. The number of television sets has increased, and the number of TV channels has soared as television industries have been privatized and commercialized. New broadcasting systems such as cable and satellite broadcasting industries have also become part of everyday life around the world.

The swift restructuring of the global television system that began in the mid-1980s differed from that of the 1960s and 1970s when communication industries were expanding in the Third World, primarily by supplying television programs and motion pictures. Since the mid-1980s, communication industries in Western countries have expanded their influence to the developing or less-developed countries with their massive transnational capital

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as well as their television programs. Transnational communication companies rapidly expanded in Europe, Latin America, and Asia as well as in the United States. They invested in domestic communication industries in developing countries in the form of joint ventures or as major stockholders, and they became driving forces behind the swift growth and development of domestic broadcasting systems throughout the world. Along with the growing roles of the transnational corporations (TNCs), several other factors also impinged on the rapidly changing global TV-industry system: the collapse of the Soviet socialist bloc, the continuing worldwide economic transformation, and technological development.

The rapid transformation of the global TV system has been possible because governments around the world adopted neoliberal communication policies such as market deregulation, state decentralization, and reduced state intervention in communication affairs in general as they confronted intensifying pressure from TNCs, international organizations, and the U.S. government. The neoliberal communication policy gained momentum in the United States and the United Kingdom in the 1980s, and it has finally become an indispensable factor for consolidation and reform of the broadcasting industries.

However, as several communication scholars such as Dan Schiller, Robert McChesney, and Matt Davies argue, the deregulation of national broadcasting systems has opened the expansion of commercial television companies owned by TNCs and a few large domestic media companies. Dan Schiller points out (1999) that neoliberalism comes by its name because of its adherents' primary aim—paring unwanted state oversight and regulation of the economy to gain more unfettered freedom of action for private firms. Robert McChesney (2001) also emphasizes that the fact that neoliberalism unleashed national and international politics maximally supportive of business domination of all social affairs. According to him, "the centerpiece of neoliberal policies is invariably a call for commercial communication markets to be deregulated" (2001, 2). To take one documented case, after conducting a case study of the transformation of mass communication in Chile, Matt Davies (1999) concluded that privatization, deregulation, and reliance on foreign direct investment all removed the state from participation in economic activities and communication policies, which resulted in a series of rapid boom and bust cycles in the Chilean economy and in Chilean communications during the past two decades.

As these scholars observed, neoliberalism engineers the restructuring of national economies and boundaries, and this has consequences for television industries. Across the world, a majority of governments have introduced economic liberalization measures including a reduction in government intervention in the markets, opening the domestic communication markets, and privatizing telecommunications and broadcasting industries (Jin 2005).

As a result of deregulation, privatization, and liberalization in the communication sector and other economic sectors, television industries have begun to continuously transform themselves into the market-oriented communication system.

However, it must be pointed out that governments, along with the TNCs and international agencies, have played significant roles in the communication system both in domestic and in global markets during the past two decades. Emerging local commercial interests, sometimes combined with a state-affiliated broadcasting service, were both substantial and significant in the 1990s. Governments played key roles in the communication sector because unremitting political intervention was paradoxically necessary to actualize something approaching a free-market regime in the communication sector (Schiller 1999). To examine the rapidly changing global TV system under neoliberal globalization during the past two decades, therefore, we need to address both the role of the TNCs and international organizations and the role of governments and domestic producers in such media policy making.

This article maps out how some of the key features of the global TV system have been reorganized since the mid-1980s—that is, how the transformation of the global television-industry system can be understood within the larger context of global political-economic shifts and accompanying technological development. Specifically, I explore the changing structure of the broadcasting industry by examining consolidation. That is, I analyze foreign and domestic investment activities of the TV industry through mergers and acquisitions (M&As) in the past twenty years. Finally, I will discuss the role of national governments and domestic television industries in the transformation of the television system.

Major sources of data used in this study are the SDC Platinum database compiled by the Thomson Financial Company, which includes all corporate transactions, private as well as public, involving at least 5 percent of ownership of a company. I also analyze "M&A Almanac" in *Mergers and Acquisitions*, which is the deal makers' trade journal that the Thompson Financial Company published every month between 1983 and 2002 to discern solid trends of M&As in the international TV-industry sector. Another valuable source for this study is *Communication Outlook* (issues between 1990 and 2001), published by the Organization for Economic Cooperation and Development (OECD).

Reshaping the Television Service System

The emergence of the global TV industry as a strategic and highly profitable sector of the world economy and the rapid development of new transmission and distribution technologies—including satellite, cable, and

VCRs—spurred a huge increase in television outlets, primarily in Europe in the 1980s and in Latin America and Asia in the 1990s, fueling the explosive trade growth in television programs and films.

The number of television sets in the world steadily increased to more than 1.62 billion sets in 2000 from 1.1 billion sets in use in 1990 and 299 million in 1970 (International Telecommunication Union (ITU) 2002; UNESCO 1999).[1] The number of sets per one thousand inhabitants worldwide also increased by 3.3, from 81 to 270, between 1970 and 2000 (ITU 2002; UNESCO 1999). The explosion of television sets in developing countries has been more noticeable than in several developed countries since the early 1990s because of rapid economic growth as well as the introduction of new technologies such as satellite and cable television in many developing countries. Meanwhile, most Western countries experienced the saturation of television sets in the early 1990s, reflecting their full-grown television-service markets. Between 1970 and 1997, the number of TV sets per one thousand inhabitants increased by 13 in Africa and by 9.5 in Asia, respectively, compared to by 2.05 in the United States and 2.17 in Europe (UNESCO 1999). The increase in television sets in China was steepest in the 1990s. In China, the total number of television sets jumped from 660,000 in 1970 to 380 million in 2000, and China ranked first in the number of television sets. This figure is more than 61 percent larger than that of the United States (235 million sets), the second largest in the world, in the same year (ITU 2002).

The number of television networks and the trade in television programs has also grown proportionally during the past several decades. For example, the number of television channels in terrestrial broadcasting with national coverage in OECD Europe increased from 62 in 1980 to 131 in 1990 and to 244 in 1995 (OECD 1997). The total number of television channels has been increasing rapidly because of satellite and cable television networks. Satellite and cable broadcasting companies have been at the source of the creation of many new television networks around the world, and they have served as catalysts in the globalization of television, although terrestrial television systems also increased gradually. In 1998, OECD countries had 3,974 cable television broadcasting companies, compared to 2,617 terrestrial broadcasting companies (OECD 1999).

The rise of cable and satellite television channels in Latin America and Asia as well as in Western countries has contributed to the opening of national markets for foreign producers and distributors, mainly U.S.-based firms, and of emerging domestic producers in several regions. Therefore, the rapid growth in the number of television sets and channels influenced the trade in television programs, as will be explained in detail later. Many new cable and satellite broadcasting companies could not produce their own programs, because of lack of know-how and low budgets. Consequently, they sought programs elsewhere.

Structural Change in the World Broadcasting System

The swift growth and change in the international TV sector encompasses several essential characteristics: the emergence of megaglobal communication companies as a result of mergers and acquisitions; privatization of existing broadcasting companies; the relaxation of foreign ownership restrictions; corporate investment in newer media such as cable and satellite television; and transnationalization of advertising and its convergence with communication empires to create a demand for and to promote cultural products and other industries such as consumer goods and services.

The emergence of the global corporate-communication industry has resulted from vertical and horizontal integration to enhance profits in the global communication market. The strategy behind the formation of transnational communication empires is to increase control over the global market. When Sony, for instance, bought Columbia Pictures in 1989, it purchased not only Columbia's film and television libraries, which were perhaps Sony's most valuable asset, but also the international market of consumers that Columbia's distribution and exhibition arm reaches (Grover 1989). Vivendi, one of Europe's largest communications companies, bought Seagram, the Canadian entertainment giant that owned Universal studios, for thirty-four billion dollars in 2000. Vivendi wanted content, and this deal was valuable for Vivendi because Vivendi had various distribution channels in France and other European countries, while Seagram had sizable entertainment assets that included Hollywood's Universal Studio and Universal Music Group, the world's largest music company ("Vivendi and Seagram" 2000). As of October 2003, Vivendi was selling several of its media units, including Hollywood Studio Vivendi Universal Entertainment, to NBC because of the group's huge debts (Noble 2003). NBC was trying to buy Vivendi Universal Entertainment because of the synergy effects from this integration. Bob Wright, NBC's chairman and chief executive, explained the deal as follows:

> This deal would be part of a continuation of the vertical integration that has characterized the U.S. media business for the past decade. There are other businesses that look just like this combination, such as Viacom, News Corp and Disney, which straddle broadcast television and movie assets. (Johnson and Larsen 2003, 34)

As these examples demonstrate, bigger, in the communication industries, translates into product integration and control—great reach, increased power, and ultimately, a greater share of profits and larger profits from the world information and entertainment markets. When the communication industry grows larger as a result of horizontal and vertical integration, firms benefit greatly. Consequently, however, content producers and distributors are coming under the same corporate roofs, even as these newly diversified behemoths concurrently transnationalize (Schiller 2001).

Vertical and horizontal integration secures these corporations' access to new markets and new sectors of the communication industries, the consequence of which is the oligopolistic control of much of the world communication market by a few giant corporations. Vertical integration involves the ownership of film and television studios and/or production companies, distribution outlets, and movie theater chains and/or television networks. Vertical integration has obvious advantages. First, it allows companies to keep the costs of sales and transactions low in that the vertically integrated corporations sell productions to themselves and thus do not have to go through bidding procedures and can have smaller sales and accounting departments (Gomery 1986). This enables them to absorb the costs involved in introducing new products, which smaller firms cannot do, and therefore, to compete more effectively in the emerging global market. Second, vertical integration permits market control in that a corporation that owns its own production companies and movie theaters or television networks is guaranteed simultaneously a source of supply for its outlets and the exhibition or broadcast of the output it produces (Gomery 1986). Vertical integration in the communication industries, therefore, leads to the consolidation of corporate control of the market from the moment of a product's conception to its consumption.

For instance, the deal between the Walt Disney and News Corp, in which Disney bought Fox Family Worldwide in 2001, proved the synergy effect of vertical integration. At that time, the Fox Family Channel, which Disney renamed ABC Family, reached about eighty-one million cable subscribers in the United States. As Disney chief executive officer Michael Eisner stated,

> the deal was a perfect fit for Disney, because this deal would drive Disney to the No.1 position in basic cable subscribers and gave Disney a greater presence and growth opportunity internationally. (Gentile 2001)

An additional tool in securing corporate oligopoly in the communication sector is horizontal integration, which involves the expansion of a communication corporation into a new communications medium. For instance, newspaper companies are acquiring more newspaper companies to control the market. As firms obtain a greater share of the market, they reduce their overhead and gain more bargaining power with suppliers. They also acquire more control of the prices they can charge for their products ("Bertelsmann Purchase" 1998). As Robert McChesney (2000, 16) points out,

> firms operating in oligopolies—meaning markets dominated by a handful of firms each with significant market share—tend to do what monopolists do: they cut back on output so they can charge higher prices and earn greater profits.

Thus, through mergers and acquisitions, media empires such as AOL–Time Warner, News Corporation, Disney, and Sony are expanding vertically and horizontally to include in their operations the production of films and television programs, their distribution, as well as their exhibition or broadcast on television.

Meanwhile, global TV industries formed strategic alliances with other transnational communication corporations such as regional and national companies. The transnational communication industries have invested billions of dollars into distribution systems for delivering entertainment to households around the world. For instance, Sony is one of the most international of the U.S. studios, with stakes in a range of foreign ventures and emerging, lucrative territories such as India and Asia. The studio also has long-standing partnerships with local TV and film producers and distributors in regions as diverse as Hong Kong, Brazil, and Germany (Hazelton 2001).

Mergers and Acquisitions in the Global TV Industry

The trend toward conglomeration and transnationalization of the audiovisual sector through M&As in the world began in 1985 when the U.S. television industry experienced a spate of corporate takeovers unmatched since the 1950s. In other words, the trigger for neoliberal reform in the TV industry can be traced back to 1985, when the new Federal Communications Commission (FCC) policy of deregulation enabled larger corporations to swallow up smaller enterprises and gain a greater measure of economic power (Gomery 1986). At that time, the U.S. government, through the FCC, took a market-oriented, probusiness policy. As a result, in 1985, ABC was sold to Capital Cities Communication, and NBC was taken over by General Electric (GE; "Business People" 1985). The same year, CBS was beset by Ted Turner's unwelcome takeover bid ("Business People" 1985).[2] Rupert Murdoch also began a serious quest to create a fourth U.S. television network (Fox TV). In the meantime, several of the nation's largest television stations and station groups were being bought and sold like the hot commodities they had become.

As *The New York Times* reported ("Business People" 1985, D2), "1985 was a phenomenal year for the broadcasting industry." When ABC agreed to be acquired by Capital Cities Communications, it was the first time that one of the nation's three major television networks changed hands since Leonard H. Goldenson's United Paramount Theaters merged with a fledgling network to create the modern ABC in 1953 (Stevenson 1985). This torrent of mergers was fueled by the extraordinary profitability of the television business in the United States. The Morgan Stanley banking house estimated that earnings for mass media corporations increased by an annual average of more than 16 percent between 1979 and 1984. As Gomery (1986) pointed out, many long-time owners of stations and networks internalized this information, forecasted a cresting of the market value of their properties, and simply cashed in.

There was a concurrent and related transformation in policy by the governmental body that regulates television in the United States, and the FCC created a climate in which this merger mania could take place. The FCC, under the administration of Ronald Reagan's appointee Mark Fowler, had long talked of terminating rules governing the ownership and control of television stations and networks. In 1985, the FCC raised the number of television stations a single company could own from seven to twelve (Tucker 1985). The U.S. government, through the FCC, cleared the way for an ambitious and wealthy person such as Rupert Murdoch to acquire vast concentrations of power (Gomery 1986).

Politically, the strong trend toward the deregulation, privatization, and commercialization of communication, which began in the United States, has finally opened up global commercial broadcasting in a manner that displays a startling break with past practice throughout much of the world (Herman and McChesney 1997). Since the mid-1980s, a politics of neoliberal communications reform has taken hold in dozens of nations. Until 1985, there was no significant international M&A in the communication industry, but the situation has changed. In 1986, M&As in the communication industry were valued at $6.7 billion in 167 deals in the world, mostly in printing and publishing companies, while M&As in communication equipment were valued at $17.2 billion in 183 deals ("M&A Almanac and Index" 1984; "M&A Almanac" 1985, 1986).[3] In 1989, communication became the fourth largest industry in the M&A market, valued at $10.9 billion in 219 deals ("M&A Almanac" 1990). M&As in the communication industry increased further in the 1990s.

M&As among broadcasting stations between 1985 and 2002, in particular, showed a unique trend in the international M&A market. According to the SDC Platinum database compiled by Thompson Financial Company, overall, 1,649 M&As, valued at $383.2 billion, were completed in terrestrial broadcasting companies worldwide between 1985 and 2002.[4] Among these, U.S. broadcasting stations acquired 966 broadcasting stations

(58.6 percent), whether acquired companies were U.S.-owned or foreign-countries–owned, followed by Canada (176 companies), Australia (89 companies), and the United Kingdom (72 companies).[5] Relatively many deals conducted by Australian companies occurred mainly because of the aggressive M&A strategy by Rupert Murdoch's News Corporation.

During the same period, M&As in the same country (target company and acquirer are in the same country) accounted for 1,439 cases (87.3 percent), while cross-border deals composed 210 cases (12.7 percent). Cross-border deals were not significant in the 1980s but increased gradually in the 1990s. Majority mergers and acquisitions have also occurred in recent years. M&As completed among broadcasting stations in the past seven years, between 1996 and 2002, accounted for 61.6 percent of all M&As since 1985. These data demonstrate that M&As in broadcasting stations mainly occur among domestic companies, because broadcasting companies are symbols of national identity, but with the relaxation of foreign-ownership restraints and privatization, cross-border M&As gradually increased in the 1990s.

In large part because of M&As among broadcasting stations between 1990 and 1999, radio and broadcasting industries were the fourth largest industry in the M&A market by dollar value at $309.8 billion in 1,346 deals, behind commercial banks ($547.2 billion), telecommunications ($524.3 billion), and oil and gas ($326.2 billion; "M&A Almanac" 2000). Combined with telecommunications, there is no doubt that the communication sector was the most active and largest industry in the merger and acquisition market in the 1990s, which resulted in the appearance of megatransnational communication companies seeking commercial profits. In fact, major communication companies are being increasingly aggressive in establishing consortia and alliances throughout the world to retain competitive effectiveness and economic efficiency. The global expansion of broadcasting companies, in particular, has been accelerated through M&As or joint ventures with broadcasting industries in other countries.

In recent years, the M&As in the broadcasting industry have been significantly down throughout the world. M&As among broadcasting stations have substantially decreased since 2000—190 cases in 2000, 154 cases in 2001, and 114 cases in 2002—in the middle of the decline of the global M&A. This trend also occurred in other industries such as radio, publishing, and telecommunications because of the declining global M&A. According to *Electronic Media*, which uses statistics provided by the Thompson Financial Company, in the first half of 2001 in the United States, 1,050 media, entertainment, telecommunications, and internet (service and software industries) deals, valued at nearly $43 billion, were announced, as opposed to $367 billion in the first half of 2000 (Mermigas 2001).

Among these, there were 135 announced radio, television, and publishing deals valued at $12.6 billion in the first half of 2001, compared to 269 announced deals in those categories, valued at more than $30 billion, in the first six months of 2000. This situation was similar worldwide. Globally, there were 2,993 media, entertainment, telecommunications, and internet deals, valued at $111 billion, announced in the first six months of 2001, as opposed to 4,998 such deals, valued at nearly $702 billion, in the first half of 2000. This reflected the recession of the global economy as well as overcompetition among transnational communication companies (Mermigas 2001).

Liberalization and Privatization of the Broadcasting Industry

The relaxation of foreign-ownership restraints has expedited the swift transnationalization of the global TV system. Considering the social and cultural impact of broadcasting services on the public, foreign-ownership restrictions on broadcasting services were common in many countries in the 1980s (OECD 1999). Several countries, from the United States to Asian and Latin American countries, however, have selectively (partially, if not wholly) begun to lift bans against foreign ownership in national TV industries since the mid-1990s, although traditions of protection for domestic communication and cultural industries persist. As of 2001, there were no restrictions on foreign ownership, in either terrestrial or cable television, in Belgium, the Czech Republic, Denmark, Finland, Ireland, Italy, Luxembourg, the Netherlands, New Zealand, Norway, Portugal, and Sweden among OECD countries (OECD 2001). Several other countries deregulated limitations on foreign ownership in cable broadcasting companies as well as in terrestrial broadcasting companies, partially because governments tried to entice foreign capital to the broadcasting industry. Many countries such as Brazil, which used to prohibit foreigners from owning stakes for the development of domestic companies and their programs, allowed foreigners to own 20 to 49 percent of shares in the broadcasting industry.

For instance, in April 2002, when Brazil's congress approved a constitutional amendment that would allow foreign firms to hold up to 30 percent of media companies as long as Brazilians hold the other 70 percent, several transnational capitals had already considered the possibility of investment in the Brazil communication industry. As Ricardo Vezo, director of media and entertainment consulting at Booz Allen Hamilton in Sao Paulo, commented in *Daily Deal*,

> Latin and European as well as the U.S. media and telecom conglomerates, from Viacom and AOL Time Warner to Televisa of Mexico and Telefonica of Spain, studied the possibility of buying into big media companies in Brazil. (Kepp 2002)

As usual, foreign communication firms saw great advertising and consumer spending potential as well as subscription potential in a country of 170 million people.

In 2000, China also declared it would partially open its communication market toward international communication as part of China's WTO accession. China, which had rejected foreign investment and foreign ownership in the communication industry until the late 1990s, permitted foreign companies to own up to 49 percent of Chinese video and audio distribution companies and up to 49 percent of companies that build, own, and run cinemas (Hazelton 2000). With the lifting of the ban on the global communication industry, several foreign majors invested in the Chinese communication market, including News Corporation and Disney. As Yuezhi Zhao (1998) points out, external challenges to the Chinese media system increased in the 1990s. The news media of Hong Kong and Taiwan as well as of the United States were increasingly influential, although the government tried hard to contain the influence of the foreign media out of fear of ideological influence from the West. However, with the relaxation of control on the media system, several foreign media firms such as CNN and the BBC began to broadcast their programs via satellite television, and finally, foreign media firms could participate in the Chinese broadcasting market in 2000 because China allowed partial foreign investment and foreign ownership in the communication industry.

The privatization of the broadcasting industry has also been one of the main features of the global communication system during the past two decades. According to the OECD's *Communication Outlook 1997* and *Communication Outlook 2001*, the status of major terrestrial television broadcasting companies in OECD countries changed significantly. In 1995, there were seventy-six public broadcasting and seventy private broadcasting companies with national coverage among OECD countries. However, in 2000, the number of private broadcasting companies increased about 100 percent to 141 companies and exceeded the number of public broadcasting companies (ninety-eight; OECD 1997, 2001). Including terrestrial television with local coverage, private broadcasting companies were as many as 2,187 in 1998, while public broadcasting companies were 430 in the OECD area (OECD 1999). The introduction of privatized broadcasting companies (including new entries) provided opportunities for transnational corporations to invest in new media such as cable and satellite television as well as terrestrial broadcasting companies in several countries, which sought commercial advertising and programming because privatization and deregulation were crucial factors in the restructuring of ownership as well as financial sources for broadcasting companies. In fact, television-system development has been largely handed over to capitals. Corporately run systems have sprung up in dozens of countries; elsewhere, existing private systems have been expanded and enlarged (Schiller 2001).

Moreover, the rise of cable and satellite television channels as well as terrestrial television channels in Europe, Latin America, and Asia has expedited the opening of national markets for foreign producers and distributors, in particular those of the United States but partially those of regional producers. Indeed, the rapidly changing global communication system was fueled by the proliferation of new transmission and distribution technologies such as cable, VCR, and direct broadcast satellite, which have acted as catalysts for the expansion of the commercial communication market.

Technology, along with the rapid growth of the regional economies, is an accelerating force in developing television program and film trade in several regions including East Asia. For example, Taiwan, Korea, Japan, and China as well as a few others in the region produce VCRs and satellite dishes, and a number of countries produce television sets. The emergence of satellite and cable television in this region has resulted in a rapid increase in the number of foreign programs, both regional and Western programs. More importantly, the changing policies of each government in the broadcasting sector to a more deregulatory mood have played a key role for spreading foreign programs in these countries. Terrestrial television networks are usually under governmental control and bound by strict restrictions regarding television programs. Considering the social and cultural impact of broadcasting services, various regulations have been imposed on content aspects. The states' aims of content regulations are generally related to culture and program standards. Content regulation has also been used to support the development of national programs and to place limitations on the use of foreign programs (OECD 1999). Many countries around the world, therefore, impose a quota requirement for domestic programs on broadcasting services.

However, several countries around the world lifted a ban against foreign television programs in terrestrial television, and to a higher degree, in cable and satellite television. For example, as of January 1999, several OECD countries such as Austria, the Czech Republic, Finland, Greece, Iceland, Japan, Luxembourg, Mexico, New Zealand, Norway, and the United States did not impose a quota requirement for domestic programs on broadcasting services (OECD 1999). Many countries have also reduced the quota requirement on terrestrial television. For cable television, deregulation of foreign programs was far more noticeable than for terrestrial television. Many countries did not require any quotas for domestic or local programs in cable television. Their requirements for cable television, if they exist, are not significant compared to terrestrial television.

Overseas programs in terrestrial television, for example, were restricted to less than 30 percent and 20 percent in Taiwan and Korea, respectively, until the late 1990s (OECD 1999; Ishii, Su, and Watanabe 1999). The export and import of television programs in China were controlled by the national television network (CCTV); however, some regional television stations managed their own networks for audiovisual product trade (Hong 1998). Unlike terrestrial television, cable televisions have much room to broadcast foreign programs. For example, about 103 cable television operators broadcasted programs—which were mostly received via such foreign satellite broadcasting as Star TV in Hong Kong and NHK in Japan—in 1998, when cable television's penetration to households exceeded 80 percent (Asia-Pacific Media Directory 2000).

Of course, the beneficiaries of deregulation in the broadcasting-program market are a few Western countries, mostly the United States. According to the U.S. Department of Commerce, U.S. film and television program exports in current dollar terms were valued at slightly more than one billion dollars in 1985 and two billion dollars in 1990.[6] However, the United States exported about $7.5 billion of film and television programs to the world in 1999 and $9.17 billion in 2001 (U.S. Department of Commerce 2000, 2002).[7] The U.S. exports increased by as much as nine between 1985 and 2001. Most of this large jump could be attributed to increased exports of U.S. television programs to new channels in foreign countries.

As this example proves, there is no doubt that a few Western countries including the United States have maintained cultural power in terms of the magnitude of the trade in films and television programs around the world. There still seems to be more of a potential for uneven flow of sales. Every region in the world, including Asia, imports far more cultural products from the United States than it sells to the United States. Government deregulatory policy around the world has expedited the global trade of audiovisual product flow, along with other factors such as technology and culture (e.g., ethnicity and language).

However, the emerging domestic producers, distributors, and markets also began to play key roles in the global communication system in recent years in several regions including Latin America and East Asia. Emerging domestic communication industries including *Televisa* in Mexico, *Telenovela* in Brazil, KBS in Korea, CCTV in China, as well as other domestic or local-based transnational capitals in these countries play significant roles in the process of changes in the global communication system—in particular, audiovisual markets, mainly in the same region.

Television remains primarily a national phenomenon in many countries, and the domestic state plays a significant role in shaping national television systems (Straubhaar 2001). The role of emerging domestic players has been increasing during the past decade, although that does not mean that the inequality and imbalance in the audiovisual service sector between developed countries and developing countries decreases significantly. Therefore, it should be pointed out that the rapidly changing global broadcasting system was a result of the interaction among transnational capitals, international agencies, and emerging domestic actors, including governments and domestic companies, while the United States still maintains its dominance in the global broadcasting industry in the early twenty-first century.

Conclusion

The focus of this article has been on the dimensions of the transformation of the global TV system from a political-economic perspective. These dimensions included the emergence of mega–communication industries, relaxation of foreign ownership restraints, privatization of broadcasting industries, and transnationalization of the broadcasting industry. As discussed, the global TV system has dramatically changed since the mid-1980s, and this was expedited in the 1990s. During this period, the television industries in Latin America and Asia as well as in the United States underwent a dramatic transformation commonly referred to as neoliberal reform. In other words, the restructuring of the TV-industry sector has been conducted under the banner of deregulation and privatization since the mid-1980s, not only in Western countries in which this trend was most pronounced but also around the world, including Latin American and Asian countries.

The introduction of neoliberal economic and communication policies has rapidly changed the global TV system from mainly government-dominated sectors to profit-driven private sectors. Adoption of deregulation, liberalization, and privatization of communication systems, which began in the mid-1980s, allowed the inclusion of new commercial broadcasting companies. This neoliberal communication reform has resulted in the breakup of public monopolies over broadcasting, and it has also expedited the proliferation of a large number of commercial broadcasting companies.

In addition, worldwide economic growth and the development of technology have contributed to the transition of the global TV system to one of the largest and most lucrative industries. The expansion of television around the world during the past two decades was in great part because of the development of the new technologies of cable, VCR, and satellite as well as the emergence of information and entertainment as a vital economic sector. The impacts of these new technologies, along with the global trend of neoliberal reform, have transformed the global TV landscape.

Along with international organizations and the U.S. government, transnational corporations played a significant role in the process of change. These international forces served as driving forces to neoliberal reform in the TV sector. With government deregulation, transnational corporations have invested an enormous amount of money in the broadcasting industry in developing countries because it became a highly profitable sector of the world economy. This resulted in developing ever-increasing rates of growth in the communication industry. In other words, commercialized mega–communication industries can control the global market through mergers and acquisitions, and ultimately, acquire a larger share of and larger profit from the global information and entertainment markets (Jin 2005). The emergence of mega–communication companies allowed large companies to control both content and hardware to maximize their value and profit. Mega–broadcasting conglomerates can secure the outlet of their content, including television programs and films, through vertical and horizontal integration as well as through international alliance.

However, governments around the world played pivotal roles in the transformation of the broadcasting industry, because the broadcasting industry is a symbol of national identity unlike other economic and communication sectors. In many countries, television remains primarily a national phenomenon, and national governments played significant roles in transforming the broadcasting system through their legal force. In sum, the world television system has changed and has been influenced by sometimes cooperative and at other times conflicting relationships among the national government, domestic capitals, and transnational corporations during the past two decades.

Notes

1. The number of television sets is the estimated total number of both black-and-white and color television sets in use at home, businesses, and hotels.

2. In April 1985, Ted Turner, the chairman of the Turner Broadcasting System, began a hostile takeover bid for CBS Inc., which struggled with huge losses. However, CBS went on the defensive, thwarting the bid by buying back 20 percent of its stock, worth nearly one billion dollars. Therefore, Turner gave up his effort to buy CBS.

3. *Mergers and Acquisitions* is the deal maker's trade journal, which the Thompson Financial Company publishes every month. To qualify for inclusion in the M&A rosters, which are the raw data for "M&A Almanac," the merger must be valued at twenty-five million dollars or more. Therefore, the total value of M&A will be increased by including smaller deals. I analyzed "M&A Almanac"

between 1983 and 2002 to obtain solid M&A trends in the world communication sector.

4. The SDC Platinum database, compiled by the Thomson Financial Company, includes all corporate transactions, private as well as public, involving at least 5 percent of ownership of a company. The database includes international transactions beginning in 1985.

5. Calculated from the SDC Platinum database. Accessed through the Commerce Library Subscription Right at the University of Illinois at Urbana Champaign, May 29, 2003.

6. Current dollar is a measure of spending or revenue in a given year that has not been adjusted for differences in prices between that year and a base year. Current dollar does not reflect adjustment for inflation. Therefore, the total value of television program and film exports could decrease, more or less, with adjustments for the inflation rate. Since the value of money changes over time, it is useful to convert current dollar to constant dollar to remove the effects of inflation—in particular, to produce more useful time-series data of GNP or GDP. Financial data can be adjusted for inflation using the Consumer Price Index (CPI), prepared by the U.S. Bureau of Labor Statistics, to convert the value of one country's GDP—for example, for any given year to 1983 dollars.

7. I calculated film and program rental items, which were under the name of Other Private Services, in several years from *Survey of Current Business*.

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