Cross-Ownership

Marc Edge
Sam Houston State University

Cross-ownership of media occurs when a person or company owns outlets in more than one medium (i.e., → newspapers, → radio, and → television) in the same geographical market. It is a business strategy driven by advances in technology and also a public policy issue due to concerns over increased concentration of ownership (→ Media Policy). Cross-ownership is aimed at achieving economies of scope across multiple media. Costs may be reduced through the "synergy" of sharing of staff and content between outlets in different media, and revenues may be increased through the sale of multimedia advertising packages.

On the other hand, diversity of media ownership is considered crucial to ensuring diversity of news information (→ Plurality). As a federal circuit court of the US noted in 2004, "diversification of media ownership serves the public interest by promoting diversity of program and service viewpoints as well as by preventing undue concentration of economic power" (*Prometheus Radio Project v. FCC*, 373 F.3d 372, 383 [3rd Cir.] 2004; → Public Interest). Various media competition laws and regulations are widely accepted in connection with a society's significant interest in ensuring a wide range of information and opinion for citizens through pluralistic media (→ Competition in Media Systems). That is, media cross-ownership is a matter of freedom of expression as a right (→ Freedom of the Press, Concept of).

INTERNATIONAL FRAMEWORK

The Universal Declaration of Human Rights, the International Covenant on Civil and Political Rights, the → American Convention on Human Rights, and the European Convention on Human Rights recognize a right of individuals to receive information and opinions from a diversity of sources (→ Freedom of Information). Thus, they impose an obligation on government to ensure media pluralism. This is especially the case with the American convention in that it expressly prohibits private entities such as the news media from restricting freedom of expression through media monopolies and concentration.

Article 10 of the *European Convention on Human Rights* has been interpreted as requiring member states to take positive actions against press monopolies. In 1994, for example, the → European Court of Human Rights held that the Austrian public broadcasting monopoly was incompatible with Article 10 because it violated the freedom of individuals to communicate their ideas on the audiovisual media (*Informationsverein Lentia v. Austria*, 17 E.H.R.R. 93 [1994]). A dozen years earlier, the Council of Europe's Committee of Ministers stated: "States have the duty to guard against infringements of the freedom of expression and information and should adopt policies designed to foster as much as possible a variety of media and a plurality of information sources, thereby allowing a plurality of ideas and opinions" (Committee of Ministers, Declaration on the Freedom of Expression and Information, April 29, 1982; → European Union: Communication Law).

NATIONAL FRAMEWORK

The increased concentration of news media ownership through horizontal integration or multimedia integration came under heightened public scrutiny (→ Concentration in Media Systems). Consumer advocates, political activists, proponents of media reform, and most media scholars generally opposed allowing news media companies to grow larger. They perceived the increased political power that corporations could accumulate through cross-ownership to be contrary to the public interest and called for restrictions to be maintained or enacted (→ Media Conglomerates; Media Corporations, Forms of).

Cross-Ownership Rules Relaxed

Reform and even outright repeal of restrictions on cross-ownership, however, have been broad trends worldwide, with long-running deregulation initiatives culminating in the United Kingdom in 2003 and Australia in 2006. In *Australia*, cross-ownership of media became linked with the country's limits on foreign ownership in a decade-long attempt at media deregulation that failed twice before finally being passed in 2006. The small size of the media market led to it being dominated by a few major owners, creating resistance to dropping a prohibition on cross-ownership without allowing more foreign ownership in order to prevent increased concentration. The ban on cross-ownership of print and electronic media had been introduced by the Labour government in 1987, forcing the country's multimedia owners to choose between their television and newspaper holdings. Nonetheless, the Australian government under liberal prime minister John Howard enacted a broad package of reforms in July of 2006. It abolished restrictions on foreign ownership and permitted cross-ownership starting in 2007, subject to a "diversity test" to ensure a minimum of five owners in metropolitan markets and four in regional markets (→ Australia: Media System).

In *Canada*, a prohibition against cross-ownership of newspapers and television stations was issued in 1982 by Order in Council after a Royal Commission on Newspapers recommended restrictions on ownership. The cross-ownership prohibition was allowed to lapse in 1985 following a change in government from Liberal to Conservative. Several multimedia transactions since 2000 prompted federal inquiries by committees of both Parliament and Senate. A report to Parliament on broadcasting and media ownership recommended in 2003 that the Canadian Radio-television and Telecommunications Commission (CRTC) cease issuing broadcast licenses to owners of newspapers pending formulation of a federal policy on cross-ownership. A Senate report on news media was issued in 2006, but it stopped short of recommending measures against cross-ownership, as another change in government from Liberal to Conservative earlier in the year made unlikely any regulations limiting media ownership (→ Canada: Media System).

In the *United Kingdom*, the 1990 Broadcasting Act prohibited newspaper owners with more than 20 percent of national circulation from holding more than a 20 percent interest in any Independent Television (ITV) license. A new Broadcasting Act in 1996, however, loosened regulations so large newspaper owners could also reach up to 15 percent of the audience share in television and commercial radio, but with no more than one national license in each. In 2003, the Communications Act made sweeping changes to media regulation, including for the first time allowing foreign ownership of broadcasting. Restrictions on cross-ownership were also eased, with owners permitted to hold both national radio and television licenses. But media mergers are subject to special statutory requirements. Under the Communications Act of 2003, the Secretary of State for Industry intervenes where the public interest considerations of media mergers are involved (→ United Kingdom: Media System).

Cross-Ownership in the Era of New Media Technologies

With the advent of the → Internet in the 1990s, a "convergence" of print and broadcast media was seen as inevitable (→ Digitization and Media Convergence). The traditional content of newspapers, magazines, radio, and television was thus foreseen by some as all eventually being delivered online. This technological revolution was expected to render national regulatory agencies redundant, and as a result owners sought relaxation of cross-media and foreign ownership restrictions. As an OECD study of 1998 noted, "The pressure of convergence brings into sharp focus the restrictions many OECD countries have placed in terms of cross-ownership and joint provision regulations imposed on the traditionally separate communications" (OECD 1998). Consumer advocates, however, sought to retain limits where they existed and to implement them where they did not, arguing that more concentrated ownership of news media would reduce diversity of opinion and political pluralism.

In *South Korea*, where a select group of print and broadcasting media dominates the media industry, several special statutes showcase the Korean government's commitment to diversify the media market while reducing the actual or perceived media concentration. The Newspaper Act, for example, prohibits the simultaneous ownership of broadcasting stations and newspapers and news agencies. In 2004, to stem the print media's concentration in Seoul, the Korean government passed the Regional Newspaper Act. By laying a healthy foundation to develop regional newspapers, it aims to promote diverse public opinions and to accomplish a balanced development of local communities. The law mandates a development fund for regional newspapers to improve their management and distribution and to support their computerized database.

To the Korean government, the broadcasting industry is no exception. The Broadcast Act forbids anyone to own more than 30 percent of stocks of a terrestrial broadcasting licensee and a news broadcasting program provider. Also, a daily newspaper cannot operate a broadcasting station or a program provider simultaneously. Further, the corporate owner of a daily newspaper or a news agency cannot own the stock or equity shares in cable broadcasting or satellite broadcasting companies (→ Satellite Communication, Regulation of). Likewise, it is illegal to concurrently operate an off-the-air broadcaster, a cable television broadcaster, and a satellite broadcaster. Moreover, the Broadcast Act proscribes an over-the-air broadcaster, a cable television broadcaster, and a satellite broadcaster from owning another over-the-air broadcaster that runs a digital multimedia broadcasting (DMB) service, another cable broadcasting service, and another satellite broadcasting service, respectively. Similarly, a broadcast program provider cannot operate another program provider or own stocks in the other provider beyond what a presidential decree permits (→ South Korea: Media System).

The government of *Singapore*, which had tightly restricted media ownership for decades, announced in 2000 the introduction of "controlled competition" through cross-ownership. Singapore Press Holdings (SPH), which for 16 years had enjoyed a government-sanctioned newspaper monopoly, was issued licenses for English- and Chinese-language television stations. Government-owned broadcaster MediaCorp was issued a newspaper license and began publishing a free commuter tabloid titled *Today* (→ Tabloid Press).

Liberalization of Cross-Ownership Rules in the US

US media ownership rules as they have evolved over several decades are probably in a class by themselves. In 1970, the → Federal Communications Commission (FCC) passed the cable/broadcast cross-ownership (CBCO) rule, which disallowed a cable system from owning broadcast TV stations in its own market. At the same time, it enforced the radio–TV cross-ownership rule against ownership of a radio station and a TV station in the same market. In 1975, the FCC adopted a rule that banned a daily newspaper publisher from owning a broadcasting station in its community.

The Telecommunications Act of 1996, the most sweeping change in US broadcasting regulation since the 1934 Communications Act, has affected ownership regulations. In 2003, the FCC announced a new tiered cross-media ownership rule that would liberalize the radio–TV cross-ownership and the broadcast–newspaper rules. But a federal appeals court blocked the new rules from taking effect, reasoning that the FCC failed to prove justification of its new ownership rules. Meanwhile, there is no cross-ownership rule on satellite TV and cable in the US (→ Cable Television). Antitrust laws will apply if a cable company buys a satellite TV provider. The Department of Justice or the FCC will likely intervene (→ Antitrust Regulation).

Germany and *France* stand in sharp contrast to the US. Their cross-media rules are less developed. Constitutional law provided the basis for the enactment of appropriate competition rules to ensure pluralism in the media industry. In 1966, the German Constitutional Court indicated that *Pressefreiheit* ("press freedom") obligates the government to take affirmative actions to the deleterious impact of media monopolies. Similarly, the Conseil constitutionnel in France held in 1986 that freedom of expression mandates special media merger restrictions to safeguard pluralism in media outlets (Barendt 2005, 433).

SEE ALSO: ▶ American Convention on Human Rights ▶ Antitrust Regulation ▶ Australia: Media System ▶ Cable Television ▶ Canada: Media System ▶ Communication and Law ▶ Competition in Media Systems ▶ Concentration in Media Systems ▶ Convergence of Media Systems ▶ Digitization and Media Convergence ▶ European Court of Human Rights ▶ European Union: Communication Law ▶ Federal Communications Commission (FCC) ▶ Freedom of Communication ▶ Freedom of Information ▶ Freedom of the Press, Concept of ▶ Internet ▶ Media Conglomerates ▶ Media Corporations, Forms of ▶ Media Policy ▶ Newspaper ▶ Ownership in the Media ▶ Plurality ▶ Public Interest ▶ Radio ▶ Satellite Communication, Regulation of ▶ South Korea: Media System ▶ Tabloid Press ▶ Telecommunications: Law and Policy ▶ Television ▶ Television Broadcasting, Regulation of ▶ United Kingdom: Media System ▶ United Nations, Communication Policies of

References and Suggested Readings

Bagdikian, B. (2004). *The new media monopoly*. Boston, MA: Beacon Press.

Baker, C. (2007). *Media concentration and democracy: Why ownership matters*. New York: Cambridge University Press.

Barendt, E. (2005). *Freedom of speech*, 2nd edn. Oxford: Oxford University Press.

Cooper, M. (ed.) (2007). *The case against media consolidation*. New York: Donald McGannon Center for Communications Research, Fordham University.

Doyle, G. (2002). *Media ownership: The economics and politics of convergence and concentration in the UK and European media*. London: Sage.

Doyle, G., & Vick, D. W. (2005). The Communications Act 2003: A new regulatory framework in the UK. *Convergence*, 11, 75–94.

Edge, M. (2004). Pie sharing or food fight? The impact of regulatory changes on media market competition in Singapore. *International Journal on Media Management*, 6, 184–193.

Gomery, D. (2002). *The FCC's newspaper–broadcast cross-ownership rule: An analysis*. Washington, DC: Economic Policy Institute.

Kirby, K., & Gibson, M. (2007). The newspaper–broadcast cross-ownership rule: The case for regulation relief. *Communications Lawyer*, 25, 22–29.

McChesney, R. W. (2004). *The problem of the media: US communication politics in the 21st century*. New York: Monthly Review Press.

OECD (1998). *Cross-ownership and convergence: Policy issues*, working paper DISTI/ICCP/TISP(98)3/FINAL. Paris: Organisation for Economic Co-operation and Development.

Paraschos, E. (1998). *Media law and regulation in the European Union*. Ames, IA: Iowa State University Press.

Pitts, G. (2002). *Kings of convergence: The fight for control of Canada's media*. Toronto: Doubleday.

Senate Environment, Communications, Information Technology and the Arts Legislation Committee (2002). *Report on the Broadcasting Services Amendment (Media Ownership) Bill 2002*. Canberra: Senate Printing Office.

Singleton, L., & Rockwell, S. (2003). The silent voices: Analyzing the FCC "Media Voices" criteria limiting local radio–television cross-ownership. *Communication Law and Policy*, 8, 385–403.

Standing Senate Committee on Transport and Communication (2006). *Final report on the Canadian news media*. Ottawa: Queen's Printer.

Sturm, J. (2005). Time for change on media cross-ownership regulation. *Federal Communications Law Journal*, 57, 201–207.

Cuba: Media System

Jürgen Wilke

Johannes Gutenberg University of Mainz

With nearly 111,000 square kilometers Cuba is the largest island in the Caribbean Sea. It is located only 180 kilometers off Florida on the American continent. Since 1976 the *República de Cuba* has been subdivided into 14 provinces of almost equal size and one special municipality (Isla de la Juventud). The total population is 11.3 million; 2.2 million live in the capital Havana. The official language is Spanish.

For a long time Cuba was ruled by Spain, but since the end of the nineteenth century it has been under American hegemony. In 1959, the authoritarian dictatorship of Batista