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Latin American Media: A Long View of Politics and Markets

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INTRODUCTION

The Latin American model of commercial broadcasting superficially is quite similar to that developed in the United States. This model consists of privately-owned, commercially-financed radio and television stations with one or more large companies controlling a significant market share. Early American investments in Latin American radio and television stations facilitated the adoption of this commercial broadcasting model, and the region's media were internationalised many decades before globalisation became a buzzword in political and academic circles.

Paradoxically, the Latin American media were both unregulated and highly controlled. The ruling elite demanded economic growth and political stability, satisfied by a docile commercial broadcasting system under their political thumb (Fox 1997). In some countries, alongside precocious commercialisation, nationalism also shaped how the media developed. Factions within governments and progressive social movements pushed for increased state control of domestic radio and television in order to ensure domestic content and national, rather than foreign, ownership. These nationalist measures were largely successful when motivated by the need for increased political control of the media but largely unsuccessful when motivated by considerations of public service or preserving national culture (Waisbord 1995).

EARLY PUBLIC SERVICE

Government censorship quickly became the norm in Latin American broadcasting. The state imposed controls on the political content of the media through censorship, licensing, and government paid advertising. State interference in the media began early, for example in Brazil in the 1930s under Vargas, in Argentina during the *decada infame*, and in the first years of radio in Peru.

In some countries, radio, and later television also were seen as ways to integrate new populations into the culture or economy of the country. In 1924, for example, the Mexican Government set up a radio station in the Ministry of Education. Ten years later, President Lázaro Cárdenas (1934-1940) donated a

radio receiver to all agricultural and workers' communities to enable them to listen to the courses, book reviews and concerts transmitted by the government radio station.

Some of these earlier ideas about public service broadcasting resurfaced in the late 1950s and early 1960s. Development communication focused on the use of broadcasting to provide education, information and modern values to the 'traditional masses'. UNESCO, the Alliance for Progress, and the Organization of American States funded communication equipment and programmes to use the mass media for health, education, rural development and family planning.

In 1966 Colombian President Carlos Lleras used foreign aid to set up an educational television programme to complement regular classroom programmes. In 1968 the Mexican government launched Telesecundaria, an open-circuit educational television system for secondary schools. Efforts at educational and public service broadcasting flourished as long as foreign financing and domestic political support were forthcoming. When funds and support dried up, public services languished in the backwaters of official bureaucracies.

The endorsement of free market economies by the dictatorships that swept Latin America in the 1970s further spurred broadcasting's commercial as opposed to its public service growth. When authoritarian governments were able to forge a close relationship with national broadcasting industries, strong media monopolies developed. This was the case in Brazil and Mexico where domestic broadcasters grew powerful under the protection of strong, authoritarian states. Brazil's rulers worked closely with private radio stations that they censored and, in part, directly controlled, and later with commercial television, notably TV Globo, which they helped create and had no need to control. The Brazilian media eventually proved the stronger partner; outlasting the military and successfully rolling their loyalties over to the civilian governments that followed (Sinclair 1999). The relationship between government and the media in Mexico was the natural outgrowth of the radio broadcasters' early bond with the state and, in some cases, ownership by the country's political leaders.

Where the bond between broadcasters and the state was not possible, domestic broadcasting industries remained politically weaker and generally more fragmented. Peru, Argentina, and Chile have been paradigmatic cases of fragmented broadcasting industries. In Peru major swings in policy between *laissez-faire* and government intervention thwarted the consolidation of a strong domestic broadcaster. The most radical of these swings occurred between 1968 and 1980

under a nationalist military government that expropriated the media companies. In 1980 a civilian administration returned broadcasting outlets to their previous owners, hardened against government intervention and operating largely without competition.

Fragmentation of media ownership in Argentina began when the military who came to power in 1976 were unwilling to privatise the television stations that the Peronists had expropriated in 1974. The military distrusted the private media and preferred to spread the control of television and radio stations among the branches of the Armed Forces. The Menem government finally privatised the stations in 1989. The fragmentation of the Chilean broadcasting industry largely resulted from the decision to place television channels under state- and church-run universities rather than under the private sector. After General Pinochet's brutal take-over in 1973, the military kept the media under strict control and censorship, while, at the same time allowing commercial growth.

In the early to mid-1980s the Latin American military dictatorships started showing cracks, and the transition to democracy gained momentum. As civilian regimes replaced military ones, the region's media experienced significant transformations at many levels – technological, legal, policy, content, ownership and financial.

GLOBALISING FORCES

The globalisation process that profoundly reshaped media structures and dynamics world-wide in the 1990s did not spare the region, although privatisation, liberalisation and deregulation were not new to the region. Latin American media had long been open to international capital and programming flows and was dominated by commercial principles. What the globalising push of the 1990s did was to tip the balance further in the direction of the market, without downplaying, let alone eliminating, the role of the state and domestic politics.

The widespread introduction of technological innovations is a necessary starting point to analyse how globalisation relates to sweeping changes in Latin American media. Whereas some media technologies and industries declined, others exploded. More people gained access to television and radio sets than ever before while the region experienced one of its worst economic and social crises in contemporary history. The explosion in the number of radio and television households and the existence of 35 million video cassette recorders and two million satellite television subscribers suggest a media landscape substantially different from that of the early 1980s.

By the late 1990s cable had become a dynamic sector. It is estimated that there are more than 15 million subscribers in the region, a small number compared to the industrialised countries, but 20% of a total of 81 million television households. Cable television reaches over 50% of television households in Argentina, 25% in Chile and Mexico, and less than 10% in Brazil. Predictably, distribution patterns are socially stratified. In a region with persistent and deepening social inequalities, cable audiences are concentrated mainly among upper- and middle-classes.

These technological developments underpin policy decisions that shaped fundamental transformations in the organisation and operation of the media industries. These include: the formation of multimedia corporations; the decline of family-owned companies; the articulation between local, regional and international capital; the intensification of cross-regional trade of money and content; and the increase in the production and export of television programming.

During the 1990s the participation of state and public interests in the media shrank and market principles consolidated. Privatisation became the policy *du jour* in the television industry. Governments in Argentina and Mexico auctioned state-owned television stations that had been nationalised in the early 1970s. In Chile, private capital was authorised to bid for television licences, historically in the hands of universities. Private ownership was permitted in Colombia where before the state controlled television. The private sector also benefited from the new era of abundance of electromagnetic spectrum. The vast majority of the new radio and television frequencies were awarded to private bidders, and only a few to public organisations and governments.

These changes did not fundamentally alter some of the traditional dynamics of the media sector, most notably the lack of wide participation of civil society in the decision making process and, ultimately, in access to media organisations. Political democratisation did not bring a process of genuine democratisation of media ownership, content or control. Nor has public accountability become an integral part of the process by which media licences change hands. Public officials approached the politics of privatisation as a mechanism for political and economic gain. The old system in which the state had an all-pervasive role in the media, and especially in ownership, changed, but the *pro quid quo* of personal favours and clientelism remained unchanged.

The removal of cross-media ownership restrictions and the liberalisation of new media industries were other catalysts in a process of rapid concentration of information resources and consolidation of media corporations. Highly

concentrated media companies are hardly new to the region. Televisa and Globo already held quasi-monopolistic positions in Mexico and Brazil, respectively. Policy decisions towards the end of the 1990s accelerated the process of concentration, in flagrant contradiction to constitutional rules banning the formation of monopolies and oligopolies in media industries. Policies opened new media sectors and strengthened the position of already dominant local groups. Argentina's Clarín Group and Colombia's RCN and Caracol received the plums of the privatisation of television stations in their countries. Privatisation also enabled companies with diverse industrial interests to move quickly and aggressively into television. Mexico's Elektra Group, for example, formed Azteca in its successful bid for state-owned Channel 13.

Cable and satellite television also entered into the fold of dominant companies. In Uruguay firms that controlled open television branched into cable. In Argentina and Brazil, where cable development was originally fragmented in numerous mom-and-pop companies, larger companies swallowed smaller companies, spearheading an intense and rapid process of concentration. The result was the formation of duopolies: the Clarín Group and CEI Group in Argentina and Globo and TVA in Brazil.

Regional media powerhouses took the lead in the development of satellite television. Approximately 30 satellites cover Latin America. Optimism about growing numbers of subscribers stimulated the launching of two regional satellite services in the mid-1990s. Both feature an alliance between global technology and media behemoths and the largest producers and owners of television in Latin America. Western media groups provide satellite connections, large international operations and extensive film and television archives; Latin American partners provide domestic experience and popular local programming.

A handful of companies now control the majority of media interests in Latin American countries. Most markets are dominated by two media behemoths: CEI and Clarín in Argentina, Globo and SBT in Brazil, Televisa and TV Azteca in Mexico, Venevisión and TVC in Venezuela. These large media companies from larger markets have inroads in medium-sized and smaller countries.

United States cable powerhouses such as TCI and Liberty Media have been particularly interested in expanding into countries with high, actual or potential numbers of subscribers and television households. Argentina has become a regional launching pad for pay-television business. The 1994 Argentina-United States trade agreement of reciprocal investments paved the way for the entry of

American investors. The 1995 Cable Law initiated important changes in Brazilian pay television. By increasing foreign ownership to 49%, the law shook off Brazil's tradition of media protectionism and attracted the interest of global companies.

Latin America also has been affected by the world-wide phenomenon of global financial companies entering media markets. Goldman Sachs, Citibank and the buyout firm Hicks, Muse, Tate & Furs own substantial media interests and programming sources. In need of capital to bankroll acquisitions, maintain expansion, and keep ahead of competitors, domestic groups reached out for capital from financial firms. Citibank's dominant position in the Argentine media, for example, followed the decision of the Menem administration in the early 1990s to privatise state-owned companies. One of the major creditors of Argentina's public debt, Citibank, was able to trade public debt titles for public interests.

The formation of conglomerates coupled with media globalisation accelerated the transition from family to corporate ownership of media companies. The removal of protectionist legislation, the easing of the circulation of global capital, higher barriers to entry in media markets, and the need for large amounts of capital to finance conglomerates made the long term survival of family ownership impossible.

LOCAL CONTENT

Far from reinforcing Hollywood's historical pre-eminent position as the *lingua franca* of Latin American television, more demand for television programming has resulted in some interesting developments. The number of domestic and regional television hours has increased remarkably throughout the region. The decrease in costs of video technologies and production inputs removed important obstacles that, particularly in the early days of television, discouraged local productions and overwhelmingly favoured cheaper American imports. Television stations and networks, particularly in metropolitan areas and large markets, now own state-of-the-art studios.

Local productions are not cheaper than Hollywood fare. Still, networks, and stations' preferences for local shows encourages local production. Local content consistently performs better than regional or American productions in audience ratings. Only in countries where the market is too small to cover costs and one-hour episodes of foreign productions command between US\$ 500 and US\$ 800, do imported shows tend to predominate.

Finally, local productions offer the opportunity to reap gains in ancillary markets. The opening of international markets in the 1990s and the expansion of demand

for Latin American content (mainly tele-novellas) were important incentives for local production. The exportability of content has been a constant concern for Televisa, Globo and Venevision, companies that in the late 1970s and in the 1980s were trailblazers for regional producers around the world. Lately, other companies based in medium-sized audio-visual markets also have successfully exported their productions.

As a region, Latin America confirms the conclusion that markets with a substantial number of television households coupled with large advertising investments and gross national products offer better conditions for the development and consolidation of a domestic audio-visual industry than those without. As some authors have concluded, these factors are the comparative advantages that account for the dissimilar development of media industries across markets. Brazil, for example, offers more propitious conditions for the consolidation of an indigenous audio-visual industry than Panama or Nicaragua.

By reducing the role of the state and removing restrictions preventing or limiting foreign participation, globalising policies deepened disparities among media markets in the region. Globalisation contributed to the consolidation of a three-tier structure formed by large producers and exporters of audio-visual content based in Brazil, Mexico and Venezuela; medium-sized producers and exporters in Argentina, Chile, Colombia and Peru; and modest producers with virtually no exports in Bolivia, Central America, Ecuador, Paraguay and Uruguay.

If global patterns of television flows need to be understood as a 'patchwork quilt' (Sinclair et al. 1996), Latin American television suggests that flows inside regional and geolinguistic markets also need to discriminate among complex inflows and outflows. There is not a single, dominating centre that exports content to the rest of the region but a Latin patchwork quilt, formed by multilayered flows of capital and programming. Intra-regional trade of television shows and formats, and ownership and production partnerships among regional and global companies suggest that globalisation is not unified in terms of programming or capital flows. Instead, it is a highly uneven process that affects each media market differently.

CONCLUSION

Global capital and programming moves easily into weaker and smaller markets with low production, and more aggressively in partnerships with local powerhouses into advertising-rich countries with large, actual or potential, audiences. Not all regional media companies are on an equal footing vis-à-vis globalisation. To some, globalisation has been a boost to business; to others,

globalisation has facilitated the entry of powerful competitors and challenges. The trajectories of Globo and Televisa show that securing a dominant position at home through extensive horizontal and vertical integration and close contacts with political powers is fundamental for regional and global expansion.

Globalisation exacerbates pre-existing characteristics and accentuates differences. It facilitates the expansion of already dominant media companies in domestic, regional and international markets. While large countries now produce a substantial amount of televisual content, smaller countries continue to experience enormous difficulties. Globalisation augments regional programming traffic due to the rising demand for more television hours created by the explosion in the number of cable and satellite channels.

After decades of governments promoting state-owned media, threatening private owners with nationalisation, and toying with projects for media reform, globalisation signals the consolidation of commercial media systems and the end of alternative models. But states and governments are hardly the losers in globalisation. They are still able to keep the media on a short leash by negotiating the terms of business practices and defining the workings of media markets. In contrast with past decades of authoritarianism and state-owned media, they no longer control broadcasting stations or overtly restrict media content. They are still able to pull the levers that define the conditions under which businesses operate.

Markets and states, business and politics, local and international forces long have been intertwined, locked in a more confrontational or more peaceful relation depending on the politics of day. Domestic politics are not accessory to global dynamics but, as it has been since the early beginnings of Latin American broadcasting, continue to be fundamental mediators and articulators in the interaction between national and supranational forces.