Chapter 3

Markets

Arguments about the potential threat of cosmopolitan communications to national cultures are based on structural developments in the production and distribution of mass communications. Globalization, it is often argued, has expanded the volume of cultural trade in the international market for cultural goods and services. In this chapter, we start by examining the evidence for these claims. The pattern of cultural trade is complex and no one indicator covers all dimensions, so we will examine the overall trends during recent decades by drawing upon international statistics from the World Trade Organization (WTO), the United Nations Educational, Scientific and Cultural Cooperation (UNESCO), the United Nations Conference on Trade and Development (UNCTAD), and the European Audiovisual Observatory.\(^1\) We focus attention on three aspects of cosmopolitan communications: the balance of trade in audiovisual services (television programs, feature films, and recorded music); the flow of news information through printed newspapers and magazines, TV news and current affairs, and news wire services; and inter-connections through new information and communication technologies, including complex cross-border flows and media convergence via the Internet. The evidence is most systematic and reliable for the balance of audiovisual trade, and less comprehensive information is available for monitoring the other types of exchanges, although we can piece together some information from indirect proxy indicators.

The evidence presented in this chapter points to four main conclusions. First, most audiovisual cultural exports have been, and continue to be, generated by a few major producer countries located in the global North, as many other studies have reported. Moreover the United States, the leading exporter in this market throughout the post-war era, has not only maintained but substantially expanded its share of audiovisual trade in recent decades. Other important producers include Britain, Germany, Canada, and France, each with large domestic markets and a major slice of world exports to networks of trade partners linked by neo-colonial ties, expatriate communities, and shared languages. Increasingly dense cross-border communications bind many advanced industrialized economies tightly together. The Netherlands, Belgium, Austria, and Switzerland are some of the world’s most globalized societies today, with cable and satellite channels providing direct access to German, French, Italian, Dutch and English-language television stations, as well as dubbed or translated American-produced TV programs, music, and movies, while foreign newspapers, imported books, magazines, advertising, and high-speed broadband connections to email and online international websites are all widely available.
The existence of rapidly growing connections across national borders provides preliminary evidence that cultural convergence, around an American or Western set of values, could potentially occur, as many theorists have long claimed, if other conditions are met. This pattern reinforces the importance of further careful investigation of this phenomenon’s consequences.

Before we can accept that this process will lead towards cultural convergence, however, this interpretation needs important qualifications. Trade patterns remain complex, the exchange is far from one-way, and important regional hubs and counter-flows are emerging among producers located in certain middle-income economies, as the fusion thesis emphasizes. Chinese-manufactured videogames flood Wal-Mart shelves in Iowa. Bollywood produces more films per year than the United States. Bangalore phone-centers advise software customers in New York. Latin American telenovelas are popular in Spain. Cape Verde and Mali musicians can be heard on world music stations in London and Paris. News about Darfur and Iraq is broadcast on American television evening news. Crafts and arts products from Bali, Delhi, and Kashmir are sold on e-bay. Malaysia and Singapore have some of the most globalized economies in the world. There are also major questions about what constitutes an ‘American’ product: US popular culture often imports popular formats and creative ideas from abroad, and companies co-finance productions with partners overseas, in a complex exchange, before then manufacturing and re-exporting products. The process is analogous to franchising branches of Pizza Hut in Italy, Taco Bell in Mexico, and Starbucks in Brazil. With its entertainment-oriented leisure industry, diverse multi-ethnic population, consumer economy, and open borders, the United States is the world’s largest importer of many cultural goods and services, as well as the leading exporter. America may be so successful in selling popular entertainment and news abroad because it is a multiethnic immigrant society having a fusion culture that borrows foods, fashions, fads, and TV formats from around the world. These multifaceted counter-flows give some support to the fusion scenario.

At the same time, the integration of economies into world markets, along with the balance of trade in cultural services in the creative economy, remains far from equal around the globe. Observers in America or Europe often overlook the way that many of the world’s poorest nations are largely excluded from access to this marketplace, both as consumers and as producers. The density and pace of information flows remains strongest among advanced industrialized economies. Integrated networks bind together the economies, peoples, and states of the expanding European Union into a single market, while a common language and historical connections bind the United States with Canada and Britain. There are also strong communication links between OECD countries and fast-growing middle-income
nations, such as the Philippines, South Korea, Brazil, and the Czech Republic. By contrast, far weaker ties of cultural trade and international communications connect the richest and poorest nations around the world. As a result, the expanded volume of cultural trade and cross-border information flows continues to have only limited impact in penetrating many geographically-isolated developing societies and poorer communities located in the global South. In many poorer countries, the public remains relatively isolated from cross-border information flows, because of limited access to mass communications and information technologies, protectionist barriers to foreign imports, and internal restrictions on what can be seen or read in the press. Accordingly, in some of the least developed societies, such as Mali, Ethiopia and Bangladesh, people living in rural communities still acquire most of their information, values, and beliefs about events in their society and the world from personal contacts with parents and siblings, teachers, spiritual leaders and community chiefs, friends, neighbors and colleagues, and from traditional social networks within their neighborhood, as well as from direct experience of living conditions in these societies, rather than from cross-border information flows. Lack of integration into world markets suggests the need for considerable caution in generalizing about cultural convergence; ironically, globalization itself is not a fully worldwide phenomenon.

Moreover even in cosmopolitan societies, the existence of dense cross-border information flows that originate primarily in the global North does not, by itself, determine the social psychological consequences of this process and its impact on public opinion. Although it seems plausible that cultures may be exposed to a common set of (Western/American) values and norms, it may still be true that most people fail to assimilate these ideas if they acquire deep-rooted and enduring values, beliefs, and practices during their formative years in childhood and adolescence from many primary sources, role models, and experiences besides the mass media. The media compete with many other socialization agencies. Cultural theorists argue that critical readers and viewers deconstruct and reinterpret the meaning of messages received from the mass media, and they may reject values and attitudes conveyed by these sources if they feel they are inappropriate or that the media fails to provide trustworthy and credible information. Theories suggest that the influence of mass communications is subtle, complex and indirect; it would be rash to jump directly from evidence about the imbalance of cultural trade to assume their effects on the audience. Systematic empirical analysis is needed to investigate whether viewers, readers and listeners with regular access to mass communications, who live in cosmopolitan societies permeable to information flows, within and from outside their national borders, actually differ significantly in their attitudes, values, and beliefs from those who do not.
What has changed in the trade in cultural goods and services?

In examining the evidence supporting these claims, we will first focus on the market in creative industries. UNCTAD has classified creative industries into several distinct sectors, as illustrated in Figure 3.1. Heritage goods are an important and growing sector, especially for sustainable development and attracting revenue from travel and tourists, including museums, traditional festivals, crafts, archives, libraries, and art galleries. The performing arts sector includes performances of live music, theatre, dance and opera, which can also be important for drawing visitors. Visual art includes the sector concerned with paintings, sculptures, and antiques. Cultural protectionism and the regulation of exports tend to be particularly strong concerning distinctive symbols and artifacts representing a society’s heritage and legacy. The commercial aspects of the creative economy involve services such as architecture, advertising, and research and development, as well as modern visual design involved in the manufacture and production of furniture, interior design, decorating, fashion and jewelry. Lastly, the three commercial sub-sectors that have been most strongly represented in debates about cultural trade concern the provision of audiovisual services (including the production and dissemination of feature and documentary motion pictures, musical recordings, as well as television and radio broadcasting of news and entertainment over terrestrial, cable and satellite), new media (a diverse category involving the rapidly evolving range of digitalized content transmitted through broadband, Wi-Fi, and internet, including websites, computer software and videogames), and publishing (including newspapers and periodicals, books, journals, and related printed contents). Although it is useful to distinguish between these categories, in practice they often merge, for example with online newspapers and video downloads delivering traditional media through new technologies.

[Figure 3.1 about here]

Moreover, analysis is complicated by the limited availability, harmonization, and reliability of international data on culture. National statistical offices, led by initiatives in UNESCO, OECD, and the EU’s Eurostat, have recently been revising the collection of official data on employment in the creative economy and public participation in cultural activities, but existing cross-national indicators are fragmented and they lag behind the transformation of information and communication technologies. Official trade statistics usually document the flow of manufactured goods that cross national customs borders, such as exports or imports of printed newspapers and published magazines, musical instruments, radio and TV sets, and heritage artifacts such as sales of art and antiques. National trade data is then collected and presented in standardized format by international agencies, such as UNCTAD
and the WTO. Official national statistics also monitor telecommunications services, with electronic messages transmitted by landline and cellular telephone, telex, telegram, and posted mail, collected worldwide under the auspices of the International Telecommunications Union. Official statistics on the individual or household distribution of ICTs is also available from census and household surveys for many countries around the world, including the availability of landline and cellular telephones, personal computers, fax machines, internet hosts, internet bandwidth, internet costs and the number of internet subscribers.

The reliability of this data depends on standardized classifications used by national statistical offices and the accuracy of records maintained by customs offices, with some important systematic biases, as records are often incomplete in some of the least developed nations. Nevertheless national statistics are monitored and harmonized by international bodies and conventions. By contrast, the most relevant indicators for the production, distribution and exchange of audiovisual services, including trade in feature films and television programs, are only incompletely captured at present in national statistics. Most of the evidence is contained in proprietary private sector databases, often with limited geographical coverage, collected by commercial market research companies. The field of cultural services is complex and the responsibility for collecting data is dispersed across many bodies. Cross-national surveys such as the Euro-Barometer have sought to measure social uses of the internet and participation in the creative economy in more detail within the EU, and there are numerous international indices of internet access. But there is little systematic cross-national data that monitors worldwide trends in the growing and complex in-flow and out-flow of digital news and online information across national borders, such as how many readers and viewers download news and information from online television, radio, or newspapers, weblogs and social networking sites based in other countries. Counting the number of printed newspapers and published magazines that are imported captures only a limited microcosm of information flows in this sector today, given the easy availability of most publications via the internet. The growing availability of faster broadband connections means that access to online music, radio, video, and television programs is also rapidly expanding, regardless of country of origin, bypassing conventional cross-border trade statistics.

Social scientists have sought to examine changing patterns of information and communication flows by piecing together a range of alternative indicators and methodologies covering different sectors. This includes content analysis of the amount of international or foreign news coverage carried in a sample of the world’s major newspapers, wire services, and television news programs during a
particular period. The proportion of broadcasting programs produced domestically or abroad has been analyzed by comparing the hours of television broadcasting schedules, such as within the EU. Commercial data available on the film industry includes the costs of film production, marketing, distribution, box office ticket sales, and secondary merchandizing, analyzed by revenues in the country of origin and overseas. Market research, household surveys, and time-budget diary studies have examined cultural activities, such as attendance at movies, art galleries and live performances. Detailed case studies have documented the organizational structure, ownership and finances of the main transnational communication corporations and their growth in recent decades. Other indicators include patterns of telecommunication traffic, financial data on the inflow of tourism and public attendance at cultural heritage sites, and commercial market research on advertising and marketing revenues. Lastly, in addition to the distribution and location of internet hosts and subscribers, the direction of online information flows has been monitored through analysis of inbound and outgoing hyperlinks connecting websites. These all represent important sources of information about the exchange of cultural expression across national borders but unfortunately many existing indicators are limited in their scope, standardization, geographic coverage, and sampling periods. The results also need to be aggregated across diverse sub-sectors to provide a comprehensive and systematic comparison of the total volume and direction of total communication and information flow around the world.

To provide a more comprehensive picture, let us examine what we know about the overall volume of trade in cultural goods and services, and then focus on indicators comparing the exchange of information through three sectors: the audio-visual trade in television, movies, and music; the news flow in journalism among countries; and the exchange of digital information through information and communication technologies.

The total volume of trade in cultural goods and services

The analysis of trade in cultural goods and services, based on UNCTAD data, indicates that although some emerging economies are becoming important exporters within their region, the global production and distribution of mass communication products is concentrated in just a few post-industrial societies. In 2002, for example, UNESCO estimates that the value of exports of cultural products and services was $45 billion in high-income economies, compared with just $329 million in low income countries. Among individual countries, the top three exporters in 2002 were the United Kingdom (exporting $8.5 billion worth of cultural goods), the United States (exporting $7.6 billion), and Germany (exporting $5.8 billion). Among emerging economies, China was also an important player in
cultural exports (totaling $5.3 billion), especially in visual arts and audiovisual media (notably videogames). Despite its highly protectionist cultural policies, France was also a major force, exporting $2.5 billion in cultural goods. By contrast, cultural exports earned only $347 million for Russia, $284 million for India, $56 million for South Africa, $38 million for Brazil, and $6 million for Saudi Arabia. The combined export revenue of these five major countries was less than that of the UK alone. In developing societies, exports of cultural goods exceeded imports, while the reverse was true of advanced industrialized societies. As a result of the global imbalance in cultural trade, developing societies at the periphery of these trade networks import far more information and popular entertainment from the North than they export.

**Audio-visual trade in Television, Movies and Music**

One major reason for this disparity in information flows is because a handful of countries continue to predominate in the production, dissemination and marketing of audiovisual goods and services (including film, broadcasting, music, television and radio), with trade concentrated disproportionately in the United States, Canada, Germany, France and Britain. The trade in audiovisual services and fees includes the value of the production of motion pictures, radio and television programs, and musical recordings, where the sum of all exports and imports are calculated as a proportion of GDP (measured in purchasing power parity in constant 2000 international dollars). Figure 3.2 illustrates the average audiovisual trade from 1990-2006, compared with the total volume of trade in all goods and services, calculated from data provided by the World Trade Organization. The pattern clearly illustrates the leading role of the United States in audiovisual trade, followed at some distance by Germany, Canada, France and Britain. By contrast, China predominates worldwide in the overall trade in goods and services, but little of this revenue derives from this sector. The music industry, for example, was worth an estimated $31 billion in 2002, through sales of records, CDs, tapes, and related products. Of this, the US and Europe dominate, representing three-quarters of world sales, while by contrast the African music market represents less than one percent. High income countries accounted for 94% of global exports of recorded media.

Feature films are another major audiovisual sector, generating an estimated $25 billion in revenues worldwide in 2006. Here, Hollywood continues to dominate the industry, producing about 600-700 new releases a year. By contrast, throughout its entire history, Africa is estimated to have produced only around 600. Bollywood is a striking exception to the usual pattern in the developing world, with the Indian film industry turning out 800-900 movies a year. But this production caters mainly
to domestic demand, plus some exports to the Indian Diaspora abroad, attracting relatively modest foreign audiences or export revenues. Moreover a longitudinal study of the international economic market for movies during the last three decades found that Hollywood films have gradually become even more dominant globally, crowding out movies from other places and leaving a more concentrated market.\textsuperscript{16} British movies have also expanded their market share. By contrast, despite the historical renown of directors such as Sergei Eisenstein, Federico Fellini, Kurosawa Akira, and Rainer Fassbinder, the export of films from Russia, Italy, Japan and Germany has declined.\textsuperscript{17} The 25-member European Union produces about 700-800 feature films per annum, more than the U.S. alone, but this figure is somewhat misleading as the industry is heavily concentrated in the major players, France, Germany, Spain, Italy and Britain (respectively), with most other member states generating very few movies per year.\textsuperscript{18}

[Figure 3.2 about here]

Broadcasting of popular television entertainment may represent the most important part of the audiovisual sector, feeding the growth of commercial television stations available during the last decade through the expansion of terrestrial, satellite and cable channels. Extensive research that has been published since the early-1970s has consistently reported the leading position of the American audiovisual industry in the world.\textsuperscript{19} This predominance has grown within Europe during recent decades, fuelled by the deregulation and privatization of public service television, which occurred in most European societies during the 1980s, and the expansion of new commercial TV channels in Europe that import a high proportion of popular American-produced and financed entertainment, fiction, drama series, and sitcoms, as well as movies, as a cheaper alternative to domestic production.\textsuperscript{20} The contents of European TV have become increasingly American, despite attempts at holding back the tide through the EU’s 1989 Television without Frontiers directive requiring that European channels reserve at least half of their transmission time for European work, excluding the time allocated to news, sports events, games, advertising, teletext and teleshopping services.\textsuperscript{21} The European Audiovisual Observatory, that monitors the trade in television broadcasting programs between the European Union and North America, reported that the substantial EU trade deficit on television programs doubled from 1995 to 2000.\textsuperscript{22} Estimates suggest that the average proportion of imported American programs broadcast on European television represented about one tenth of all hours of European TV broadcasts during the early 1980s, but this proportion doubled to about one fifth by the following decade.\textsuperscript{23} If we restrict the comparison to television entertainment alone (including fiction, drama series, feature films, and made-
for-TV movies), however, it has been estimated that by 1990 about half of all the hours of European television broadcast were occupied by programs imported from America.\(^{24}\) By 2001, the total proportion of American programs had risen even further, to occupy on average about 70 percent of all European program schedules. In some countries the proportions are far higher: United Kingdom channels are the most heavily dependent on American-originated material, so that by 2001, 88% of fiction programming imported into the UK, and 93% of feature films, were either entirely American or American co-productions.\(^{25}\) The Irish and Danish channels also broadcast a high proportion of non-European programs, with the most European programming shown in France, Finland and Switzerland. Most of the imported programs are drama series and soaps (43%), followed by feature-length films (35%), animation (16%) and made-for-television films (6%). By contrast, the internal market for European-produced entertainment television and feature films has remained relatively stable and modest, occupying about 15% of the total volume of imported broadcast programs by EU member states.

Some important qualifications need to be added to put these figures in context: in particular, counting the total hours of imported programs, much domestic television entertainment on television in Europe is imported from the United States. But local audiences often prefer to watch domestically-produced programs, which may have high audience shares and program ratings.\(^{26}\) There are also differences by type of channel, with the heaviest share of US imports shown on commercial channels rather than among public service broadcasters.\(^{27}\) Moreover, the most popular news and current affairs programs on radio and television are often produced locally and nationally, with events interpreted from strongly divergent domestic viewpoints, even if the audio-video materials used in these broadcasts are derived from international and foreign news sources, and despite the growing availability of transnational news and current affairs programs via satellite and cable broadcasts, such as Sky News, CNN, and BBC World.\(^{28}\)

Looking beyond Europe, developments in recent decades have exacerbated the worldwide disparity in audiovisual trade, including patterns of convergence among satellite, cable, telecommunications and Internet media technologies; a series of corporate mergers and acquisitions concentrating resources in large transnational media behemoths; and communications policies of liberalization, deregulation, and commercialization that have transformed state-owned telecommunications and public service broadcasting, and expanded the number of private channels and niche broadcasting stations.\(^{29}\) We can compare the balance of trade in audiovisual services worldwide, illustrated in Figure 3.3 by analyzing the average logged value of exports and imports in this sector from
1990-2006, measured as a proportion of GDP in constant PPP dollars. It is apparent that the United States enjoys a net positive trade balance, exporting a far greater share of audiovisual services than it imports. By contrast, Britain, Canada, and France have a high volume of trade but a net trade balance in their import and export of these services. Some affluent countries such as Japan, Spain and Germany, as well as some middle income nations such as South Korea and Brazil, have a net trade deficit, importing far more than they export during these years. The countries lowest in audiovisual imports include some of the poorest developing nations worldwide, such as Swaziland, Benin, Bangladesh, Mail, and Madagascar, with restricted television markets and limited film distribution, which are relatively isolated from this trade.

[Figure 3.3 about here]

Moreover an examination of trends over time in Figure 3.4 illustrates the growing market share of American audio-visual trade since the early 1990s, measured by the value of audiovisual trade as a proportion of GDP (in constant international dollars/PPP). It is apparent that the gap between the United States and other major exporting countries has widened during this era, with the value of trade also growing, albeit at a slower rate, for Germany, France, Britain and Canada. One important reason contributing to this pattern is the size of the domestic TV and movie market in the United States. For example, worldwide box office receipts for movies generated an estimated $25.8 billion in 2006, of which the US box office generated one third of the total revenue ($9.49 billion).\textsuperscript{30} The size of the domestic market encourages American investment in the audiovisual industries, supporting production quality and generating low cost films and TV programs that are competitively priced for the international market.\textsuperscript{31} Britain has also been relatively successful in selling television abroad, including exporting to the United States.\textsuperscript{32} Globalization and technological developments have reinforced and strengthened the international reach and resources of major media conglomerates based in the United States, led by Disney/ABC, Westinghouse/CBS, AOL/Time Warner, News Corporation/Fox, Viacom International, Yahoo, Microsoft, Apple, Google and General Electric. The global reach of multimedia corporations is exemplified by Rupert Murdoch’s News International, which owns a chain of major newspapers and magazines in many countries, including the \textit{Wall Street Journal}, \textit{The New York Post}, \textit{The Times} in the UK, and \textit{The Australian}, as well as Fox cable television and Twentieth Century Fox in the US, BSkyB satellite in Europe, and the Star satellite broadcasting in Asia. The company has approximately US$64 billion in assets and total annual revenues of about US$30 billion.\textsuperscript{33} The international market for television programs has risen, driven in recent decades by the expansion of access to cable and satellite stations,
alongside deregulation and privatization of state and public service television channels. The rapid expansion in the number of commercial television channels available, due to privatization and deregulation of state media, and the need for these channels to fill programming hours cheaply, has enhanced America’s lead in cultural trade.\textsuperscript{34}

[Figures 3.4 about here]

\textbf{News Flows and Journalism}

One area that has always been considered particularly important for international information flows is the news industry and journalism, including printed newspapers and published magazines, as well as television and radio news and current affairs programs. The imbalance in international news coverage is not a novel phenomenon; during the 1950s and 1960s, the earliest systematic content analysis of international stories carried by the world’s press emphasized the disparities of news flows around the globe, with most coverage focusing on advanced industrialized societies, with relatively little reporting of peoples, countries, and events in the developing world.\textsuperscript{35} This pattern was first documented when major newspapers were the main channel of international news. Subsequent research conducted during the era of the 1970s and 1980s, when broadcast television news and current affairs became the most widespread communication channel, confirmed the persistent lack of coverage of the developing world.\textsuperscript{36} Since then, the rise of transnational TV channels such as CNN International, BBC World, and BSkyB News, as well as new technologies used for collecting information and reporting, might be expected to have altered this pattern, but in fact a series of studies conducted during the 1990s has confirmed the continuing asymmetrical flow of news coverage around the globe. Research has compared the volume and direction of news flows carried in newspaper reporting, television reporting, and wire services, concluding that most journalistic attention is still given to affluent post-industrial countries, with relatively little coverage of developing societies.\textsuperscript{37} For example, a recent study compared international news carried in a sample of newspapers and broadcast news in 38 countries during the mid-1990s and concluded that media coverage generally reflected the world’s power structure, with the U.S. being given the most attention, followed by reporting about France and the UK.\textsuperscript{38}

The global imbalance in news flows has been attributed to many factors. Foreign ownership of newspapers and magazines has increased in recent decades; many West European media groups have invested heavily in major publishing companies in Eastern Europe.\textsuperscript{39} As mentioned, Rupert Murdoch’s News Corporation has multiple newspaper holdings in many countries.\textsuperscript{40} Bertelsmann, a German-based company with an annual turnover of € 18.8 billion, is similarly diversified across several markets media,
including control of RTL Group, the No. 1 European broadcaster; Random House, the world's largest book-publishing group; Gruner + Jahr, Europe's biggest magazine publisher; and BMG, which holds a joint venture stake in Sony BMG Music Entertainment, the second-largest music company worldwide.

Most importantly, the three major international news wire services--including Reuters, the Associated Press (AP), and Agence France-Presse--are the source of much of the overseas news carried in radio, television and newspapers, especially in developing societies. Companies based in Britain, the United States and France, respectively, own and control these services. The American-based Associated Press serves thousands of daily newspapers, 5000 radio and television outlets, and online websites in 121 countries, providing news, photographs, graphics, audio and video services. The AP is a non-profit cooperative owned by its 1500 U.S. daily newspapers, with more than 4,000 employees (including 3000 journalists) operating in more than 240 bureaus in 97 countries worldwide. The AP distributes news in four languages and the contents are translated into many more languages by international subscribers. Associated Press Television News provides video footage to many broadcasters worldwide. The demise in 1993 of their traditional rival, United Press International, left the AP as the only nationally-oriented news service based in the United States. A similar service is provided by Reuters, a London-based news agency. With 2,400 editorial staff, journalists, photographers and camera operators located in 196 bureaus, Reuters serves about 4,000 clients in 131 countries. Reuters Holding makes its main profit today by supplying financial and investment information. Reuters Television is one of the world’s largest TV news agencies, trading in footage that is used by major outlets such as CNN and BBC. It covers current affairs, financial news, sports, and showbiz, with ready-to-air packages and provides a rolling news broadcast to its subscribers.

In addition to the role of news agencies, the worldwide trade in printed publications is also heavily lop-sided, with the US exporting newspapers and magazines worth around $880 million per annum, while the UK exports about $744 million per annum, compared with imports into each country of around $300 million. The UK also enjoys a healthy trade surplus for published books, exporting $1.8 billion (the second highest level of any country worldwide), while importing $1.2 billion. By contrast, most developing societies are net importers of printed publications, and their imports of newspapers and magazines have increased during the last decade. Nor is this simply a matter of the popularity of English as a language or the size of these countries; Mandarin Chinese is widely spoken but the value of imported newspapers and magazines in China is ten times that of the exports, and similar trade imbalances are evident in Russia. Mexico and Saudi Arabia, each of which spends twice as much on
imported newspapers and magazines as they export.  

Content analysis, the role of news wire services, and the world trade in published products, all suggest that peoples, countries, and events in affluent post-industrial societies continue to be given disproportionate attention in the printed and electronic news, as compared with coverage of poorer nations.

**New Information and Communication Technologies**

The internet adds another layer of complexity to these information flows. As a highly decentralized medium, with far lower costs for equipment and access than newspapers or television, it is well-suited to support large numbers of dispersed websites, blogs, and online social networks linking local communities, irrespective of geographic location. The new media also facilitates the production and transmission of digital video films, music, news, and advertising. Moreover, many computer hardware components and software products are produced in developing and middle-income nations, such as India, China and Brazil. Nevertheless the headquarters of the major transnational corporations in the computer industry – such as Microsoft, Google and Apple - are based on the Pacific West Coast. During the mid-1990s, when the World Wide Web was starting to become more widely available, the contents were heavily dominated by post-industrial societies, especially the United States. Since then, there is evidence of far greater diversification of contents, reflecting rapid diffusion of access.

Certain counter-flows to trade patterns can also be observed, since information and communication channels have diversified in recent decades, especially through the simultaneous growth of online information and news sources. Multiple local sites of information are now available on the internet, given the lower start up and production costs for the thousands of blogs, community and NGO websites, and online videos posted around the world. Online news sites typically contain a mix of both international and domestic stories. Moreover some emerging economies have also expanded cultural trade within regional markets, generating counter-flows. The development of digital technologies and satellite networks has also facilitated the growth of regional broadcasting, such as Sky TV in Europe, Star in Asia, and Al-Jazeera and Al-Arabia as pan-Arabic media, which can tailor the content of international news, advertising, entertainment, and information to fit the interests and cultural sensibilities of the public living within these areas. Regional hubs have facilitated a proliferation of multilingual and multifaceted media contents, and a South-South or East-West contra-flow in cultural trade.

Numerous metrics are available to gauge the evolving geography of the internet and the diffusion of information and communication technologies, including the distribution of telephone densities, PCs, hosts, web-sites, and blogs, as well as indicators of connectivity for governments, schools,
hospitals and rural areas. But these are less effective at monitoring the strength of networks and the complex interaction and volume of information traffic among countries using new ICTs. One of the best ways to do this is to estimate the geographic location of international hyperlinks, including outgoing linkages that connect a webpage to another source located in another country, and incoming links that connect a source from another country to a webpage. A study compared 174 countries in 1998 on this basis, finding that post-industrial societies had the densest networks of hyperlinks, both outgoing and incoming. The direction of the information flow can be calculated for each country and region and comparing the ratio between the two, as is done for disparities in the value of cultural trade. The imbalances were particularly strong for poorer regions; in particular, sub-Saharan Africa had ten times as many incoming as outgoing links, while South East Asia had twenty times as many. In these countries, information on the internet flowed mainly North-South, with poorer societies importing information from outside their borders. By contrast, there was a relatively even balance of outgoing and incoming links on websites based in Europe and North America.

Another indicator concerns the languages of online users and websites, including the marked predominance of English during the early years of the World Wide Web. Indicators of the linguistic contents of websites remain imprecise, but Global Research has been tracking the evolution of the non-English speaking population that is online. Countries are classified by the size of linguistic groups and this figure is then multiplied by the number of internet users in each country to estimate the overall languages of those online. The results suggest that in the mid-1990s, when the World Wide Web was first becoming widely available, about 80% of all users were English speaking. By 2005, this proportion has dropped to only one quarter of those online while the proportion of Chinese, Japanese or Spanish speakers had substantially increased. These estimates are only approximate, but they suggest a gradual broadening and diversification of the online population, a pattern that is consistent with the spread of access to new information and communication technologies in many middle-income nations, as examined in subsequent chapters. Despite these trends, relatively little online content is available in many of the world’s languages and English remains disproportionately represented among the online population, representing an estimated 300 million out of one billion internet users.

**Discussion and conclusions**

The evidence considered in this chapter confirms that the flow of information remains predominately from the global North to South, as many observers have emphasized, including the expanding volume of trade in cultural goods and services. In the trade in audiovisual services, including
TV, films and music, the United States has reinforced its preeminent market share of exports during recent years, expanding its lead over its nearest rivals, Germany, the UK, France and Canada. The market for cultural goods and services is fragmented and complex, involving a variety of sectors, but a few post-industrial societies continue to predominate in the manufacture and export of cultural goods and services, notably the United States, Germany, France, Britain and Canada. Moreover the audiovisual trade imbalance between the global North and South has widened during recent decades, despite the emergence of important regional hubs and contra-flows among certain media sectors in some emerging economies. Systematic evidence of trade in printed newspapers, magazines and books suggests that a few major countries in North America and Western Europe also continue to dominate the export market here; in 2004-7, half the total value of the world trade in publications was exported by just four countries: the United States, the United Kingdom, Germany, and France. The exchange of information via the internet is vast, complex and difficult to identify, but the available data from analysis of the inflow of web-links also suggests a substantial imbalance between the global North and South.

The evidence examined here suggests that the direction and flow of global trade in cultural goods and services has expanded in recent decades, reinforcing the predominance of the United States and other major producer nations in this market. Proponents of cultural convergence may see this as reason to fear the evolution of an L.A. culture that is sweeping the world, imposing the images and ideas of American capitalism, and undermining national diversity. It is clear that many middle income and emerging economies are net importers of American/Western culture. Advertising billboards, TV screens, movie theatres, and newspaper headlines from Jakarta to Mumbai, Manila, Johannesburg, Moscow, Shanghai, Doha and Santiago reflect imported images and ideas, containing cultural messages about individualism, women’s equality, and liberal sexuality at odds with the more conservative values of traditional societies. Emerging economies that import many audiovisual products and services – such as South Korea, Brazil, and Argentina – are potentially the most open to being affected by these developments. Yet at the same time the reach of this development is limited, as a substantial gap persists between rich and poor nations. Smaller advanced industrialized economies, such as Belgium, Switzerland and Sweden, are the most densely involved in ties with other societies. Certain emerging and middle-income economies, such as Turkey, Chile, Poland, and China, are becoming increasingly integrated with the rest of the world. The flow of cultural goods operates at four levels: local, national, world regional, and global. Traditional information and communication flows operate within the local community, through face-to-face interaction in the work-place, village meetings, and political rallies, supplemented by cell phones and text messaging at a distance, as well as through local newspapers,
neighborhood websites, and community radio. Access to national daily newspapers, radio stations and television channels facilitates information flows within the borders of the nation-state, connecting the major metropolitan hubs with more distant provinces and rural villages. National broadcasting channels, in particular, are often viewed as an important component of nation-building, especially in plural multicultural states. Public service broadcasters in many developing societies saw their role as providing programming that promoted socioeconomic development and cultural integration. Continental markets add another layer of complexity, especially important for regional hubs in some leading emerging economies such as Mexico, China and South Korea. This pattern has led some observers to note that developing societies can potentially resist the dominance of the North and even generate a contra-flow in cultural products. The expansion in access to new information and communication technologies also complicates the picture, providing new connections between the global and local. Nevertheless, like many other trade flows, the worldwide export and import of cultural goods generally reflects the disparities of power and wealth around the planet. Information continues to flow asymmetrically from Northern core to Southern periphery and there is evidence that the predominance of the United States has expanded in recent decades.

Nevertheless, the people of many low income societies, and those living under restrictive regimes, remain relatively isolated from global economic, social, and political networks. The impact of cultural trade and global information flows on poorer countries remains limited, in large part because their domestic markets are restricted and relatively few people have access to modern forms of mass communications, for reasons discussed more fully in the next chapter. Globalization has the greatest capacity to lead to cultural convergence in cosmopolitan societies that have opened their borders most fully to information flows, although even in this context there remain grounds for skepticism about the claimed effects of Americanization, or Westernization. Whether global media actually do have the capacity to erode or transform national cultures remains to be seen. To explore these issues further, the following chapter goes on to examine the extent of public access to mass communication and information technologies. We can then examine the impact of global communications on cultural values in cosmopolitan and provincial societies.
Figure 3.1: Types of creative industries

Note: Adapted from UNCTAD’s classification of creative industries

Source: United Nations Conference on Trade and development (UNCTAD). 2008. Background Paper: Secretary-General’s high-level panel on the creative economies and industries for development. TD(XII)/BP/4
Figure 3.2: Comparing trade in all goods and services and trade in audio-visual services

Notes: Trade in audiovisual services and fees related to the production of motion pictures, radio and television programs, and musical recordings. This is calculated in the summed mean values of annual exports and annual imports from 1990-2006 as a proportion of GDP in Purchasing Power Parity in constant (2000) international dollars. Total trade in all goods and services was calculated using the same method. The type of economy is categorized from per capita Gross Domestic Product (in purchasing power parity) in constant (2000) international dollars. ‘Low’ =less than $1999. Medium =$2000-14,999. High=$15,000+.

Sources: Data on audio-visual trade was provided by the Statistical Office of the World Trade Organization. Data on trade in all goods and services was from Arthur S. Banks Cross-national Time-Series dataset (CNTS). GDP from World Development Indicators (World Bank).

[To revise]
Figure 3.3: Western predominance in audio-visual trade

Notes: Trade in audiovisual services and fees related to the production of motion pictures, radio and television programs, and musical recordings. This is calculated in the mean value of annual audio-visual exports from 1990-2006 as a proportion of GDP in Purchasing Power Parity measured in constant (2000) international dollars. Annual audio-visual imports were calculated using the same method. The type of economy is categorized from per capita Gross Domestic Product (in purchasing power parity) in constant (2000) international dollars. ‘Low’ =less than $1999. Medium =$2000-14,999. High=$15,000+. The scales are logged. The dotted diagonal line represents the balance of trade, with countries falling below the line with a negative trade balance, and countries above with a surplus.

Sources: Data on audio-visual trade was provided by the Statistical Office of the World Trade Organization. Data on trade in all goods and services was from Arthur S. Banks Cross-national Time-Series dataset (CNTS). GDP from World Development Indicators (World Bank).
Figure 3.4: The growing predominance of American audio-visual trade

Notes: Trade in audiovisual services and fees related to the production of motion pictures, radio and television programs, and musical recordings. This is calculated in the mean value of annual audio-visual exports from 1990-2006 as a proportion of GDP in Purchasing Power Parity in constant (2000) international dollars. Annual audio-visual imports were calculated using the same method. This chart shows the top five trading nations.

Sources: Data on audio-visual trade was provided by the Statistical Office of the World Trade Organization.
Figure 3.5: World trade in published newspapers, magazines and books, 2004-7

Top exporters of publications

- USA: 17%
- UK: 15%
- Germany: 13%
- China: 5%
- France: 6%
- Rest of the world: 44%

Top importers of publications

- USA: 16%
- UK: 15%
- Canada: 9%
- Switzerland: 8%
- France: 6%
- Rest of the world: 52%

Note: The figures represent the share of the total value of world exports and imports in published products by the top five producer countries, averaged 2004-7.

Source: Estimates from UN Comtrade statistics.
1 UNCTAD. 2008. Secretary-General’s high level panel on the creative economy and industries for development.
2 Dal Yong Jin. 2007. ‘Reinterpretation of cultural imperialism: emerging domestic market vs. continuing US dominance.’ Media Culture and Society 29(5): 753+


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46 Ibid.


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