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ABSTRACT

This paper argues that the conditions that have historically supported the regulation of the telecommunications industry in the United States have been reproduced around the world and exist most formidably within the developing nations. In support of this argument, the paper examines several key periods in United States regulatory history. It then discusses various rationales for regulation in the face of market failure or monopolization and examines the market for telefilm. Focusing on the market for television programs, it argues that American telefilm exporters, primarily members of the Motion Picture Export Association, act as discriminating monopolists and, through their ability to manage demand by setting standards and prices, maintain their domination of the world market. Using published estimates of program costs, population, and television set ownership statistics for 73 nations, the paper offers an analysis showing how the relationship between costs and set ownership lends support to the monopoly view. Contrary to the expectations of scale economies, the data suggest that as the number of television sets per capita increases, the cost of programs for those sets increases as well. (Author/FL)

MARKET POWER AND CULTURAL IMPERIALISM

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To the extent that information is the product of an industrial process (mass produced/distributed media) which may be exchanged, purchased or otherwise distributed in society; and to the extent that its production and distribution can be influenced or controlled through the application of monopoly power; and further, to the extent that its production or use is associated with substantial externalities,[1] there is a need for regulation.

This paper will argue that the conditions which have historically justified government regulation of telecommunications and other industries in the US have been reproduced around the globe, and exist most formidably within the developing economies. By focusing on the market for television programs, it will argue that American telefilm exporters, primarily members of the Motion Picture Export Association (MPEA), act as perfectly discriminating monopolists, and through their ability to manage demand by setting standards and prices, maintain their domination of the world market. This domination is seen to be a threat to social welfare not only because it serves to restrict public choice in the area of television program fare, but ultimately leads to a foreclosure of social options in the development of the modern nation-state.

THE CASE FOR GOVERNMENT REGULATION OF MEDIA

As the Federal Communications Commission (FCC) embarks upon the stormy road to the "deregulation of radio,"[2] it has undertaken a review of its regulatory history in several key areas, including the regulation of the networks and its children's television policy. These reviews suggest that the Commission, Congress and the courts have seen a role for government in the regulation of programming almost from the beginnings of radio broadcasting. While the Radio Act of 1927 specifically forbade any regulation which would interfere with the constitutional guarantees of free speech, the Commission's interpretation of the public interest found it making comparative decisions so as to explicitly favor the broadcast of one class of content over another.

Specifically, in the aftermath of its first attempt to bring order to an overcrowded and chaotic spectrum, the Federal Radio Commission (FRC) issued comments on its emerging interpretation of a public interest standard it inherited from public utility legislation. The FRC explicitly favored "diversity," and opposed "too much duplication of programs and types of programs." This concern with duplication was extended to include the duplication of services felt to be readily available in other media:

> For example, the public in large cities can easily purchase and use phonograph records of the ordinary commercial type. A station which devotes the main portion of its hours of operation to broadcasting such phonograph records is not giving the public anything it can not readily have without such a station."3/

While not explicitly limiting the right of licensees to provide whatever programs they wished, the FRC indirectly constrained the freedom of broadcasters by assigning frequencies to those who promised to provide programming not so readily available elsewhere.

Also from the beginnings of broadcast regulation, the FRC saw a fundamental conflict between the public interest and the commercial interests of broadcasters and their advertising clients. While not denying the right of advertisers to benefit from commercial broadcasting, the FRC argued that "such benefit as is derived by an advertiser must be incidental and entirely secondary to the interest of the public."[4] For a brief period, the FCC also reflected an awareness of the probability of conflict between the public and the commercial interest. In 1946 the FCC issued its Report on Public Service Responsibility of Broadcast Licensees, which became known as The Blue Book. The Blue Book was an expression of the Commission's belief that:

> "a well-balanced program structure could not be assured if programming decisions were influenced primarily or predominately by either local sponsors or national advertisers." 5/

it was not long however, before the FCC came to see the public interest as being indistinguishable from the interests of broadcasters, and whenever the "free flow of information" produced "too much diversity," thereby threatening the viability of broadcasters, the FCC acted to restrict that flow.

The history of cable television (CATV) regulation is the clearest example of protective efforts by government to insulate a favored system against a competitor with a technological or economic advantage. In response to the demands of broadcasters for protection against the threat of imported signals, the FCC in the Carter Mountain case denied the application for microwave service to a CATV system where a duplication of network programs would place a station "in the economically disadvantageous position of finding it more difficult to sell its advertising."[6] Once the duplication case had been made, it was only a matter of time before the FCC would offer protection from the importation of any signals which might conceivably threaten the economic viability of a local broadcast licensee.

In the Southwestern case,[7] the FCC won not only explicit authority to regulate CATV, but the right to deny the importation of distant signals into the top 100 markets. The 1972 CATV regulations,[8] characterized by both restrictions and requirements in the area of content, represented a movement to the extremes of acceptable limits on the free flow. While requiring the establishment of municipal, educational and public access channels, the 1972 rules proscribed the number and origin of distant signals which could be carried by CATV systems, and specified strict limits on the kinds of programs that the CATV operator could originate, or permit on its leased channels.[9]

It is important to note that the FCC-imposed restrictions on CATV systems were justified on the basis of several assumed, but untested propositions: 1) that distant signal carriage, which objectively implies an increase in viewer options, would "fractionalize" or further divide the potential audience for any single program, or program source; 2) that this fractionalization of the audience would result in a direct, or proportional loss of revenue to broadcasters; and 3) that this revenue loss would result in a reduction in local public service and news programming, thereby producing a net loss in information valued by the public.

While the FCC's regulation of the CATV industry can be seen as essentially protectionist and anti-competitive, there have been some continuing efforts to address the issue of monopolization, or dominance within the broadcasting industry. The rationale for government regulation of the networks can be seen as an effort to restrain one communicator in order to increase the freedom of a larger group to participate more effectively in the marketplace of ideas.

Though the FCC has failed to substantially alter the power of the networks, it has tried continually since 1941 to restrict some of their more explicitly anti-competitive practices. The Network Inquiry Special Staff of the FCC suggest that Commission efforts have been generated out of a fear that:

> "the networks exercise dominant power over affiliated stations, concern that the networks might employ monopoly power to limit the options or reduce the rewards of firms producing shows for television, and a desire to stimulate the growth of alternative networks or forms of networking that might compete with the established networks for access to stations and acceptance by viewers." 10/

In terms of its impact upon the number and diversity of options available to the viewing public, the Prime Time Access Rule (PTAR) has been the most successful of the FCC's attempts to regulate monopoly power.[11]

The Special Staff reports reveal that the networks and their affiliates have consistently found ways to evade other restraints, but the specific restrictions of PTAR were unavoidable. Though there have been several modifications and exceptions to the basic rule restricting the number of prime time hours supplied by the networks, PTAR has resulted in an enlarged share of the television programming dollar finding its way to the Hollywood "independents,"[12] at least part of the Commission's goal in promulgating PTAR. And, it is important to note that this has been accomplished without any net economic loss to either affiliates or to the networks.

One staff report which reviewed the history of PTAR was uncharacteristicly critical of FCC action in the regulation of the industry. They suggest that PTAR's regulatory history was marked by delay and vacillation caused in part by a failure on the part of the Commission to adequately define what was meant by the goal of "reducing network dominance." More seriously, they argue that the regulatory history was devoid of any "direct attention to the welfare of television viewers."

> Rather than working from an articulated premise that the Commission's sole, or paramount, interest was in determing whether and how regulation of network program acquisition and distribution practices might increase viewer's choices or satisfaction, the proceedings seemed to move along, from a rather early stage, on the implicit premise that viewer's interests are linked, in some fashion, to the amount of profits earned in the television industry and its distribution among the industry's participants. Thus the relative well-being of networks, stations and syndicators became awkward surrogate measures for viewer satisfaction.13/

At least as the regulation of monopoly power is concerned, it is highly unlikely that the underlying motivation or rationale for regulation will ever be formulated in terms of consumer welfare, or the "the public interest." In fact, a preliminary effort by the House to rewrite the Communication Act of 1934 (H.R. 1305) had eliminated the public interest standard, and justified regulation only "to the extent marketplace forces are deficient."[14]

Future regulatory efforts in the US will have to be couched in terms of "market failures" as in the case of children's television, where the special Task Force argues that;

> "producers will serve societal goals only if consumers can directly express their preferences through purchases in the marketplace. Since advertisers rather than viewers pay for television programming, broadcasters program to maximize the adult audience rather than to serve the needs of smaller groups, particularly those likely to have little effect on product sales......We believe that there is considerable demand for and benefit to society from age-specific educational programming, but that this demand goes unfulfilled and the benefit goes unrealized due to children's limited appeal to the advertiser and the limited number of broadcast outlets. In short, we believe that what economists call a market failure exists in children's television programming." 15/

To review: we have seen regulation of programming and access to the airwaves which has been justified on the basis of an assumed need for program diversity, as protection against unfair competition, as a means to reduce monopoly domination, and as a way to provide for information needs not met by the unregulated market. Each of these regulatory goals has involved efforts by government, at the behest of the regulated industry, or in pursuit of some social good, to restrict or control what we affectionately call the "free flow of information."

It is hypocritical therefore, for members of this regulatory community to raise a great hue and cry when other governments seek to establish similar limits to the flow of information across and within their borders. Efforts by these nations to weaken the domination of their information channels by Western media may be seen to flow from a natural desire on their part to support the development of their own fledgling media industries, or to reduce the harmful social costs associated with the continued use of imported cultural materials.

DOMINATION AND CULTURAL IMPERIALISM

There is little doubt that American media products dominate the international market for film and television programs. There is however, some debate about the reasons for the present state of affairs. Oliver Boyd-Barrett's examination of the "media imperialism" debate suggests that the _fact_ of domination can be seen as the result of either a deliberate strategy or the unintended result of a socioeconomic process.[16] Closer examination of the evidence reveals this to be a false dichotomy, as any strategy, however well constructed, must be played out in the arena of concrete historical conditions. However, because government intervention involves the selection of a _specific corrective strategy_ which involves "inhibiting or prohibiting certain undesirable kinds of _business conduct_; and by channeling and shaping _market structure_ along competitive lines,"[17] it is important to determine whether conduct or structure is the primary factor in any particular case.

Structural factors abound which support US domination of world markets. The most important is the economy of scale. The sheer _size_ of the domestic market insures that the American product will be more expensive, will utilize the latest in production techniques, and demand the time of the most highly paid technicians and creative artists. Production costs for American motion pictures have increased each year since 1921, with the average negative cost going from $400,000 in 1941 to over $4 million in 1976; an increase by a factor of ten.[18] This scale of operation exists as an impenetrable barrier to successful entry by smaller units hoping to compete in marketplace. While there is no direct link between program cost and audience appeal, or "quality," one must assume some comparative advantage accompanies the more expensive product.

These same economies of scale that result in higher production values in the American product also make it possible for that product to be offered in foreign markets at prices well below the average cost of a high quality local product. With film, as with many media products, the marginal cost, or the cost of the next copy is an insignificant fraction of the cost of the original, or first negative. Because of this, film distributers have a product whose average cost declines rapidly as the size of the market increases. That is, if the cost of the film and its copies is divided equally among all buyers, the cost to each buyer gets smaller as the number of buyers increases. So that even with the tremendous cost of American telefilms and theatrical releases, the size of the domestic market alone is enough to reduce the average, or unit cost to below that faced by the average competitor producing for the home market alone.

In the absence of a strong domestic film industry, television programmers have little choice but to select from the offerings of the foreign exhibitors. Elihu Katz and George Wedell report that imported programs range from 30 to 75% of all programs aired, and American films and series predominate.[19]

While the scale economies make it difficult for the local television producers to compete with the foreign product, they also make it difficult for other exporter countries to compete with the US. Just as the bigness of the American market makes it possible for the US to <u>outspend</u> its competitors, it also allows the cartel to <u>underprice</u> most of them as well. A government seeking to insulate the local product against foreign competition may try to equalize their prices by imposing high tariffs on the imported products, but a country which wants to improve the competitive position of its product in a foreign market must subsidize its producers. Such subsidies are quite costly, as one French official notes:

"The price asked for US productions sets the level at which TV stations all around the world are prepared to buy. The French networks cannot sell in some of these territories at these low prices without incurring a loss. The money obtained for programs does not cover the cost of prints and rights payments to authors." 20/

While scale economies would by themselves be enough to provide American producers with a competitive advantage in the international telefilm market, if those producers were to engage in price discrimination, competition would be all but impossible. F.M. Scherer defines price discrimination as "the sale (or purchase) of different units of a good or service at price differentials not directly related to differences in the cost of supply." He notes further that "systematic discrimination and discrimination pursued successfully with predatory intent can raise barriers to new entry and entrench established firms in positions of power."[21]

In the US, price discrimination is illegal--specifically outlawed by the 1914 Clayton Anti-Trust Act and the Robinson-Patman Act of 1936. Yet, the members of MPEA are exempted from prosecution for price discrimination and other anti-competitive practices by the Webb-Pomerene Act of 1918. This Act provides "limited immunity from the antitrust law to American companies for the purpose of enabling them to compete more fairly in promoting American exports."[22]

Though it is extremely difficult to get accurate or reliable reports of MPEA transactions[23] as sales prices are considered proprietary, the figures that are available suggest that price discrimination is a reality. Each Spring, Variety publishes a list of "Global Prices for TV Films" by country, which includes price ranges for half-hour episodes and feature films for television use. The prices vary widely from a low of $20 to Haiti to a record high of $15,000 for West Germany.[24]

Because these annual reports to not list the prices for specific programs, it is not possible to confirm whether different prices are being paid for the same basket of telefilm. It is clear that there are country by country differences in the kinds of programs purchased--everyone is not buying Columbo, and many still favor old westerns in black and white,[25] but the majority are scheduling recent network series in prime time. Elihu Katz and George Wedell reviewed the prime time schedules of nine countries in the Summer of 1975. American series dominated those schedules and "two or more of the countries...were broadcasting "Gunsmoke," "A Family Affair," "The Streets of San Francisco," and "Kojak."[26]

There is also anecdotal evidence of price discrimination which can be gleaned from periodic reviews of the International market published in periodicals like Variety, Movie/TV Marketing and Television/Radio Age International. In a review of Broadcasting in South America, Domenico Serafini reported that the "Ali-Spinks boxing match was sold to Venezuela for $80,000, while Brazil's Rede Globo paid only $20,000."[27] Serafini suggests that the relatively high price was due to the fierce competition between the two commercial stations in Venezuela which generally divide 80 percent of the viewing audience between themselves.

Katz and Wedell suggest that the prices each country pays for telefilm is "negotiated" and is the result of several related factors. The price is in some degree related to the number of sets in use in the country, but as they argue:

> "it will also reflect the extent of encouragement that the producing and distributing companies want to give to a television station in the hope of expanding the local market for their products." 28/

An effort was made to determine the extent to which structural factors, such as the number of television sets in use could explain, or predict the average price of telefilm in the international market.

PROGRAM COST ANALYSIS

Because the cost to the producer/distributer does not vary with the number of receiving sets in the consuming nation, charging different prices on that basis would be price discrimination per se. It is likely that the monopolist sees the number of sets as an index of the value that telefilm holds for the consuming nation. With its ability to set prices at virtually any level, a monopolist would select that price just at, or below the maximum each consumer would be willing to pay. In this way, the monopolist is able to capture all, or nearly all of what economists refer to as the "consumer's surplus."[29]

If we assume that there is some direct link between value to the purchasing country and the number of television sets in use in that country, then we should find that in the absence of predatory pricing, the price per set should be the same. That is, we could see the justification for Nigeria paying between $100-500 for programs to serve its 500,000 sets, while West Germany might pay between $4,000-7,000 to serve its more than 20 million sets because each would be paying approximately 25 cents to program each thousand sets.

Using cost and set data for 75 nations published in Variety and Movie/TV Marketing,[30] we calculated the program cost per thousand sets (PCPM). Table One reveals that there was great variation in the PCPMs faced by the

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Table One

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countries in the international telefilm market. Prices ranged from a low of less than one cent per thousand for the USSR, to a high of $18.52 for Monaco. Thus, while there are certainly many other explanations for the variation in the prices faced by the consumers of American telefilm, predatory pricing cannot be ruled out.

Just as the number of sets in use may be seen as an index of the value or willingness to pay for television programs, the number of sets per capita may be seen as an index of each nation's ability to pay. If we assume that the number of sets per capita (SPC) is an index of wealth closely related to other measures like per capita income, then we would expect the rational discriminating monopolist to charge higher prices to its wealthier customers.

When we examine the correlation between PCPM and SPC for each of the 73 nations with complete data, we find a significant positive correlation (r=.429, sig.=.001). This may be interpreted to suggest that as the wealth or ability to pay of a nation increases, the price they face also increases. Alternately, the higher the number of sets per person, the higher the cost of providing programming for each set. Even though the correlation is significant, the relationship between wealth and price observed explains little more than 18 percent of the variance in price (r-squared= .184).

It is possible that pricing policies may vary between geographic or geopolitical regions. Table Two presents the same price data on the

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Table Two

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basis of regions utilized by Variety to report cost figures. Though the differences in PCPMs between regions are quite large the great variability within groups insures that few of these differences will be significant. The difference between the PCPMs for Latin America which is a good customer, and Eastern Europe, which buys very little, is significant (t=5.323, p=.01). The previous discussion would lead us to expect that the price charged to Eastern European countries would be higher than that charged to Latin American Countries because the number of sets per capita is so much higher. Such is clearly not the case, which suggests that the desire to penetrate the socialist market outweighs the desire to capture consumer surplus.

However, when we examine the correlation between PCPM and SPC while controlling for region, the correlation is virtually unchanged (r=.424, sig. =.001), suggesting that ability to pay is still an important predictor of average programming costs.

Recognizing the extreme lack of precision in the price estimates, and the fact that we have no evidence that the market baskets of each nation are equivalent, we cannot treat the above analysis as any more than exploratory. However, it should also be recognized that the probability of our gaining access to more detailed records is slight as the Federal Trade Commission is reluctant to release its data to the public.[31] It would take a massive undertaking on the order of the landmark study by Kaarle Nordenstreng and Tapio Varis for UNESCO[32] to produce more reliable estimates of the nature and amount of price discrimination practiced by the American cartel.

The analysis by Nordenstreng and Varis, in addition to providing evidence of an essentially one-way flow of programs, also provide some clues as to the structural factors which maintain dependence upon imported programs. In a regression analysis, they determine that there is an inverse relationship between exports as a share of GNP and self-sufficiency in programming. That is, when there is a small television market and agricultural or primary exports are the basis of the economy, the country is more likely to import much of its television fare.[33] It is this link between a nation's dependence upon the international market system, and its utilization of its cultural products that is at the heart of the cultural imperialism argument.

Herbert Schiller argues that:

> "the concept of cultural imperialism today best describes the sum of the processes by which a society is brought into the modern world system and how its dominating stratum is attracted, pressured, forced, and sometimes bribed into shaping social institutions to correspond to, or even promote, the values and structures of the dominating center of the system."34/

He suggests further that the mass media play a key role in the process:

> "the transformation of national media structures into conduits of the corporate business system, and the heavy international traffic of commercial media products flowing from the center to the periphery, are the most prominent means by which weaker societies are absorbed culturally into the modern world system."35/

While the process begins with the choice of media technology, it is accelerated once the media become commercial. Once commercialized, the standards established at the core become the standards for local media. Even if local efforts are able with government subsidy, or because of formal restrictions on foreign imports, to produce the bulk of its own media content, those efforts are bound to be imitative of the core model.

The impact of commercialization, and the need to produce ratings is not limited to the formally commercial stations. Where public, non-commercial systems operate side by side with commercial channels, the impact is the same. Not even the staid old BBC is able to resist the competitive pressure of the commercial system. Even though the BBC does not yet depend upon commercial sales for its financial support, its management believes that it is in competition for audiences--a competition it cannot hope to win.

Production budgets are severely limited at the BBC while actual production costs have been skyrocketing. It is currently operating at an annual deficit of $20 million, with an overdraft of some $82 million.[36] Budgets cannot realistically be expected to increase because set license fees, which provide for the BBC's operation, have reached what many feel is the upper limit of voter tolerance. There are no such constraints on the commercial system.

When the new government in the UK went against the recommendations of the Annan Committee and decided that the fourth channel would be commercial as well,[37] it ensured that the desertion of the BBC's ranks by its technical and creative staffs would continue, and probably accelerate. In order for the BBC to maintain any of its already limited share of the British audience, whose tastes have already been molded by the commercial system, the BBC will be forced to increase its imitation and use of American imports.

The non-commercial system in the US shows similar signs of commercialization, even though direct commercial support is still frowned upon. Television series which were successful enough on the commercial channels to draw seven to ten million households, but a failure by commercial standards which require a consistent 30 percent share of the viewing audience, will find their way back as "premium programming" on the Public Broadcasting System.[38]

Efforts by governments around the globe to resist the pressures of the market system, or at the very least, to establish more favorable terms of trade, have been extended in recent years to include a call for a "new international information order." This new order is not restricted to the markets for news and entertainment, but includes data transmission in all its forms where it crosses national boundaries.[39]

As George Kroloff and Scott Cohen reported to the Senate Committee on Foreign Relations, "whether we like it or not, there will be a 'New World Information Order'."[40] American participants in the policy process, both inside the media and out, should recognized that many of the regulations and controls being imposed or proposed by the developed and developing nations are little different from the kinds of controls we have historically imposed on the flow of information within our own borders. They have to recognize as well, that the conditions in the world information market can only be described honestly and accurately in terms of domination and control by US-based transnational corporations. Here too, our regulatory history is filled with examples of government effort, admittedly not very successful, to restrain monopoly power.

Finally, they should recognize that the present deregulatory fever is not some newly discovered belief in the power of the "invisible hand," but a realignment of powerful interests brought about by a shift in technology. In his recent book on the effort to rewrite the Communication Act of 1934, editor Timothy Haight makes this point clear:

> "government has certainly catered to special interests such as the telephone and broadcasting industries all along. But the tension used to be between the rights of the public and the special interests. Now its between the special interests and the needs of the large telecommunications users, that is, big business. The key to understanding this policy shift is appreciating the tremendous potential that new telecommunications technology has for business (emphasis added)." 41/

FOOTNOTES:

[1]Externalities are those costs or benefits which may accompany the sale or use of some product which is sold in the marketplace, but are themselves outside of or beyond the control of the market. A neighbor may benefit from the expenditure of the family next door for landscaping their property, but has no obligation to share the costs of that work. Similarly, that neighborhood may suffer from the sale of alcoholic beverages by the corner bar, but the market does not provide any means by which they are to be compensated.

In the case of broadcasting, audiences are produced for sale to advertisers, any benefit the audience may receive from watching is external to that market, and there is no way for them to pay for an increase in that benefit. Similarly, the portrayal of significant portions of the audience in a stereotypic and degrading fashion may cause them harm, but the market provides no way for them to be compensated for that loss.

[2]In October, 1979, the FCC issued its Inquiry and Proposed Rulemaking on the Deregulation of Radio. The proposed rules are contained in the Federal Register, Vol. 44, No. 195, pp. 57636-57723.

[3]Statement of the Federal Radio Commission on August 23, 1928 Relative to Public Interest, Convenience or Necessity. 2 FRC Ann. Rep. 165 (1928) cited in DOCUMENTS OF AMERICAN BROADCASTING edited by Frank Kahn. Englewood Cliffs: Prentice-Hall, 1978 p. 53

[4]Ibid.

[5]Federal Communications Commission, 1979 Proposed Rulemaking. p. 57639

[6]In re Carter Mountain Transmission Corp. 32 FCC 459. February 14, 1962

[7]United States et al. v. Southwestern Cable Co. et al. 392 U.S. 157, June 10, 1968

[8]Cable Television Report and Order, 36 FCC 2d 143, March 31, 1972

[9]In addition to the signal carriage rules which specified which broadcast signals must be carried, the 1972 regulations required systems with more than 3,500 subscribers to equip a studio for the purpose of originating local programming, its leased channels were forbidden to screen films between 2 and 10 years of their theatrical release, or to show any programs of the series form with interconnected plots or characters. Many of these restrictions have been removed through appeals to the District Court.

[10]Federal Communications Commission Network Inquiry Special Staff. "A Review of the Proceedings of the Federal Communications Commission Leading to the Adoption of the Prime Time Access Rule, The Financial Interest Rule, and The Syndication Rule, Docketts 12782 and 19622" preliminary draft, October 1979 p.1.

[11]Federal Communications Commission Network Inquiry Special Staff. "An Analysis of the Network-Affiliate Relationship in Television" preliminary draft, October 1979 p. VII-3

[12]Broadcasting (September 11, 1978) pp 56-62

[13]Network Staff, 1979 "A Review..." pp. 59-60

[14]Timothy R. Haight (ed) TELECOMMUNICATIONS POLICY AND THE CITIZEN. New York: Praeger Publishers, 1979. This volume of essays is devoted to discussion of efforts by the US House and Senate to rewrite the Communications Act of 1934, which have included the elimination of the public interest standard.

[15]Federal Communications Commission, Childrens Television Task Force. "Television Programming for Children" Volume 1, October, 1979 p. 43.

[16]Oliver Boyd-Barrett. "Media Imperialism: towards an international framework for the analysis of media systems" in MASS COMMUNICATION AND SOCIETY edited by James Curran, M. Gurevitch and J. Woolacott. Beverly Hills: Sage Publications, 1979 p. 119

[17]F.M. Scherer. INDUSTRIAL MARKET STRUCTURE AND ECONOMIC PERFORMANCE. Chicago: Rand Mc Nally & Company, 1970 p. 422

[18]INTERNATIONAL MOTION PICTURE ALMANAC, 1978. New York: Quigly Publishing, 1978 p. 34A

[19]Elihu Katz and George Wedell. BROADCASTING IN THE THIRD WORLD. Cambridge: Harvard University Press, 1977 p. 155

[20]Variety (April 19, 1978) p. 100

[21]F.M. Scherer, 1970, p. 495

[22]Prepared Statement of Jack Valenti. U.S. Senate. Subcommittee on International Operations. USGPO, 1977 p. 212

[23]See Thomas Guback. "The International Film Industry" in MASS MEDIA POLICIES IN CHANGING CULTURES edited by George Gerbner. New York: John Wiley, 1977.

[24]Variety (April 18, 1979) p. 60

[25]Bob Marich. "Few Cowboys Will Ride On Home Screens This Fall" Advertising Age, (September 10, 1979) p. 38

[26]Katz and Wedell, 1977 pp 157-162

[27]Domenico Serafini. "Broadcasting in South America: Business and Modernization is the Future, Politics is Present" Television/Radio Age International (September, 1979) p A 43

[28]Katz and Wedell, 1977 p. 163

[29]Consumer surplus is defined somewhat loosely as the difference between what a customer is willing to pay, and what he actually pays for a particular commodity. See, Edwin Mansfield. MICROECONOMICS. Theory and Applications. New York: W.W. Norton & Company, 1970, especially the discussion of the price discriminating monopolist, pp 276-277

30 Variety (April 18, 1979) p. 60 and Television/Radio Age International (April, 1979) pp A79-A81

31 Guback, 1977 p. 29

32 Kaarle Nordenstreng and Tapio Varis TELEVISION TRAFFIC-A ONE WAY STREET. UNESCO Reports and Papers on Mass Communication #70. Paris: UNESCO, 1974

33 Ibid. p 55

34 Herbert Schiller. COMMUNICATION AND CULTURAL DOMINATION. New York: International Arts and Sciences Press, 1976 p. 9

35 ------------"Transnational Media and National Development" in NATIONAL SOVEREIGNTY AND INTERNATIONAL COMMUNICATION. edited by Kaarle Nordenstreng and Herbert Schiller. Norwood: Ablex Publishing Corp, 1979 pp 25-26

36 Alan Otten "British Critics Bemoan Financial and Artistic Decline of August BBC" Wall Street Journal (March 30, 1979) p.1; see also "Plans for Second UK TV Channel" Television/Radio Age International p A65

37 The Annan Committee is the Committee on the Future of Broadcasting chaired by Lord Annan. Its report was presented to Parliament in March, 1977 and published in London by Her Majesty's Stationery Office

38 At a Conference on the Public Image of Doctors and Lawyers held at the Annenberg School of Communication in Philadelphia in the Fall of 1979, it was reported that The Paper Chase would be revived as a Public Television series after it failed to achieve the required audience share on the commercial channel.

39 Nordenstreng and Schiller's book on national sovereignty and international communication (op cit) contains several articles addressing key aspects of this current debate. See also, Marc Porat "Global implications of the information Society" Journal of Communication (Winter, 1978) pp 70-79

40 George Kroloff and Scott Cohen. "The New World Information Order. A Report to The Committee on Foreign Relations. US Sena " November, 1977 p.1

41 Timothy Haight. "The 'S.1' of Communications" in TELE MMUNICATIONS POLICY AND THE CITIZEN edited by Timothy Haight. New York: Praegar Publishers, 1979 pp 241-242

TABLE ONE

STATISTICS OF SELECTED WORLD TELEFILM MARKETS

NATION	Program Cost Per 1000 sets ($)	Television Sets Per Capita
Argentina	.2717	.1813
Canada	.5135	.4248
Bermuda	1.5000	.4464
Brazil	.4545	.0924
Chile	.0650	.1402
Columbia	.2031	.0538
Costa Rica	.5313	.0762
Dominican Republic	.4386	.0570
Ecuader	.3000	.0362
El Salvador	.3571	.0417
Guatemala	.5496	.0250
Haiti	1.7308	.0027
Honduras	.7979	.0162
Jamaica	.5435	.0548
Mexico	.2000	.0914
Netherlands Antilles	1.3816	.1640
Nicaragua	.5899	.0387
Panama	.3571	.1185
Peru	.2649	.0308
Puerto Rico	1.0385	.2031
Trinidad & Tobage	.7727	.0936
TOTAL (n=75)	.8781 (s.d.=2.3831)	.1553 (.1261)

TABLE ONE (continued)

NATION	Program Cost Per 1000 Sets ($)	Television Sets Per Capita
Uruguay	.2286	.1250
Venezuela	.5000	.1024
Austria	.4125	.2632
Belgium	.3192	.2648
Denmark	.1282	.3441
Finland	.2747	.3065
France	.3646	.2722
West Germany	.5102	.3170
Gibraltar	6.0714	.2333
Greece	.3953	.1181
Ireland	.3407	.2109
Italy	.1484	.2294
Luxembeurg	7.5000	.2500
Malta	.4305	.2316
Monaco	18.5185	.6480
Netherlands	.3683	.2749
Norway	.2188	.2974
Portugal	.2861	.0918
Spain	.1571	.1939
Sweden	.4083	.3643
Switzerland	.1511	.2779
United Kingdom	.2853	.3280
TOTAL	.8781(2.3831)	.1553(.1261)

TABLE ONE (Continued)

NATION	Program Costs Per 1000 Sets ($)	Television Sets Per Capita
Bulgaria	.0547	.1714
Czechoslovakia	.0946	.2467
East Germany	.1442	.3114
Hungary	.0886	.2392
Nigeria	.6098	.0027
Rhodesia	******	.0105
Uganda	******	.0050
Zambia	2.0000	.0048
Hong Kong	.2836	.1900
Japan	.1226	.2388
South Korea	.0560	.0696
Singapore	.3017	.1261
Malaysia	.3051	.0585
New Zealand	.4902	.2592
Philippines	.4615	.0153
Taiwan	.0625	.1568
Thailand	.2365	.0175
Poland	.0282	.1822
Rumania	.0603	.1354
USSR	.0041	.2005
Yugoslavia	.0685	.1430
TOTAL	.8781 (2,3831)	.1553 (.1261)

TABLE ONE (continued)

NATION	Program Costs Per 1000 Sets ($)	Television Sets Per Capita
Cyprus	.4276	.1134
Egypt	.2361	.0242
Iran	.3906	.0471
Iraq	.9444	.0388
Israel	.3191	.1270
Kawait	2.1667	.1364
Lebanon	.2234	.1424
Saudi Arabia	1.6667	.0380
Syria	.2500	.0308
Algeria	.1900	.0281
Kenya	.9375	.0035
TOTAL	.8781 (2.3831)	.1553(.1261)

Sources: Variety, April 18, 1979, p. 60

Television/Radio Age International, April, 1979, pp A-79-A-81

TABLE TWO

COSTS AND SET DATA BY REGION

REGION	N of Nations	Program Costs Per 1000 Sets ($)		Television Sets Per Capita	
		Mean	(S.D.)	Mean	(S.D.)
Canada	1	.5135	(0.0)	.4248	(0.0)
Latin America/ Caribbean	22	.5944	(.4471)	.0996	(.0948)
Western Europe	20	1.8645	(4.4029)	.2759	(.1108)
Eastern Europe	8	.0679	(.0428)	.2037	(.0592)
Middle East/ South Asia	9	.7361	(.7153)	.0776	(.0505)
Africa	6	.9343	(.7735)	.0091	(.0097)
Far East	9	.2577	(.1573)	.1258	(.0917)
TOTAL	75	.8741	(2.3831)	.1553	(.1261)