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Critique of the Political Economy of the Media: Foundations and Applications

Critical, Digital and Social Media Studies

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The background of the book cover is a vibrant, abstract illustration of a city at night. The scene is filled with vertical streaks of light in shades of orange, yellow, and red, creating a sense of motion and digital energy. Silhouettes of several people are scattered throughout the scene. In the foreground, a man in a dark jacket and light-colored pants is looking down at his phone. Behind him, a woman in a red coat and dark pants is gesturing with her hand. Other figures are visible in the background, some appearing to be in a bus or a large vehicle. The overall atmosphere is one of urban life and technology.

MANFRED KNOCHE

CRITIQUE OF THE POLITICAL ECONOMY OF THE MEDIA

CRITICAL, DIGITAL AND
SOCIAL MEDIA STUDIES

Critique of the Political Economy of the Media

Foundations and Applications

MANFRED KNOCHE

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Foundations and Applications

MANFRED KNOCHE



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Introduction

The development of a specific Critique of the Political Economy of the Media as part of Media and Communication Studies is not a branch of Economics. Rather, it is the adequate application and further development of Critical Political Economy approaches available in Political Science, Legal Studies, Economics, Sociology, Philosophy, and Psychology to media and communication phenomena. The theoretical-empirical basis of such an approach is Marx's Critique of Political Economy which can be found in the *Marx-Engels-Werke (MEW)/Marx & Engels Collected Works (MECW)*. Additional important theoretical foundations are also the current developments that are based on the work of Marx, such as the "New Reading of Marx" and "Western Marxism". These approaches are based in part on the new historical-critical *Marx-Engels-Gesamtausgabe (MEGA)*. Since Marx's work is unfinished, in part contradictory and afflicted with errors, it is important to critically "stand on the shoulders of Marx" and to go "with Marx beyond Marx".

Fundamental to such an endeavour are the particularities of Marx's way of thinking, especially the peculiarity of Marx's Critique of Political Economy and the central academic insights based on it. Characteristic of Marx's applied method is his thinking in terms of materialist dialectics and contradictions, the combination of the historical and the logical, of theory and empiricism, of structure and action. The basis of the theory is a radically critical abstracting recognition/grasping of the essence and the foundations of the development of the societal relations of domination and power.

The original starting point for the development of a special Critique of the Political Economy of the Media in Germany was the realisation that in the context of the sub-discipline of Media Economics in Media and

Communication Studies, a theory that is limited to economic problems in the interest of the media owners is not adequate to the subject matter and therefore cannot be justified from an academic-political point of view. In the mainstream of German-language Media and Communication studies, there is a lack of Critical Political Economy approaches. Predominant common, primarily moral critiques of economisation and commercialisation as well as of excesses and abuses fall short, as they address surface phenomena instead of fundamental problems. In contrast, this book is concerned with a theory-led, capitalism-critical analysis of media commodity production. It analyses the prevailing ownership, production, distribution, and consumption relations in the media industry in the context of society as a whole.

Integral to this approach of a Critique of the Political Economy of the Media is the development of Media and Communication Studies from a Humanities- and Social Science-based approach to a Science of Society (*Gesellschaftswissenschaft*). Such an approach is needed because media production and consumption fulfil elementary, indispensable macroeconomic and macro-societal political-ideological functions for securing dominance and power as well as for the stabilisation and further development of the capitalist economic and societal formation. The development of an independent Critique of the Political Economy of the Media is necessary because both in Marx's Critique of Political Economy and in most of its applications and further developments in various academic fields, the subject area of the media is not or only marginally dealt with.

One of the fundamental questions of Media Economics in Media and Communication Studies as a Critique of the Political Economy of the Media is the analysis of the relationship between the media industry and capitalist society, i.e., the role of the media for the entire material, economic, societal, social, political, and cultural human life. The central objects of investigation are, therefore, on the one hand, the specific developments in media production, distribution, and consumption and, on the other hand, the way they function for the development of the entire capitalist economic and societal system. An important perspective for the development of the Critique of the Political Economy of the Media is the analysis of the question of what it means that media production, distribution, and consumption are controlled by the owners of private property and capital and are therefore generally determined by the socially legitimised

goal of profit-maximising capital valorisation and are part of the capitalist economic and societal system.

A central object of the Critique of the Political Economy of the Media is the analysis of the commodity character of media products. Commodity production and distribution are generally associated with the fundamental contradiction between the exchange-value interests of producers and the use-value interests of consumers. From the point of view of the owners of capital, the use-value is only important to the extent that it is suitable as a means of realising the maximum exchange-value and thus the maximum profit. The use-value of media products is therefore subsumed under the capital owners' interest in instrumentalising them.

This book examines the usefulness of Marx as an academic and intellectual and his method, theory, and critical analysis of capitalism as the foundation for a Critique of the Political Economy of the Media. But it would be a contradiction in terms to develop such a theory without the critique of capitalism that underlies Marx's analysis and theory. In the tradition of Critical Social Theory, critique is social criticism and a critique of capitalism. Such a theory examines the usefulness of Marx and Engels' approach to the analysis of media and communication in capitalism. In this analysis, I include fundamental problems of the development of the capitalist mode of production such as the contradiction or interrelation of productive forces and relations of production as relations of ownership, valorisation, distribution, and class.

Because of the social significance of the connection between domination, power, ideology, and (false) consciousness in bourgeois-capitalist societies, which is relevant to both theory and practice, Ideology critique, especially from the point of view of the critique of capitalism is one of the most important fields of research in academic analysis and critique. In the works of Marx and Engels, Ideology critique and Critique of Political Economy generally merge into one another. Within Social Philosophy and Sociology, Marx's critique of capitalism as a whole can be treated as ideology critique. On this basis, the analysis critical of capitalism focuses primarily on the ideologies of concealment, distraction, and justification and their theoretical-practical applications to stabilise relations of power and domination in society.

Accordingly, ideology critique is also part of the core that makes up a Critique of the Political Economy of the Media, Journalism, and Communication as a fundamental theoretical-empirical critique of an

approach that is yet to be developed. The Critique of the Political Economy of the Media's theoretical basis is a *negative-critical* concept of ideology, which stands in contrast to ideology as a worldview and to a *neutral* concept of ideology as it can be found, for example, in the Sociology of Knowledge. The orientation towards a negative-critical concept of ideology includes a view of ideology as false consciousness, which ties in with the Enlightenment tradition of thought.

This Book's Chapters

This book is divided into two parts with a total of 10 chapters: Foundations (4 chapters) and Applications (6 chapters) of the Critique of the Political Economy of the Media. There is also an eleventh chapter with a Postface by Christian Fuchs.

The 10 chapters were originally published by the author in various German-language anthologies and journals. They are therefore primarily related to developments in German-speaking countries and mainly refer to German-language academic literature. But since they are fundamentally theoretical and critical of capitalism at a higher level of abstraction, they can also claim largely general validity by analogy for other capitalist countries. We should not forget that Marx's Critique of Political Economy applies to capitalism internationally. Such a focus does not deny that there are certain particularities in the historical development of individual countries, but these are less relevant for the central objective in this book: to provide a basis for a generally internationally valid Critique of the Political Economy of the Media. Due to their theoretical fundamentals, all chapters (originally written and published between 1999 and 2024) are also largely timeless, i.e., by no means outdated. This is particularly true because the individual chapters theoretically reflect on empirical changes in the media industry, that are, for example, based on digitalisation, and integrate the analysis of these changes into a general Critique of Political Economy.

The individual chapters do not build on each other in terms of content. They each refer independently to various selected sub-topics in the field of the Critique of the Political Economy of the Media. As they are each self-contained in terms of content, they can be read in the order of your choice, depending on your specific interests.

Part 1: Foundations of the Critique of the Political Economy of the Media

Chapter 1: Capitalisation of the Media Industry shows from an academic perspective the development of the media industry in close connection with the equally unmistakable general development of an “unleashed” capitalism. A Critical Political Economy perspective makes it possible to analyse, explain, and partly forecast the economisation or commercialisation process in the media industry regarding its causes, forms, consequences, and further development. In doing so, the permanent fundamental characteristics, modes of functioning, and “regularities” of the capitalist mode of production and the capitalist formation of society are analysed in connection with the particularities of the current capitalisation process in the media industry.

The goal of *Chapter 2: The Crisis-Ridden Capitalist Mode of Production as Driving Force for Restructurations and Transformations in and of the Media Industry* is to explain long-term restructurations and transformations of the media industry. The capitalist mode of production is the primary driving force of media corporations’ strategic action and of the media economy’s structural transformations. Factors that are of particular relevance in such structural transformations include profit orientation, capital accumulation, capitalist crises, state policies, behaviour of producers and consumers, private property, and class relations. The capital-driven structural digital transformation of the media industry has resulted in the convergence of production, distribution, and consumption, the creation of a variety of non-tangible digital products, digital rationalisation and automation, and the universal real subsumption of labour under capital. These developments have also created the potentials for overcoming the capitalist character of the media economy and advancing de-commodification based on the emergence of a universal digital media system.

Chapter 3: The Media Industry’s Structural Transformation in Capitalism and the Role of the State: Media Economics in the Age of Digital Communications discusses how the capitalist media industry has been structurally transformed in the age of digital communications. Four capital strategies are identified: a) the substitution of “old” by “new” media technology, b) the introduction of new transmission channels for “old” media products, c) the definition of new property rights for media sectors and networks, d) the reduction of production and transaction costs. The drive to maximise profit is at the heart of the capitalist media

industry's structural transformation. The tendency to the universalisation of the media system in the digital age and the economic contradictions arises from the profit drive. Six causes are identified as to why capital seeks to employ capital strategies that result in the media industry's structural transformation. They include market saturation, over-accumulation, the tendency of the profit rate to fall, capital concentration, competition pressure, and advertising. Chapter 3 shows that capital and capitalism are the main structural transformers of the media and communications system. It discusses the role of the state in privatisations, neoliberal deregulation, the formation of national competitive states, and various benefits that the state provides for media capital.

Chapter 4: Media, Journalism, and the Public Sphere in the Private Family Ownership of Capitalist Media Companies analyses the fundamental effects of the globally dominant capitalist private ownership of media companies on media development, journalism, and the public sphere. Characteristic of capitalism is a mutually conditioning relationship between the socio-economic base and the political-legal superstructure, which makes the "abolition" of private property and the associated relations of domination and power almost impossible. Therefore, possibilities of a de-capitalisation and de-commodification of journalism and the public sphere based on non-capitalist forms of ownership are discussed. A special potential is seen for academic publications without capitalist publishing houses. Such a form of publishing is feasible because knowledge production takes place at public universities. Finally, a change of strategy is suggested that takes us out of the bourgeois-liberal trap of criticism and hope towards the development of media and social theories as well as humans' active participation in the organisation of an independent content-based media praxis, which can be conducive to a transformation towards a socialist societal formation.

Part 2: Applications of the Critique of the Political Economy of the Media

Chapter 5: Media Concentration presents the foundations of the analysis of media concentration from the perspective of the approach to the Critique of the Political Economy of the Media and Communication. It outlines the dangers and problems of media concentration, discusses the question of

how to measure media concentration, identifies different types of media concentration, and gives a systematic overview of empirical studies of media concentration. As a result of the country comparison on a theoretical (macro) level with an analytically required high level of abstraction, first and foremost *identities, commonalities, and similarities concerning* the development of media concentration including its causes and consequences can be recognised. A distinction is made between two opposing theoretical approaches: apologetic-normative competition theories of media concentration and critical-empirical theories of media concentration.

Chapter 6: Development of Media Technologies as “New Media” analyses the emergence and development of new media technologies. First, a critical overview of approaches to the genesis and diffusion of technologies is given. Second, the connection between media technologies and capital accumulation is discussed. Third, the role of media technologies in capitalism as a means of investment, production, distribution, and consumption is analysed. Fourth, the connection between innovation, commodity aesthetics, and planned obsolescence is discussed. Fifth, the antagonistic character of the media system’s convergence, universalisation, and diversification is shown. The chapter shows that technological development is not autonomous but depends on and is shaped by the development of capitalist society. In capitalism, factors such as capital accumulation strategies, crises, competition, advertising and marketing, market research, the state’s economic, technology and media policies, and science and engineering influence the emergence and development of new media technologies.

Chapter 7: Advertising – a Necessary “Elixir of Life” for Capitalism aims to lift the ideological veil of apologetics and pseudo-criticism on advertising with the help of a reality-based systematic analysis that contributes to a materialistic theory of advertising. In this context, the academic objective is to consider the economic, political, and societal functions of (media) advertising. In doing so, the economic and ideological functions of advertising for the existence and further development of the market economy and capitalist economic and societal systems are outlined. Advertising then no longer appears as a necessary evil but as a necessary “elixir of life” for the media industry, the economy, and capitalism. Advertising thus contributes economically *and* ideologically to the *stabilisation* of the systemic foundations of capitalist societies (the capital-labour relationship, the regime of accumulation; the economic, societal, and political [advertising] functions of the media).

Chapter 8: Alternative Media: Free from State, Market, and Capital(ism)?

On the Antagonisms of Alternative Media and the Alternative Economy discusses the potentials, limits, and problems of alternative media in capitalism. It compares alternative media to commercial media and public service media. A model is introduced that compares commercial and non-commercial media projects. Its dimensions are the economy, work, production, and communication. The analysis shows the problems and antagonisms that non-commercial, alternative media face in capitalist society. They struggle to establish independence from markets, capital, and the state. They face the problem of how to deal with these antagonisms which results in the alternative between adapting to capitalist pressures or operating as small-scale niche alternatives with small audiences and precarious labour. The chapter concludes that material aspects and the political economy of alternative media need to be taken seriously. Not selling commodities and not paying wages puts many alternative media at a disadvantage vis-à-vis commercial media.

Chapter 9: Towards the Liberation from Capitalist Business Models: The De-capitalisation of Journalism and Communication Studies introduces a perspective on media companies, journalism, and Communication Studies beyond capitalism. It starts from a critique of German Communication Studies that has neglected the critical, Marxian-inspired analysis of the relationship of the media and capitalism. The chapter discusses foundations of the liberation of the media from capitalist business models. The author in this context introduces the notion of the de-capitalisation of the media, the rollback and abolition of the logic of capital in the media economy and society. He shows what role de-capitalisation could play in journalism, Communication Studies, and academic publishing.

Chapter 10: Science Communication and Open Access: The Critique of the Political Economy of Capitalist Academic Publishers as Ideology **Critique** is starting from a theoretical and methodological foundation of an academic ideology critique. It analyses the production, distribution, and valorisation of science communication. The focus is on the criticism of publishing houses' business models in the sphere of Open Access publishing. These models are propagated and implemented by academia and politics. Thus, academic publications continue to be traded as commodities. The existing relationships of power and domination are thereby reproduced. In contrast, the emancipatory potential of non-commercial

Science Communication based on the digitalisation of production and distribution is shown.

Chapter 11: On the Critique of the Political Economy of Digital Capitalism, a postface by Christian Fuchs, analyses the importance of Manfred Knoche's contributions to the Critique of the Political Economy of the Media today. It shows that he has made a crucial foundational contribution to a Political Economy of the Media and Communication that takes Marx as its starting point. The chapter shows the importance of grounding the analysis of media and society in the works of Karl Marx. This approach is highly relevant today in the age of digital capitalism. The author argues that without Manfred Knoche's contributions, there would be no approach to the Critique of the Political Economy of the Media and Communication in the German-speaking world today.

This book would never have been possible if Christian Fuchs had not encouraged me to publish my contributions to the Critique of Political Economy of the Media in book format. I am very grateful to him for this encouragement and support and for his translations of my contributions from German into English. Finally, he himself has thankfully made a valuable contribution to this book with his Postface.

Part 1

Foundations of the Critique of the Political Economy of the Media

CHAPTER 1

Capitalisation of the Media Industry

Today, in my view, capitalism is for the first time in a state, in which the logic of capital functions just as purely and unadulterated, as Marx described it in *Capital*.

Oskar Negt (1997, 38).

1.1 Introduction

What has recently been increasingly discussed in Media and Communication Studies as the economisation or commercialisation of the media industry is, from a political economy perspective, an old phenomenon that can be seen as an essential structural feature of privately organised media production, distribution, and consumption. Belonging to the commercially organised sector of the private economy has characterised the media in capitalist societies since their emergence (see Kiefer 1999, 705). Nevertheless, it should be noted that it was only at the end of the twentieth century that Media and Communication Studies in the German-speaking world suddenly and rather astonishedly realised that the mass media and thus also communication in society were becoming more and more economised (see Meier 1997, 173). This astonishment could have been less sudden or at least earlier if there had not been such widespread abstinence in this academic field – similar to all other fields – with regard to the reception and application of Marx's Critique of Political Economy and its current developments. The currently recognisable, partly *novel* (not new) push for the economisation or commercialisation in the media industry opens up the chance for academia that this old phenomenon's political economy foundations, due to their novel, more visible and thus less contestable forms, can be recognised by more scholars than

before and that academic findings that are based on the Marxian approach can be recognised.

1.2 Economisation as Capitalisation of the Media Industry

However, the concept of “economisation” falls short in the perspective of a critical political economy. Economisation is rather about a further historical phase of the progressive “capitalisation” of the private sector media industry,¹ i.e. a radical subsumption of the *entire* media system under the general conditions of the valorisation of capital. This means that the media system has even more strongly than before become integrated into the specific capitalist mode of production, the relationship between the productive forces and the relations of production and the economic-political formation of society (see Altvater 1999), which correspond to the advanced stage of development and the further requirements for the survival of capitalism as the globally dominant economic system and system of society. This capitalisation means above all: media production is included even more comprehensively than before in the overall economic system of capitalist commodity and surplus-value production. Media production is thus also more intensively subjected to the “laws of motion” and “constraints” of production and capital valorisation, of profit maximisation and competition, as well as of accumulation and concentration. Of relevance to society as a whole is the further capitalisation of information, education, politics, culture, entertainment as well as working and living conditions, which inevitably goes hand in hand with the described developments and is usually referred to as “commercialisation”. These commercialisation and capitalisation processes form a contribution to the neoliberal “all-round capitalisation” (*Durchkapitalisierung*) of all areas of life (see Röttger 1997, 18f).

We are experiencing a new push for capitalisation (*Kapitalisierungsschub*) as part of the permanently progressing capitalisation process, which is, however, of fundamental importance for the further development of the media industry on the basis of the privatisation of originally non-capitalised sectors. Essential characteristics of this push for capitalisation in the media industry are:

- capitalisation through the privatisation, deregulation, and commercialisation of *additional* sectors of the media industry which, organised in

Europe as (monopoly) sectors under state or public law, had not yet been accessible to *direct* (but indirect) capital valorisation (radio, television, telecommunications, Internet);

- a structural change in the media industry, which is particularly evident in the increasing commercialisation of media content production as commodity production, in growing international economic and journalistic concentration as well as in economic and institutional mergers (see Knoche 1999a, 154ff, translated in English: Knoche 2016) of traditional and new media sectors with each other and with other industries (media as infrastructure, e-commerce);
- an intensified “capitalisation” of the relationship between the state and the media industry as well as of the state’s media policies as media economic policies;
- an intensified “capitalisation” of the economic and political fulfilment of the macroeconomic and societal functions of the media industry in the worldwide structural transformation (transformation process) of capitalism.

In view of the incalculably extensive – structurally in part novel – “unleashing” of the media industry through deregulation, privatisation, commercialisation, globalisation, multi-mediatisation, media and industry convergence, digitalisation, concentration, the anonymisation of capital, e-commerce etc., it seems to me even more appropriate than before to analyse the development of the media industry in close connection with the equally incalculable general development of an “unleashed” capitalism. This development is of particular importance because the current and most likely also future capitalisation process in the media industry is (as a novel development) characterised above all by the fact that there is a far-reaching mutual penetration of the media industry and the rest of the national economy.

1.3 Critique of the Political Economy of the Media

The fundamental significance of the progressive capitalisation of the media industry in close connection with the development of the capitalist economic system and system of society points to the necessity of a critical approach that is centred on capital and capitalism (see Knoche 2016,

Prokop 2000) in Communication Studies that can be considered academically adequate to the subject matter. However, as long as in the East-West conflict after the Second World War the occupation with the critique of capitalism on the basis of a critique of the political economy in the West also led to² “marginalisation” in the academic field, or at worst to professional bans of academics, there was no favourable “climate” for the development and reception of Critical Political Economy as an approach for the study of the societal problem of the economisation or commercialisation of the media industry, which had long been recognisable.

Approaches to a Critique of the Political Economy of Communication in society or mass communication³ have been presented sporadically in the Anglo-Saxon world in works on the “Political Economy of Communication(s) (of the Media)” (see for example: Mosco 1996, Golding and Murdock 1997, Sussman 1999, McChesney 2000). Such approaches were also developed in Germany in the 1970s (see for example: Berliner Autorenkollektiv Presse 1972, Dröge and Modelmog 1972, Holzer 1973, Hund 1976, Negt and Kluge 1972, Prokop 1974). But the Political Economy of Communication in society undoubtedly belongs to the “forgotten theories” (Robes 1990, see also Knoche 1999b, 76ff). Among the attempts to remember, revive, and apply political economy approaches in German-language media and Communication Studies in the 1990s and around 2000 were the works by Holzer (1994), Meier (1996/1997), Meier (1997), Knoche (2016 [originally published in German as Knoche 1999a], 1999b), Prokop (2000), and Steininger (2000, 210ff).

The subject of a critique of the political economy is the *critical theory-based empirical analysis of capitalism*. This shows that political economy is not a branch of Economics but a comprehensive science of society (see Kade 1977, Schikora 1992).⁴ The critique of the political economy is focused on the analysis and critique of the social preconditions and structural conditions of the capitalist mode of production and thus about its functioning and dynamics (see Conert 1997, 140). In other words, it is focused on the analysis and critique of the “capitalist regulation” (Kisker 2000a, 66) of the relations of production *and* life, i.e. of all economic, social, political, and cultural human life. Capitalism is seen here as a mode of production and formation of society that has

developed *historically* and is fundamentally *changeable* (see Ganßmann, 1998, 23).

1.4 The Media Industry Under Capitalism

For our object of study, the usefulness of a political economy as theory and method is to be examined. Such a political economy sees itself as a further development of the *analysis* and critique of contemporary *capitalism*. It is a *historical-materialist analysis of society*⁵ that is based on the Marxian critique of political economy. This approach has in Germany, among other places, been developed for some time by economists, sociologists, and political scientists on the basis of extensive studies of the international academic literature. The focus of interest here is the critical examination, above all, of:

- the transformation process of contemporary capitalism (see Altvater et al. 1999, Bischoff 1999, Hickel et al. 2000, Hirsch 1990), especially with a focus on the transformation of the role of the state in capitalism (see Hirsch 1998, Kisker 2000b);
- neoliberalism (see Bischoff, Deppe, and Kisker 1998a, Kisker 1998, Schui 2000), Keynesianism, market myths, and economic crises (see Zinn 1998);
- current economic policy (see Hickel 1998, Huffschmid 1994);
- competition and concentration (see Bischoff et al. 2000, Huffschmid 1994 and 2000, Kisker 2000b) and globalisation (see Altvater and Mahnkopf 1999, Heinrich and Messner 1998, Kisker 2000a);
- the political economy of financial markets (see Huffschmid 1999).

From a political economy perspective,⁶ the contemporary capitalisation of the private sector media industry is considered and explained in the context of the current developmental tendencies of the *entire* capitalist economic and societal system. From the point of view of the highly concentrated and internationally active private sector, the media industry in Europe was an underdeveloped “foreign body” before the phase of Europe-wide privatisations and deregulations, which proved to be an obstacle to capital valorisation and capitalist expansion interests in several respects. Monopolies organised by the state (postal services and telecommunications) or as public services (radio and television) and non-capitalised sectors (the Internet)

were not accessible as spheres of capital investment. They could only be used to a limited extent within the framework of infrastructural technical-organisational rationalisation measures. They could only be “commercialised” to a very limited extent. They did not allow extensive integration into “global” marketing, advertising, and PR strategies. The “capitalisation backlog” of the traditionally private media sectors of press and book production, whose “disadvantage” is still seen today in their largely medium-sized and national ties, also proved to be an obstacle. In the interest of the economy as a whole, this “backlog” of the media industry has been largely overcome since the mid-1980s with the help of globally uniform neoliberal economic and social policies of the nation states and the EU that used slogans such as the “opening of domestic markets” and “international competitiveness”. The political-economic “backwardness” of the media industry in Europe was similarly an obstacle for European and especially US media corporations to realise their expansion strategies that were necessary for their existence. There was also a “need to catch up” for emerging European media corporations in terms of overcoming national expansion boundaries by participating in international mergers, strategic alliances and corporate networks of the “global players” (see Knoche 2001).

The nature, extent, timing, and course of the capitalisation of the media industry are thus determined by the permanent economic interests and basic problems of the media industry in *connection* with similar interests and basic problems of the entire economy. However, the economic and related political measures and medium-term strategies for solving problems, first and foremost the problem of structural over-accumulation of capital, regularly lead to new cyclical “crises” and long-term problems in the economy and society (see figure 1.1).

The reduction of investments that enable the expansion of capital and are made under the pressure of the structural over-accumulation of capital (declining investment rates) and investments in developments lead to reduced purchasing power and a corresponding decline in consumption. These developments lead in turn to intensified competition between companies in largely saturated or stagnating markets and thus to cyclical economic “crises” of the entire economic system.

In this context, the capitalisation of the media industry is of growing elementary importance for the economy and society as a whole because it also has an important function in the necessary medium-term problem-solving strategies of the economy as a whole. In this respect, it is explainable

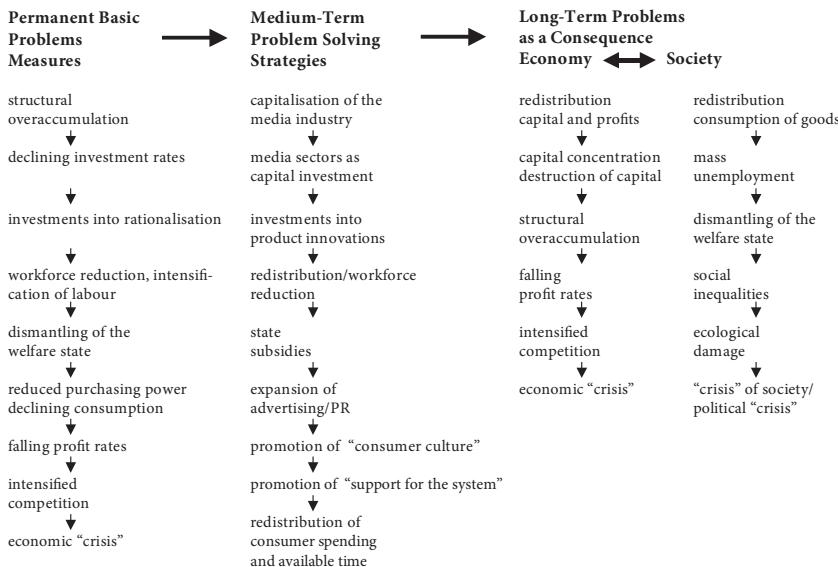


Figure 1.1: The capitalisation of the media industry as strategy for solving the problems of the entire economy

that the capital valorisation interests (and their permanent fundamentally crisis-prone endangerment) in the entire economy drive the capitalisation process of the media industry in symbiosis with the specific capital valorisation interests in the media industry.

The interests of (hitherto) non-media capital are directed, on the one hand, towards the media industry as a new profit-promising investment sphere for over-accumulated, "excess" capital. On the other hand, these interests aim at the advertising, PR, and capital circulation function of the media, the intensive use of which is seen by the entire economy as a necessary and appropriate problem-solving strategy in light of the crises of over-accumulation, the decline in purchasing power, and the associated intensification of competition.

These media-related interests and strategies of the entire economy in principle, although mainly represented by large corporations, are one of the triggers of capitalisation processes in the media industry. Together with the interests of media companies, the media-related interests and strategies of the whole economy led the governments of the various European states to remove the obstacles to capitalisation and commercialisation in the overall economic interest. In this context, the legal enablement of the

privatisation and deregulation of the media sectors of radio, television, telecommunications, and the Internet played an important role. These developments increased the pressure on the media companies, which are highly dependent on advertising revenues, to fulfil their advertising, PR, and circulation function even more effectively than before in the interest of the entire economy and in their own interest, which is necessary for their existence, on the basis of capitalisation and commercialisation of media production. In connection with this, the need or willingness of media companies to cover their capital requirements increasingly from capital that was previously located outside the media sector or through an initial public offering (IPO) also grew.

The fundamental problem, however, is that the capitalisation of the media industry – even when used as a medium-term problem-solving strategy for the entire economy – inevitably leads to considerable economic and societal problems in the long term (see figure 1.1). Due to the fact that individual capitals' action-guiding strategic goal and *interest of profit maximisation* is politically legitimised and enforced as the undisputed basic goal of capitalism, the *competition* between *individual capitals*, which is also politically legitimised, can only ever lead systematically to temporary individual economic problem solutions, which in reality lead to an *aggravation* of problems for individual capitals and for the economy as a whole.⁷ For there is also a redistribution of capital and profit via the capitalisation of the media industry, which is characterised by increasing unequal distributions: there are temporary “winners” (concentration of capital) and (partly “final”) “losers” (destruction of capital). But this is not a permanent solution to the problem, even for the winners, but an aggravation of the problem, since the aforementioned permanent basic problems of the capitalist economy (structural over-accumulation, falling profit rates, intensification of competition) inevitably lead to the next economic “crisis” at a higher level.

This development also applies in a structurally similar way to the consequence of long-term *societal* problems, which are partly intensified by the capitalisation of the media industry. There is a far-reaching redistribution of consumer goods of all kinds among the population, which, in combination with wage and salary losses, mass unemployment, and the dismantling of the welfare state, leads to a widening of economic and social inequalities. On the one hand, this causes the next economic “crisis” and ultimately the next socio-political “crisis”, especially due to the associated lack of mass purchasing power. Consequently, the capitalisation

of the media industry is hardly a suitable means to solve macroeconomic and societal problems, for example in the sense of distributive justice for society as a whole. On the contrary: it promotes the further capitalisation and commercialisation of the entire social and societal life with negative consequences that will be discussed in more detail.

1.5 Causes, Forms, and Consequences of the Media Industry's Capitalisation

The intensive study of the general and current development processes of capitalism is, in my opinion, a suitable basis for the analysis, *explanation*, and partly the *forecasting* of the capitalisation process in the media industry in an academically appropriate manner that is focused on causes, forms, consequences, and further development. The concrete starting point is the observation that market-radicalism's "unleashed" media industry as an integral functional realm of capitalism is connected with the likewise "unleashed" global transformation process of capitalism. The global transformation process of capitalism has been characterised with keywords such as "turbo-capitalism" (see Altvater et al. 1999), "shareholder"-society (see Deppe and Detje 1998, 171ff), or "pure capitalism" (Bischoff, Deppe, and Kisker 1998b, 225).

From a Critical Political Economy perspective, the current capitalisation of the media industry stands in close connection with the general development process of capitalism and the associated problems of capital valorisation in all sectors of the economy. However, it is also important to analyse the *economic-political particularities* of media production, distribution, and consumption in comparison to other economic sectors. These particularities result above all from the *additional* macroeconomic and socio-political functions (going beyond the "normal" economic function of capital valorisation that is achieved by the production and sales of media products) which are usually fulfilled by private sector media production (see Holzer 1994, 195):

- on the one hand, there are the media industry's indispensable *economic* functions for the *entire national economy* (the function of general advertising and goods circulation, media technology's function in capital valorisation, the media's roles as a means of production);

- on the other hand, there is the media industry's equally indispensable *ideological* function for legitimising and securing the rule of the capitalist economic system and system of society (the function of ideology production) among the population;
- and finally, there is the media industry's function for the *reproduction of the labour force* through media consumption (regeneration function).

The connection between causes, forms and consequences of the capitalisation of the media industry is presented in an overview in figure 1.2. Three complexes of causes can be distinguished as part of an interacting bundle of causes:

- the permanently *fundamental* impact factors of the capitalist *mode of production* and the capitalist *formation of society* as well as the *laws of movement of capital* (see Altvater, Hecker, Heinrich, and Schaper-Rinkel eds. 1999), to which the capitalist media industry is in principle subject in the same way as other industries;
- the *specifics of the current “crisis”* with the valorisation problems of capital or media capital causally linked to the currently observable unleashing and transformation process of capitalism;
- the concrete *capital or media capital strategies* interact with the *state’s (media) economic policy* that unleashes capitalism (privatisation, deregulation, promotion of concentration, etc.), which causes forms and consequences of the current push for capitalisation in the media industry (see Knoche 1999a, 180ff, translation in English: Knoche 2016).

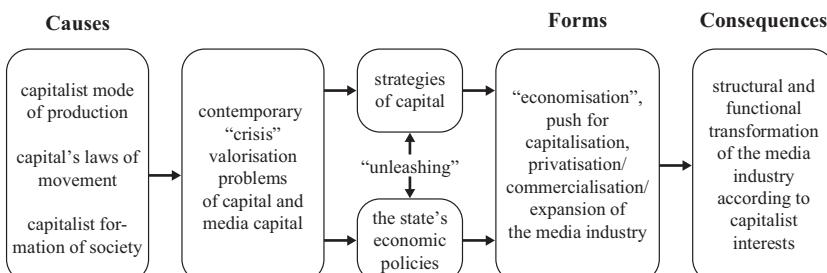


Figure 1.2: Causes, forms, and consequences of the media industry's capitalisation

1.5.1 Causes of Capitalisation

In figure 1.3, selected causes of the capitalisation of the media industry are presented in more detail, the first being the factors that are fundamentally characteristic of the capitalist mode of production (see, for example, Conert 1997, 141; Kisker 2000a, 66 ff):

- the specific form of the *capital relation*: the legally protected *private ownership of the means of production* as well as the *power of disposal* over the dependent workers derived from it (*labour power as a commodity*) as well as the right of the sole determination of the *production goals* and the *valorisation* of the produced goods by capital;
- the specific form of the *capitalist relations of production as relations of domination* of capital over labour;
- the specific contradictory relationship between *productive forces* (the relation of constant capital = means of production and raw materials and variable capital = labour power) and *relations of production*;
- the specific form of capitalist *commodity production* as the production of values (use-values and exchange-values), whereby the realisation of exchange-value for the owners of capital dominates over the use-value interests of consumers;
- the specific form of capitalist *surplus-value production* through capital's appropriation of the surplus-value produced by the surplus-labour of dependent workers;
- the specific form of the connection of the compulsion to produce, valorise, and profit with the *competition, accumulation, concentration, and centralisation* of capital;

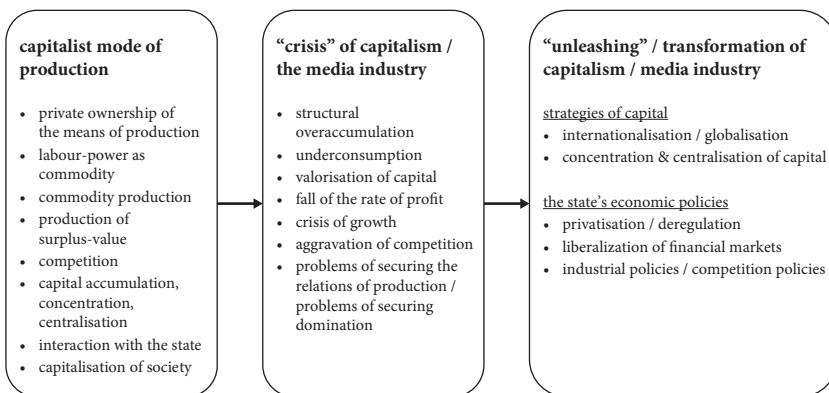


Figure 1.3: Causes of the media industry's capitalisation

- the specific form of *securing capitalist rule* through the interaction of capital owners and the state (see Nutzinger 1977, 222 ff);
- the specific form of the *capitalisation of society* via the connection of the production and reproduction process of humans with the inequality of the distribution of goods and income and the associated inequality of material, political, cultural, and social living conditions.

If one takes these fundamental factors of the capitalist mode of production into account, it becomes clear why *all* sectors of the private sector media industry are *in principle in the same manner* subject to a constantly progressing capitalisation process. This circumstance applies to the sectors of the press, books, film, video, music, radio, television, for which a new push for capitalisation can be observed in the context of the globalisation of the entire economy and also of the media industry (see Herman and McChesney 1997, 41ff). Some large companies in the media industry – which has so far been economically rather insignificant compared to other industries – are “catching up” with the capitalisation level of other industries in their capitalisation strategies. Bertelsmann AG for example, has developed into a “media group with an affiliated investment bank” (Jakobs 2001, 110), i.e. for years the largest part of its profits has not been generated by media production but by stock market deals and the purchase and sale of companies and company shares.

Furthermore, figure 1.3 lists the factors that can be considered relevant causes for the capitalisation of the media industry in connection with current crisis phenomena of capitalism and the media industry. The development of the capitalist economic system is generally determined to a large extent by the structural *over-accumulation* of capital, which acts as a major trigger for economic crises on the basis of *disproportionate development* (see Zinn 1998, 23). Disproportion means that in principle more is produced than can be sold, i.e. that can be valorised at what is considered an appropriate profit rate, or that less is produced due to sales problems that result in overcapacities. Structural over-accumulation, which is signalled in particular by over-investment, over-capacity, and over-production, means that too much capital is accumulated in relation to the realisable profit rates, so that there is a danger of capital devaluation. The strategic action of companies is consequently directed towards taking measures to counter the danger of crisis that accompanies over-accumulation (see Kisker 1998, 87ff).

Over-accumulation and disproportions are consequences of the competition between the companies and the sectors that want to “win” in the competition for the sale of their goods by overproducing beyond the demand that is fundamentally limited by a lack of purchasing power or demand that is limited by saturated or undeveloped needs (underconsumption).

The causes of these limits to growth, which fundamentally endanger the valorisation of capital, are declines in purchasing power as a result of lower wages and salaries, unemployment, a decline in social benefits, a growing pressure to make cuts (pensions, insurance), as well as the extensive saturation of “absolute”, vital needs. To overcome these limits to growth and the associated dangers of profit reductions that threaten capital, the following production strategies are regularly used in the competition between companies in the same and different sectors:

- the (partial) shifting of production from goods necessary for existence and for the satisfaction of *absolute*, vital needs to products for *relative* needs (“validity and prestige consumption”);
- the (partial) shifting of production from the *secondary (industrial)* sector to the *tertiary (service)* sector;
- the (partial) shifting of production from *material* to *immaterial* goods (see Zinn 1998, 28ff).

In the application of such combined business strategies, the media industry is generally regarded as a high-growth and profitable economic field insofar as it opens up growth opportunities due to the interplay of the three production strategies.

In this context, the current process of the capitalisation of the media industry can be explained mainly in three ways. The capitalisation of the media industry is:

- firstly, for traditional media companies, a means to solve their capital valorisation problems associated with over-accumulation and competition, among other things by investing surplus-capital in new privatised media sectors or in new media markets or in media product innovations;
- secondly, for companies from other industries/sectors/branches, a means to solve their capital valorisation problems through increased sales-promoting advertising and PR presented in the media; and

- thirdly, for companies from other industries/sectors/branches, a means to solve their capital valorisation problems by investing their surplus-capital in a media industry that has been considerably expanded through capitalisation.

Finally, figure 1.3 presents another set of causes that is relevant in the context of the “unleashing” or transformation of capitalism and the media industry. One can speak of “unleashing”, for example, insofar as media capital, like the rest of capital, is freeing itself from the “fetters” of nation states through internationalisation and globalisation. A similar “unleashing”, namely the liberation from obstacles to capital valorisation, is achieved in particular through the privatisation and deregulation of broadcasting, telecommunications, and the Internet in conjunction with the state’s economic policy. Within the framework of the state’s industrial, location, and competition policies that promote concentration, the media industry is additionally freed from obstacles to concentration (see Knoche 1996). Within the framework of neoliberal economic and social policy, media capital frees itself from the “fetters” of the welfare state and parliamentary democracy. For the media industry, this means that it frees itself from the “fetters” of the remnants of the public service-orientation and cultural orientation of media production and media policy.

1.5.2 *Forms and Consequences of Capitalisation*

Forms of the push for capitalisation in the media industry include, among others, the sectors mentioned in figure 1.4, which in their current form are an expression of this push for capitalisation, as well as product diversifications and innovations in the press sector. There are forms of this push for capitalisation that can be observed in *the same way* for different media sectors. These forms include, for example, the stronger integration of media production into the overall economic system of the capitalist production of goods and surplus-value as well as into the system of consumer-oriented advertising; a more intensive influence of the compulsion to produce and valorise capital, of the compulsion to maximise profit and competition, as well as of the compulsion to accumulate and concentrate capital. The basic similarity (partly uneven, depending on the stage of development of the media sector) of the push for capitalisation in the individual media sectors results from the basic similarity of the shown causes, which in turn result

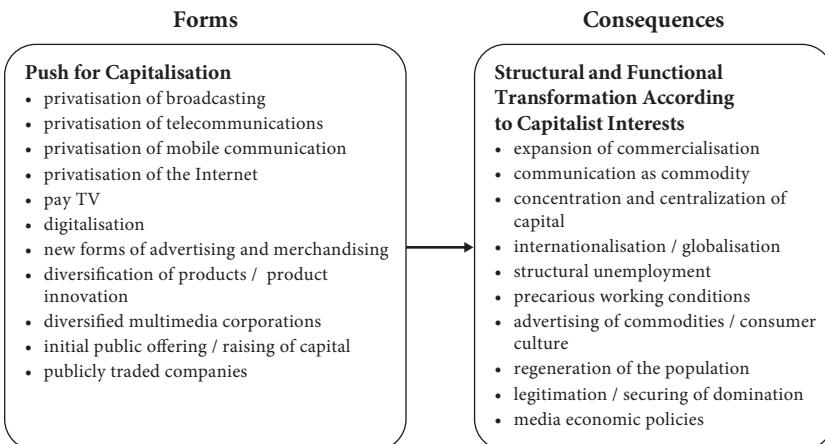


Figure 1.4: Forms and consequences of the media industry's capitalisation

from the similarity of the preconditions – the private sector organisational form of the media in a capitalist economic system and a capitalist formation of society. In addition, the similarity is shown by the fact that through technical and economic-institutional convergence, the push for capitalisation is effective in a media industry that is characterised precisely by the increasing dismantling of the individual media sectors' special features.

Furthermore, on the level of a more differentiated analysis, one can for the different media sectors of an *expanded* media and communication industry recognise some specific causes, forms, and consequences of this push for capitalisation. In this respect, the distinction (see Knoche 1999a, 153f, English translation: Knoche 2016) between two types of capital is important:

- media capital used for the production or duplication of programmes and other content (the media sectors of news agencies, the press, books, radio, audio, television, film, video, online production), as well as
- media-related capital and media infrastructure capital that is used only – and usually only partially – for the production of media-related production, compression/storage, transmission, encryption, and reception technologies (in the electronics industry, the chemical industry, the computer industry, the telecommunications industry, the cable and satellite industry, the printing industry, the paper industry, the mechanical engineering industry).

The media-related industries have long been engaged in the progressive capitalisation process that is “normal” in capitalism. For example, the companies in these industries were already suppliers of media technology according to private sector business principles before the privatisation of the telecommunications sector. More novel, more comprehensive and politically much more significant are the capitalisation processes in the media sectors where capital valorisation is carried out with the production or duplication of programmes and other content. Here, all the fundamental capitalisation processes mentioned at the beginning become effective: capitalisation via privatisation, deregulation, and commercialisation of sectors of the media industry that were in Europe previously organised by the state or as public service media, largely as monopolies; the increasing commercialisation of media content production as commodity production in all media sectors; the increasing influence of the advertising industry and the integration of the media as sales media (teleshopping, e-commerce); the macroeconomic (advertising, sales function, consumer climate), political (political consciousness, legitimisation of the capitalist economic system and the capitalist formation of society), and social (regeneration of the labour force through entertainment) functions of media production in the worldwide transformation process of capitalism.

A further distinguishing feature for identifying tendentially differentiating capitalisation processes is the type of financing of media production. Media products that are financed exclusively or predominantly by advertising, one might think, are exposed to a different capitalisation pressure than media products that are financed exclusively by sales and distribution. However, this view fails to recognise that media products such as film/video and audio (music) are also produced to a large extent in such a way that they can serve as an environment favourable to advertising in radio and television broadcasts. The capitalisation of the radio and television sector stands not only in the interest of the companies involved and the advertising industry, but also of the film and music industry. The sale of playback rights to private radio and television companies not only creates additional sales opportunities, but also tends to reduce the problem of the lack of purchasing power and thus the problems of overproduction and overcapacities, since no physical products have to be sold directly to consumers individually as in CD or video sales. An additional variant of the capitalisation of the television sector, pay TV without advertising, helps

to solve capital's valorisation problems that result from overcapacities of films or film rights for which sales through advertising-financed channels alone are not sufficient.

Finally, the distinction between "traditional" and "new" media sectors reveals differentiations in the capitalisation process. While some traditional media sectors have for a long time reached a high level of capitalisation (especially the film and music industries), the capitalisation of the Internet and online media was in the late 1990s and around the new Millennium only in its initial phase. There are many "strategies for the digital economy" (European Communication Council Report 1999). Presumably the capitalisation process of online communication will proceed rapidly as it is driven on the basis of a high level of the capitalisation of the entire economy, including the media industry.

As the most general *consequence* of the capitalisation of the media industry, the media industry is subjected even more strongly than before to the general and media-specific structural and functional changes of the economy and society in accordance with the interests of capital valorisation. At the same time, the media industry also influences this change. The consequences of the accompanying expansion of the commercialisation of media production extend in particular to:

- the design of media products as consumer goods and as commodities in competition with other commodities;
- the expansion of the media's function as a means of advertising and circulating goods for the entire economy with corresponding consequences for the content of media products;
- the strengthening of international capital and market concentration as well as the globalisation of the media industry;
- the spread of structural unemployment and precarious employment in the media industry;
- the regeneration of the labour force according to the interests of capital;
- the creation of a sales-promoting "consumer climate" and a political consciousness that is aligned with capitalist interests;
- the alignment of the state's media policy with capitalist interests;
- the legitimisation and securing of the domination of the international capitalist economic system and the capitalist formation of society, especially in the currently dominant form of neoliberalism.

1.6 Conclusion

Phenomena of economisation and commercialisation of the private sector media industry were analysed in this paper as a progressive capitalisation of the media industry. The analysis applied approaches that are based on Marx's critique of the political economy and this approach's current developments.

The capitalisation of the media industry characterises a worldwide process in the course of which media production is being incorporated even more comprehensively than before into the overall economic system of capitalist commodity and surplus-value production. The associated capitalisation of information, education, politics, culture and entertainment is seen above all as a contribution to the "all-round capitalisation" (*Durchkapitalisierung*) of all areas of life in the course of neoliberal economic and social policies. The capitalisation of the media industry follows the regularities that are also effective for other branches of industry. By advancing distinctive advertising, marketing, and PR measures, the capitalisation of the media industry fulfils a not insignificant capital and commodity circulation function within the framework of the entire economy's problem-solving strategies. Special features of the capitalisation of the media industry are to be seen in the fact that, in addition to the economic functions of capital valorisation, capitalist media have the indispensable political-ideological function of legitimising the capitalist economic system and the capitalist formation of society as well as the regenerative function of reproducing the population's labour power through entertainment and leisure culture. The causes, forms, and consequences of the capitalisation of the media industry do not differ in principle from those that can be observed in other economic sectors. They can be explained in the context of the general problems of capital valorisation and the crisis phenomena that are permanent features of capitalist economies. It becomes clear that the progressive capitalisation of the media industry as an irreversible process is hardly a suitable means of promoting the fulfilment of functions in media production that are desirable from a democratic theory perspective.

Notes

¹ The specific problems of the commercialisation of public service media are not dealt with in this paper.

² It is to the credit of Wolfgang R. Langenbucher that he pointed out in clear terms the negative consequences of a “turn to political economy thinking” in Germany in memory of Horst Holzer (see Langenbucher 2000).

³ There are a relatively large number of divergent approaches to the Political Economy of Communication and the Media in North America, Great Britain, and Germany. On the development and (mutual) criticism of the different approaches, see Mosco (1996, 72ff).

⁴ The critique of the political economy stands in contrast to the approach of a “New Political Economy”, which also includes societal and political contexts, but consciously ties in with the prevailing neoclassical economic theory and develops this theory further (see Kiefer 2001, 53ff).

⁵ Critique of the political economy is therefore not a matter of “Marxism” in the political sense, but of a critical application and further development of Karl Marx’s analytical and theoretical approaches as outlined in works such as *Grundrisse* (Marx 1857/1858) and the three volumes of *Capital* (Marx 1867, 1885, 1894). On the diverse literature on the critique of the political economy in the twentieth century, see Heinrich (1999, 196ff).

⁶ The aim of this contribution is not to present a “closed” political-economic theory of the media. Only some aspects are discussed “from a political-economic perspective”. These aspects seem to me to be theoretically sound as well as “empirically proven” or at least provable in analogous application of the extensive, manifold empirically proven political-economic analyses developed by the economists and political scientists I have consulted in connection with the available knowledge on the development of the media industry.

⁷ “Capitals” is used as the plural of “capital” in this book. The expression “individual capitals” refers to manifestations of economic money-capital controlled by single corporations.

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CHAPTER 2

The Crisis-Ridden Capitalist Mode of Production as Driving Force for Restructurations and Transformations in and of the Media Industry

2.1 Communication Studies' Views of the 'Structural Change' of the Media

The goal of this chapter is to explain long-time restructuration and transformation of the media industry. In order to do so, the article takes a theoretical approach to the critique of the political economy of the media. The objects of this analysis are not only traditional mass media, but also the processes of change in an extended media and communications industry (see Knoche 2016).

The article proceeds from the central notion that the capitalist mode of production is the primary driving force of media corporations' strategic action as main "actors of structural transformations".¹ Capitalist production, since it is the dominant mode of production, includes the social formation that bears its stamp, including the hegemonic forms of distribution and consumption and the way of life pursued by members of a given society. It is in this sense that the capitalist mode of production is a 'driving force' that also offers explanations for the behaviour of advertisers, politicians and states, banks and sellers of information, in many ways, for the behaviour of the entire population. It is for these reasons that this piece attributes general theoretical "explanatory power" to the capitalist mode of production.

According to the dialectical mode of thought and analysis developed within the Marxian Critique of Political Economy (cf. Marx 1863–1865, 1867, 1885, 1894) and their recent further development by the approach

of the New Reading of Marx (in particular, see Haug 2013, Bonefeld and Heinrich 2011, Harvey 2018, Heinrich 2011a, Hoff 2009, Elbe 2008), the capitalist mode of production is regarded as *contradictory in principle* and as essentially *in crisis*.² Therefore, no single linear, moncausal-determinist explanation is applied here. Instead, contradictory elements of the crisis-based capitalist mode of production will be viewed as fundamental determining factors for actions and behaviour of actors.

2.1.1 Critique of Traditional Ways of Thinking

The dominant use of the term “structural change of the media” signals a specific way of thinking, revealed in typical phrases like “a world of media that is changing itself”, “a media system that is differentiating itself”. In this manner, change is consecrated as “natural-supernatural”, as *deus ex machina*, even reified as a barely explicable natural event, which comes about or takes place as a matter of fate. Accordingly, the erroneous idea is spread that companies are “affected” by change, that they have to “adjust”. Continual measures of restructuration can thus appear as reaction to pre-existing change. This reversal covers up the fact that the media’s structural transformation is in reality the *result* of companies’ purposeful and strategic restructuring activity.

Much of what, within Media Studies, has been rashly labelled “structural transformation” – usually with reference to technological change alone – is in fact only evidence of cyclical modification of superficial phenomena.³

2.1.2 The Critique of the Political Economy of the Media’s Way of Thinking

In order to answer the fundamental question of which modifications may be justly called “structural transformation of the media”, it is necessary to take scientific analysis to a higher level of abstraction. In this way, modifications can be appreciated in their different qualities as more or less substantial, as fundamental phases of development, upheavals, transitions, substitutions or long-term tendencies. The author of this chapter will mostly consider empirically identifiable *restructurations* in the media industry on the level of abstraction of Marx’s categories of the capitalist

mode of production. With this perspective, *fundamental restructurations* regarding changing *power relations* can also be described as *transformations* of and in the media industry.

The possibility, in principle, of a (partial) *transformation* of the private sector, profit-oriented media industry's *mode of production* into a non-capitalist media production and distribution belongs to this higher level of abstraction. It includes socially relevant transformations regarding the dominant relations of production today, alongside the antagonism between the owners of the means of production and waged or "free" workers.

Finally, it is the object of a critical analysis to ask in which areas there are *no* or only *small* modifications, for example regarding relations of production that come with specific forms of property, appropriation, and legal arrangements. In my view, the identification and explanation of relevant *non-modifications* is more significant for analysis as well as for practical purposes than the usual documentation of a confusing number of less relevant phenomena of "change". Such an academic interest in knowledge could stimulate research that has the aim of recognising the ideological content of various "structural change"-narratives in terms of interest-oriented legitimacy, distraction, or attempts to mislead.

While Marx has not produced a Critique of the Political Economy of the Media, there are still, in Marx and Engels' work, plenty of academic foundations fitted to the task (cf. Fuchs 2011, 135ff; Fuchs 2009 a, b). Yet the specificity of media production as both physical and intangible, as well as the great number of different sources of revenue within it, justify, or rather, demand, the development of a distinct critique of the *media's* political economy. Furthermore, this particular approach to the media is required because media economy fulfils a fundamental role both in the economy overall and in political ideology (cf. Knoche 2002, 2001).

The academic mode of thought that underpins the theoretical approach taken by the author of this paper can in its most general form be characterised in the following form: "all science would be superfluous if the form of appearance of things directly coincided with their essence" (Marx 1894, 956). Accordingly, the general goal is to analyse and explain multiple and various forms of appearance, on a higher level of abstraction and in a systematic-theoretical context, as essential. Marx's works are not used here as a source of incontrovertible, eternal truths, but as a valuable stimulus for the continuation of critical thinking – in the knowledge that Marx's

theory, in its specific elaborations, includes some inconsistencies as a sign of its unfinished nature (cf. Heinrich 2011b).

A critical application of Marx's analytical method serves the *theoretically led, empirical analysis and explanation* of media production, distribution, and consumption. A Critique of the Political Economy of the Media, under application of Marx's method as a unit and application of a historically focused analysis of form, structure, action, actor, process, and function, can meet the requirements of a basic theory in Communication Studies. To meet the demands of a conventional empirical assessment in its strictest form is, however – as generally in capitalism – near-impossible, especially given that capitalist enterprises, protected by law as private entities, make excessive use of trade secrets. Instead, this attempt at theoretical explanation will build on the *structural empirical method* of identifying how the logic of capital links empirically identifiable structural phenomena and processes of differentiation.⁴

2.2 Explanatory Models

2.2.1 *The Capitalist Mode of Production's Tendency Towards Crisis*

In principle, the individual strategic behaviour of a given enterprise – in the interest of the owners of capital and in co-operation with government actors – is the main active cause, the “trigger” of processes of restructuration and transformation. Accordingly, they can explain structural transformation in an *immediate* fashion. Yet, at the same time, these patterns of behaviour and of action are *mediated and prepared, generally conditioned and rearranged, if not predetermined in the individual case*, by the structural, social, and societal conditions and initial constellations of the crisis-ridden capitalist mode of production.⁵ Given that capitalist media enterprises strive permanently to maximise profits (by the valorisation of capital via value-added production on the basis of private ownership of the means of production), they certainly remain under the structural pressure of contradictory laws of movement of capital, and most of all, under the pressure of competition (as essential to the driving force of the capitalist mode of production) to an extent that generally leaves little room for manoeuvre. “Marx shows how the processes of production are, in

capitalist society, incessantly transformed under the impetus of the principal driving force of that society, the accumulation of capital" (Braverman 1974/1998, 6).

The following principal *driving forces* (and therefore scientific *components of explanation*) can be distinguished in general terms:

- the basic requirements of the capitalist mode of production to which the media industry is subject to the same extent as other industries;
- specific factors emerging from the crises of the capitalist mode of production that, modified by the initial historical situation of individual media enterprises, effect problems with the valorisation of media capital and are interlinked with enduring processes of capitalist restructuration;
- strategies of companies that have to date acted outside the media industry, which are now built up as new media enterprises in order to exploit favourable opportunities for profit maximisation;
- strategies of the advertising sector;
- interaction with the "unleashing tendencies" of the state's economic (media) policy (privatisation, deregulation, the promotion of concentration, judicial policy etc.);
- patterns of behaviour by members of society as consumers or producers with different agendas: a thus far dominant majority that does or would like to participate in the "structural change" afforded by the capitalist mode of production ("sharing", "prosumers"), or a minority that adds non-capitalist elements (non-commercial production and distribution, e.g. as public goods or Creative Commons).

As a general rule, the specifics of elements in a given mode of production characterise the social formation attached to it (cf. Resch and Steinert 2011, 41ff). Marx articulated the characteristics of the capitalist mode of production, in the first instance, in order to distinguish epochs of different dominant social formations alongside different historical modes of production (of antiquity, Asia, feudalism). From this perspective, the capitalist mode of production appears broadly *constant/ unvarying*. That said, Marx also pointed to a *periodisation* within capitalism on the basis of significant *transformations* of the capitalist mode of production. These ideas are taken up now, within the critique of capitalism in the contemporary discussion, even with a view to the possibility of a *transition* to a non-capitalist mode of production via transformation (transcendence) or revolution (cf. Haug 2008).

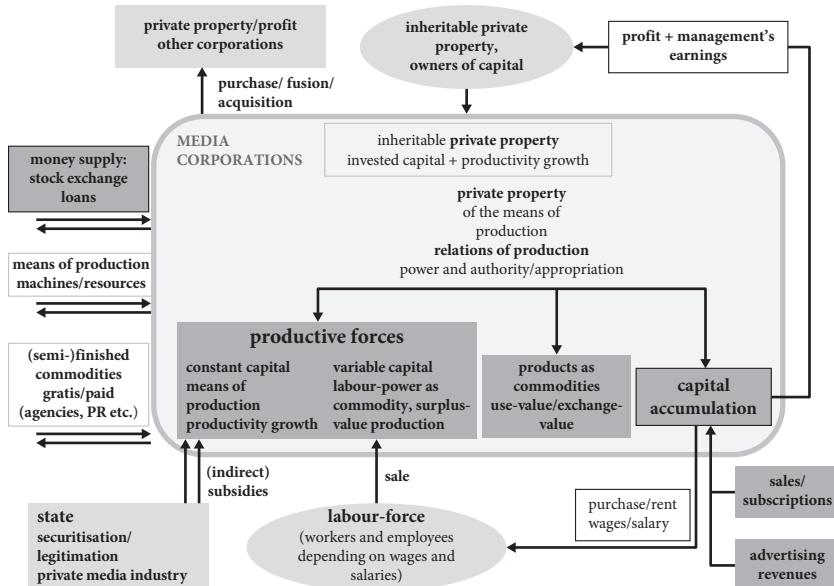


Figure 2.1: The capitalist mode of production in the media industry

For the owners of capital, what is at stake is thus also to effect suitable *modifications* of the capitalist mode of production to *prevent* transformations directed against their interests. In their stead, and as a matter of principle, they only initiate restructurations and transformations that optimise the valorisation of capital and secure the relations of capital as well as the capitalist social formation. In this way, the process of formal and real subsumption of society under capital is expedited (cf. Brandt 1990, 181–, 254ff; Schmiede 1989, 2006; Mendner 1975; Marx 1863–1865, 1019–1038; Marx 1867, 645). The main determining factors (driving forces) for long-term restructuration and transformation activity are the following, broadly *constant*, elements (see figure 2.1) of the necessarily crisis-driven capitalist mode of production:

- the protection by law of (inheritable) private ownership of the means of production and its goal, the accumulation of capital for the sake of profit maximisation;
- the relations of production as the rule of owners of capital over workers (power of disposal over labour power as commodity and appropriation of the surplus-value generated);

- the exclusive right to determine the goals of production and the accordant use of capital;
- the appropriation of products by the owners of property.

We find the following principal, *variable*, crisis-ridden elements of the capitalist mode of production:

- the antagonistic interdependency of the productive forces and the relations of production;
- within productive forces, a contradictory relation of constant (means of production) and variable capital (workers);
 - the contradiction between the use-values and exchange-values of commodities;
 - the realisation of surplus-value and exchange-value (rate/sum of accumulation and profit);
 - the stabilisation of the mode of production via the co-operation of owners of capital and state.

The driving force of *competition* is the essential component of the capitalist mode of production. Competition forces all enterprises to engage in fundamental and wide-ranging restructuration and transformation as key methods to get ahead in the permanent battle for hegemony, especially via the restructuration of productive forces.

2.2.2 *The Dialectic of Productive Forces and Relations of Production*

The capitalist mode of production is marked by a dynamic interrelationship between historically specific productive forces and relations of production. Due to unclear and ambiguous statements by Marx on the topic (e.g. Marx 1847, 165–166) it remains a matter of dispute which of the two elements is dominant in their relation to each other, and beyond, which is decisive in the development of the capitalist mode of production and capitalism as a social formation. Marx's emphasis on the primacy of material productive forces has, for some, evoked the controversial idea of automatic revolution once productive forces reach a particular level of development:

At a certain stage of development, the material productive forces of society come into conflict with the existing relations of production or – this merely expresses the same thing in legal terms – with the property relations within the framework of which they have operated hitherto. From forms of development of the productive forces these relations turn into their fetters. Then begins an era of social revolution (Marx 1859, 263).

In contrast, this chapter considers relations of production as relations of rule, and the actions by owners of capital that are based on it as the decisive driving force for the development of productive forces (means of production and labour). Productive forces under capitalism are often developed in such a way that the technological development of means of production becomes an essential *means* for the increase of *labour productivity*. The restructuration of the production process, which takes the form of reorganisation and control of the labour process, becomes possible on the basis of the means of production, and with it, an increase in labour intensity. In principle, this also effects a modification of the relations of production, in that they effect modifications in the power relations between owners of capital and the workforce. Such modifications can, depending on the kind and significance of the increase or loss of power,⁶ be finally considered as relevant modifications of the capitalist mode of production and the capitalist social formation (the transformation of capitalism).

2.2.3 *The Compulsion to Innovate and Produce: Structural Over-accumulation, Overcapacities, and Overproduction*

Capital, usually copiously accumulated (“over-accumulation”), forces competing enterprises to innovate and to produce, with the aim to avoid the (usually latent) threat of a crisis that might lead to the reduction of surplus-value and rates of profit and so the devaluation or destruction of capital. Independently from this pressure, strategies of innovation are implemented in order to further the concentration of capital and markets.⁷

Problems of structural over-accumulation generally consist of the amassing of *too much* capital, in the sense that surplus-capital cannot be exploited with an appropriate rate of profit. It is a fact that, in the decades after 1989, media enterprises were able to temper their problems of

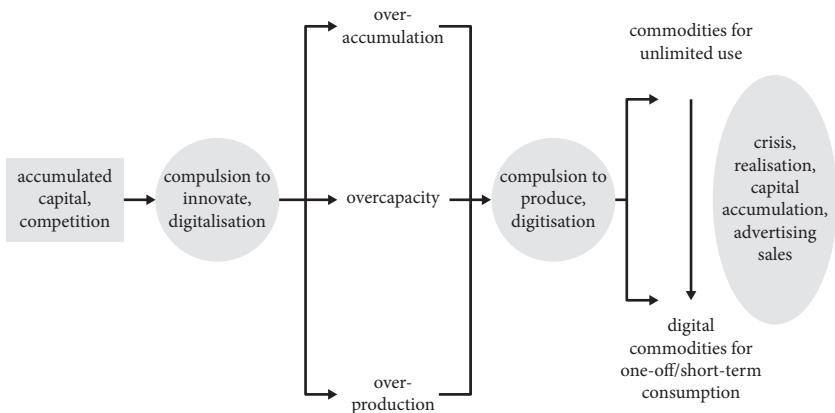


Figure 2.2: Capitalism's immanent, permanent crisis-ridden structural over-accumulation: the compulsion to innovate and produce in the example of digitisation

over-accumulation by expanding to the formerly socialist countries. But, at the same time, the attendant accelerated increase of capital still exacerbated those problems. Structural over-accumulation, and the overcapacity and overproduction that come with it, are expressions of the contradictory nature of the capitalist mode of production (cf. Kisker 1997).

Accordingly compelled to increase innovation and production (see figure 2.2), the entire media industry produces as many digital commodities for one-off or short-term consumption as possible, so that individual media enterprises will inevitably, if to a variable extent, suffer crises in the realisation of accumulated capital via insufficient proceeds from sales and/or advertising.

2.3 The Media Industry's Restructurations

Within the framework of a Critique of the Political Economy of the Media, the author in this chapter seeks theoretical explanations on the basis of elements of the capitalist mode of production; these explanations are focused, under application of Marx's terms and categories, on the fundamental processes of long-term "structural change" in and of the media industry that take the shape of restructurations and transformations.⁸ In what follows, these will, by *systematic abstraction*, be categorised as *substantial modifications in form and formation*, driven principally by the strategies of

media enterprises “as a gradual and diversified process of restructuration” (Dolata and Schrape 2013, 8). Current modifications in the media industry are centred on processes that can be understood as “catch-up industrialisation and tendencies towards the Taylorisation of intellectual labour” (Teschner and Hermann 1981, 129).⁹

In the first instance, I focus my analysis of such long-term *transitional* processes on three essential and interrelated *entrepreneurial areas of restructuration* (all conditioned by the capitalist mode of production): a continual, principally technologically mediated restructuration of *productive forces*, connected to modified restructurations of the *relations of production* and the *capitalist mode of production* in the interest of the valorisation of capital. Media owners drive these transitional processes in individual competition with each other, as they pursue the same interests that all owners of capital in all industries and branches of industry, but also in partial co-operation in the common interest of all owners of capital (for example regarding waged workers, consumers, and the state).

2.3.1 *The Productive Forces: Universal Informatisation and Universal Automation*

The driving force of the capitalist mode of production becomes especially apparent in the continual restructuration of productive forces (means of production and the labour force’s manner of working) that is an existential requirement for the owners of capital. These restructurations are a basic method to increase, in the interest of capital, productivity, distribution, and consumption. It is for this reason that the development of productive forces is often regarded as the main indicator for the distinction of historical levels of development in the capitalist mode of production. This approach is also expressed in terms like “highly technological mode of production” or “high-tech-capitalism” (cf. Haug 2005, Ohm and Haug 2004; Haug 2012, 2008, 2003).

Likewise, the “outline for a theory of the productive force of the media” divides the development of communication technologies as productive forces of communication (art, culture, media) into consecutive phases of transformation and formal modification as graphic, electronic, and digital “media metamorphoses” (cf. Smudits 2002, 73ff). A process seen as related is the continuing industrialisation of cultural activity, which comes with a

transition from a purely formal subsumption under the capitalist mode of production to a real one (cf. Smudits 2002, 146ff).

Over the last few decades, one can observe in the media industry, just as in the rest of society, a discernible development of “informatisation as productive force” (Boes and Kämpf 2012); that is, the restructurations of processes of production and labour are based on the integral use of microelectronics and the Internet (cf. Sauer 2006, 89). This process is even considered by some German sociologists of labour and industry as “a structural transformation of the mode of production” (Schmiede 1996, 15). The term “informatisation” denotes a social development of the productive forces within which intellectual activities (intellectual labour) are subjugated, via computerisation with client-server-conceptions and the Internet as a worldwide “space of information”, to the capitalist industrial process of production and exploitation in the form of “real wage labour” to denote a “new phase of capitalism” (Boes and Kämpf 2012, 317, 326).

In comparison to the previous period of mechanisation, the separation of manual and intellectual work tends to be reversed. Intellectual work is no longer organised according to individual capacity vouched for by qualifications, but is instead integrated into processes supported by computer software (computerisation of intellectual labour). This also facilitates new possibilities for the control of labour and the production process, but most of all the direction of production towards the market, which comes to pass as the valorisation-oriented, flexible standardisation of production by automation (cf. Benz-Overhage, Brandt and Papadimitriou 1982). In this way, “services by individual subjects that, until this point, had escaped capitalist control, are by virtue of the productive forces’ new structure, newly integrated into capitalist valorisation processes” (Boes and Kämpf 2012, 330).

Finally, the restructuration of technological productive forces also serves as a means to stabilise or modify the relations of production as relations of domination or dependency. As a consequence of the de-individualisation as well as the de-qualification of workers, effected by the use of computers as universal machines for the far-reaching automatisation of production, in the context of the situation on the labour market where we find the tendency of journalists becoming “superfluous” and a substantial “industrial reserve army” (unemployment, precariat), power relations are altered significantly in favour of capital at the negative expense of waged and freelance journalists (cf. Schmiede 1996, 44–45).

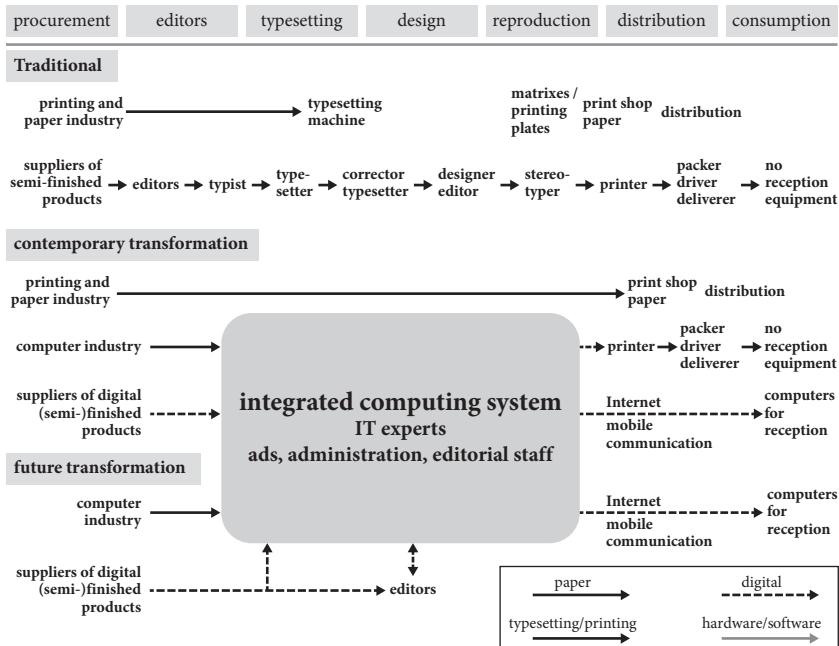


Figure 2.3: The restructuration of the productive forces in respect to media production, media distribution, and media consumption

This is why, since the 1970s, the restructuration of productive forces (see figure 2.3) has been driven by publishing houses in a continual process initially only *inside companies*. Weischenberg (1982) already described this process in its early phase as “technological change of the media”, characterised by mechanisation, automation, informatisation, rationalisation and Taylorisation. This restructuration took its course over several phases, initially against the futile resistance of typesetters, printers, and journalists. Figure 2.3 sketches the three phases of restructuration:

- First, the starting point of the traditional means of production and organisation of labour: only material production with composing room, page make-up, reproduction (print and paper), and distribution. The means of production are controlled by the print- and paper-industry.
- Second, the restructuration as transitional period, during which the means of production are controlled by print- and paper industry *as well as* by the computer industry. Even in this early phase traditional physical production was already gradually digitalised (only printing without

plate and distribution as a “remainder” of material production), but production was still confined to physical publishing products. Yet, many workers from traditional professions in physical industrial production were rendered obsolete alongside the corresponding steps in the production process. During the rest of this stage of restructuration, physical/tangible and intangible (digital) production were conducted on the basis of separate production processes in a complementary manner.¹⁰

- Third, the already foreseeable, future transformation of productive forces, which will be defined by the total dismantling of traditional means of production and the transition to exclusively intangible production. The computing industry alone will dictate the means of production. Some media enterprises have already concluded this transition for some of their products, the rest are currently still working on the integration of physical/tangible and intangible production.

2.3.2 The Relations of Production: The Universal Real Subsumption of Labour Under Capital

The “driving force” of the capitalist mode of production is rendered visible in the continual attempts by owners of capital to pursue the real subsumption of labour under capital via the restructuration of productive forces. This means that production and labour processes are increasingly fine-tuned to the valorisation interests of capital. Within the context of this continual expansive capitalisation of the media industry, the formal and real subsumption under capital also presses ahead in areas of art and culture (painting, sculpture, photography, theatre, opera, concerts, dance, museums etc.) as well as of the Internet and of individual communication (including “social media”) that had so far been only marginally affected or not subsumed at all (cf. Knoche 2001; cf. Smudits 2002, 146ff).

Marx distinguishes between formal and real subsumption, first, in order to differentiate the capitalist mode of production from the pre-capitalist (feudal) mode of production, and second, in order to show the phases of development of the former.¹¹ For Marx, the real subsumption of labour under capital results in the emergence of the “*specifically capitalist form of production*” (Marx 1862–1865, 1024). There are some problems with the criteria Marx uses to distinguish between formal and real subsumption, particularly regarding the differentiation between absolute (increase of

work time) and relative (intensification of work) production of surplus-value and the development of the productive forces of manufacturing and (big) industry. For Mendner, it is clear that “the real subsumption of labour under capital was conducted since its beginnings and did not have to wait for the technological adequacy of the means of production in the shape of machines. Real subsumption does not only take place in the phase dominated by relative production of surplus value” (Mendner 1975, 33).

It therefore makes sense that Mendner distinguishes only two phases of real subsumption according to the development of productive forces: a phase of mechanisation and a phase of automation.

By contrast, Herkommer and Bierbaum (1979, 159), on the one hand point out that “formal subsumption always remains the basis of capitalist production”, and on the other state that “the extension of the work day as a method for the extraction of (absolute) surplus value is not limited to the so-called phase of formal subsumption”.

In the 1970s and 80s, Marx’s theory of formal/real subsumption was the foundation of theoretically led, extensive empirical study in Industrial Sociology at the Frankfurt Institute for Social Research (cf. Eichler, Kocyba and Menz 2010; Brandt 1990, 1984; Schmiede 1989; Institut für Sozialforschung 1981).¹² Most cited was the modification of the theory by Sohn-Rethel (1972, 1978). That said, the proposal was substantially revised on the basis of empirical study, as well as on a theoretical basis by Sohn-Rethel himself, especially in terms of the original “revolutionary-theoretical” assumption of an “alternative, system-transcending formal law” (Brandt 1981, 46).

Schütt, in his application of the theory of formal/real subsumption to the early phase (1970s) of the restructuration of productive forces at press enterprises, that is, the computerised material production via computer-based word processing systems, suggests that the subsumption of journalistic labour under the capitalist press remains merely *formal*, since they brought “no qualitative, but merely organisational modifications of the labour process” (Schütt 1981, 99). Journalistic labour, according to Schütt, was “principally determined, due to its material characteristics, by the subjective capacities of the journalist” (Schütt 1981, 99). He assumes, in the traditional manner, that there is a distinction between mental and material production. Even though, in discussing the introduction of computer-controlled word processing, he describes many features that, according to Marx’s criteria, are markers of real subsumption, he does not recognise the

transition to real subsumption. Schütt's conclusion is based on the neglect of various relevant features of real subsumption for the sole focus on manual labour/ manufacturing, which Marx had listed, amongst others, as a marker of formal subsumption.

In contrast, Jansen (1983, 216, 236, 252, 256) at least recognises "moments of real subsumption" in the introduction of computer-controlled word processing, that is, the productivity-enhancing restructuration of journalistic work (integration of intellectual and manual work) that produces relative surplus-value.

According to the most relevant criterion of *immediate* subsumption under the conditions of capital valorisation, real subsumption in truth begins with the wage dependency of journalists and their fitting into the division-of-labour-based, industrial capitalist production and valorisation process. Since then, three stages of the *gradual intensification* of real subsumption regarding the criterion of the progressive informatisation (automation, abstraction of labour) of journalistic production can be identified. In these three stages, the restructuration or transformation of technological means of production are decisive means towards the "revolution" of the productive forces (with the increase of labour productivity), and towards those of the relations of production (organisation and control of labour):

- 1970s: electronic, in-house, computer-based word processing as well as the cross-company electronic computer-controlled news communication facility of the German Press Agency (DPA),
- 1980s: microelectronic, cross-company, integrated content management systems (workflow control for editing, adverts, technology, controlling, marketing, supply chain, sales monitoring, total quality management etc.),
- 1990s onwards: Internet-based, microelectronic, cross-company, integrated content management systems with automated cross media publishing, dynamic publishing, digital publishing, multi-format publishing etc.¹³

Even the apparently precapitalist mode of production by apparently "self-employed" or "freelance" workers as "owners of the means of production" and individual "free sellers of commodities" is no advantage in the case of "merely" formal subsumption, since, via the integration into the content management system, they are subsumed under capital in a "quasi-real" fashion. What becomes apparent is a double strategy of media capital: on

the one hand, to exploit the advantages of real subsumption of a variable, constantly reduced “core staff”, whilst on the other to avoid the aspects of real subsumption that are potentially disadvantageous for owners of capital (pay rate agreements, labour committees, potential processes of identification by workers, acts of solidarity, collective action etc.) by outsourcing and offshoring. This combination of formal and real subsumption, which, via universal computer technology, is a form of *universal-real* subsumption, is the basis of the optimal valorisation of capital, particularly via the minimisation of wages or payment for waged and “free” labour facilitated by it.

2.3.3 The Capitalist Mode of Production’s Dialectic of Universal Real Subsumption Under Capital and “Potentials of Liberation”

In the first instance, the described processes of restructuration that result in a universal-real subsumption of labour under capital provide the foundation for the increased prosperity of established and new media enterprises and for further concentration processes. But there also are contradictions in the development that can be regarded in terms of their “liberation potential” to partially overcome the capitalist mode of production.¹⁴ They include:

- the dismantling of structural production and distribution monopolies of capitalist media enterprises (that previously facilitated the exclusion of “non-commercial”, “free”, “alternative” media production) via miniaturisation, reduction in cost and standardisation of digital means of production, distribution, and consumption, as well as the enormous reduction in cost (fixed and variable) for production and distribution; in relation to this, reduced dependency on investment capital (as there no longer is a dependency on capital intensive industrial machinery in traditional media sectors);
- the dismantling of structural “gatekeeper” monopolies previously held by capitalist media enterprises by direct communication with consumers that circumvents media enterprises via news, PR, and advertising agencies, enterprises, political parties, state institutions, social organisations etc.

2.4 The Media Industry's Transformation

Beyond the restructurations discussed so far, substantial and fundamental restructurations can also be seen as substantial qualitative transformations. These are most apparent with a view to modifications in the *form of media products*, the *form of capital valorisation* and of *media formation*. This is also the area where the particularities of the media industry that set it apart from other industries become apparent. Regulated in the interest of the dominant owners of capital, these transformations will remain only partial transformations so long as complementary forms of capital valorisation based on complementary forms of products can bring overall higher profits than a total transformation.¹⁵

2.4.1 *The Media Product Form: Universal De-physicalisation, Universal De-temporalisation, Universal De-spatialisation*

The technologically mediated general modifications of media products via digitalisation is of a fundamental nature, and such that the characterisation of this modification as a transformation that reaches beyond individual restructuration appears justified. That said, and against the over-the-top, often misleading ideological use of terms like “immaterial” or “dematerialisation” regarding labour, production, goods or even the entire economy, it is necessary to define what precisely is different in media products today in comparison to their traditional forms (cf. Haug 2003, 97ff).

The content production of texts, music, etc. has as “intellectual” production always been “immaterial”. What is modified is merely the form of their material reproduction/duplication as they are materialised on carriers like paper, CD, etc. A detachment from carriers has taken place since the beginning of radio and television. But the necessity of materialisation as condition for the consumption of “immaterial” products has principally remained. This materialisation has been limited to consumer devices.

In essence, the current transformation of the forms taken by media products that were traditionally books, the press, audio, video, and film is only a “catch-up development” in comparison with radio and television.

As a consequence, the transfer to physical (intermediate) carriers and thus the physicality of the products are eliminated and the physicalisation/objectification, novel for books and the press, is focused on devices of use.

The fundamental novelty/otherness of modified media products lies, and this also applies to the electronic media radio and television, in their universalisation via digitalisation and their consequent de-physicalisation, de-temporalisation, and de-spatialisation. On this basis, new forms of “immaterial” labour (for example “online journalism”, “prosumers”) and new forms of consumption (“interactivity”) are developed via their materialisation on new forms of consumer devices. What is fundamentally new also becomes apparent in the attendant transformation’s modification of the conditions for the valorisation of capital that are the reason for these transformations of media products. For example, on the basis of:

- convergence of hitherto separate *forms* of communication text, audio, image, sound, language, audio vision into universal forms of communication with additional, more complex html-based forms of communication (blogs, postings, links, animations, interactivity etc.);
- abolition of the distinction between press products according to rhythms of publication (daily, weekly etc.) and forms of publication (newspapers, magazines etc.) and replacement of it with “24 hour real time journalism” that is equally permanent and independent of place and time for everyone (as already the case in news agencies);
- automated production for diverse universal consumer devices (PC, smartphone, tablet etc.) “without metabolism”, that is, without expensive and carrier-specific physical duplication and distribution.

The fundamental significance of the transformation of the media product form for media enterprises becomes especially clear with a view to the unique possibilities for the valorisation of capital that it creates: only one original must be produced and then acts as universal, original digital copy. The sale of this original does not include a change of owner, or a time-limited change of hands as in the sale or renting out of physical (media) products; instead, the original remains, regardless of the number of reproductions (downloads), the property of the producing media enterprise. It thus is neither sold nor used up.

2.4.2 *The Form of the Valorisation of Capital: Systemic Rationalisation and Capital Accumulation in the Context of the Modification of the Media Product Form*

Typical for capitalism's most recent development is a general move towards *systemic rationalisation* as a phase of continual enterprise reorganisation, including increase in flexibility, integration, and networking based in a comprehensive informatisation of production and distribution processes (cf. Sauer 2006). The use of developed information and communication technologies serves the central purpose of achieving a radical reduction of production cost and a stabilisation/increase of the rate and extent of profit by *systemic rationalisation*. This goal is decisively met by a technology-based restructuration of the mode and organisation of labour and the resulting increase of productivity.

Integrated content management systems, used as computer-, Internet- and mobile network-based *universal* instruments of production, direction, and control, are applied more than thus far to orient the content of media products towards the demands of the market, also regarding submission to the political and cultural editorial line that takes the form of automated factual constraints. So even journalists become, more than hitherto, a systemically integrated “driving force of the process of valorisation”, even as they maintain their traditional sense of self in terms of subjective freedom, autonomy, self-directed work or even their view of themselves as able critics (Baukrowitz 2006, 112).

With the use of computer technology, capital succeeds in the realm of the media industry in *substantial contrast* to other industries to radically lower the costs for procurement, production, and distribution by focusing on the creation of “immaterial”/intangible online products. The fixed and variable costs per single unit of an intangible commodity converge towards zero. And capital also succeeds in radically lowering fixed constant capital (the costs of the means of production) because there is no longer a need for the printing/reproduction and distribution of physical products. Furthermore, a structural modification of the organic composition of (fixed constant) capital can be realised by increasing the share of the means of production as constant capital in relation to the share of labour power as variable capital. This change of the organic composition of capital is usually achieved by reducing the number of workers whose labour power is replaced by production technologies. At a whole, these

developments create in comparison to all industries focused on physical production (e.g. the car industry) a *unique* foundation for the increase of the rate and mass of profit.

In particular specialised companies in the media sector producing the “classical” carrier media of the press and books face the economic and political necessity to undertake transformations in the form of *systemic rationalisation*. In the realm of the carrier media of audio, video, and film, there is an attenuated necessity for such rationalisation. In the realm of the already largely digitised electronic transmission media of radio and television, this necessity is further attenuated.

Because of the necessarily high importance of the role that the applied media technologies play as instruments of rationalisation, the profit-maximising industry producing means of production (that is moved by the driving force of the capitalist mode of production) exerts an elementary, strong pressure. This industry produces universal digital media technologies that are media companies’ means of production as well as uniform means of production and consumption for producers and consumers. These universal digital technologies are *unitedly universal* for all realms of society, which constitutes one of the main tendencies of the media industry’s transformation.

Accordingly, the actions of the industries that provide the means of production, distribution, and consumption – also driven by the capitalist mode of production – emerge as the real “driving force” behind the actions of media enterprises. Especially print media enterprises are correctly identifying their chance to solve acute or foreseeable capital valorisation problems not only through enormous reductions of costs (investment capital, fixed production costs, and especially the variable cost of reproduction and distribution).¹⁶ But also – and this has so far not been duly acknowledged – by immense increases in proceeds.¹⁷ Further means for the stabilisation or increase in profits are:

- an enormous intensification of journalists’ labour in the form of increased work quotas, achieved by technologically facilitated increase in the rate of labour, modifications in the organisation of labour, but also by unpaid “over-time” (cf. Fuchs 2005);
- a radical reduction in production time as well as in the time needed for the circulation of goods and capital;
- the integration of e-commerce, marketing, advertisement, and social media (marketing and prosumers);

- a shift of distribution costs from media enterprises to consumers (costs for device technology with short innovation cycles, transmission costs for Internet and mobile communication) on the basis of a universalised, digital technological infrastructure for production, distribution, and consumption;
- the transformation of hitherto long-term *use of goods* (media technology and content) into short-term *consumption* via limited access rights (e.g. streaming, automatic deletion of downloads, copyright restrictions etc.), strategies for short cycles of product innovation in combination with *inbuilt obsolescence* (cf. Knoche 2005), and the conversion of bundle-based goods (newspaper, magazine, CD, DVD etc.) towards individual items of *piece goods* (texts, articles, individual tracks of music etc.) sold or rented out individually.

2.4.3 Media Formation: The Universal Form of Production, Distribution, and Consumption and the Universalisation of the Media Industry

Media enterprises conduct the transformation of the media formation via the universalisation of the media industry (Knoche 2016). This universalisation comes alongside a restructuration or dismantling of traditionally separate media sectors, in particular regarding carrier media. The dismantling particularly affects parts of business and trade capital bound up with the traditional distribution of carrier media (wholesalers, book trade, CD trade, rentals etc.). It goes hand in hand with the subsumption of work which had hitherto been unproductive for media industry capital, and which has now been “transformed” into productive labour (Braverman 1974/1998, Marx 1862–1865).

In the current transitional phase, there is a push for the universalisation of the media industry. It takes the form of a successive restructuration of media communication, from traditional carrier or transmission media (production, distribution, consumption) to *universal* online and mobile communication (see figure 2.4). The distribution of uniformly universal, digitalised media products again proceeds via various *universal* transmission networks (digital-electronic broadband cable – and wireless networks, especially Internet and mobile telephony). Consumption takes

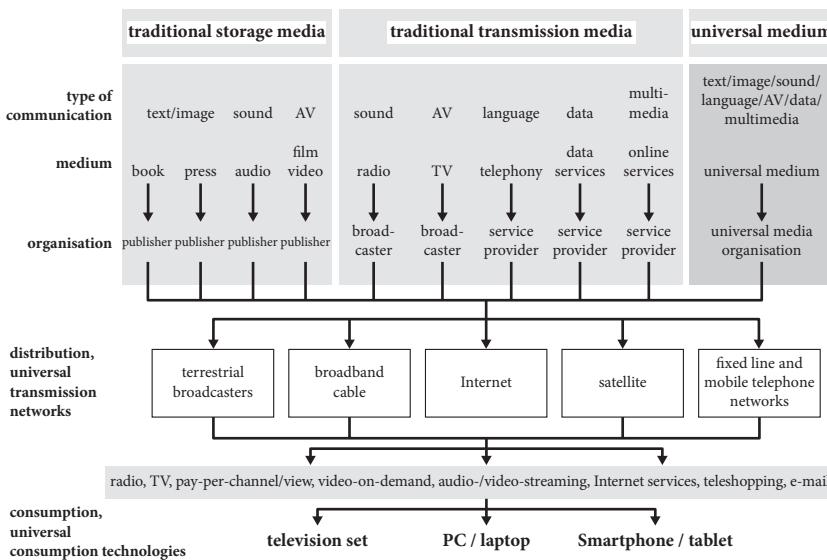


Figure 2.4: The transformation of the media formation: the media industry's partial universalisation

place via combined, diverse *universal* consumption devices (Internet TV, PC/notebook, tablet, and smartphone).

This integration of sectors in the media and communication industry via *partial* universalisation on the levels of production, distribution, and consumption is pursued, during the transitional phase, as complementarity (multiple valorisation) of traditional and universal media alongside each other, but leads up to the establishment of central worldwide *universal media* in the form of media portal or platforms to the ends of the *substitution* of carrier media book, news press, audio, video, and film. Established large enterprises, which had already been restructured as multimedia corporations for some time, are forced to push ahead with these universalisation processes in intensified competition with each other, as well as with the new, highly capitalised large enterprises that are already fully universalised.

Notes

¹ The metaphor “driving force” is used here to imply “impulse, *movens*, motor, motivation”, in the sense of compulsion towards actions for companies and individuals. Capitalist media companies are driven drivers that drive dependant workers in order to effect “media change” in the interests of capitalist owners.

² The following reflections are, within the framework outlined above, only intended as a starting point for what I regard a useful application of work critical of capitalism from neighbouring disciplines to the discussion around the “structural change” of the media; work which, so far, has not been acknowledged within Communication Studies.

³ Technological “change” is even often erroneously presented as a *causative actor*, as is apparent in common expressions such as “the Internet has effects”, or “requires”, or “publishers have to respond to/ become fit for the Internet”.

⁴ Adherents of Popper’s principle of falsification may therefore choose to consider my theoretical attempts at explanation as hypotheses that can claim validity until the point where they will be empirically falsified.

⁵ Crisis is an *enduring* and *essential* element of capitalist production. Crisis and change condition each other in a permanent process. It is therefore academically quite shortsighted when a book title asks “media change or media crisis?” (*Medienwandel oder Medienkrise?*) and thereby opposes change and crisis and reduces the media crisis to a funding crisis or even to a funding crisis of newspapers (cf. Jarren, Künzler and Puppis, 2012, 11ff, 165ff).

⁶ We might place the discussion regarding the autonomy or dependency of journalists in this context.

⁷ The usual means to solve over-accumulation problems, or to prevent them in the first place, are the buying and selling of companies and shares in companies, concentration activities, as well as the opening up of new lines of business.

⁸ Economically, restructuration is understood as “a non-crisis causing, planned and focused modification of organisational structures, processes and systems to the end of increasing effectiveness and efficiency” (<http://www.daswirtschaftslexikon.com/d/restrukturierung/restrukturierung.htm> (16.4.13)). Restructuration is more comprehensive than the equally common term reorganisation.

⁹ Accordingly, there is also a required catch-up in industrialisation in scholarly reflections within Communication Studies as well as in the consciousness of media workers.

¹⁰ Currently many media enterprises are increasing the integration of physical and intangible production.

¹¹ Subsumption signifies the direct subordination/ submission of labour or labourers as waged workers, and more generally of the production and labour process under the conditions for the valorisation of capital (production of surplus-value).

¹² This period at the Frankfurt Institute for Social Research, during which Gerhardt Brand was Theodor Adorno’s successor as director of the institute between 1972 and 1984, and which saw scientific research led by Marx’s work, is completely neglected in the available and substantial histories of the Frankfurt School (cf. Eichler et al. 2010, 164).

¹³ In the US, “robot journalism”, that is, mechanically generated production of text by programs like “narrative science” for sport, finances and real estate are

already trialled (cf. *Frankfurter Allgemeine Zeitung* 4 April 2012 – <http://www.faz.net/-hbj-6yw8g> (accessed on 29 October 2019).

¹⁴ For more details on “liberation potentials” see Knoche 2014.

¹⁵ It is in this way that the staging of a nervous search for “new business models” as the supposed main problem of “structural media transformation” is misleading, a manipulation by enterprises and an error committed by those who believe and reiterate it (cf. Knoche 2014).

¹⁶ Current complaints by publishers about reduced turnover are thus in no way an indication of reduced profit.

¹⁷ So, the technologically based modifications of the capitalist mode of production, actively pursued by enterprises of the extended media industry, also facilitate the new profitable “business models” (cf. Knoche 2014).

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CHAPTER 3

The Media Industry's Structural Transformation in Capitalism and the Role of the State: Media Economics in the Age of Digital Communications

3.1 Introduction

It seems obvious that neither a neoliberal “invisible hand” (see Abrahamson 1998), nor the sovereign consumers that macroeconomics postulates, nor system theorists’ apolitical space that features autopoietic systems and subsystems, bring about the media industry’s structural transformation. Instead, the multitude of empirical evidence showing the national and international movement of capital in the media industry’s different sectors (Röper 1999; Europäisches Medieninstitut 1995; Hagen 1996; Kohlstedt, Seeger and Woldt 1996/1997; Kleinsteuber and Thomaß 1996; Sjurts 1998), indicates the necessity for Media and Communication Studies to take an approach oriented on Media Economics that focuses on the analysis of capital as the evident main factor in the media industry’s structural transformation.

The type and the intensity of contemporary capital movements are not something fundamentally new. Already at the start of the 1990s, the economic press reported: “Acquisition, sale and takeovers, holdings and joint ventures worth billions of dollars characterise this phase, in which large parts of the entire media industry are economically restructured, segmented and rearranged” (Luyken 1990, 621). The integration of telecommunications, the computer industry, and the Internet into capitalism as fields for capital¹ activity created the preconditions for a multitude of further capital movements. This situation has been aggravated by the fact

that the media industry, no matter if rightly or wrongly, is increasingly seen as a profitable, future-oriented growth industry.

The necessity of a capital-centred media-economic research approach can also be justified from a theoretical perspective: the globally dominant economic and societal order is rightly called capitalism,² and the owners of capital have in this system a constitutionally protected and almost invulnerable position and freedom of action (see Knoche 1997, 127ff). The far-reaching privatisations, i.e. capitalisations,³ of sectors that were organised as public services or by the state, and the extension of the media industry that has come along with this development, have without a doubt further increased the need for a realistic and fruitful engagement in Media and Communication Studies with capital's laws of movement in general and media-capital's laws of movement in particular. This necessity is especially evident in the still dominant phase of neoliberalism in economic theory and economic policy-making that justifies an almost unrestricted autonomy of capital that accepts "the market" as the only regulator in a "free play of forces".

Another theoretical reason why there should be academic interest in capital movements and their implications in the media industry as particular sector of the capitalist economy is that capitalism has structurally changed. Such transformations have also been discussed from a critical perspective in Economics and Political Science (see for example Altvater 1991; Altvater et al. 1999; Heinrich and Messner 1998; Hirsch 1990; Hirsch 1998; Hirsch and Roth 1986; Jenner 1999; Klages and Strutynski 1997).

This contribution focuses on capital movements and capital strategies in various media sectors. It also analyses implications for the media industry's structural transformation. The foundation of this analysis is the systematic exposition of the media and communications industry that in the course of far-reaching privatisations has expanded. I introduce primarily microeconomic causes and triggers of the identifiable capital strategies. Based on this analysis, I will put the structural transformation of the media industry into a macroeconomic context by relating it to general tendencies of capitalism's structural transformation and to developments in theory that explain these tendencies. I conclude the analysis by pointing out foundations of the relationship of capital and the state. Both play a role in the advancement of the media industry's structural transformation.

3.2 The Movement of Capital

Important legal foundations of the existing capitalist economic system and society, whose premises, norms and laws also apply for media capital, include constitutionally protected economic freedoms such as (see Knoche 1999a, 91):

- The freedom of private ownership of the means of production;
- The free use of private property;
- The freedom of trade;
- The freedom of contract;
- The freedom of competition.

The economic imperative of capitalism and especially of neoliberal “turbo-capitalism” (Fehrman 1999) is that capital must be in movement. Capital must, as a matter of its own life and death, “work”: It must be productive capital in the sense that it is used for the production of surplus-value and thereby yields profits for the capital owner. Unproductive, unprofitable capital is dead capital that not just harms the capital owner, but the total economic system and society.

Media production is from the economic perspective of media companies a means for the socially accepted and legitimised goal of individual companies’ profit maximisation (Knoche 1999c, 135ff). Capital owners invest capital, often just temporarily, into media products as commodities, in order to rapidly achieve surplus-value and to so convert capital into more capital. Because media corporations and advertisers are interested in a short-term and cheap circulation of their commodities and of their capital (Holzer 1994, 202–203), media companies strive to “extoll their commodities” and to make use-value promises in order to reduce the time these commodities stay in the circulation sphere and to realise an optimal monetary exchange-value that guarantees the company’s profitability and further existence.

Profit maximisation is, in capitalism in general, and therefore also in the media system, not a cause of societal problems, but rather capital owners’ often legitimised, everyday economic imperative: they not only increase their own capital, but thereby also make an important contribution to the functioning of capitalism as economic order and societal system. Capital movements “serve” to sustain the system and are therefore also an indispensable systemic necessity. It is characteristic for the contemporary media industry’s structural transformation that not only traditional media

capital, but increasingly also capital from other economic sectors is active in it. One can therefore speak of an extended media and communications sector (see Schrape et al. 1996, 124ff) and of an extended media economy (see Kohlstedt, Seeger and Woldt 1996/1997, 168). Based on a distinction among the main areas of capital use in the media industry, I suggest discerning four types of capital (Figure 3.1):

- First there is *media capital* in a closer sense. It is active and valorised in the production and distribution of information such as texts, images, sound, and audio-visuals in classical media sectors such as press agencies, newspapers, magazines, book publishing, radio, audio, television, film, video, and media distribution.
- Second there is *media-oriented capital* that is only partly valorised in the classical media sectors. It is used in the technical production and distribution of media products and in the production of media technologies. Of particular importance are the paper industry, the printing industry, the machine-building industry, the consumer electronics industry, the chemical industry, broadcast technology, trade, postal services, etc. Also capital that operates in media-oriented advertising, PR, marketing, and consumer research belongs to this second category.

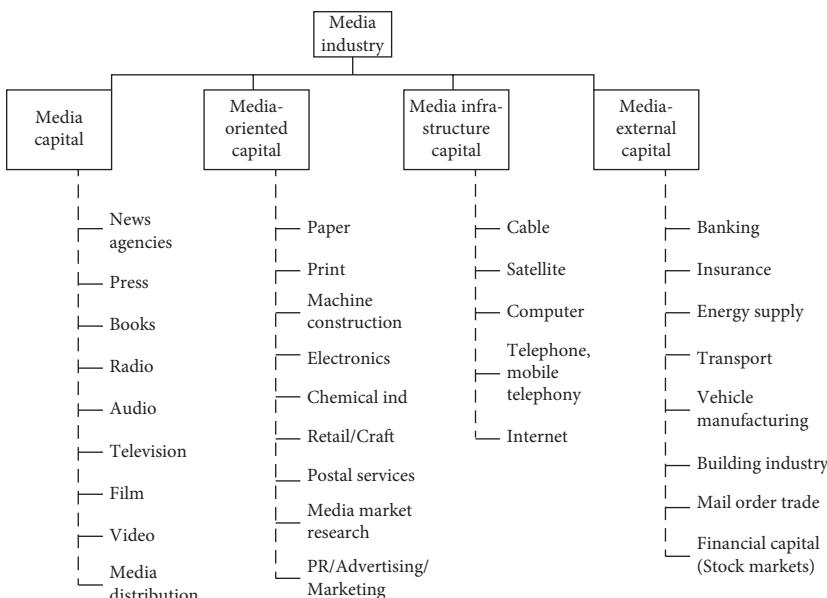


Figure 3.1: Four types of capital in the media industry

- Third there is media capital in the sense of the extended media industry. It can be termed *media infrastructure capital* and operates in the transmission of information and telecommunications services. It includes capital that operates in the cable, satellite, telephone, computer, telecommunications, and online industry.
- Fourth one can increasingly find *media-external capital* in the media industry, including the capital of banks, insurances, trade, construction, utility, vehicle construction, transport, and other businesses. There is a tendency that capital from all economic sectors operates in the media industry. This also includes financial capital that operates in the form of loans and share capital in the media industry.

At the start of the 1990s, capital-intensive print media companies engaged in capital movements across media sectors in order to create multimedia corporations. The privatised television sector was the main area of activity (Luyken 1990, 626ff). The capitals accumulated in the print media sector have stayed influential. But because of the intertwining of the print and the film industry, there has been a centralisation of multimedia capital (Röper 1999). In addition, large capital movements originate in the computer industry and media-external capital.

Capital movements across media sectors have also reached the telecommunications industry, digital media, and the Internet's online services. Overall there is a dynamic process of interweaving capital movements across media sectors that has resulted in the extension of the traditional media industry and an extensive interweaving of media sectors (Figure 3.2). There is a tendency that an integrated "universal" media industry replaces the traditional separation of different media sectors. This universalisation of the media industry takes place at the level of capital and institutions and is likely to affect the whole process of media production and its functions.

3.3 The Structural Transformation's Capital Strategies and Activity Fields

Capital-intensive media corporations are particularly crisis-prone. Therefore, and because at the same time they control sufficient capital and market power in order to successfully survive crises, such capital-intensive companies are usually the media industry's most active structural transformers. Often the result is the de-valorisation of capital in competing

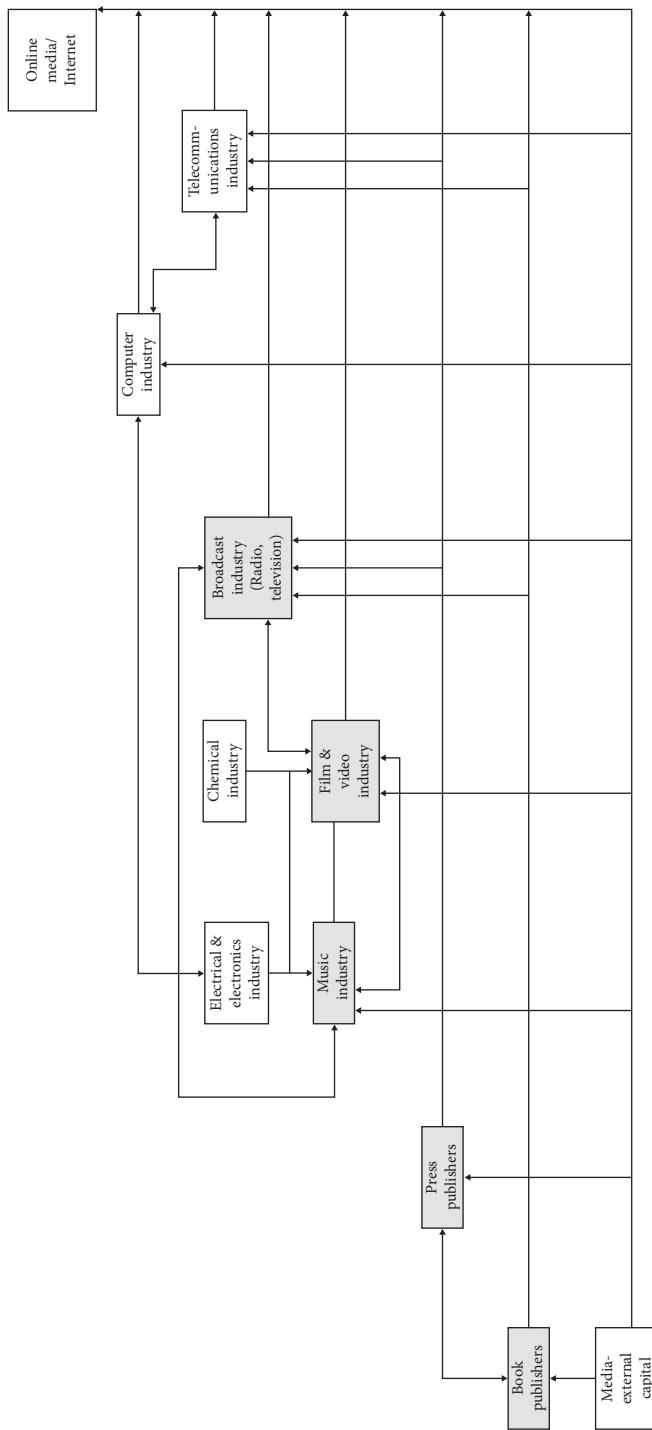


Figure 3.2: The media industry's capital movements as dynamic interweaving process

companies that only hold small amounts of capital. The employed capital strategies largely determine what kind of structural transformations take place in which of the media industry's sectors at what times. These strategies appear to be offensive and expansive. Their nature is however that they are defensive strategies for overcoming existing economic crises or preventing possible crises. Limiting risks is at the core of capital's strategies (Bächlin 1975, 95ff; Kiefer 1998, 100ff).

What drives capital? What is the cause of capital's enormous drive for movement that makes it such a central structural transformer of the entire economy and especially the media economy? Given the pressure of saturated markets, the over-accumulation of capital associated with it and the tendency of the profit rate to fall, capital has to seek new, profitable spheres of investment and production-oriented capital valorisation.

Such investments are only worthwhile when there is a relatively secure prospect that the profit rate is higher in the new spheres of production than the one that would be achieved by no longer investing capital in the media industry, but in more profitable economic spheres or by operating as capital invested only in banks and the stock market. Capital is in principle not bound in respect to the production of particular products. It therefore readily moves from one industrial sector to another as soon as a higher profit rate can be yielded or when there is the expectation for such an increase. The media industry tends to be seen as a profitable growth industry, which explains the capital movement from other industries to and the investment of financial capital into the media industry.⁴ Coordinated capital strategies that aim at the domination of media markets are the media industry's central interest:

- Co-ordinated capital strategies operate on the one hand by opening up new spheres for capital investment and new mass markets for new media sectors that can for example be conquered because of privatisations.
- Co-ordinated capital strategies operate on the other hand by opening up new market segments in traditional media sectors that have largely saturated markets. In such cases, product variations, product diversification as well as digitised media products' multiple valorisation are used as strategies.

In this context the development and the use of old and new media technologies, i.e. technologies used for production, compression, storage, transmission, encryption, and reception, are important (Schrappe et al. 1996,

11ff). They can be used for attaining four strategic goals that are foundational for the valorisation of capital and profit maximisation.

3.3.1 The first strategic goal: The substitution of “old” by “new” media technology

This strategy has the goal to turn products that originally are consumer goods for long-term use into short-term disposable goods⁵ that advance capital's valorisation interests.⁶ Capital to a significant extent stimulates the purchase of additional or replacement appliances by manifold product variations (design, features, reception quality, upgrades, modifications of functions and usages, combination with accessory units, etc.) and by a consciously created short product life cycle of “old” media technologies. But only the offer of a “new” reception technology that is not compatible with the old one and in the ideal case comes along with the cessation of the “old” technology's production, puts the necessary pressure on the allegedly sovereign consumers in order to create new mass markets for replacement and additional technologies.

The introduction of new technologies is both an interest of hardware producers (media players and storage media) and content producers. Expressed differently: Such an introduction is an economic necessity for both as soon as the limits of market saturation are reached.

For the content industry there is the necessity to valorise old contents in a new way over new storage media in old or new markets. This is an economic necessity because on the one hand there is a lack of successfully marketable new content and on the other hand successful products (“hits”) can only be sold multiple times over new carrier media. Here are examples for such strategies⁷ that are mostly used globally:

- Radio: tube radio, transistor radio, mono radio, VOR radio, stereo radio, combined radio and cassette player, radio with cassette recorder and CD player, hi-fi system, PC and Internet radio, “universal player”⁸
- Television: monochrome television, colour television, stereo television, 16x9 television set, digital set-top-box, PC and Internet-TV, “universal player”.
- Audio: record player, tape recorder, cassette tape recorder (mobile: Walkman, car cassette tape player), audio CD player, player for CD-R/CD-

RW/SACD/HDCD (mobile: Discman, MP3 player, car CD player), mini disc player, DVD player, digital audio tape recorder (DAT), radio, PC and Internet audio, “universal player”.

- Video: optical videodisc, video tape recorder, DVD player, player for DVD-ROM/DVD-R/DVD-RAM/DVD+RW; television set, PC and Internet video, “universal player”.
- Press: paper, digital publishing, PC desktop and online publishing, “universal player”.
- Books: paper, PC and online publishing, e-books and tablets, “universal player”.
- Telephone: cable telephone, cordless telephone, fax, combined telephone-fax, videophone, mobile phone, Internet telephone, “universal player”.
- Computer: combination of hardware and software: Intel 8088, Intel 80286, Intel 80386, Intel 80486, Intel Pentium, Intel Core, Intel Celeron, Intel 64, Intel Xeon, AMD 29x, AMD Kx, IBM x86, IBM PowerPC, “universal player”.

The market for recorded music is an impressive example for the connection of market saturation and the use of the capital strategy “replacement of old by new media technology”. Sales data for the German music industry⁹ shows that CD albums were introduced in the 1990s at a time when the market for the sales of vinyl LPs and cassette tapes had reached saturation and that the download of digital music was introduced in the middle of the first decade of the 2000s when the sale of CDs and DVDs had reached saturation.

3.3.2 The second strategic goal: New transmission channels for “old” media products

On the one hand the cable and satellite industry, the phone industry, and the industry producing auxiliary devices (equipment for sending and receiving information, satellite dishes, receiver, decoder, set-top-boxes, etc.) are interested in this strategy in order to open up new sales markets that help to replace old by new transmission technologies. On the other hand also media content companies are interested in this strategy because

it allows them to expand the market for the sale of media products that are transmitted over different channels. Here are some examples:

- Press: broadband cable, fibre optic cable, broadband-ISDN, Internet, “universal network”¹⁰
- Broadcasting: terrestrial broadcast network, broadband cable, satellite transmission, fibre optic cable, broadband-ISDN, Internet, “universal network”.
- Telephone and data transmission: analogue narrowband network, digital network (ISDN), broadband ISDN, Internet, “universal network”.

3.3.3 The third strategic goal: New property rights for media sectors and networks

The opening of spheres for capital investment in the realm of “new” media sectors and networks has become an important capitalist strategy in the media industry. It involves the formation of property rights for media products and rights of use for networks, which implies their commercialisation. Examples are digital pay TV, online services, and networks that have been commercialised (Schrape et al. 1996, 43ff). This strategy includes the commercialisation of media sectors that have previously been non-commercial as an important aspect of the media industry’s structural transformation.¹¹

Because of its fundamental importance to the media industry and the media system’s further development, the capitalisation and “conquer” of digital television and the Internet play a key role in this context. In the course of the digitisation of media technology and the associated possibilities for the cost-saving non-physical design of products and the non-physical distribution¹² of media products that earlier could only be distributed in physical form over physical carrier media, property rights on media (content) products and on the technical access possibilities for a mass audience play a key role. It is therefore only consequent that corporations such as Bertelsmann, Murdoch’s News Corp, Berlusconi’s Mediaset, the RTL Group, or Canal+ have used this third type of strategy in order to obtain property rights access possibilities. They also make use of capital investment in shareholding companies, co-operation or strategic partnerships to attain these goals. Examples include:

- Television: analogue (pay per channel), digital (pay per view, video near on demand, video on demand).
- Press: Internet (online-newspapers, online-magazines, electronic paper distributed on e-book readers).
- Books: CD-ROM, Internet (book on demand, e-book), e-books distributed on e-book readers.
- Recorded music: Internet (audio/music on demand, iTunes, Spotify).
- Video: Internet (video on demand).
- Internet access: Internet service providers, navigation systems, online services.
- Networks: terrestrial broadcast networks, analogue narrow band networks, digital telephone networks (ISDN), cellular phone networks, broadband cable networks, satellite networks, fibre optic cable, B-ISDN with ATM (broadband-ISDN with asynchronous mode of transfer), “universal network”.

Media technologies and media products that are goods for multiple use (as for example the book, sound carriers, the cassette recorder, the radio set, video, the video recorder, the television set, or the CD-ROM) have in contrast to media goods that consumers tend use just once (such as the newspaper, the magazine, radio and television programmes) the economic disadvantage for media corporations that besides the tendency for media technology's longevity and the associated tendency for market saturation, there is the technical possibility for everyone to copy and duplicate media contents free of charge, which can result in decreasing profits.

Media companies are confronted with the general threat that they cannot increase the capital they invest into production to the desired or expected degree. They can even lose part of this capital. This problem has been exacerbated by the improvement of digital storage-, data compression-, transmission-, copy- and playback-technologies as well as by the Internet's technical possibilities. The global music industry is worried by the thereby existing possibilities for non-physical distribution (free of charge) of music over the Internet (supported by compression formats such as MP3). What the industry calls from its standpoint “pirate copies” or “piracy” can reduce these companies' profitability to a significant degree¹³ (see Hertz 1999).

That corporations secure property rights on the products that they pre-finance with their capital has always been a necessity for their

continued existence. They have in co-operation with state power developed “intellectual property rights”¹⁴ as key instruments for copy and duplication protection that outlaw the “illicit” reproduction, i.e. reproduction without companies’ agreement or without payments to them. Book and press publishers have secured themselves monetary payments (“levies”) from libraries and copy-shops in order to yield profits from such copyrights. Such levies partly also benefit the creators (in publishing there is for example in Germany the collecting society WORT). There is also an organised levy and control system for the reproduction and play of audio-recordings, videos, and movies (in Germany this is the task of the GEMA – Gesellschaft für musikalische Aufführungs- und mechanische Vervielfältigungsrechte [Society for musical performing and mechanical reproduction rights]). It secures the intellectual property rights and copyrights that media corporations have secured for themselves.

Because property rights are in the media industry even with penalties hard to enforce, media corporations have developed and used technical means for copy protection. Also the computer industry uses such technologies in order to prevent the copying of software. The music industry has undertaken great efforts to establish technical copy protection in addition to legal copyright protection. For doing so, it makes uses of new technologies’ advantages. Encryption and encoding technologies that can be used in manifold ways in the realm of digitised media products guarantee an almost perfect copy protection.

The industry uses for example computer-readable identification numbers on CDs, digital watermarks embedded into music or films, or registered private codes or customer numbers. The entertainment industry, the telecommunications industry, and the computer industry collaborate in the development of such protection systems. Already in 1996, 100 members states of the World Intellectual Property Organization (WIPO) agreed on legal protections against the bypassing of technical copy protection and the legal ban of technologies that allow such bypassing (Hertz 1999, 68f). They thereby have supported the music and film industries’ economic interests. Publishers have undertaken similar measures in the realm of digital book publishing (Rink 1999).

3.3.4 The fourth strategic goal: The reduction of production and transaction costs: Towards the media system's universalisation?

By using new media technologies, media corporations can achieve their fundamental and strategic goal of reducing production and transaction costs in manifold and partly radically new ways. Large media capitals have partially realised technically possible strategies and have thereby driven forward the media industry's structural transformation. The various planned and applied strategies result in a step-by-step structural transformation in the process towards which the media industry can be developed in the direction of a "universal medium"¹⁵ in respect to technologies, products, and economic institutions. A universal medium also implies the existence of a universal network and a universal receiving set so that media content reaches consumers.

It is difficult to forecast the development and duration of the long-term universalisation process and how it will unfold in various media sectors at the level of media-production, -distribution and -consumption. The universalisation of the media can call forth media capitals' resistance if they perceive the partial universalisation of the media system as a threat to their existence. This is especially the case for companies engaged in the traditional distribution of physical media products. The internally contradictory interests of the most powerful and market-dominating capitalist media corporations determine the degree, sequence, and speed of the media system's universalisation. They too are at least for the foreseeable future only partly interested in media universalisation because complementary production, distribution, and consumption serves their interests in capital's valorisation better than substitution.¹⁶

The existing separation into different media sectors that focus on textual/visual communication (press, books), audio communication (radio, audio-recording), audio-visual communication (television, video, film), voice and data communication (telephone, Internet) has just like the separation between different means of transmission, the separation between different storage media, and the separation between different receiving sets, thus far remained economically desired and used in the interest of capital's valorisation, although there are technical possibilities for overcoming this separation (Ouaj et al. 1998, 74).

The realisation of a consequent universalisation-strategy (aiming at unified digital and electronic media production for all forms of communication, a unified digital and electronic transmission channel that uses the possibilities posed by interactivity, as for example on the Internet, in fibre optic networks, on broadband-ISDN or on the basis of the Asynchronous Transfer Mode [ATM]¹⁷, as well as a unified digital electronic receiving set such as the PC or networked television) would have consequences that could threaten capital. The universalisation of the media system and even the partial integration of different media sectors as its preliminary stage would render capital investments in several media sectors largely functionless and therefore dispensable.

It is not the case, as however media corporations and many scientists often foreground, that consumers' lack of acceptance and their lack of willingness to pay (that certainly exists in the medium-term) is decisive for the universalisation of the media system's "non-realisation". The economic "convergence obstacle" (Garnham 1995, 75) is rather opposed by media capitals' elementary interest in media products' multiple valorisation and their interest in the preservation of possibilities for capital's valorisation-possibilities in existing production and distribution sectors.

Past examples show that media corporations have the potential to "create" the acceptance of "new" media by fostering costly forms of marketing and advertising. If necessary they can do so "by force" and make exclusive offers of media products or non-compatible media technologies. This could be particularly successful in the case of a universalisation of the media system because the latter could bring about economic and communicative advantages for consumers (fewer financial expenditures for different media products and technologies that overlap at the content level, larger satisfaction of communicative needs, etc.).

Such a universalisation is an economic threat to the affected mobile capitals. They could however escape it by moving into other economic realms. One can however expect that the devaluation of capital would especially affect small retailers in the distribution sector. Employees affected by capital's outsourcing and devaluation have substantially fewer possibilities to transfer their only "capital", namely their labour power, into other "investment spheres". This circumstance illustrates capitalism's fundamental contradiction that it can be in the employees' existential economic interest that a functionally dispensable or even hazardous form of valorising capital is kept up, although the workers as consumers or citizens

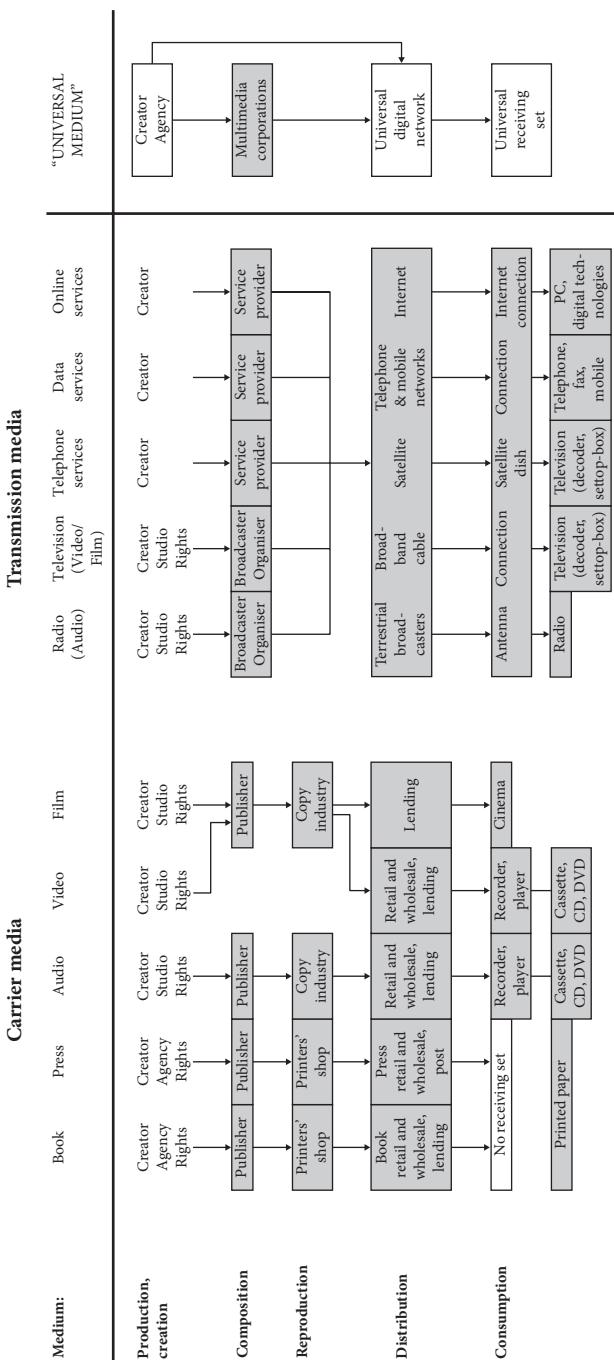
could, as in the case of the media system's universalisation, have an economic and/or an ideational benefit from the cessation of media products' separated ("expendable") manufacturing and distribution.

This circumstance can be very well demonstrated by a comparison of the multitude of existing separated stages of production and distribution and their technically possible and, for the respective beneficiaries, economically attractive discontinuation in the course of the digital universalisation process (figure 3.3).¹⁸

1. Production: The dispensability/omission of separate corporate divisions for the production from specific forms of communication, especially "bounded" types of communication such as textual, visual or audio communication.
2. Storage/Reproduction: Dispensability/cessation of corporate divisions for the manufacturing of carrier media/storage media, sound carriers, video carriers; of specialised corporations that print media, of paper used in printing media, bookbinding, pressing and copying of sound carriers and videos.
3. Distribution/Transmission: Dispensability/cessation of corporate divisions for the distribution of print media (press/book-retail, postal delivery, publisher-owned distribution); of sound carriers, videos, and movies (retail, video stores, cinemas); of companies that produce separate networks (narrow band- and broadband-cable networks, etc.).
4. Consumption: Dispensability/cessation of corporate divisions for the manufacturing of separate receiving sets for sound and audio-visual media.

This technically and economically in no respect utopian universal "convergence" of the media system would primarily benefit only parts of media capital, which would at the same time become "offenders": they would benefit at the expense of other parts of media capital, which would become the structural transformation's "victims". For most media capitals, such strategies that are technically possible and that at the level of the total economy and corporate policy "rationale" partly also benefit consumers' economic interest, are not feasible goals.

On the contrary: the realisation of a universal media system and technology would on the one hand threaten certain companies' quasi-monopoly positions in specific traditional media sectors. It would on the other hand existentially endanger capital's valorisation in the media-oriented



Grey areas: indicate corporate realms that are (partly) unnecessary for the production, distribution, and consumption of a “universal medium”

Figure 3.3: Media's traditional production, distribution, and consumption vs. “universal medium”

economy as well as in a multitude of the media economy's traditional subareas. Even large parts of the consumer electronics industry would be affected, at least in the part that produces in principle "unnecessary" storage media and receiving sets.

But also the potential economic beneficiaries of the media industry's universalisation, i.e. the dominant multimedia corporations as well as big corporations in the electronics industry, the information technology industry, the telecommunications industry, and the media infrastructure industry, tend to only have a limited economic interest in a fast and extensive universalisation. They tend to consider the centralisation of capital in the media industry as not advanced enough. The universalisation of the media system would undermine these companies' basis for the already discussed multiple possibilities for the multiple valorisation of media technologies and media products in various media markets.

The organised and controlled multiple valorisation of media (content) products is, because of the non-physical character of these products, relatively cost-efficient (Kiefer 1998, 110–111). It has therefore traditionally widely advanced. It further advances in the course of the media industry's structural transformation based on digitised products (see Luyken 1990, 634ff, for a discussion of the television market's structural transformation). One can observe that the traditional "windowing" of media products, i.e. the strictly time-delayed multiple valorisation of movies over diverse distribution channels such as the cinema, video, pay-TV, and freely accessible television, tends to be complemented by "versioning", i.e. the distribution of media products' various versions and in the context of diverse usage aspects (European Communication Council Report 1999, 54, 186ff).

It is a basic element of the capitalist economy and capital owners' interest that technical progress only takes place piecemeal in successive development cycles and is only made available bit by bit according to the specific valorisation interests of the largely concentrated capital that dominates the market and its specific production- and sales-strategies in particular phases.¹⁹ This means for example at a concrete level that already developed technologies are retained, i.e. not made available for use and kept from the market, until the market for the "old" technology becomes saturated so that the use of "new" technologies becomes necessary and economically profitable. Well-known examples are the conscious "retention" of the production of colour television sets and CDs.

The media industry also provides many examples for the acquisition of patents in order to use them as “blocking patents” against unwanted products (Jürgens 1976, 21). Conversely “new” technologies are often only developed, produced, and marketed in a certain phase in an anticipatory manner in order to open up new markets that are economically necessary at these points of time. The development of certain technologies is deliberately stalled when it is unprofitable from the logic of valorisation and competition or is considered to be “premature”.

Capital to a large extent determines technologies’ development and (commercial) use. It in this context makes use of large financial subsidies provided by the state for long-term large-scale research and development projects. The development of the Internet is in this respect somewhat atypical because in its early phase it advanced without capital’s direct influence. Established traditional media corporations have at first seen the Internet and the World Wide Web (WWW) as an annoyance or even a “threat”. With the Internet’s rising importance, they have tried to develop strategies of how to use the WWW for sales, advertising, marketing, promotion, and public relations.

On the one hand the Internet opens up possibilities that are in principle “detrimental to the system” and enable non-commercial media production. On the other hand it enables the direct and interactive communication between recipients and authors, artists, news agencies, the economy, public administration, civil society organisations, and institutions. Existing media as economic institutions (corporations) thereby become in principle unnecessary.

Established traditional media corporations also consider the Internet a threat to their economic interests because it opens up the following possibilities:

- Intellectual creators can economically valorise their media products directly and without economic dependence on established media corporations.
- The same is true for organisations such as news agencies and information services,
- and also holds for the advertising industry, which has the interest to individualise, personalise, and target advertising.
- Likewise all political, cultural, academic, and social institutions and organisations can distribute their information and opinions²⁰ directly and independent of established media corporations.

So media capital takes initiatives to economise, commodify, and commercialise the Internet and turn it into an instrument for its interests so that it becomes subsumed under the control of the dominant capitalist economic and media system. Established media corporations' complementary use of the Internet as distribution channel in various media sectors is part of this strategy.

Media capital for example engaged in online services of news agencies, newspapers, magazines, radio, and television that at first were largely offered without costs to the consumers, but have in the meantime to a certain degree become subscription services.²¹ It also invests in Internet shopping in order to sell books, CDs, and movies.

In summary we can ascertain that capital that is invested in the media industry advances a fundamental and extensive structural transformation of the media industry in a multitude of activity fields (figure 3.4). Media corporations' structures and organisations are on the one hand fundamentally transformed by capital concentration and strategic alliances between already highly concentrated single capitals. On the other hand these developments have also structurally transformed the production and distribution of the media and the modes of production. These developments have had far-reaching consequences for media and cultural labour, education, and the job market (Altmeppen 1999). Because of the transformations of media production that the development of media technology has brought about, also media market research and media marketing face new challenges such as online research and online marketing.

The key structurally relevant activity field for capital strategies is the influence that media markets' and the media system's restructuring have on media consumption. The structural transformation advanced in single activity fields has impacts that go far beyond the media industry: Just like in the past, the media economy's structural transformation also today largely influences media politics and media policy-making. Media policy-makers usually either only react ex-post to capital strategies' "accomplished facts" by legitimatising these strategies at the political and legal level (Knoche 1996b) or promote and stimulate structural transformations in the interest of capital (Knoche 1996a). It is not an exaggeration to say that the media industry's structural transformation, because of its fundamental importance, influences the development of national economies and in the context of internationalisation and globalisation tendencies also the world economy. The media industry's structural transformation impacts global

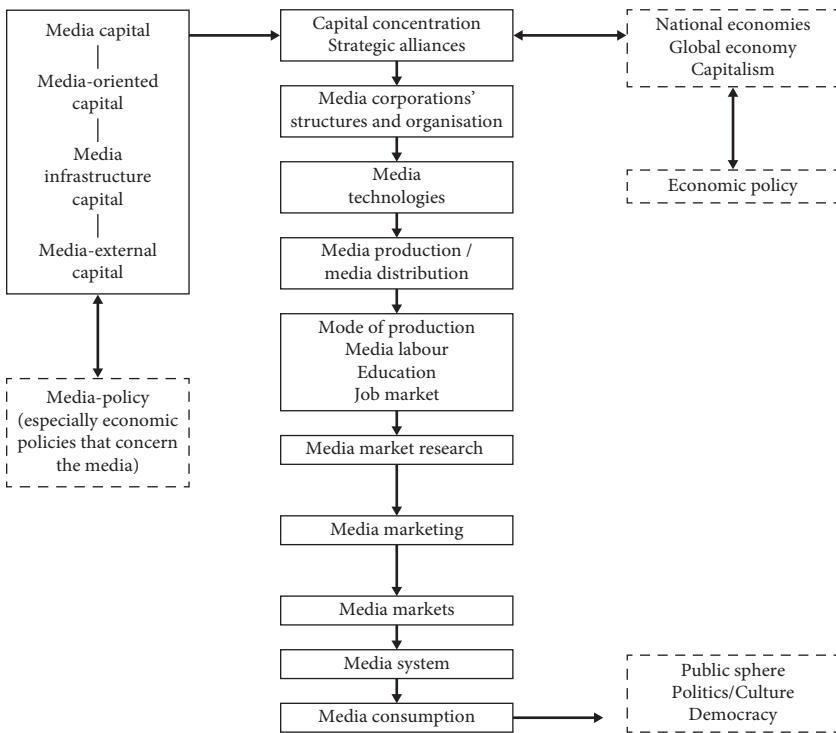


Figure 3.4: Activity fields of the media industry's structural transformation

capitalism's development. One must also take into account the extent to which the media industry's structural transformation has transformed the public spheres' structures in the political and cultural systems and thereby also democracies' development (Knoche 1999b).

3.4 Media Capital's Centralisation as the Means and Expression of the Media Industry's Structural Transformation

Concentration-supporting capital movements such as acquisitions, mergers, capital interlocking, cross-ownership, joint ventures, co-operation, strategic alliances, business webs, etc. are central means for achieving the identified strategic goals. An associated tendency is media capital's and media markets' internationalisation, which also advances capital concentration. Measures resulting in capital concentration and co-operations

that tend to have the same result are often legitimated with the argument that concentration and co-operation support the maintenance or the creation of international competitiveness. Such a focus on concentration contradicts capital's generally propagated principle of competition.

Examples for the unified use of almost all discussed capital strategies are the strategies of large media corporations such as Bertelsmann, Axel Springer, Murdoch's News Corporation, Berlusconi's Mediaset, Time Warner, The Walt Disney Company, etc. (see Artopé and Zerdick 1995). Their strategies focus on multimedia, are international, and result in capital concentration (Hagen 1995; Sjurts 1998).

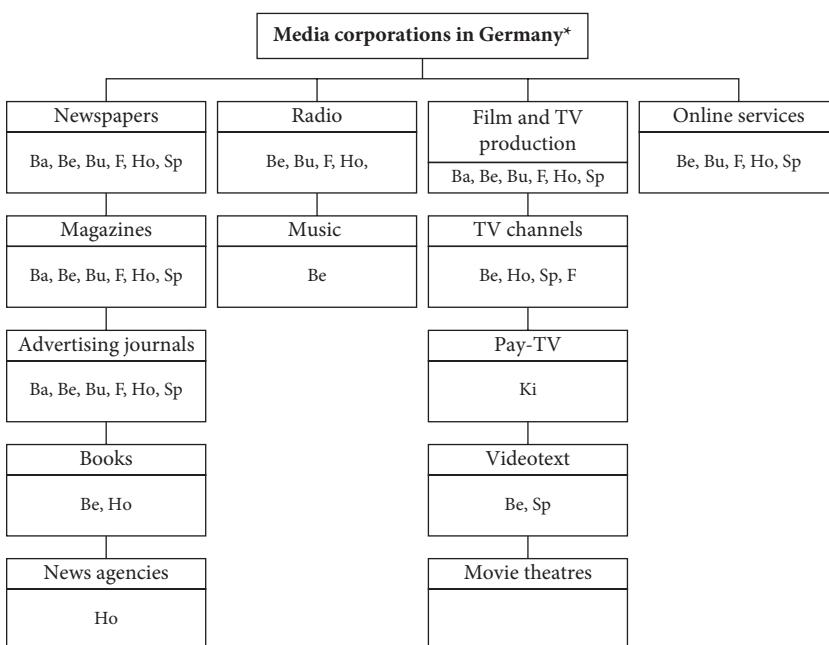
In addition to strategies oriented on pay TV and the Internet, global media corporations routinely use also strategies that advance the accumulation and centralisation of capital. An example: In the 1990s, the Bertelsmann subsidiary Ufa Film & Fernseh GmbH was merged with the Luxembourg-based company CLT, which resulted in the creation of the Bertelsmann AG that achieved a strong position in the privatised German television market and became a competitor in the international broadcasting market (Röper 1997, 226). Bertelsmann paid 1.5 billion Deutschmark (€750 million) for a 50% share in CLT. Bertelsmann has also engaged in the acquisition of publishing houses. It for example in 2013 merged its publishing company Random House with Pearson plc's Penguin Group, which resulted in the creation of Penguin Random House that is jointly owned by Bertelsmann and Pearson.

Penguin Random House is an example of capital interlocking, co-operation and a strategic alliance (for examples from the telecommunications industry see Schumacher 1997). Such strategies aim at increasing market power regardless of dominant ideologies of competition in politics and academia. The goal is the elimination or at least the limitation of competition. It is also common that there are changing partnerships and co-operations with companies, to which a corporation stands in competitive relations in other economic sectors.

One can observe an international "inflation by strategic alliances" (Schrape et al. 1996, 55), whose goal it is to dominate distribution channels and technical means of transmission by establishing co-operation among dominant programme and content producers, quasi-monopolistic operators of networks or satellites, and media technology producers. The domination of new media markets becomes thereby possible. Strategic alliances are rightly considered to be an effective means for creating access barriers

to new markets based on the co-operation of highly concentrated industrial sectors. The result is that specific companies reduce their investment risks by co-operating with others. Strategic alliances advance the media industry's internationalisation. They contribute to dissolution of traditional industry structures and to the formation of monopolies, oligopolies, and uncontrollable market power (Schrape et al. 1996, 61). The vertical integration of industries plays an important role in this context.

Some media corporations also see initial public offerings as an appropriate means for raising capital. An example: the initial public offering of the German television channel Pro Sieben in 1998 raised around 1.1 billion Deutschmark (€550 million).²² The introduction of share capital results in a kind of expropriation of small business owners because large capital funds, banks or venture capital firms tend to become major shareholders and to obtain power over capital, the means of production, and the production process (Huffschnid 1970, 94ff).



First created in 1999, updated in October 2015

* Ba = Bauer Media Group, Be = Bertelsmann, Bu = Burda Media, Ho = Holtzbrinck Group
Sp = Springer, F = Funke Media Group (formerly WAZ = Westdeutsche Allgemeine Zeitungs Media Group)

Figure 3.5: Economic ties between media sectors

Figure 3.5 summarises the economic interlocking between media sectors in Germany (see also Meier and Trappel 1998, 52ff, for a discussion of the European level). The seven largest media corporations have invested their capital in different media sectors. Many of the German media corporations have been active for a long time in publishing (newspapers, magazines, advertising journals, books) and expanded first into the radio and television sectors and then also into the online economy. The publishing sector is Germany's media sector that is most internationalised. Bertelsmann and Holtzbrinck are the two German media corporations that have the most advanced activity in a diversity of media sectors.

3.5 Capital Strategies' Economic Causes

Corresponding to observable crisis symptoms, one can identify major causes and triggers for capital strategies in the media industry. Figure 3.6 gives an overview of such causes and tendencies that advance the media industry's structural transformation. There are six predominant causes that permanently move capital in the form of lawful cyclically occurring crisis symptoms or crisis-anxieties. Such crisis tendencies and causes existed also long before information and communication technologies' digitisation:

1. Traditional media sectors' *high degree of market saturation* that only opens up the possibility for corporations with large capital assets to create additional product markets by market segmentation and product diversification.
2. The *over-accumulation of capital*, i.e. too much capital is employed in relation to low productivity so that parts of the capital lie fallow and become unprofitable.
3. The *tendency of the profit rate to fall* is caused by the development that in the course of the production process's technical and scientific progress the share of constant capital (technical means of production) increases in relation to the share of variable capital (labour power) to such a degree that results in a decrease of the rate of surplus-value that is predominantly determined by labour's production of surplus-value.
4. Due to *high levels of capital- and market-concentration* only corporations with high levels of capital assets can achieve their goal of increasing profits or avoid the devaluation or destruction of capital.

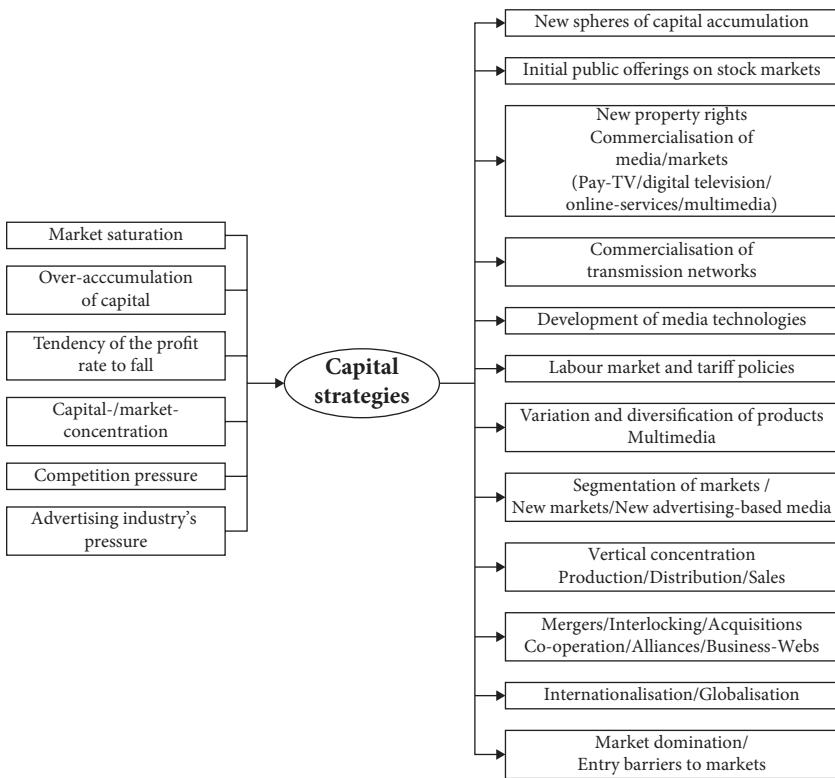


Figure 3.6: The media industry's capital strategies and their economic causes

5. Other causes result in the *increase of the competitive pressure* between concentrated capitals, which forces them to engage in further co-operation and to further advance capital concentration.
6. The *advertising industry* exerts pressures to increase advertising potentials, which compels media capital to diversify its products and to create new advertising-based media.

Capital regularly uses a multitude of capital strategies (see figure 3.6) to combat and try to overcome capital-valorisation's lawful crises. It aims to maximise profits by dominating markets and erecting entry barriers to markets with the help of capital strategies. Of particular importance are strategies that extend spheres of capital investment, raise capital (initial public offering, borrowing/loans), establish new property rights (pay TV, digital television, multimedia, online services), and commercialise not-yet privatised media sectors. The strategic development of media technologies,

product variations and diversification, and the introduction of multimedia aspects of products play an important role in this context and enable the opening-up of new media markets and new market segments. As already mentioned, especially diverse concentration measures form a crucial strategy basis for the use of strategies that bring about market domination in the context of “competition strategies” (see Hagen 1995, 142ff).

3.6 The Media Industry in Capitalism: The State as Capital's agent?²³

3.6.1 *State-led privatisation policy*

The media industry's structural transformation that has been outlined in the previous sections can be explained from a theoretical perspective by considering the structural transformation of capitalism in general as it is being promoted by capital and the state. I will in this section focus on one particular aspect of this set of problems: the role of the state in the structural transformation of capitalism and thus also in the structural transformation of the media industry as a subarea of the capitalist economy. I start from the assumption that the state is acting mainly – that is not exclusively – as agent, i.e. service provider for capital in the existential interest of capital, which lies also in the state's own existential self-interest.

Partly the state provides its services – so the further assumption – “by order” of capital (“under pressure” of capital's interests and strategies). Generally the state however also delivers these services because it is in its vested self-interest to adopt the interests of corporate capital as its own. Thus, in my view the state is by no means a helpless, deplorable or despicable “beadle of capital”, but an active interest-oriented service provider. As the state does not carry out its activities as secret “intelligence operations”, there is no reason for assuming any “conspiracy theories”. The “inconvenient” (and thus hardly career supporting) scholarly “unmasking” or “exposure” of the state as “capital's agent” is thus only necessary because the state, for reasons of legitimacy, likes to mask itself with a number of ideologies in order to mystify its one-sided partiality, which from a democratic and socio-political perspective is hardly legitimised.

Fundamental for the present structural transformation of capitalism are privatisation policies as they have been adopted on the ideological basis

of neoliberal economic theory and politics. The media and communication industry is particularly entangled in this “era of privatisation” (Murdoch 1990) through processes of deregulation and liberalisation. According to Zeuner (1998), it is possible to distinguish three general – interwoven – levels of privatisation.

1. The *privatisation of state capital*, i.e. the transformation of enterprises that had either in part or in full been public property, into private property.
2. The *privatisation of public services*, i.e. the gradual privatisation of public enterprises in the realm of infrastructure, which until then, due to the social importance of the public goods they were providing, served as (mostly monopoly-) providers of public services.
3. The *privatisation of the state*, i.e. the (partial) privatisation of classical state functions (e.g. private security services, universities) and the subjection of state-run organisations under the norms of commercial business principles (e.g. public administration, universities).

These comprehensive privatisation policies mark capitalism’s fundamental structural transformation: they present a radical shift from mixed economies, that until recently prevailed in Western Europe, to an almost exclusively privately organised economy. Even social democrats and unions are supporting or implementing these policies although (or precisely because?) originally it was the exact opposite, when they argued for the abolition of the private property of the means of production. This demand “belonged to the classical programmatic core of socialism and the worker’s movement, not just in communist, but also social democratic sections” (Zeuner 1998, 286). The German Social Democratic (SPD) Party’s 1959 Godesberger Programme that was valid until 1989 thus included the necessity of the partial public property of the means of production.

The media industry is involved at all three levels of privatisation policies that were mentioned above and partly even plays a pioneering role. The privatisation of telecommunications infrastructure and public broadcasting stations (as it happened in France) is an example of both the privatisation of state capital and the privatisation of public services. The admission of private broadcasting providers to the market is another example of the privatisation of public services. The marketisation and commercialisation of public broadcasting illustrates a case of the privatisation of the state. This also means that media capital and media-external capital that operate

in these sectors of the media industry, profit at least in the long run from this multi-level-privatisation and thus contribute significantly to capitalism's general structural transformation (see Teuteberg 1998; Deutscher Bundestag 1998).

3.6.2 State-led Regulation Policies and Capital's Self-regulation

The relation between state and capital generally is shaped by an economisation of politics²⁴ with close interrelations between politics and economics. The political system orients itself on economic "constraints" imposed by capital, particularly in regard to technological and economic competitiveness on global markets. In this context measures of deregulation and (re-)regulation are especially significant. We can regularly observe three overlapping development phases:

- First phase: Deregulation promoted by the state through creating legal frameworks (if necessary even by means of changing basic constitutional law) for the privatisation of national and public enterprises and for the "liberation" of capital from laws and regulations that capital regards as illegitimate constraint of its economic freedoms and thus brands as "bureaucratisation" or as "harmful for the market economy".
- Second phase: Self-regulation of industries, mostly driven by large corporations by means of market behaviour that constrains competition with the aim of achieving market domination.
- Third phase: (Re-)regulation through the state, again by creating legal frameworks and targeted support measures that aim at protecting and legitimising conditions of valorisation of the market-dominating capital.

In this process, the common assumption that public regulation could help to regain control over once privatised sectors or ensure that privately organised media products serve the public interest, largely proves to be an illusion. In the realm of German television we for example encounter the paradoxical situation, in which a range of costly publicly funded regional media offices are exerting indirect, ineffective, and largely unsuccessful control over private media companies. Regulating public broadcasting companies would offer a much more effective direct possibility for regulation.

How serious the state takes its role as agent for media capital is demonstrated by the fact that it generally only becomes active after a time lag and in a reactive manner without conceptual ideas (Held and Schulz 1999, 116–117). The state then tends to limit its intervention to providing retrospective legitimacy for a reality already created by capital or integrating the newly established facts into an advantageous regulatory framework (see Knoche 1996b). Scholars have been propagating and legitimising this practice with terms such as “reflexive broadcasting laws”, “contextual regulation”, “soft regulation”, and “regulation of self-regulation” (see Knoche 1999a; Recke 1998, 9ff).

Form and content of the demanded or enacted measures of de- and (re-)regulation are a particularly suitable indicator for the respective relationship of the state and capital. It is therefore not surprising that within economic theory the identification of the role of the state in regard to regulation is subject to fundamental debate. Neither is it surprising that there exist as many economic regulation theories as there are general approaches to economic theory (or schools) (see Grisold 1996, 77ff). For my argument in this paper it seems fruitful to distinguish existing economic regulation theories according to how they treat the role of the state in relation to capital, or which normative roles they assign to both. Based on this perspective, the following approaches can be distinguished:

- The simple Capture Theory of the Chicago School interestingly – and for me surprisingly close to reality – regards state regulation as “a means for the enforcement of the interests of the regulated” (Grisold 1996, 95).
- According to the extended Capture Theory the state as regulator also considers the interests of consumers as long as this seems politically opportune.
- The perspective of New Institutionalism and the Transaction-Cost Approach regards regulation as cost-effective and efficient and thus beneficial or even necessary for capital. Here, regulation is however not limited to state activities but can also take the form of contracts between companies.
- In Keynesian theory, state-led regulation is regarded as necessary in order to enable expedient corporate investment decisions and to ensure economic stability in the long run.
- The Marxist theory of State Monopoly Capitalism describes state-led regulation in the interest of and as a collaboration with private

monopolies. It sees this state-capital nexus as an essential structural characteristic of capitalist economies.

- French Regulation Theory, which claims to be more than simply an economic theory of the capitalist mode of development, assigns the state a central role within a system of different regulatory bodies. Critics however stress that this theory lacks a more specific delineation of the state's role in capitalism (see Hirsch 1990, 27; Hübner 1990, 292ff).

The extended media and communication sector is one of the key economic industries. Therefore a theoretical approach that seems most appropriate for the analysis of the relation between state and capital is one that – in advancing and criticising the theory of state monopoly capitalism – focuses on the theory of state-monopoly complexes (see Michalski 1997, 29ff). Criticising and advancing this approach as it had originally been developed by Soviet capitalism scholars, a working group from Bremen (Dolata, Gottschalk, Huffschmid) described the development of state-monopoly complexes in close connection to the emergence of new needs necessary for the realisation of capital. The latter cannot be satisfied solely based on private capital flows. Due to high capital requirements, long-term capital fixation, high research expenses, long capital turnover times, and a correspondingly high investment risk, private production and capital realisation are not feasible in highly concentrated key industries, such as the media industry, unless aided by reliable and effective state support. On the basis of a stable institutional interlocking of state and centralised capital, the state thus on various levels provides a range of continuous financial and legitimatising services for media capital.

3.6.3 State-Led Industrial Policies: The National Competitive State

The state theorist Joachim Hirsch regards the establishment of a new type of capitalist state, which he calls the national competitive state, as a key characteristic of global capitalism's structural transformation (see Hirsch 1998, 33ff). The national competitive state's primary interest is, according to Hirsch, the optimisation of the conditions for capital realisation on a national level in competition with other nation states. Following this argument, the state's industrial and competition policies have increasingly

become redistribution politics in favour of capital. This means that economic growth no longer leads to increasing mass welfare – as was the case temporarily during the era of Fordism and Keynesian economic policy – but instead results in mass unemployment, the dismantling of the welfare state, and impoverishment of large parts of the population.

The national competitive state is a state that is both passive and active. This means that it on the one hand does not interfere with the “free play of market forces”. On the other hand it is (contrary to the dominant neo-liberal ideology and clearly in the interest of capital) not at all a “weak” state,²⁵ but rather a strong, interventionist state. As such it actively enables and promotes – in intense coordination and consultation with large centralised corporations – capital’s growth by means of privatisation, deregulation, infrastructure policies, industrial policies, regulatory policy, concentration-support policies (often state institutions and politicians use in this context the term “competition policy”, although the actual outcome is more capital concentration!), tax and subsidy policies etc. The aim of these policies is to support the interests of corporate capital, its national market power, and thus also its international competitiveness. In doing so, the direct coordination between top politicians and top managers or owners of large corporations replaces the state’s controlling function, which however continues to be officially propagated.

The fact that the state privileges capital interest for the sake of economic prosperity, the capitalist mode of production, and the existence of the state itself has become the subject of economic theory. Such political-economic approaches do not discuss such developments as completely new, but rather as a key characteristic of the relationship between state and capital. This relationship, in which the state assumes the role of capital’s agent, already characterised the regulatory mode of Keynesian corporatism (see Hirsch/Roth 1986, 64ff), in which the representatives of capital and labour negotiate and make compromises, and continues to shape contemporary neoliberalism and related deregulation policies (see Schui 1997; Reitzig/Brandl 1997). One duty of the state thus also is to protect the economic system from excessive demands (extra profits, monopoly rents) of individual corporations by guaranteeing a certain market order that has been created in the process of capital accumulation and centralisation (see Hirsch 1990, 46ff).

Since the private media industry is an integral part of capitalism, it consequentially follows that the discussed structural transformation of

capitalism also applies to the media industry. This means that the state also acts as an agent of media capital and as such performs certain services for it (figure 3.7).

Corporations often advance capital strategies by means of economic and political pressure (e.g. the threats of relocation or redundancies). Under the impact of such strategies, the state delivers both legitimatory and monetary services for capital. As part of the legitimatory services, the state guarantees economic and media-freedom through basic constitutional law²⁶, media law, the protection of property- and copyrights, the protection of the relation of production between capital and labour through labour and tariff laws, the protection of frameworks for advertising through advertising law etc. Furthermore, privatisation, deregulation and the licensing of private media companies, and particularly the guarantee of the market- and competition-order as well as the (ideological) promotion of international competitiveness, are also part of the state's

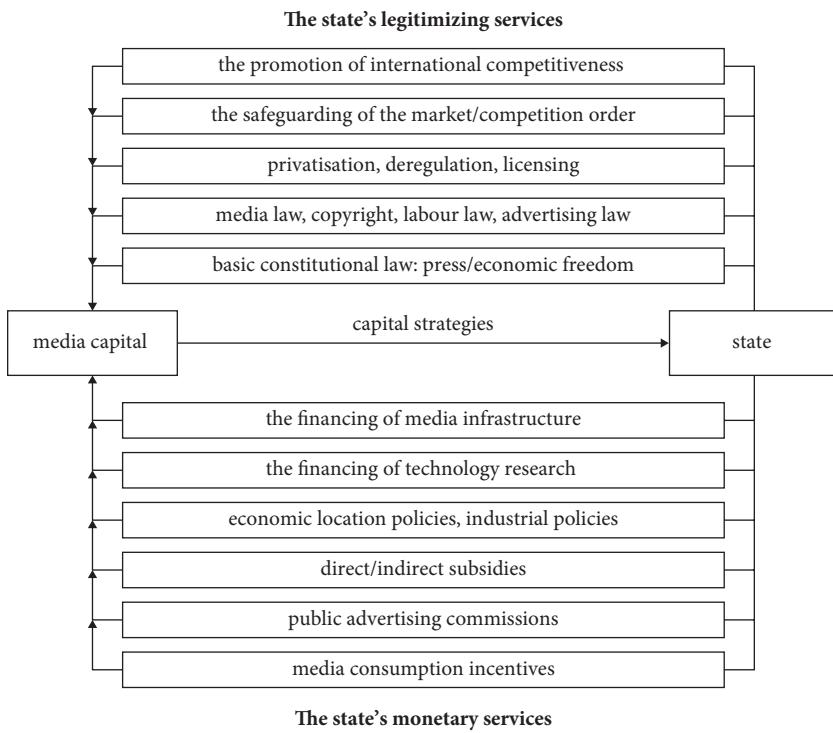


Figure 3.7: The state's services for media capital

legitimatory services, even though these services indirectly also have a beneficial economic effect for capital accumulation.

In addition the state provides a number of direct monetary services for the media industry. They are delivered in the form of financial support of media infrastructure, technology, research and development²⁷, direct and indirect subsidies, as part of economic location and industrial policies, as well as comprehensive public advertising commissions. Finally, the state through the education system as well as designated campaigns (e.g. the promotion of computer and Internet usage), creates incentives for media consumption. It is important to note that the state has a particular interest in adopting an agent role that is ideal for media capital because in return for its services it is expecting the media to contribute to the creation of popular mass-loyalty to the dominant economic and societal system.

Analysing capital as driver of the media industry's transformation and the state as capital's agent provides a number of lessons in Media Economics that could put Media and Communication Studies scholars into a similarly difficult position as Economics has long faced:

Economics can remain with consumer sovereignty (and state sovereignty, MK) and be comfortable, noncontroversial, increasingly sophisticated in its models and increasingly, and perhaps even dramatically, unrelated to life. Or it [Economics] (and Communication Studies, MK) can accept the implications of producer power—of the sovereignty of the great organizations. Then it will be contentious, politically perilous and for a long while, perhaps, intellectually inelegant in its models. But it will in compensation be relevant to the most immediate and formidable concerns of the industrial society (Galbraith 1970, 478).

Notes

¹ Terming the actor that in a commonly accepted manner is often designated as company as “capital” may today be a bit unusual not just in communication studies. In this respect, introductions to Marx's *Capital*, such as the one by Altvater et al. eds. (1999) are helpful. The book contains an annotated reference list, including works that criticise Marx's critique of the political economy. I do not use capitalism as a political catchword, but as an analytical category for an economy system and a society constituted and functioning in a particular way.

² One can notice that after what some have termed the “(final) victory over socialism” in 1989, also those apologists, who for ideological-political reasons prefer to use the term “market economy”, have started to use the term capitalism with a certain pride.

³ Capitalisation is the process, by which something is turned into capital.

⁴ A good example is the capital movement towards Internet shares at the end of the 1990s. Important examples were Amazon, eBay, Yahoo!, and AOL. It is part of the everyday business of speculative capital that such developments can result in a “capital crash” (“crash.com”), as the so-called dot.com crisis showed in 1999 (see Kordik 1999).

⁵ Press products, especially newspapers, as well as broadcast programmes are in this sense *short-lived* consumer goods that comparable to food and drinks enable calculable mass sales – additionally secured by fixed subscriptions – as “surrogate purchases” that is the precondition for profitable business, namely the sale of advertisements. The print media industry was for a long time one of the industries yielding the highest profit rates. It is newspaper capital’s economic interest to realise this mass of “surrogate purchases” of consumer goods (in addition) in the form of online newspapers that do not have costs for printing, paper, and physical distribution (see Knoche 1981).

⁶ Remark by the translator (CF): The author in this sentence uses in German the significant distinction between media products, *Gebrauch* and *Verbrauch*. This linguistic differentiation cannot be adequately translated to English: *Gebrauch* means that a (media)commodity remains the user’s property for an extended period of time, whereas *Verbrauch* means that a (media)commodity is directly used up in consumption.

⁷ I discuss, without the claim for completeness, only technical innovations in the realms of storage media and reception equipment that, because of fundamental novelties that are not compatible with previous media technologies, compel consumers more or less to buy new receivers and appropriate storage media. I do not discuss the multitude of variations of equipment, storage media, and auxiliary devices that are also economically important.

⁸ A “universal player” does not yet exist, but could be technically realised without problems. It is a future vision that at the moment is only economically desirable for parts of media capital. Both digitisation and the Internet have been steps towards the introduction of a universal player. It is however an illusion to think that these tendencies will result in less “compulsion” for consumers to buy replacement units and in cost savings. Media capital will rather only be able to satisfy its valorisation interests by technically replacing or complementing the universal player when market saturation sets in so that consumers are constantly stimulated to make “replacement purchases” or additional purchases. An impressive example is the frequent introduction of costly new hardware and software versions in the realm of computing (Rojas 1998).

⁹ Bundesverband Musikindustrie: http://www.musikindustrie.de/fileadmin/piclib/statistik/branchendaten/jahreswirtschaftsbericht-2014/download/Abb10b-Absatzentwicklungderdeutschen_300dpi (accessed on October 7, 2015).

¹⁰ The “universal network” is a strategic tendency that corresponds to the “universal player”. Together they constitute the main tendency in the media industry’s structural transformation.

¹¹ An example is the privatisation of the German broadcasting sector (radio and television) in the middle of the 1980s.

¹² In the case of the non-physical distribution of products, consumers directly cover the considerable distribution costs (for network or telephone charges and end devices) that media companies (partly) tend to “pre-finance” in the case of traditional means of distribution.

¹³ The music industry that is dominated by the global corporations Universal (part of Vivendi), BMG, Sony Music, and Warner Music Group has developed a counter-strategy, in which it combines panic and panic-mongering.

¹⁴ Property rights nominally protect the *intellectual* rights of authors, writers, artists, composers, etc. (and their heirs!). Capital discusses the protection of copyrights under these premises. They have therefore succeeded without problems in defining these rights for the protection of their material property, although they are not the intellectual creators and they in reality are only interested in the protection of their economic property, i.e. their capital. Their reference to copyrights is legally legitimised by the fact that creators transfer their rights with contracts to media corporations. In academia, this is often done at zero costs for the corporations. Sometimes authors even have to pay publishers (!) in order to get published. Consequently the media corporations only proclaim copyrights and not authorship rights.

¹⁵ The terms “universal medium” and “universalisation” of the media go beyond the meanings of the categories multimedia, convergence, and “mediamatics” (Latzer 1997). They imply the total *dissolution* of the separation of different communications as autonomous media and a creation of their unity at the level of technology, products, institutions, and the economy

¹⁶ An example: For press and book publishers only a *complementary* usage of the Internet can be an economically viable company goal as long as they cannot reach a mass market via the Internet. Because of the print media’s highly visible price differences (high variable capital costs for paper, printing, and distribution), this industry without a doubt has *in principle* an economic interest in the *substitutive*, non-physical production and distribution of press products over a universal network and by a universal receiving set. A new situation would emerge if for example Internet TV became a dominant mass phenomenon among the consumers and the press got access to it. In such a case, a gradual strategic transition into the direction of the complete substitution of (physical) print media products could become possible.

¹⁷ International telecommunications companies decided already in 1988 to develop ATM as a transmission principle that is independent of specific services. According to Schrape et al. (1996, 24), “this assured the electronics industry that it here would find an enormous market potential in the future. As a consequence, extensive research and development capacities have been deployed in order to create ATM products ready for the market”.

¹⁸ Figure 3.3 is a further development of a model of production stages that Aufermann, Lange and Zerdick (1973, 250ff) developed for the press and Aufermann, Knoche, Lange and Zerdick (1976, 84ff) for several media sectors.

Seufert (1997, 259ff) uses a similar approach (however for the delimitation of media markets).

¹⁹ An illustrative example is that in Germany the coalition government of the Conservatives (CDU/CSU) and the Liberals (FDP) in the early 1980s pushed the use of copper coaxial cable that was hardly innovative and economically unprofitable. It did so in the interest of the private print media and the advertising industry that both were interested in the fast development of the commercial television market. Also the cable industry had a natural interest in the commercial valorisation of the copper coaxial cables that it had stored for some time although it at this point of time had already technically developed fibre optic cables. The intention was to first commercially valorise copper coaxial cable and then in a second round fibre optic cable.

²⁰ I do not want to create utopian illusions, but rather want to point out the possibilities that exist *in principle*. Intellectual creators face for example the problem of how to gain the visibility and the attention of the mass audience. The world of social media, where some well-known celebrities and companies have high visibility, is a good example for the stratified attention economy.

²¹ Examples are the online versions of Rupert Murdoch's newspapers, such as *The Times*, *The Sun*, *The Financial Times*, *The Wall Street Journal*, or *The Australian* that were first offered online without payment and later introduced subscription fees.

²² *Der Spiegel*, No. 52/1998, 21.12.1998, page 100.

²³ I am aware that many will object to using the term "capital's agent" for the role of the state because it seems associated with unjustified conspiracy theories. I thus have added a question mark to the title. Nevertheless I regard the notion "capital's agent" in the sense of a service-providing agency as a realistic approach for academically relevant questions.

²⁴ The following discussion is based partly on ideas developed in relevant previous publications (see Knoche 1996a and 1999a), which will be further advanced here.

²⁵ At the same time, however, it is a "weak" state from the point of view of democratic theory, in that it cannot and will not assert itself against the interests of capital, so that interventions to control capital are largely absent.

²⁶ In the case of German Telecom (Deutsche Telekom), Germany even changed the basic constitutional law in order to provide a legal justification for the privatisation of state property.

²⁷ One example among many is the promotion of complex multimedia pilot-projects as market-entry projects for interactive television and on-demand video (see Beckert/Kubicek 1999).

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CHAPTER 4

Media, Journalism, and the Public Sphere in the Private Family Ownership of Capitalist Media Companies

4.1 The Academic, Socio-Political, and Media-Political Problem Context

The property question, especially the problem of capitalist private ownership of the means of production, is one of the fundamental questions of academic socio-political analyses of societal formations (*Gesellschaftsformationen*) (Leibiger 2022). Especially considering the basis of Marx and Engels' critique of capitalism, family private property is a key element in the conflicts between the societal formations of capitalism versus socialism or communism, but also between revolutions and reforms (Brinkmann 2004) in capitalism. Connected to this is the opposition of market economy and state economy, of competition and planning, of the exchange and the distribution of goods and products.

Almost without exception, in capitalist societies, all academic disciplines in theory and practice do *not* fundamentally question the private ownership of the means of production. On the contrary, the private form of organisation is mostly described, especially in Media and Communication Studies and in media politics, as an indispensable prerequisite for free and independent media in democracy.

Curiously, even the Specialist Group on Media Economics (*Fachgruppe Medienökonomie*) of the German Communication Association (*Deutsche Gesellschaft für Publizistik- und Kommunikationswissenschaft, DGPK*) (Krämer 2015) does not question private family ownership of media companies (Lobigs and von Nordheim 2014). Instead, Altmeppen (2014), for example, proclaims contrary to reality: "Journalism is not a business model – and will never become one".¹

4.2 Way of Thinking, Theoretical-Methodological Approach, Method of Analysis

The development of a specific Critique of the Political Economy of the Media as part of Media and Communication Studies is not a branch of Economics, but about the adequate application and further development of Critical Political Economy approaches available in Political Science, Legal Studies, Economics, Sociology, Philosophy, and Psychology. The theoretical-empirical basis of such an approach is Marx's Critique of Political Economy that can be found in the *Marx-Engels-Werke (MEW)* (Marx 1962 [1867, 1890] {English version: Marx 1990 [1867, 1890]; Marx 1989 [1894] {English version: Marx 1991 [1894]}; Marx 2009 [1863–1865] {English version: Marx 1990 [1863–1865]}; Marx 1990 [1847] {English version: Marx 2010 [1847]}; Marx and Engels 1990 [1845/1846] {English version: Marx and Engels 2010 [1845/1846]; Marx 2015 [1859] {English version: Marx 2010 [1859]}; Marx 1953 [1857/1858] {English version: Marx 1993 [1857/1858]})) and current developments that are based on these works, such as the “New Reading of Marx” (Hoff 2006; Reichelt 2008) and “Western Marxism” (Behrens and Hafner 2017; Elbe 2008). These approaches are based in part on the new historical-critical Marx-Engels-Gesamtausgabe (*MEGA*²) (Hecker 2018). Since Marx's work is unfinished, in part contradictory and afflicted with errors, it is important to critically “stand on the shoulders of Marx” (Sablowski et al. 2021) and to go “with Marx beyond Marx” (Rünzi 2019; van der Linden and Roth 2009).

Fundamental to such an endeavour are the particularities of Marx's way of thinking (Bohn 2021; Heinrich 2005), especially the “peculiarity of Marx's Critique of Political Economy” (Krätke 2017), and the central academic insights based on it. Characteristic of Marx's applied method (Marx 2015 [1859]; Marx 2010 [1859]) is his thinking in materialist dialectics and contradictions, the combination of the historical and the logical, of theory and empiricism, of structure and action. The basis of the theory is a radically critical abstracting recognition/grasping of the essence and the foundations of the development of the societal relations of domination and power.

The original starting point for the development of a special Critique of the Political Economy of the Media was the realisation that in the context of the sub-discipline of Media Economics in Media and Communication Studies, a theory that is limited to economic problems in the interest of the media owners is not adequate to the subject matter and therefore cannot be justified from an academic-political point of view. Common, primarily

moral critiques of economisation and commercialisation as well as of excesses and abuses fall short, as they address surface phenomena instead of fundamental problems.

In the *Handbook of Media and Communication Economics*, one can find an up-to-date overview of the development to date of a Critique of the Political Economy of the Media and Communication (Sevignani 2022). Far beyond my own efforts (Knoche 2002, 2005b)² Christian Fuchs has further developed this approach on an international level (e.g. Fuchs 2017b, 2020c, 2020d; Fuchs and Mosco 2016) and also impressively introduced it as a “highly topical approach” in German-language Journalism and Communication Studies (Fuchs 2017a, 2023).

Integral to this approach of a Critique of a Political Economy of the Media is the development of Media and Communication Studies from a Humanities- and Social Science-based approach to a Science of Society (*Gesellschaftswissenschaft*). Such an approach is needed because media production and consumption fulfil elementary, indispensable macroeconomic and macro-societal political-ideological functions for securing dominance and power as well as for the stabilisation and further development of the capitalist economic and societal formation as a whole. The development of an independent Critique of the Political Economy of the Media is necessary above all because both in Marx’s Critique of Political Economy and in most of its applications and further developments in various academic fields, the subject area of the “media” is not or only marginally dealt with.

It would be a contradiction in terms to develop such a theory without the critique of capitalism that underlies Marx’s analysis and theory. Such a theory is about examining the usefulness of Marx and Engels’ approach for the analysis of media and communication in capitalism (Fuchs 2020a, 2020b; Knoche 1999a, 2001, 2016, 2021a).

4.3 Criticism of the Effects of the Capitalist Private Family Ownership of Media Companies

4.3.1 *The Mutually Conditioning Relationship of the Socio-Economic Base and the Political-Legal Superstructure*

The production and reproduction of capitalist private property, in particular the relations of production and commodity exchange associated with it, are central objects of study for Marx (Gey 1980; Römer 1978; Stein 2018).

In all media sectors worldwide, almost without exception, there are media enterprises based on the capitalist private ownership of the means of production. *By way of example*, I will concentrate my critical analysis, *albeit with specific aspects*, on media enterprises engaged in journalistic production in the Federal Republic of Germany. In this media sector, as has been empirically documented many times, capitalist private family ownership is dominant (Heimeier 2013; Ferschli, Grabner and Theine 2019).

The currently still valid and effective foundations for securing this private property were laid after the Second World War for the press sector as well as for the entire economy (Knoche 1978). The result was the “press as a giveaway” (Liedtke 1982). This means that the American, British, and French forces transferred press ownership rights to the originally ownerless licensees as publishers of the newspapers with absence of consideration. This circumstance was connected to the *class division* between capitalist owners (including former journalists as original licence holders) and journalists as wage-dependent workers. In the 1980s, privatisation followed in the radio and television sector as well as in the area of information and communication technologies. Finally, the appropriation of the GDR media by the established West German capitalist media companies followed in 1989/1990 (Tröger 2019).

An analysis of the effects of capitalist private property is particularly necessary to assess the real possibilities of changes in the forms of property. Fundamental to this is the mutually conditioning relationship between the socio-economic base and the political-legal superstructure (see figure 4.1). Changes in the relations of production taking place at the base form the permanent trigger for changes in the superstructure. At the same time, the superstructures have an effect on the base (Knoche 2020a, 2020b). There is an elementary importance of *legal relations* for securing capitalist private property.³

There are some typical characteristics of the political-legal superstructure. Beyond the general guarantee of ownership secured by basic laws and corresponding legal relationships (see figure 4.1, top left), a guarantee of freedom of the press legitimising this ownership applies to the ownership of media companies (see figure 4.1, top right). In the area of the socio-economic base, the capitalist mode of production with its corresponding relations of production prevails. It is extremely disadvantageous for journalism and the public sphere, as well as for

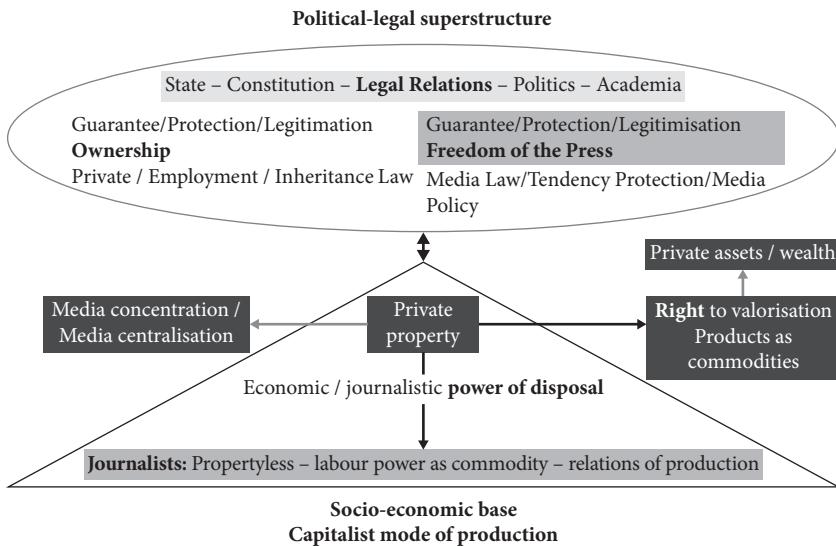


Figure 4.1: The socio-economic base and the political-legal superstructure

ownerless wage-dependent journalists, that a few families worldwide dominate the concentrated media industry and that this ownership is passed on over the generations (Knoche 2014). The inheritance of private property is due to the *private ownership of the means of production*, which is protected by law and can be sold and inherited. Derived from this are:

- the *relations of production* with the sole power of disposition over working conditions, work and production processes, wage or salary payments to workers, including journalists, who permanently reproduce the *capital relation*, thus the existing relations of domination and power;
- the rights of sole determination of the economic and journalistic *production goals* as well as the corresponding use of the *productive forces* (means of production and labour), also the right of sole determination of the editorial line, including individual instructions;
- the rights of the sole *appropriation of labour's products* and the *valorisation of these products as commodities*, which are the starting points for profit-making and capital accumulation that are usually linked to the accumulation of personal wealth.

4.3.2 Capital Accumulation, Capital Concentration, Capital Centralisation

The appropriateness of Marx's way of thinking and method of analysis can be excellently demonstrated in the study of media concentration. For Marx, the connection of the capitalist private ownership of the means of production with the general sequence of the accumulation, concentration, and centralisation of capital is an *essential feature of capitalism*. This combination of accumulation, concentration, and centralisation is a systematic, inevitable, unpreventable process based on the capitalist mode of production.

On this basis, a critical-empirical media concentration theory is needed in place of the prevailing apologetic-normative competition theory (Knoche 2005a, 2013b, 2021b). The development of models of competition policy in the superstructure, combined with the development of legal relations, is in each case adapted in real terms to the development phases of the progressive concentration and centralisation process that take place at the base (see figure 4.2). In the retroaction of the superstructure on the base, there is regularly more promotion of concentration instead of the constantly propagated control of concentration.

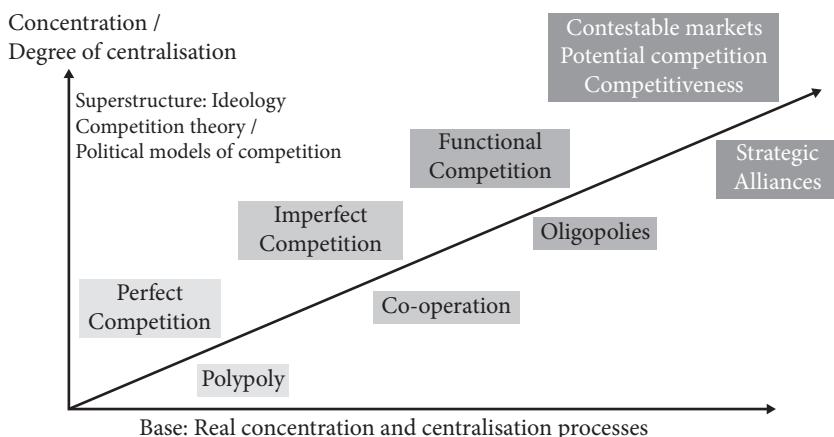


Figure 4.2: The real development of concentration/centralisation and the theoretical-ideological legitimisation of competition (Knoche 2005a)

4.3.3 The Economic and Political Functions of Media Production: Media Products as Commodities

The *economic* functions of the capitalist mode of media and journalistic production are closely connected to the *political/cultural* functions. But the latter are also fulfilled independently at the level of media content as politics and ideology form an essential prerequisite for the success of the central economic function of the valorisation of capital (see figure 4.3). The relationships between media/journalism, business and politics can be characterised on an empirical basis as a coordinated “symbiotic-strategic reality construction” (Knoche 1999b).

The journalistic design of media products as commodities is generally aligned with overriding *common* political-economic interests and to the mutual benefit of those in power. An elementary strategic goal is the preservation of power and the necessary economic-political stability of the dominant societal power relations. In this context, journalists (unconsciously) act strategically as “watchdogs of the system”, in order to, for example, preserve and strengthen democracy in its current form, which is not based on direct democracy and creates strategic disadvantages for left-wing parties.

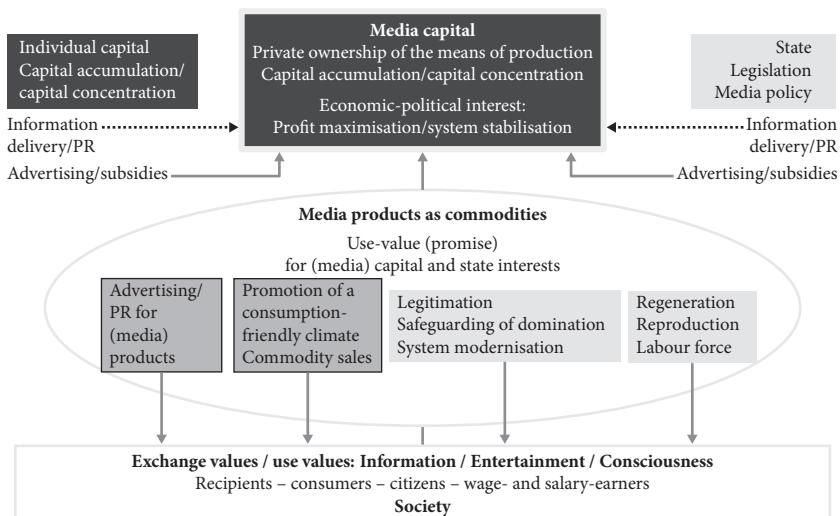


Figure 4.3: The political-economic functions of capitalist media production: media products as commodities (based on Knoche 2014, slightly revised)

4.4 Alternatives: Socialist Media and the Socialist Public Sphere

4.4.1 *The Struggle for Co-Determination and Inner Press Freedom*

In the 1970s, some saw the struggle for journalistic and editorial co-determination as a – fundamentally illusory – possibility to limit the media owners' power of disposition. The strategy of co-determination aimed at enforcing a constitutionally guaranteed *subjective* freedom of the press for journalists in media companies that was termed “inner freedom of the press” (*Innere Pressefreiheit*) (Funke 1972). The failure of these efforts at all levels (internal, collective bargaining, and legal) clearly showed how strongly the sole power of disposal of media capital is politically and legally secured (Breede 1982). The situation has remained sustainably (!) unchanged until today. A well-documented example of the inevitable failure of the struggle for co-determination struggle is the dispute over a veto of journalists working for the German magazine *Der Spiegel* against the publication's editor and owner Rudolf Augstein that took place in *Der Spiegel's* editorial team from 1969 to 1972 (see Zeuner 1972). Augstein ended the conflict through the summary dismissal of left-wing “spokespeople”.

Similarly, the demand for the abolition of paragraph 118 of the German tendency protection paragraph (*Tendenzschutz*) in the Works Constitution Act (*Betriebsverfassungsgesetz*) was rejected. The paragraph until today gives the publisher of a medium the right to determine the publication's political line. It justifies the exclusion of *economic* co-determination by works councils, which is declared to be an indispensable prerequisite for securing media owners' *institutional* press freedom. The argument was that press freedom could only be guaranteed by giving media owners the unrestricted, sole power of journalistic disposal as the realisation of the *subjective* press freedom of the media owners (Knoche and Zerdick 1977).

4.4.2 *Alternative Forms of Ownership: The De-Capitalisation and De-Commodification of Journalism and the Public Sphere*

Due to undoubtedly existing societal power relations, there are currently and in the near future no real indications of possibilities for abolishing or sublating the capitalist private ownership of the means of production in the

media sector. Therefore, public demands to “expropriate” private media owners, as they naively resounded during the 1968 student movement that demanded “Expropriate Springer!”, are largely futile. Expropriation in the media sector is practically impossible because of the increased political, legal, ideological, and economic safeguards, especially since there is hardly any support for expropriation measures among the population, in politics, in journalism, and in Media and Communication Studies.

Nevertheless, I consider it necessary to point out the advantages that would be associated with the abolition of the (family) private ownership of the means of production in the media sector for society as a whole and for journalism. The negative effects of this private ownership outlined in section 3 would be abolished: the owners’ sole economic and journalistic power of disposal and control over the journalistic workers (labour power and work capacity as a commodity), the shaping of media content, as well as the sole right to valorise the products of labour as commodities. Progressive measures could also partially counteract the concentration of private assets as wealth of the few with the associated position of power in society. Above all, however, a mediated public sphere could be promoted that would be decisively less determined by the common economic, political, and journalistic interests of capitalist media owners, business, and politics.

Such “expropriation” would be a *necessary precondition*, but *not a sufficient* condition for the “liberation from capitalist business models” (Knoche 2014), that is, a detachment of established bourgeois journalism from the sphere of capitalist commodity production. For example, participation of those working in the media companies in private property (co-ownership/co-control) would bring about a possibly democratic distribution of the economic and journalistic rights of disposal as well as the rights of valorisation and thus a certain distribution of wealth among the workers. But the fundamental problem of the commodification of media products would by no means be eliminated, because the originally dependent workers would realise capitalist commodity production in their own interest even more than before.

Since the abolition of private ownership in the media sector is hardly possible in real terms, the best that can be done as a counterweight to the established media companies is a *partial* de-capitalisation and de-commodification of journalism and the media system on the basis of various alternative forms of ownership (Knoche 2013a, 2014, 2019). As a basis for understanding this phenomenon (Leibiger 2022), Marx’s distinction between the formal and real subsumption of labour under capital (Marx

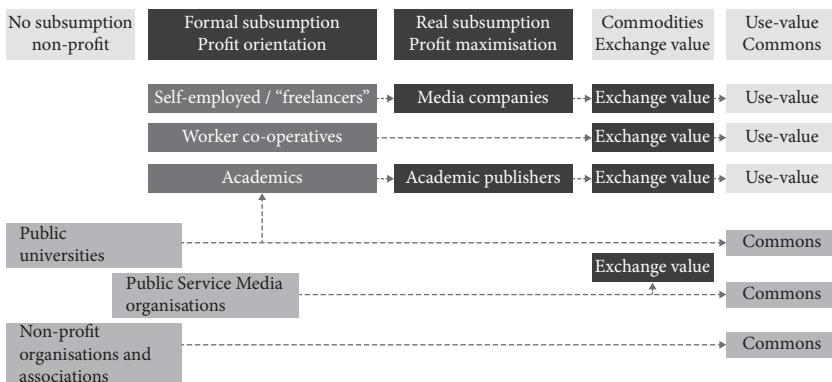


Figure 4.4: Forms of ownership: none, formal subsumption under capital, real subsumption under capital (own representation)

2009 [1863–1865], 99–121; Marx 1990 [1863–1865], 1019–1038), i.e., the subordination of the labour and production process to the conditions of capital's exploitation (see figure 4.4), is feasible.

Beginning with the student movement in the Federal Republic of Germany at the end of the 1960s, there were manifold theoretical and practical efforts in the 1970s in connection with New Social Movements and a "New Left" as Extra-Parliamentary Opposition (APO) to constitute an autonomous and authentic public sphere as a *counter-public sphere* to the ruling bourgeois public sphere (Neumann 2008; Oy 2001; Stamm 1988). Characteristic of the alternative media published in this context was an enlightened-self-liberating-emancipatory impetus. This impetus was based on a fundamental anti-establishment attitude (anti-authoritarianism; anti-statism; opposition to repression, manipulation, and commerce, etc.). This movement was linked to protest, action, rebellion, and revolt. Also central was the practical implementation of theories of the alternative economy (Notz 2022), which, however, primarily served the *individual* realisation of niches for *self-determined forms of work and life*. There was a lack of an overall societal perspective. Especially the goal of overcoming capitalist media and capitalist societal relations was missing. An in-depth discussion of the reasons for the failure of these alternative media is an essential prerequisite for the theory and practice of future alternatives to the dominant media industry.

The model of *worker co-operatives* has been put into practice several times. Their basis is the common private ownership of enterprises by those

working in them, and also by persons outside the enterprise. Co-operatives' decisive advantage over the capitalist form of ownership is the abolition of the class antagonism between ownership and non-ownership (Notz 2021). Accordingly, democratic self-government can be practised. In Germany, media co-operatives include the newspapers *taz* (*Die Tageszeitung*), *Junge Welt*, and *ND* (*Neues Deutschland*). They are based on journalists' right to editorial co-determination for journalists, which is denied to them in principle in private, capitalist media companies. Although co-operatives do not pursue a profit goal, they often pursue the goal of increasing their revenues. They must therefore act according to market principles in their content creation. The possibilities of producing socialist content are therefore very limited due to the current market conditions for media such as *ND*, which according to its co-operative statutes is a "socialist newspaper".

4.4.3 Academic Publishing Without Capitalist Publishers: De-Capitalisation and De-Commodification

In the painful, so far unsuccessful search for a potential "revolutionary subject", there is at least a glimmer of hope for the academic production of science and knowledge. In this area, there are optimal conditions for realising comprehensive de-capitalisation and de-commodification (Knoche 2020a, 2020b). The decisive institutional prerequisite is the public ownership of the means of production, which means that in principle there is *no* subsumption of academic production work under capital (see figure 4.4). In principle, therefore, there is no need that universities and their scholars submit to scholarly publishers in private family ownership as before, and thus to the market laws of private commodity production. This is especially true for digital publications, which can be freely distributed worldwide as *commons*, but also for print publications (with print-on-demand), which can be produced cheaply at universities, distributed at the cost price, and exchanged between university libraries.

Academic publications without capitalist publishers (see figure 4.5) as Diamond Open Access (see Fuchs and Sandoval 2013, who introduced the notion of Diamond Open Access as non-capitalist Open Access publishing) would also help the universities and their libraries so that they are not accused of wasting taxpayers' money. Members of universities regularly give

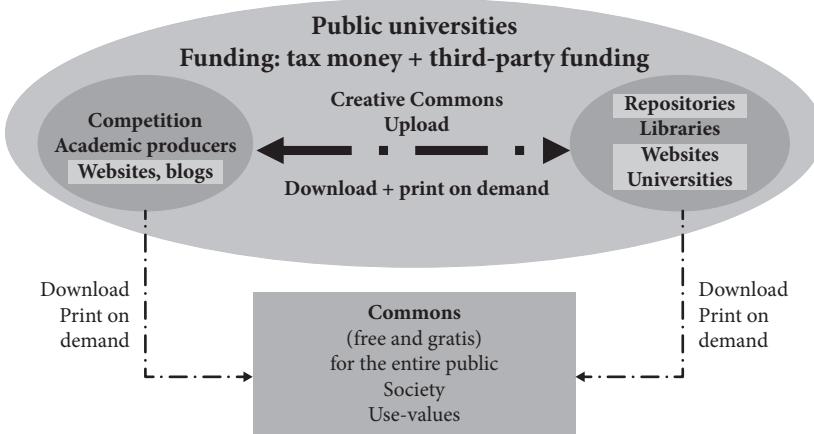


Figure 4.5: The de-capitalisation and de-commodification of academic publications: Diamond Open Access (Knoche 2020a, 2020b)

away their knowledge products financed with a lot of taxpayers' money to capitalist publishers. Or they even pay a fee for getting published by such companies. What is more, university libraries buy back these knowledge products commodities from the publishers with a great deal of taxpayers' money. Meanwhile, universities and funding agencies regularly pay tax money to publishers even for OA publications. Instead of proprietary publishers' servers, free publication on public repositories would be possible. Public money invested into public universities and academic knowledge production could be better used to pay those employed to produce the digital products published by Diamond Open Access journals and book publishers.

Imagine something similar were to happen in the realm of public service media. Imagine that such public media would waste the licence fee paid by the viewers and listeners by giving away for free its audio and video to private radio and television stations. Imagine that public service media would then expensively buy back these products from capitalist broadcasters. Such a move is almost unimaginable! It would cause great public outrage and would have been stopped long ago.

4.5 Conclusion

Based on a Critique of the Political Economy of the Media, a critical theoretical, empirical, and historical analysis of capitalist ownership and production relations in the dominant media industry and their consequences

for journalism and the public sphere, leads to two essential findings. Firstly, there is the fundamental non-reformability of journalistic production *within* capitalist media enterprises that are controlled by private family ownership. Secondly, the analysis shows the necessity of realising “alternative” journalistic production in terms of content with the help of interconnected media organisations that are based on non-capitalist forms of ownership that actively shape the public sphere. The radical-reformist objective of a gradual de-capitalisation and de-commodification of journalistic media production as a possible condition for the tendency of overcoming the capitalist societal formations (*Gesellschaftsformation*) towards a *socialist* societal formation is a real utopia (Brie 2022).

Both the theoretical and the related empirical-historical analysis show that the reform proposals that have been repeatedly and critically put forward for decades almost uniformly from all sides have hardly been fulfilled. This is not surprising, for these are usually:

- well-intentioned *abstract* demands (more media diversity, more concentration control, more quality journalism, more innovation, etc.),
- or moral-ethical demands for the realisation of journalistic professional roles such as constructive, resilient, disruptive, solution-oriented, participative, transformative, etc. journalism. We cannot expect that many journalists will rethink the situation and will engage in corresponding action. Some of these demands may only be met if they can be integrated into the ownership-driven business model as a productive innovation without jeopardising the functional goals for stabilising capitalism mentioned in section 4.3.3.

Therefore, I suggest a fundamental change of goal and strategy: Get out of the hopeless bourgeois-liberal criticism/empowerment/protest and hope trap! Instead of the usual bourgeois media criticism with reform proposals for the “improvement” of bourgeois journalism, a radical-critical, in the broadest sense socialist thinking and action, could be conducive to the development of critical media and social theories as well as for the creation and organisation of an *independent* media praxis. Such developments would form a basis for the transition to a socialist societal formation that does not repeat and does not contain the negative elements characteristic of the failed so-called “actually existing socialisms”.

There are certain minimum requirements for a radical-reformist, *non-revolutionary* transformation and strategy that takes place *within the* existing market-economy and representative-parliamentary democracy.

The formal design and the content of media that are organised and co-ordinated as a combination of decentralisation and centralisation must be extremely effective in the public sphere. This means that such media and their content must be so attractive and convincingly demand-oriented that the majorities of media consumers and voters switch from consuming the dominant bourgeois media and supporting dominant parties to the consumption and use of socialist media and accordingly also support a socialist party in parliamentary elections.

Notes

¹ I contrast this position by the perspective of the “liberation from capitalist business models” (Knoche 2014).

² Because I have been discussing the property problem in the context of the media since 1972 and because it has been one of the main topics of my research (Knoche 1972a, 1972b), I have to include some self-quotations in this contribution to avoid the accusation of self-plagiarism.

³ This circumstance has been pointed out in Marxist theories of law (AG Rechtskritik 2017; Paschukanis 2003; Paul 1974; Reich 1973; Rottleuthner 1975). Unfortunately, I cannot discuss these approaches in more detail in this contribution.

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Part 2

Applications of the Critique of the Political Economy of the Media

CHAPTER 5

Media Concentration

5.1 Theoretical-Methodological Foundations of the International Comparison of Media Concentration

Since global media concentration, like concentration in the economy as a whole, is a defining feature of capitalist economic formations and capitalist formations of society, it is appropriate to undertake an international comparison of media concentration on the basis of a Critical Political Economy approach. A suitable starting point is Karl Marx's fundamental analysis of the connection between accumulation, concentration, and centralisation of capital as an *essential feature of capitalism* (Marx 1867; Altvater et al. 1999; Heinrich 2005).

The concentration analyses carried out on the basis of these theoretical-methodological foundations have the advantage of analytical explanatory and predictive power (Baran and Sweezy 1966; Bischoff et al. 2000; Huffschmid 1969, 2000; Kisker 1999, 2000; Mandel 1978; Sweezy 1970). Even established competition theorists sometimes recognise – albeit without consequences for their own theory development – “how realistically KARL MARX (capital letters in the original, MK) saw the capitalist competition process as a process of selection, displacement and concentration in the context of society as a whole. [...] from the point of view of competition theory, his analysis of the competitive process and the restrictions of competition is very significant, but has remained largely unnoticed by bourgeois economics” (Olten 1998, 41).

International comparisons of media concentration are therefore made in this chapter in the context of approaches to a Critical Political Economy of the Media and Communication (Fuchs and Mosco 2012; Herman and Chomsky 2002; Holzer 1994; McChesney 2000, 2008; McChesney, Wood

and Foster 1998; Meier 1996/1997, 2003; Mosco 2009; Murdock and Golding 1973; Wasko, Murdock and Sousa 2011; Winseck and Jin 2011). The basis of the international comparison of the development of media concentration is a theory of concentration that is critical of capitalism (Knoche 2005a, b) within the framework of a Critique of the Political Economy of the Media (Knoche 2001, 2002, 2005c; Fuchs 2009). Since the comparison thus refers to a *uniform type* of capitalist societies, the method of agreement is primarily used, following John Stuart Mill's classic distinction between the method of difference and the method of agreement (Berg-Schlosser and Müller-Rommel 1992; Esser and Hanitzsch 2012; Kleinsteuber 2003; Melischek, Seethaler and Wilke 2008; Thomaß and Kleinsteuber 2011).¹ As a result of the country comparison on a theoretical (macro) level with an analytically required high level of abstraction, first and foremost *identities, commonalities, and similarities* with regard to the development of media concentration including its causes and consequences can be recognised. Differences, discordances, and dissimilarities can at best be observed at a lower level of abstraction, at the empirical (micro) level, with regard to the degrees of concentration currently achieved and the temporal course of the media concentration processes.

5.2 Relevance: Journalistic Diversity, Problems of Power and Legitimacy, Democracy

The problem of media concentration is generally of *relevance for society* because it calls into question the democratic foundations of capitalist economic and social systems in practical and legitimising terms. In the media sector, this "systemic question" arises in two ways beyond the rest of the economy: economically with regard to the private economy, market, and competition, which are also propagated as ideal control mechanisms for the media sector, and politically with regard to the ideals of media freedom and journalistic diversity as prerequisites for a democratic public sphere. The problem of concentration is generally, not only in the media sector (Jin 2008), of high *political relevance*, especially since the market and competition have been enforced as the sole means of controlling the economy and society in the course of worldwide neoliberal privatisation policies. Due to the real concentration processes, "the basis of legitimacy of the entire system is disappearing" (Huffschmid 1969, 67), as these concentration processes recognisably stand in considerable contradiction to the still widespread theories of competition and the state competition policy oriented towards them.

Note 1:

Concentration processes endanger the democratic foundations of capitalist economic and societal systems because they actually contradict the propagated ideals of competition and journalistic diversity.

In this respect, the concentration problem is also of considerable *academic relevance*, since concentration is promoted instead of controlled on the basis of neoliberal policy concepts (Knoche 1996b, 1997). At the same time, regularly adapted economic theories of competition shift the legitimacy framework in such a way that the degree of concentration achieved in the economy is legitimised (Olten 1998; Rittner and Kulka 2008; Schmidt 2012; Sjurts 2005). Competition theory thus fulfils an apologetic-ideological function of legitimising or concealing the concentration of economic-political rule and power by “abolishing competition without also abolishing the theory of competition” (Huffschmid 1969, 67).

Finally, the connection between media concentration and economic, journalistic, and political *power* is relevant (Chomsky 2004; Knoche 1997; Leidinger 2003; McChesney and Nichols 2004; Meier 2007; Trappel et al. 2002; Murdock 1990; Prokop 2005). The journalistic power resulting from the economic power of the media companies, or more precisely the (capital) owners of these companies, refers to journalists and programme makers who have the power to enforce information, opinion, legitimisation and ideology that conform to the interests of those in power. The resulting political power extends to citizens, organisations, parties, and the state. This concentration of power is of considerable social relevance because the autonomous power of the media owners to dispose of and shape the media, which is secured by property rights and additionally by guarantees of freedom of the press under the Basic Law, is essentially uncontrollable and fundamentally irreversible.

5.3 Questions and Systematisation of Media Concentration’s Measurement

Questions for the international comparison of media concentration can be oriented towards a *theoretical systematisation* of the object of investigation (Knoche 1978, 1996a, 1997), which should be the basis for measurements and presentations of the development and status of media concentration in the different countries on a *descriptive* level. First of all, it is a matter of the

fundamental question of what is regarded or evaluated as concentration at all. This question needs clarification not only from an academic point of view, but also from a socio-political and economic point of view, especially in connection with state regulation or concentration control.

Based on the systematisation of *market-related* concentration measurement (figure 5.1), a distinction must be drawn between different media sectors (press, radio, television, film, etc.) as concentration sectors. The differentiation according to concentration levels – international, national, regional, local – is important. In order to arrive at meaningful concentration analyses, a delimitation according to *relevant markets* is necessary within each of these concentration sectors and levels, which is carried out *factually* according to homogeneous product types, *spatially* according to distribution areas, and *temporally* according to modes of publication/broadcast times. Since these distinctions are rarely made in the available country descriptions of media concentration, there is usually a systematic underestimation of the degrees of concentration.

The regularity of national and international media concentration processes is differentiated according to four directions of concentration –

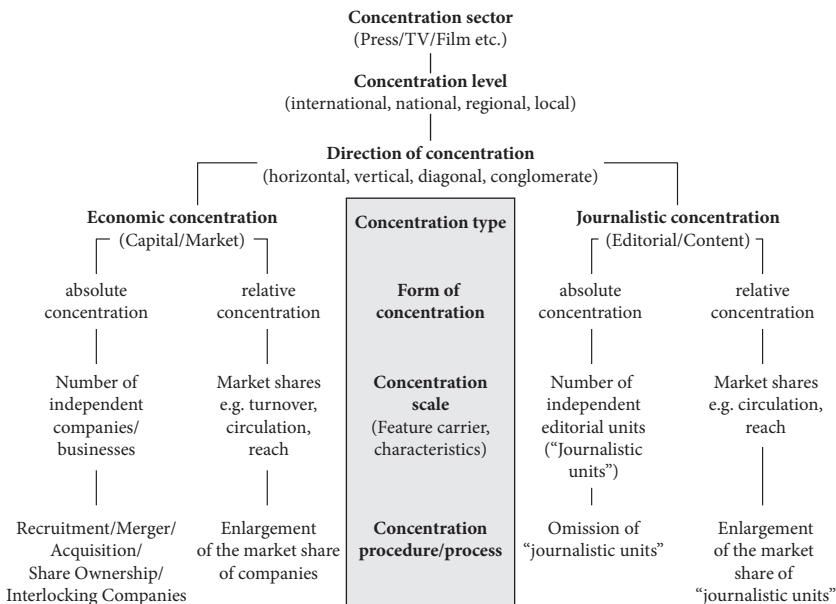


Figure 5.1: Measurement of media concentration (own representation)

horizontal, vertical, (media) diagonal, and conglomerate – each according to media sectors (press, television, film etc.) and relevant markets. In this context, we find a process of market and capital concentration across all media sectors, which manifests itself primarily in the development of press groups into multimedia and communication corporations. Following common economic terminology, a distinction according to the following directions of concentration is relevant (Knoche 1996a: 109):

- *horizontal* concentration designates concentration phenomena at the same production level within an economic sector, an industry, a media sector or a relevant market;
- *vertical* concentration designates concentration phenomena at successive production levels such as procurement, production, and distribution;
- *(media) diagonal* concentration designates cross-media sector concentration phenomena such as interconnections between media sectors;
- *conglomerates* mean cross-sectoral concentration phenomena such as interconnections between the media industry and other industries.

For measuring media concentration in Media and Communication Studies, the distinction between two interrelated types of concentration, *economic* and *journalistic* concentration, is of fundamental importance. *Economic* concentration is usually measured in two ways: on the one hand as *market concentration*, on the other hand as *capital concentration*, which are, however, strongly interrelated. In competition theory – in analogy to Marx's concepts of the *accumulation* and *centralisation of capital* – a distinction is made between *internal* and *external* corporate concentration. *Journalistic* concentration is usually only formally represented as *editorial* concentration, rarely as concentration of information and opinions that are *homogeneous in content*.

Note 2:

Concentration in the media sector includes economic concentration, which appears as market concentration and as capital concentration, as well as journalistic concentration, which refers to the concentration of editorial units as well as to the homogenisation of content.

In this context, it is important to analyse to what extent economic concentration is the cause, trigger or precondition of journalistic concentration. Research should also be directed towards investigating to what extent there is journalistic concentration on a considerable scale in the face of a possibly low degree of economic concentration, in the form of homogeneous ideology production for the legitimisation and stabilisation of the capitalist formation of society.

Within these two types of concentration, a distinction must be made between two forms of concentration, *absolute* and *relative concentration*. In each case, the yardsticks of concentration are different economic or journalistic *characteristics* (independent companies, businesses, editorial units, “journalistic units”) as well as economic or journalistic *characteristics* (e.g. turnover, circulation, reach). The usual limitation to the representation of *absolute* concentration, i.e. to the number of independent economic or journalistic units and possibly their reduction over time, is not very meaningful in relation to the representation of *relative* concentration based on the unequal distribution (*disparity*) of economic or journalistic features among the feature carriers within media sectors or relevant media markets.

5.4 Problems and Perspectives

The usual measurements are related to the states of concentration (*degrees* of concentration) reached at certain points in time. From the point of view of the development of concentration *processes*, however, various concentration processes are also of interest, such as capital holdings, interlocking relationships, mergers, takeovers/acquisitions, joint ventures; the formation of cartels, corporations, trusts, and holding companies; strategic alliances, increases in market shares, etc. The consideration of concentration processes implies an analytical *diagnosis* of concentration phenomena (going beyond descriptive data documentation) as well as their *explanation* and *prognosis* as a *cause-and-effect-impact analysis* (Leidinger 2003; McChesney 2000; Siegert, Meier and Trappel 2010; Trappel et al. 2002; fundamental for analysis of the entire economy is e.g. Arbeitsgruppe Alternative Wirtschaftspolitik (Working Group Alternative Economic Policy 1988)).

Within the framework of a critical-empirical theory of media concentration, the cause-effect relationship shown in figure 5.2 is assumed (Knoche 2005a). Private ownership of the means of production as well as the application of the principles of profit maximisation and rivalry can be regarded as fundamental *structural economic causes*, immanent to the capitalist mode of production, of the concentration activities of media companies. In addition, deregulation and concentration promotion policies, which are pursued by the state and the media industry in a wide-ranging convergence of interests, also act as causes on the part of politics. Politically, it is not competition that is promoted (contrary to the official proclamations of competition policy models), but the international *competitiveness* of capital-rich media companies. In reality, this policy promotes national concentration and, in turn, international *concentration* (Huffschmid 1992, Knoche 2004). The consequences of the state-sponsored, or at least not prevented, global concentration of media companies, which are relevant from the point of view of a democratic public sphere, are visible in a number of areas (figure 5.2, right hand side).

The problems and perspectives of the international comparison of media concentration are thus not only determined by the problems and

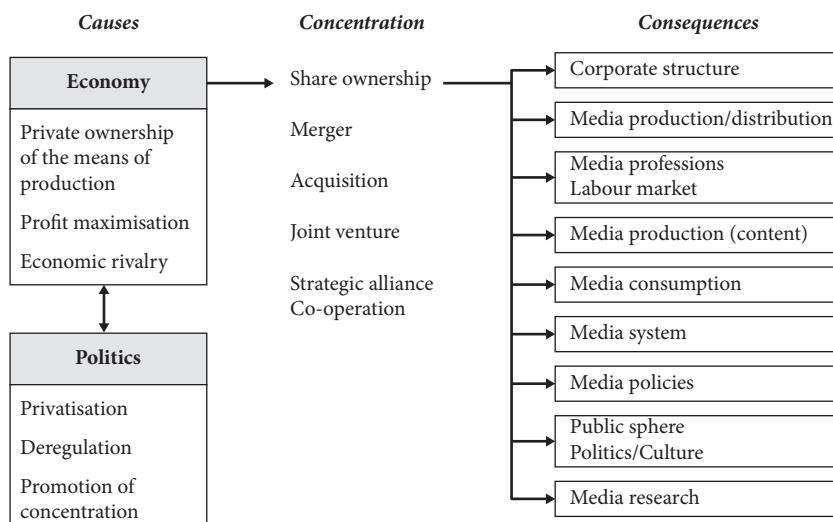


Figure 5.2: Causes and consequences of media corporations' concentration activities (Concentration Theory). (Source: Knoche 2005a, 128)

perspectives of media concentration research, but also by the explosive question of *competition policy*, *concentration control*, and the *regulation* of the media industry. It is recognisable throughout the world that media concentration – in the same way as concentration in the entire economy – is increasingly facilitated or promoted by deregulation or re-regulation, especially in the USA, which often serves as a model for re-regulation in European countries. On the basis of an empirical comparison of countries (Germany, France, Great Britain, Italy, USA) on the antitrust regulations and their legal application for mergers in the area of the press (merger control), “a remarkable identity with regard to the legal regulations and the decision-making practices” (Knoche and Zerdick 2002, 185) can be found.

Note 3:

Media concentration is increasingly facilitated or encouraged by deregulation or re-regulation to a large extent because the international competitiveness of capital-rich media companies is sought.

Control of media concentration is practised as symbolic politics, as *non-decision politics* (Farda 2000) or as “undermining media diversity” through “inaction” (Doyle 2007), as has been demonstrated by the years of (partly deliberate) inconclusive discussions of the European Parliament, the European Union, and the Council of Europe. An important means of symbolic politics are also the continuous changes in the guiding principles of competition theory and policy (Gabler Verlag 2012) in the direction of legitimising the real development of concentration, in stark contrast to the predefined intention of promoting competition (Knoche 2004). Consequently, extensive and versatile corporate concentration strategies are propagated and legitimised as necessary in the interest of the concentration-active companies (Sjurts 2005).

5.5 Empirical Studies of Media Concentration

Existing publications on (empirical) primary or secondary data investigations and studies of media concentration in different countries, which usually focus on *peculiarities of individual countries* and consequently on *differences* between countries, can be characterised according to how

concentration-specific and directly/indirectly internationally comparative they are designed. A scale of *five types* of publications can be distinguished (ordered in ascending order of quality for international comparison on media concentration):

- Publications focused on the collection of *additive single-country studies* of national media systems or media markets in general, mostly *not systematically strictly* oriented to a *uniform category system*, from which, as a rule, more or less information on media concentration can also be derived on the basis of secondary data (Hans Bredow Institute 2009, Thomaß and Tzankoff 2001, Wilke 1992/1994/1996; using a uniform category system: Schneider and Schütz 2004, Stürzebecher 2004).
- Publications focused *specifically* on individual countries' media concentration, which were only carried out and published for *one* country, but can be used as a primary or secondary data source for independent international comparative studies if corresponding/similar studies have been published for other countries (e.g. Bagdikian 2004; Bonfadelli, Meier and Trappel 2006; Compaine and Gomery 2000; Doyle 2002; McChesney and Nichols 2004; Seethaler and Melischek 2006; Röper 2012; Vogel 2012).
- Publications focusing on the largest *transnational* media corporations in the world or in Europe or on *global* media companies, partly differentiated by media sectors, which allow *partial indirect* country comparisons dedicated *specifically* to media concentration (Hachmeister and Rager 2005, Herman and McChesney 1997, Kleinstuber and Thomaß 2004).
- Publications focused on the collection of additive, but on a *uniform category system* oriented single country studies, which allow *indirect* country comparisons dedicated *specifically* to media concentration (European Federation of Journalists 2004, 2005; Media Diversity Institute/International Federation of Journalists/Internews Europe 2009; Nordicom 2009; on the *regulation* of media concentration: Knoche and Zerdick 2002; Kommission zur Ermittlung der Konzentration im Medienbereich (KEK) 2007, 2010; Schulz, Held and Arnold 2007).
- Publications with *direct country comparisons* according to a *uniform category system* dedicated *specifically* to media concentration (Sánchez-Tabernero and Carvajal 2002, Ettl-Huber 2008).

Furthermore, the available publications can be differentiated according to the *geographical area*² to which they refer:

- Studies focused on *only one* country each in Western Europe/the European Union (Bonfadelli, Meier and Trappel 2006; Doyle 2002; Der Beauftragte der Bundesregierung für Kultur und Medien 2008; Hans Bredow Institute 2008; Kommission zur Ermittlung der Konzentration im Medienbereich (KEK) 2010; Ofcom 2012; Seethaler and Melischek 2006; Röper 2012; Vogel 2012; on concentration control in Germany: Schulz and Held 2006; Schulz, Dreyer and Hagemeier 2011).
- Studies focused on selected countries in Western Europe/the European Union (Council of Europe 2004, 2009; European Commission 2007, 2008/2009; European Parliament 2008; Thomaß and Kleinsteuber 2011; Kommission zur Ermittlung der Konzentration im Medienbereich (KEK) 2007; Nordicom 2009; Trappel, Meier, d'Haenens, Steemers and Thomaß 2011, Sánchez-Tabernero and Carvajal 2002).
- Studies focused on selected countries in Eastern Europe (European Federation of Journalists 2004; Ettl-Huber 2008; Thomaß and Tzankoff 2001).
- Studies focused on selected countries in Western *and* Eastern Europe (Doyle 2006; European Federation of Journalists 2005; Schneider and Schütz 2004).
- Studies focused on the USA (Bagdikian 2004; Baker 2007; Compaine and Gomery 2000; Federal Communications Commission (FCC) 2010; McChesney and Nichols 2004; Noam 2009).
- Studies focused on selected countries in Europe/the USA (Knoche and Zerdick 2002; Schulz, Held and Arnold 2007).
- Studies focused on selected countries worldwide: USA, Central America, South America, Europe, Africa and the Middle East, (East) Asia, and Australia (Hachmeister and Rager 2005; Hans Bredow Institute 2009; Herman and McChesney 1997; Kleinsteuber and Thomaß 2004; Wilke 1992/1994/1996).

Based on the research practised so far, the common approaches to concentration research can be roughly divided into two groups depending on the fields of concentration dealt with (Knoche 1978, 1996a; Kopper 1995):

- Studies of *market structures* as indicators of *market concentration*: market shares of media companies in diverse relevant markets in diverse media sectors (press, television, radio, film etc.) at different levels of concentration (international, national, regional, local) according to different types of concentration (economic, journalistic); these studies

correspond to the approaches of competition theory and competition policy and want to determine the degree of concentration on the basis of market power and market dominance.

- Studies of *ownership structures* (media ownership, cross-media ownership) as indicators of *capital concentration* and *corporate concentration*: capital shares of media owners in diverse media sectors as well as across sectors.

For an analytically sound characterisation of the development of concentration, *both* approaches have to be applied in a complementary way. However, studies of market concentration are dominant. These are inadequate and distract from the problem insofar as they ignore the real cross-market concentration of capital as the overriding market power and power of disposal.

5.6 Summary of Findings

As Seethaler (2004) also emphasises in his literature report on *Vergleichende Ansätze in der Erforschung der europäischen Pressemärkte* (“Comparative Approaches in the Study of European Press Markets”), there is a lack of studies that meet the methodological-systematic demands of comparative research. Complaints about a missing or inadequate data basis are justified on the one hand, but on the other hand they often have an alibi character in order to conceal the unwillingness to take political action in the form of regulation and concentration control. An illustrative example of this is the rudimentary self-critical remark by Jens Cavallin the long-standing chairman of the Committee of Experts on Media Pluralism and Transparency of Media Ownership at the Council of Europe: “from one point of view there is a wealth of information available, even an *embarras de richesse* [italics in original]. From another perspective, however, our ignorance is desperate. [...] The Council of Europe has a wealth of documentation, as assembled for the most part in internal working documents” (Cavallin 1995, 14).

Strictly data-oriented media concentration research proves to be a kind of Sisyphean task, which has been aptly characterised as follows: “The difficulty consists above all in the fact that the share and ownership formations, especially in the case of large media companies, are often extremely convoluted and change many times, the documentalist [sic!] must consequently

constantly aim at flying objects, so to speak" (Luyken 199, 621). For the mostly only *gradual* differences in the development of concentration in the various countries or the *minor* shifts within the rankings in a time comparison are hardly relevant in relation to the *commonality/sameness* that in each of these countries and across countries internationally, i.e. worldwide, there are multinational and multimedia global media corporations that are intertwined in the same way. This is reflected in almost all international comparative publications. Referring to research results of the Council of Europe (2004), for example, it is stated: "the majority of European countries are characterised by high and increasing levels of media and cross-media concentration [...] similar content is being recycled across different channels in different territories" (Doyle 2006, 122). This sameness of the status of concentration is expressed above all in the *domination* of these large national and transnational media corporations with a multitude of shareholdings and business areas in a large number of countries. However, the concentration problem is by no means limited to the "50 largest media corporations in the world" (Hachmeister and Rager 2005), but also includes a multitude of regional and local media monopolies in all countries.

Note 4:

Media concentration can be observed internationally as a continuous process in every country and across countries, whereby differences in the extent of concentration between countries take a back seat to the fundamental commonality and identity of this process.

This empirically proven realisation of a *fundamental* (structural and procedural) *identity* of the development of media concentration as well as its causes and consequences in *all capitalist* countries is the adequate basis for a critical theory of media concentration and critical political action based on it. It is a central finding of international comparative media concentration research that in the course of the *regular* concentration processes immanent to capitalism, more and more capital and power of disposal is concentrated worldwide, cumulatively, almost exponentially growing, in the hands of a few media owners.

It is therefore a very abbreviated approach if – as is usually the case – the problem of media concentration is limited to the description of phenomena

of market and corporate concentration. On the one hand, this systematically underestimates the extent of concentration because, for example, the significance of cross-market and cross-company concentration is lost from view or, for example, the diversification of media objects of a media corporation is even wrongly evaluated as a reduction of concentration. In answering the question “Who Owns the Media Companies?” (Compaine and Gomery 2000), it is less a question of knowing the *names* of media owners as “media moguls”. Rather, it should be noted that media companies *worldwide* are in *principle* (with the exception of some public service media organisations) “owned” by a few *individual* owners of capital.³

Thus, as shown schematically in figure 5.3, media concentration is a matter of a concentration of *individual* ownership of the means of production of media corporations, companies, and enterprises as well as the derived *individual power of disposal* that is secured by law, i.e. a form of relatively unrestricted *rule* by the owners of capital. At the same time, this implies an unrestricted power of disposal over the content of media products and thus over the shaping of the social, political, and cultural public sphere. The latter

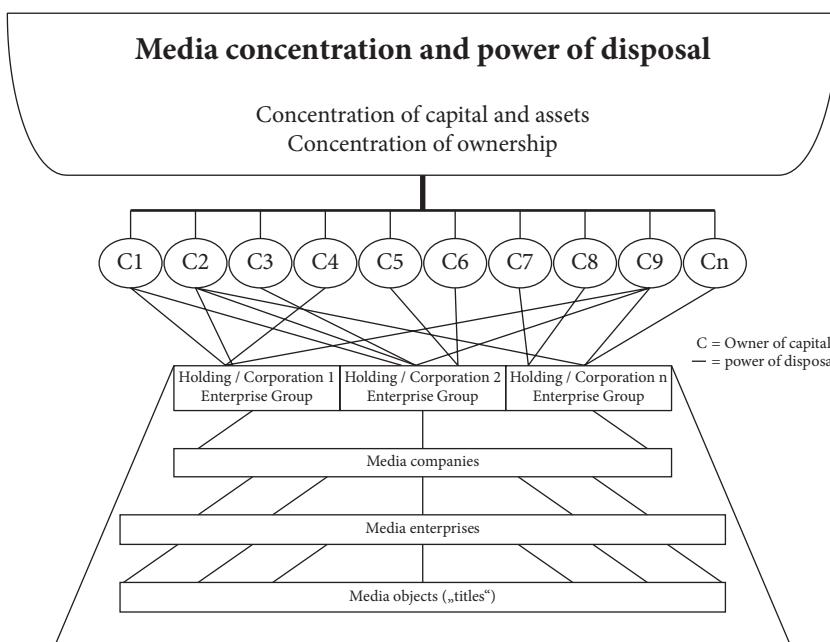


Figure 5.3: Media concentration and power of disposal (own representation)

is by no means only a problem of journalistic diversity, but it is a fundamental problem for democracies that in capitalist societies media production is also under the power of disposal of those *individual capital owners* and their interest in capital accumulation, whereby there is a concentration of large amounts of capital, assets, and property (Keiser 1931).

As meritorious as the in part extremely elaborate single-country studies with data *describing* media concentration may be, they are of relatively little value academically and politically, insofar as they do not contribute to the academic *explanation* and *forecasting* of concentration phenomena and processes in a theoretical and socio-political context. Therefore, we require the “development of a critical-empirical media concentration theory in Communication Studies, which takes the place of the apologetic-normative economic theories of competition” (Knoche 2005a, 124). The basis for such a theory is the regular process of the concentration of capital, means of production, and command over labour, identical with accumulation, analysed and predicted by Marx in connection with the analysis of centralisation as “concentration of capitals already formed, destruction of their individual independence, expropriation of capitalist by capitalist, transformation of many small into few large capitals” (Marx 1867, 77).

In the critical-empirical concentration theory, the actual economic *rivalry* of individual capital owners associated with *profit maximisation* is seen as a *systematic, regular cause* of concentration processes that have negative consequences for the freedom of information, the freedom of opinion, and the diversity of the media (figure 5.4, lower part). This is diametrically opposed to the prevailing theories of competition (figure 5.4, upper part), which are characterised as apologetic-normative because, by propagating *competition as a normative target function*, they focus on a *model* with allegedly positive consequences for the freedom of information, the freedom of exception that can (allegedly) be “controlled” or propagated as positive “functioning competition”. Apologetic-normative theories fulfil the function of distracting from the empirically proven *actual causes* of media concentration and its negative consequences. Another essential contrast between the two opposing theoretical approaches lies in the definition of the function of the *state*. In theories of competition, the state is normatively propagated as a “protector” of competition and a “controller” of concentration, whereas in the critical concentration theory, the state is analysed – on the basis of empirical data – as an actual promotor and legitimiser of concentration.

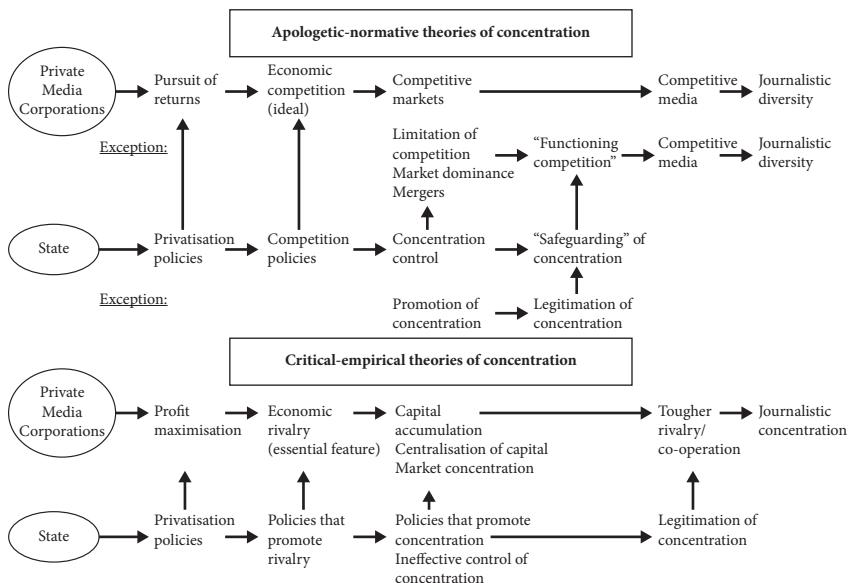


Figure 5.4: Competition Theory versus Concentration Theory (Source: Knoche 2005a, 125)

Note 5:

The critical-empirical theory of concentration sees the actual economic rivalry of individual capital owners associated with profit maximisation as a systematic, regular cause of concentration processes that have negative consequences for the freedom of information and opinion as well as the diversity of the media.

In summary, it can be stated that media concentration is a problem area that has been dealt with comparatively much in international comparisons in academic studies and political action. But nevertheless,

communication studies has mostly shown itself to be a bearer of misgivings about concentration processes in the media market. It likes to point to the important role of the press and diversity for the formation of opinion and will in society. This, however, remains a cheap lip service (Holtz-Bacha 2006, 289).

The same “action-reaction scheme” (Knoche 1996, 103ff) can be seen worldwide: (State) commissions react to concentration processes actively driven by media companies by awarding research contracts for data

documentation (Federal Communications Commission (FCC) 2010; Media Diversity Institute/International Federation of Journalists/Internews Europe 2009; Ofcom [Office of Communications UK] 2012). At the EU level, media concentration is reinterpreted with clearly ideological (distracting, obfuscating) intent by changing the words that are used (European Commission/Task Force for Co-ordination of Media Affairs 2012; Karppinen 2006, 2010). The talk is of media pluralism, freedom, and diversity. Instead of control, regulation or government intervention, transparency, observation, monitoring, and corporate governance are recommended. As Neelie Kroes, Vice-President of the European Commission responsible for the Digital Agenda, programmatically proclaims, the focus is on “Safeguarding Media Pluralism in the EU” (Kroes 2012). To this end, a High-Level Group on Media Freedom and Pluralism and a Centre for Media Pluralism and Media Freedom (<https://cmpf.eui.eu>) were established in 2011. This form of symbolic politics has been rightly criticised:

The analysis of contemporary policy debates indicates that the notion of media pluralism has been too readily reduced to an empty catchphrase or conflated with consumer choice and market competition. In this narrow technocratic logic, pluralism is often unreflectively associated with quantitative data in a way that leaves unexamined key questions about social and political values, democracy, and citizenship (Karppinen 2010, 3).

Notes

¹ Von Beyme (2000, 154f) also sees the dominance of a “capitalist world system” and an increasing “uniformisation of the world”, the consequences of which for the comparative method “cannot yet be fully assessed”. From this, however, he concludes with a reference to postmodern thinking “as the finisher and not the overcomer of modernity”, which has “placed the primacy of the difference method above the search for similarities”: “Precisely because the world is converging, the *difference method* can be applied all the more radically for the remaining differences”.

² As not all publications on all continents and countries could be processed for this chapter due to time and space constraints, the following list is only exemplary with a clear focus on Germany, Europe, and the USA.

³ The fact that *individual* capital owners join together to form companies does not change the basic fact that individual capital owners are the owners of the media companies (in contrast to public or social ownership, for example in the

form of public service organisations). The legitimacy of individual owners to dispose of media production is based – very much in contradiction to democracy – only on their appropriated capital, which was created by their wage earners.

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CHAPTER 6

Development of Media Technologies as “New Media”

In capitalism, the main purpose of technology is the effective organisation of capital accumulation in the form of the technical means of production.

(Fuchs and Hofkirchner 2002, 161).

We see how in this way the mode of production and the means of production are continually transformed, revolutionised, how the division of labour is necessarily followed by greater division of labour, the application of machinery by still greater application of machinery, work on a large scale by work on a still larger scale. That is the law which again and again throws bourgeois production out of its old course and which compels capital to intensify the productive forces of labour, because it has intensified them – the law which gives capital no rest and continually whispers in its ear: “Go on! Go on!”

(Marx 1849, 224).

The advertisers’ strategy is to hammer it into people’s heads as an unqualified desirability, indeed as a categorical imperative, that they must own the latest product on the market. In order for this strategy to be realised, however, producers have to constantly throw “new” products onto the market (...). Built-in obsolescence increases the rate of wearing out, and frequent style changes increase the rate of discarding.

(Baran and Sweezy 1966, 129, 131).

6.1 Introduction

The development of media technologies as “new media”¹ is analysed in this chapter with the help of a Critical Political Economy theory approach², specifically on the basis of a Critique of the Political Economy of the Media (Knoche 1999, 2001, 2002). There is no problem in theoretically and empirically justifying the fruitfulness of a *capital- and politics-centred Media Economics* research approach, especially since in capitalism as the globally dominant economic and societal system, the fundamentally legitimised interaction of capital (companies) and politics (state) has a central system-stabilising and system-developing function.

A realistic examination of the laws of motion of (media) capital proves to be insightful for the analysis of the development of media technologies as “new media”, as it is precisely the development of technology – usually labelled with positive and euphorically connotated buzzwords such as “technical revolutions”, “technical progress” or “innovations” and “growth” – is regarded as constitutive (as “a question of existence”) for the *individual* accumulation of capital and the necessary safeguarding and further development of capitalism into oligopoly or monopoly capitalism (Baran and Sweezy 1966). This circumstance applies increasingly in the context of the *neoliberal paradigm* in economic theory, policy, and practice, which also legitimises a corresponding structural change in the media industry, which is driven forward by *planned action* on the basis of the greatest possible capital autonomy with the market as the almost exclusive regulator in the supposed “free play of forces” with *planned* state support (Knoche 1999, 149–151).

6.2 Theoretical Approaches to the Genesis, Diffusion, and Impacts of Technology

In criticism of the purely diffusion-theoretical approach dominant in economic neoclassicism, which does not do justice to a deeper social science explanatory claim due to its focus on technology and supply, which is considered unrealistic, Seeger (1996/97, 45–52) places *technology genesis models* at the centre of research into the technisation of audio-visual media. He differentiates between *constructivist* and *social evolutionary* approaches in a socio-economic research tradition with a strong institutionalist

orientation. In what seems to me to be a justified differentiation from neo-classical, constructivist, and sociological approaches, he considers it more informative to analyse the decisions and strategies of political and economic actors in the introduction, application, and implementation of the more comprehensive media systems from a socio-political point of view, following a more Political Science-oriented approach by Mayntz et al. on large-scale technological systems and the significance of institutional contexts (Seeger 1996/97, 48).

Based on the theoretical approach of a Critique of the Political Economy of the Media, the development of media technologies as “new media” is considered from a number of points of view which, in my opinion, are of decisive importance for a realistic analysis, but which have nevertheless received little consideration in the Media and Communication Studies literature to date. Under these “new” aspects of Media and Communication Studies, which are in reality relatively “old” but by no means outdated – taking into account the relevant economic, political science, and sociological literature – the development of media technologies is analysed primarily taking into account the following fundamental aspects and contexts:

- The accumulation of capital by individual entrepreneurs as a “source of meaning” and “moving force” for the necessary global (media) technology development;
- Overall economic development stages of global capitalism and “system optimisation” as decisive strategy parameters;
- There is the interaction of the global economic and political strategies of the means of production industry, the media industry, and the economy as a whole: media technologies as a means of investment, production, distribution, and consumption;
- There is the interaction of strategies of planned qualitative/functional innovation (“technical progress”) and psychological/aesthetic innovation as well as of planned qualitative/functional obsolescence (“wear and tear”) and psychological/aesthetic obsolescence (“obsolescence”) as entrepreneurial strategies in the sales promotion of “new media” as well as the associated problem of “technical and social regression”.
- There is the antagonistic process of strategies of convergence, universalisation, and diversification as well as the concentration/globalisation of the worldwide media system driven by this.

In general terms, the considerations centre on the interest in providing academic *explanations as to why* media technologies as “new media” are *successively* developed (note: media technologies do not develop, they are developed) in a *planned*³ way that can be observed empirically without any problems.⁴ The aim is to contribute to a *theory* of media technology development that takes into account the realisation that these media technologies are developed in the general process of the *planned successive* development of any technology in the capital accumulation interests of capital owners on their behalf in close planning co-operation with state institutions.

6.3 The Development of (Media) Technology in the Process of Capital Accumulation

In order to achieve realistic academic knowledge and empirically supported theory development, an analytical approach that *understands* capitalism as a globally dominant economic and societal order as *real* and therefore takes its *real dominant core* as the starting point for academic analyses seems to me to be of comparatively great value for Media and Communication Studies. The accumulation of capital and the *production methods and production (labour) conditions necessary* for its realisation as well as the *necessary infinite* production, sale, and consumption of commodities.⁵ As is well known, capital accumulation via *profit maximisation* is a very real “essential element” in capitalism, and consequently also in the capitalist media industry, and a frequently fundamentally legitimised, everyday economic and political imperative for the owners of capital and dependent workers.

In developed capitalism, the type, development, and use of new (media) technologies are generally by no means determined by “random” inventions or by the desire to serve “technical progress” or the will to improve the fulfilment of human (communication) needs. The development of technology is therefore neither induced nor determined by technology (technology as “deus ex machina”) nor driven by demand or need (“consumer sovereignty”), as is often claimed. For a theory of media technology development that is not distracted by legitimising ideologies or media philosophies, but instead takes empirically proven or verifiable phenomena as the basis for theory formation, the starting point and benchmark are

the defining “essential elements” of the capitalist economic and societal system, in particular⁶

- the individual accumulation of capital with its general susceptibility to crises;
- state support for the individual accumulation of capital;
- the organisation of production and labour (mode of production, productive forces and relations of production);
- the production, distribution, and consumption of goods.

The “driving forces” influencing the development of media technology are modelled in figure 6.1.⁷ The dominant influencing factor is the activities of capital owners in the private media industry to optimise individual capital accumulation based on the capitalist mode of production by means of surplus-value and commodity production. The central parameter for the development of media technology is the optimisation of the capital accumulation process, or more precisely: the result of this process in the form of a return on the capital invested plus an “appropriate” profit.

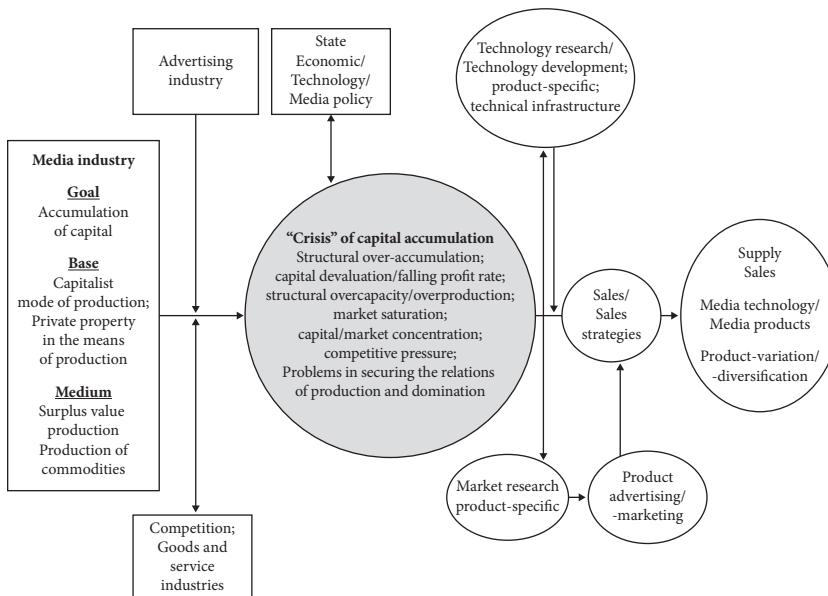


Figure 6.1: Factors influencing the development of media technologies as means of capital accumulation

Entrepreneurial action is primarily determined by either preventing, overcoming, or “productively” utilising the consequences of a large number of regularly “threatening” or real “crises”, which in principle jeopardise profitable individual capital accumulation or (can) lead to the devaluation or destruction of capital, in order to accelerate the devaluation and/or destruction of competitors’ capital. Media companies operate in competition with all other goods and service industries and under pressure from the entire economy as an advertising industry. The development and use of media technology is an important means of preventing and overcoming crises.

Media technology development is driven forward by media companies in close “coordination”, i.e., co-operation with the government’s economic, technology, and media policies. As the example of the introduction of private radio and television media in Germany in the mid-1980s shows, economic policy and technology policy (the promotion of nationwide cable and satellite technology) can be successfully pursued with the help of or under the guise of well-co-ordinated media policy in the interests of the industries benefiting from it. State technology policy as economic policy also includes technology research and development subsidised with taxpayers’ money, especially in technical infrastructure (e.g., telecommunications), which was ultimately “supplied” to private capital as part of neoliberal privatisation.

The development of media technologies – which may be “valuable” in the eyes of media users because they are (apparently) useful and satisfy their needs – is literally *worthless* (not producing value) or capital-destroying for the owners of capital if they are not sold at profitable prices in a way that increases the capital value in the necessary quantity in the shortest possible period. The profitable accumulation of capital is only successful if a “surplus” (profit) is achieved through the massive sale and purchase of commodities. The fundamental problem is that accumulation is not a one-off process of production and sale, but that the goal of capital accumulation can only be achieved through constant, almost infinite repetitions of this process. As this is a cumulative process of the accumulation of constantly growing amounts of capital, the non-value-enhancing idling of capital must be restricted or prevented by accelerating and quantitatively expanding the process of production and sale in order to secure the rate of profit.⁸

From the perspective of the individual accumulation of capital, it can be explained why (product-specific) market research as well as advertising and marketing of commodities, and sales and marketing strategies in general, are of central importance in the current stage of oligopoly capitalism (Prokop 2000, 139–141) for asserting the individual interests of capital owners in competition with the individual interests of other capital owners in a society that is fundamentally limited by human needs and necessities as well as by purchasing power and the willingness to buy.

From the perspective of the owners of capital, the development and use of *changing*⁹ technologies are generally *necessary* in two ways in order to secure or expand the accumulation of capital. On the one hand, the use of *regularly changing* technologies as a *means of production* is necessary to change the mode of production (mechanisation/automation as a means of strengthening the position vis-à-vis wage earners, i.e., to “secure” the relations of production in the interests of the owners of capital), to increase productivity and to reduce costs. On the other hand, this process requires the use of *regularly changing* techniques as a means of distribution and consumption. The incessant mass production and sale of a multitude of different media technologies, each of which is subject to constant change, is necessary because this is the only way to achieve the desired accumulation of capital.

The use of changing media techniques as “new media” is *indispensable* for solving fundamental problems that regularly arise “anew” in the process of capital valorisation, especially for successful capital accumulators: the unprofitability of technical *overcapacity* and *overproduction* (measured in terms of sales volume) and the difficulty of avoiding *overaccumulation* (“unproductive” accumulation of capital) through profitable investment of *surplus* capital (that part of the “surplus”/profit that cannot be used profitably in previous production) (Kisker 2000, 70–71). An essential theoretical element for a realistic theory of the development of media technology is therefore the realisation that this development

- is an *inevitable*¹⁰ *phased* process
- is *necessarily* driven forward in the interests of capital owners.¹¹

6.4 Media Technologies as Means of Investment, Production, Distribution, and Consumption

The conditions of the given capitalist mode of production and the inherent inevitability of commodity production make them (the technologies, MK) at the same time a moment of the valorisation of capital, [...] this also applies to the process of discovering and developing the technologies themselves: Technologies are developed and valorised as a means of producing and multiplying capital (Briefs 1983, 101).

In Media and Communication Studies, the problem of “new” media technologies as “new” media has so far been discussed primarily in terms of journalistic aspects and, in the neoclassical economic tradition, from a market perspective with a broad restriction to the consumer sector. For a more comprehensive academic analysis and theorisation, however, it seems essential to consider the development of media technology in the close context of the production of the means of production, media production, media distribution, and media consumption.¹²

Marx's (1885, chapters 20 & 21) distinction between the two departments of social production, means of production for productive consumption and means of consumption for individual consumption, and their functions for the reproduction and circulation of total social capital is fundamental here. In this theoretical context, the different significance of the production and consumption of media technologies becomes recognisable concerning their functional transformations at the various stages of an interacting capital accumulation process: the commodity function of media technologies for the producers of means of production (sales tend to be to the entire producing economy), their consumption/use function as fixed capital (means of production), and finally the commodity function for the media producers and the consumption/use function for the consumers.

An essential starting point for the development of a “media technology theory” from the perspective of a Critique of the Political Economy of the Media as a theory of structure *and* action is – similar to Seeger (1996/97, 54–55) – the general, partly media-specific interaction of a “linked technology chain” (figure 6.2), in the case of television as a chain of “programme contribution”, studio/production, broadcasting/transmission, reception/use, and recording/storage/playback technology. Altmeppen et al. (1994,

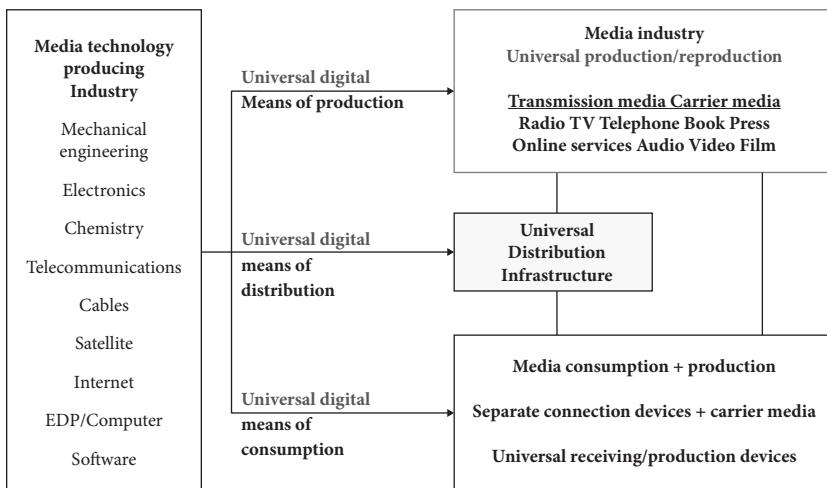


Figure 6.2: Media technology transformation as universal means of investment, production, distribution, and consumption

46–47, 62–66) also emphasise – for innovations and investments in newspaper companies – the economic conditionality and the process character of innovations as well as the far-reaching restriction to innovations that act as triggers for “chains of effects of innovative measures” (product, process, structural, and contract innovations).

It is precisely the combination of the use of “new technology” as a means of production, distribution, and consumption that promotes the “consumerist circle” (Candeias 2001, 169–174), which is advantageous for the owners of capital, in that the reproduction of labour power in leisure time, in addition to its “valorisation” in production time, also becomes beneficial for profit maximisation through mass (technological) consumption. In the perspective of a Critique of the Political Economy of the Media, the “capitalist production process is viewed as a unity of the labour and valorisation process” (Mendner 1975, 19–36). Consequently, the causes, types, and consequences of the development of media technologies as “new media” are also analysed to a large extent from the point of view of the development of the productive forces as well as the associated working methods and conditions as a connection between the mode of production and the ways of life.

In general, the relationship between the production of means of production and media production and distribution (figure 6.2) is fundamentally

different from that between media production and media consumption: on the one hand, there are mutual competitive and complementary relationships between strong individual economic capital accumulation interests within and between highly concentrated industries, in particular mechanical engineering, electronics, chemicals, telecommunications, cable, satellite, computers, and the Internet (Kubicek 1984, Kubicek and Rolf 1985, Luyken 1985, Michalski 1997). Various media technologies are developed in combination with financial and media policy support from the state (Tonnemacher 2003a, 215–246). On the other hand, the owners of capital in the media industry (production and distribution) decide on the use of investment and production resources under monopoly or competitive conditions according to microeconomic criteria. In this context, the innovation and obsolescence strategies of the manufacturers of means of production also play a role that should not be underestimated, particularly since the media technology manufacturing industry generally produces means of production as well as means of distribution and consumption (hardware and software). The (entertainment) electronics industry not only produces technology but also programmes (music, video). Basically, the producers of means of production have to deal with “sophisticated buyers whose concern is to increase their profits. [...] producers of producer goods make more profits by helping others to make more profits”¹³ (Baran and Sweezy 1966, 70, 71).

The capital accumulation interests of individual media producers result in a compulsion to regularly replace means of production and the associated changes to production processes due to the constant need to reduce costs. In principle, the aim is to delay new investments in means of production until the technical equipment used has been amortised, in the narrower sense until it has been written off in terms of value (for tax purposes) (Baran 1966, 152–158). As an increase in production in previous areas of production tends to jeopardise profit maximisation interests due to the widespread saturation of needs and wants, surplus-capital, which is a defining feature of capitalist development as what Baran and Sweezy (1966, chapter 3) term “the tendency of surplus to rise” (Baran and Sweezy 1966, 58–113), is transferred to rationalisation investments on the one hand and invested in new areas of production based on “new” technologies on the other.

As the example of the development and use of “new technologies” in the press sector in particular shows, a change in technology as a means

of investment and production is of eminent economic importance for the owners of capital in the first instance. Only secondarily is a subsequent change of technology as a means of distribution and consumption of significance. This also becomes clear in the chronological sequence of the development and use of changing technologies in the press sector. Since the mid-1970s, “journalism in the computer society” (Weischenberg 1982) has been driven by the interests of capital owners in “technical rationalisation” and increased productivity through the “computerisation” of newspaper production as a change in the mode of production and the relations of production. Although the economically necessary combination of media technology as a means of production with corresponding means of distribution and consumption (“online newspapers”) has long been sought in the press sector due to the enormous potential for reducing production (printing, paper) and distribution costs (Neuberger 2003, 65–66; Tonnemacher 2003b), such a combination will only be fully realised if it can contribute to the successful accumulation of capital. Concerning traditional press products, the *technical* pressure to innovate in the consumer sector is comparatively low, as press products are more or less *short-lived* consumer goods and the use of (printed) press products is not associated with technical receivers.

6.5 Innovation, Obsolescence, and Commodity Aesthetics

The buyers experience the aesthetic innovation as an inevitable, although fascinating, fate. [...] Aesthetic innovation, as the functionary for regenerating demand, is thus transformed into a moment of direct anthropological power and influence, in that it continually changes humankind as a species in their sensual organization, in their real orientation and material lifestyle, as much as in the perception, satisfaction and structure of their needs (Haug 1986, 42, 44).

With the help of global neoliberal privatisation and deregulation policies, nation-states, in co-operation with alliances of states such as the European Union have in recent decades created very large-scale opportunities for capital owners from various industries and sectors to accumulate capital with “new media”.¹⁴ These state privatisation measures were very urgent for capital owners at the time, as there were general capital valorisation

problems worldwide due to a lack of investment opportunities for “surplus” capital and, above all, due to “saturated” markets.¹⁵ Consequently, there were areas of application for a change in media technologies in connection with the development of new spheres of capital investment and new mass markets in “new” media sectors such as “cable television”, AV media, digital radio, digital television (pay TV), telecommunications, online services, multimedia, and the Internet, as well as the *development of new market segments* in *traditional* media sectors with largely saturated markets using product variations and product diversification.

Due to the connection between media technologies as a means of investment, production, distribution, and consumption, investment/production and product innovation *constraints necessarily arise*, which regularly trigger certain “chain reactions” of investment and product “innovation” in the capital accumulation process (figure 6.3). The driving forces here are the capital already accumulated to a high degree through decades of extremely successful profit maximisation (high degree of capital concentration), the devaluation of which is threatened by *over-accumulation*, *overcapacity*, and *overproduction*, combined with the danger of “saturated” (sub-) markets. In this context, the (further) development and use of old and new media technologies, i.e., production, compression/storage, transmission, encryption, and reception technologies in the past,¹⁶ present, and future, play a central role. With their help, it is possible to achieve strategic goals that are fundamental to capital valorisation in the sense of

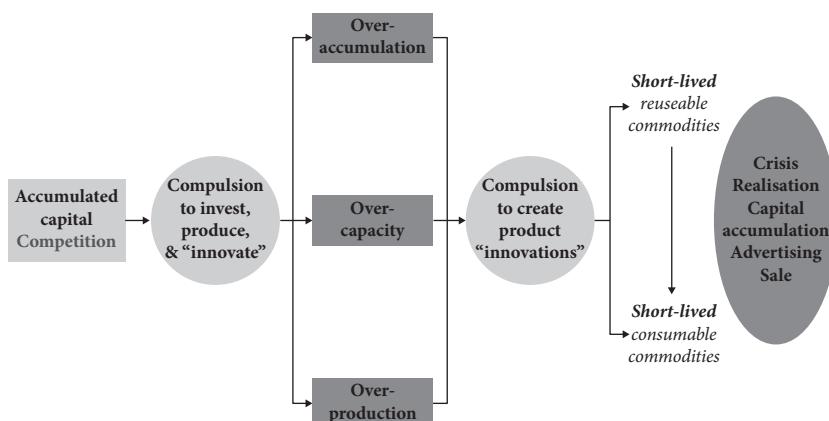


Figure 6.3: Chain reactions of investments and product-“innovations” in the capital accumulation process

profit maximisation (Knoche 1999, 158–161). The main strategy applied, the replacement of “old” with “new” media technology, serves three main “transformation” objectives:

- *Durable* consumer goods are transformed into *short-lived* consumer goods.¹⁷
- *Durable* consumer goods are transformed into consumer goods *with the shortest possible shelf life*.
- The expansion of the production and sale of short-lived consumer goods (“disposable camera”, retail sale of information, pay-per-view, automatic deletion of music tracks “retrieved” from the Internet after a short time, etc.).

Three basic innovation/obsolescence¹⁸ strategies (Bodenstein 1977, 10–13; Haug 1980, 136–142, 159–170) are used to achieve these goals, *which are essential for the long-term accumulation of capital* (figure 6.4):

- Planned *functional-technical* obsolescence as a real functional change/extension¹⁹ with regard to the basic and/or additional use-value of a product;
- planned *qualitative* obsolescence as a real deterioration in use-value (“built-in” premature wear and tear, shortening of the physical/economic service life of products, also by omitting possible quality and durability improvements through “pigeonholing” of available knowledge and patents);
- planned *psychological/aesthetic* obsolescence as “aesthetic” innovation/obsolescence as a conscious devaluation of use-value (“unfashioning”) of a long-lasting product that is still in use or basically usable).

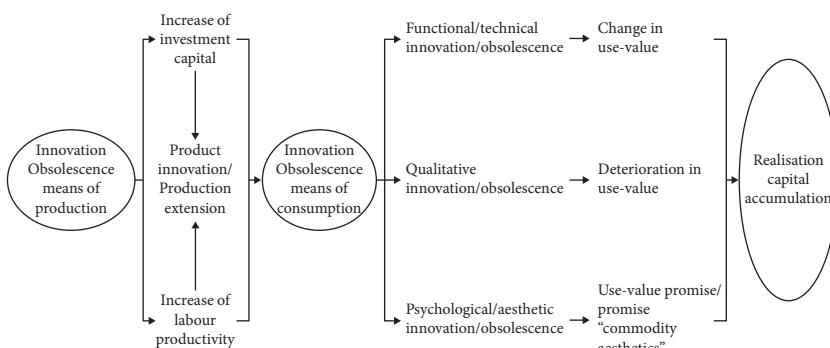


Figure 6.4: Strategies of the means of production and consumption's innovation and obsolescence

As a rule, these three strategies “of shortening the lifespan of products and of accelerated fashion change” are applied in combination as “capitalist laws” (Bodenstein and Leuer 1976, 204–205), whereby the interaction of innovation/obsolescence strategies of the two Marxian “departments of social production” of means of production and consumption mentioned above is also fundamental here (Glombowski 1976, 37–40, 316–340). Especially in the media sector, these combined strategies of planned functional-technical, qualitative, and psychological/aesthetic obsolescence are often realised in the form of *system variations*. In product systems consisting of several product elements (e.g., camera, film, projector, accessories), a central element is changed in such a way that the entire previous system becomes unusable or appears to be unusable. This strategy is known to be used in the computer sector at extremely short intervals (hardware/software/additional device combinations).

On the one hand, the planned obsolescence in the form of the deliberately produced material “short life” (“becoming unusable” due to physical wear and tear) of the “old” media technologies that are still in use or no longer in use, but are still fundamentally *usable*, successfully stimulates replacement or additional purchases (replacement, second and additional devices) to a considerable extent. However, only the offer of a “new” technology that is no longer compatible with the “old” technology, ideally accompanied by the complete cessation of production of the “old” technology, actually makes the “old” technology “obsolete” because it is unusable. This process creates the necessary pressure on the supposedly “sovereign” consumers to open up new mass markets for replacement or additional purchases. Criticising the neoclassical and neoliberal dogma of “consumer sovereignty”, Joan Robinson, for example, concludes that “the claim that the system of private enterprise is geared towards satisfying consumer desires is pointless. Rather, consumers are the meadow on which entrepreneurs graze. We have become accustomed to a system that functions for the benefit of the producers and in which the benefit to the consumer is merely incidental” (Robinson 1966, 69).

On the other hand, a predominantly “psychic” obsolescence is constantly being generated in the form of “aesthetic innovations”, which act as an “aesthetic obsolescence” within the framework of an all-encompassing “commodity aesthetic” characteristic of capitalism, through a wide range of technical product variations (design, equipment, reception quality,

retrofitting, functional and valorisation modifications, combination with additional devices, etc.) (Haug 1986). This type of aesthetic innovation “becomes the dominant force in monopoly capitalism” (Bodenstein 1977, 38) and causes consumers to *subjectively* lose the previously (good) concrete use-value of media technologies, even though they are still usable in a technical sense. It is not only concrete product-related advertising and marketing measures that contribute to the success of such strategies, but also a diverse, all-encompassing stimulation (via advertising, marketing, PR, journalism, art, culture, education, upbringing) of a general social *re-evaluation process of values* in the consciousness of consumers (disdain for the “old”, appreciation of the “new”, orientation towards “fashion”, reduction of inhibitions towards “throwing away”, overcoming thriftiness, etc.) (Bodenstein and Leuer 1976, 227).

Similar to radio and television programmes, press products, especially daily newspapers, tend to have the advantage of *being short-lived* consumer goods which, as a means of communication similar to food and luxury foods, enable calculable daily, weekly etc. mass sales as “replacement purchases” – additionally secured by the form of a fixed subscription – which in turn is the prerequisite for the actually profitable advertising business. It is no coincidence that the press industry was traditionally one of the industries with the highest rates of profit.

The long-term success of the coupled strategies of innovation and obsolescence is essential for the successful accumulation of capital. In order to arrive at an academic explanation of the *existential necessity* of the interplay of the most diverse forms of these strategies, in particular their dominant “psychic/aesthetic” variants, it is expedient to “analyse new phenomena in the context of a transformation of the *mode of production*” (Haug 2003, 27). In doing so, it first becomes recognisable how necessary the development and application of *profitable* information, communication and media technologies, in particular the integration of electronic data processing (computers) and the Internet, is for a mode of production that ensures the accumulation of capital. A new mode of production based on modified means and processes of production serves to increase labour productivity and change labour relations (the power relationship between capital owners and wage earners in favour of the capital owners). However, this transformed mode of production and the associated increase in the amount of capital employed is only advantageous if the increase in product quantities through the profitable sale of these products leads to the

realisation of capital accumulation (return flow of the capital employed plus profitability).

The higher the use of new technology increases labour productivity and the amount of capital employed, the greater the *pressure* on individual companies to increase product quantities and to use innovation and obsolescence strategies in order to sell their “own” products profitably in the face of market saturation and limits on demand and purchasing power (Bodenstein 1977, 32–41). But even a successful accumulation of capital creates a new *production constraint* insofar as “surplus” capital must be invested in new (technical) products in order to ensure the continued profitable valorisation of capital. This contradictory nature of the change in the mode of production through the use of new technologies and the associated reinforcement of the general production constraint also explains the central importance of the development of media technologies as “new media” and, in connection with this, the use of primarily “psychic/aesthetic” innovation and obsolescence strategies, which are essential for the realisation of “profitable”²⁰ capital accumulation. The successful application of these strategies, which simultaneously anchor capitalist commodity production in individuals’ consciousness as “advantageous” in macroeconomic and social terms, actually leads to large-scale and planned destruction of use-values (Bodenstein 1977, 39) and to “secondary exploitation” (Haug 1986, 103) in the area of consumption in addition to primary exploitation in the area of production.

The causes and types of innovation and obsolescence strategies are shown in figures 6.3 and 6.4. The general causes for the necessity of using such strategies are the goal of capital accumulation and the pressure to valorise accumulated capital. The specific causes are the consequences of the renewal of the mode of production through the use of new production processes and new means of production: the increase in labour productivity through technical rationalisation, the change in labour relations, and the increase in the quantity of capital. This process requires an increase and variation in product quantities, the profitable sale of which, necessary for the realisation of capital accumulation, can only be achieved through the interrelated use of various innovation and obsolescence strategies.

Technological change is generally in the interests of both hardware manufacturers (players and carrier/storage media) and content/programme producers. For the programme industry, there is a need to valorise content anew via new carrier media in old or new markets. Such

valorisation is an economic necessity for them because, on the one hand, there is a lack of successfully exploitable new programmes and, on the other hand, successful products (“hits”) can only be sold *repeatedly* via new carrier media (Knoche 1999, 158–159).

6.6 The Media System’s Antagonistic Process of Convergence, Universalisation, and Diversification

The extent, sequence, and speed of the convergence and diversification processes are mainly determined by the strategies of financially strong (media) groups in highly concentrated media markets. Economically, they have the necessary capital and market power and politically they can assume favourable framework conditions and a high degree of assertiveness based on radical privatisation and deregulation policies. Consequently, the strategic role played by convergence, universalisation, and diversification in the global capital valorisation process of these companies must be examined. Above all, this means analysing which degree of convergence is more conducive or enforceable for which companies in which media sectors in the respective phases of different competitive and market strategies and which is not.

Figure 6.5 is an attempt to depict the development, diversification, convergence, and universalisation of media technologies as comprehensively as possible, particularly concerning the phases of this development based on key characteristics, divided into mass communication media and individual and business communication media. Vertically (from top to bottom) – also as an indication of phases over time – the complementary developments of “new media” are arranged as a diversification process according to the criterion of their physicality, but also according to which human senses are “newly” addressed in which combination in the course of development. The further developments within the individual media (sectors) are arranged horizontally (from left to right) according to the scale of material carriers or immaterial transmission.

The process of technical change in the media and the associated (partial) convergence/universalisation process should be shown in its basic features. In principle, four strategies for the *planned successive* change of media technologies can be recognised empirically based on the development to date:²¹

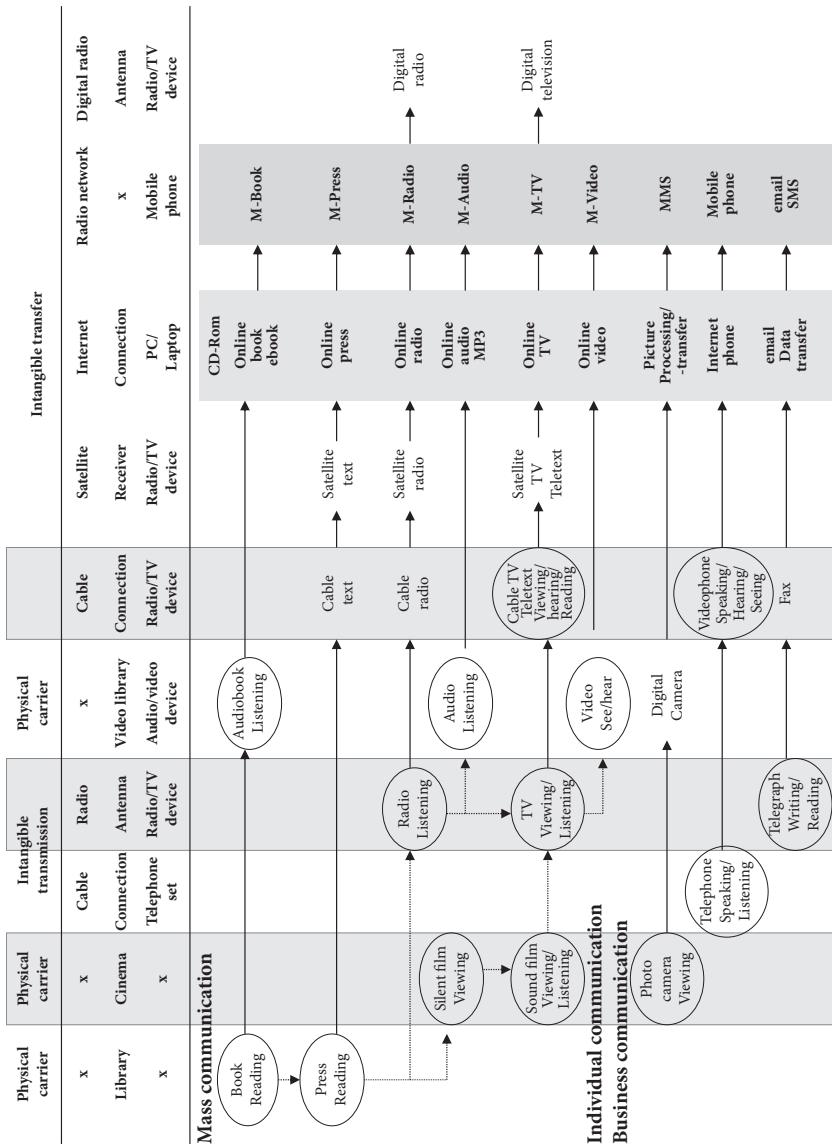


Figure 6.5: Media technology's development, diversification, convergence, and universalisation

- additional media types, differentiated according to forms of communication (in the area of mass communication: book, press, film, radio, television, audio, video);
- per media type, a development of *generations* through a change of physical carriers and/or transmission channels, e.g. cable, satellite, online, M-TV or record, CD, DVD (not shown in figure 6.5 for reasons of clarity);
- a diversification of *models* per media type and generation (not shown in figure 6.5 for reasons of clarity);
- per media type, generation, and model, *partial convergence/universalisation* across different reception devices and transmission channels (television/cable/satellite, computer/Internet, mobile phone/mobile communications).

The process of convergence/universalisation (Knoche 1999, 165–172) has become possible in particular based on the cross-media digitisation of production and transmission and is being driven forward based on cable, Internet, and mobile phone technology. For example, the future of audio-visual media technology (production, distribution, consumption) is determined by the convergence and diversification strategies of well-funded companies in the interested industries, primarily the film/video/television and music industries (production and distribution), the electronics, chemical and computer industries (hardware), and the telecommunications industry (distribution). A distinction must be drawn between the technical, economic, institutional-organisational, content-related, and functional convergence of traditionally separate individual, business, and mass communication.

The traditional diversification into different media sectors – primarily differentiated according to technical development stages – according to the communication forms of text/image communication (press, book), sound communication (radio, sound carrier), moving image/sound communication (television, video, film) as well as voice and data communication (telephone/computer) is just as important as the diversification into different transmission channels (terrestrial, cable, satellite, telephone network, Internet). The diversification into a large number of different carrier media and reception devices has been economically necessary and will continue to be used in the foreseeable future to a large extent in the

interests of capital valorisation. Complementary to this, separate, “internal” convergence processes are being driven forward for each of the traditional and “new” media, including television, which is used as a means of diversified multiple valorisations of media products and media technologies in the global capital valorisation process.

Notes

¹ This possibly somewhat strange-sounding expression of “new media” was deliberately chosen to characterise the starting point of my analysis: Media technologies, regardless of how old or new they really are, are *regularly* developed in the interests of (media) companies in such a way that they can be used as “new” means of production to increase productivity and can also be sold profitably as “new media”.

² See Knoche (2005) on the distinction between Political Economy theory approaches into New Political Economy, Critical (Radical) Political Economy and the Critique of the Political Economy of the Media. Such approaches have been discussed for some time in the Media Economics sub-field of Media and Communication Studies.

³ The original competitive capitalism was characterised by a certain “market anarchy”, but in the current oligopoly capitalism this has *necessarily* been transformed into a high degree of “orderly” individual entrepreneurial and state *planned economy*. The reference to the real planned nature of the actions of economic and political actors also seems important to me against the background of the distracting “system legitimisation” of capitalism (because it is *not a* planned economy, but a “free market economy” = good) compared to socialism/communism (because it is *not a* market economy, but a centralised state planned economy = bad).

⁴ On the one hand, this involves explaining why a certain technology is made available in a certain phase, and on the other hand, why a phased change of any, in this sense, arbitrary technologies is necessary for the individual accumulation of capital and for the safeguarding and development of capitalism as an economic and societal system.

⁵ In view of such a *real* capitalism, it seems *impossible* to me, in accordance with the academically recognised goal of being as close to reality as possible, *not to* start from capitalism and its core of capital accumulation, but instead, for example, from some imaginary systems or supposedly self-referential subsystems or from neoclassical “invisible hands” of the market. You don’t have to be a “Marxist” to do this, but it certainly can’t hurt to take note of (critical) analyses of capitalism based on the works of Marx, as they have also been presented in large numbers by “non-Marxists”, e.g. by Robinson (1956).

⁶ A similar approach to analysing media technology change can be found in Kiefer, albeit on the basis of a different theoretical background and consequently

with a completely different repertoire of terms, for example in the emphasis on technical change as a “change in economic production systems through the development of new or improved products, production factors, and/or production processes” (Kiefer 2003, 184) or in the indication that the carriers of innovations are primarily companies (Kiefer 2003, 187), and finally in the treatment of the topic in the context of micro, meso, and macro levels.

⁷ I would like to thank Mario Jooss for his expert research into the development of media technologies and the technical creation of figures for this chapter.

⁸ Other options used to break this cycle, which tends to be dangerous for capital owners, include withdrawing capital for the private consumption of capital owners, reducing costs by laying off dependent workers, destroying capital by “competing down” with other capital owners or waging successful wars.

⁹ I deliberately speak of *changing* (media) technologies because, in the context of capital accumulation, it is only the *necessity* of change that matters, regardless of whether it brings something new or something old. The usual emphasis on newness or innovation has an ideological function because it creates the impression that the use of “new” technology is always associated with “progress” and “improvement” in the living conditions of all people.

¹⁰ The characterisation as *inevitable* is intended to express something other than the “economic constraints” that are always put forward as “laws of nature” by entrepreneurs, politicians, and academics for ideological reasons. This leads to a basic dilemma of critical-academic knowledge: the more the power of this inevitability is recognised as real and explained academically, the less “inevitably” possibilities of escaping, changing, or implementing alternatives to human working and living conditions are seen. This leads, for example, to considerations and behaviours of “critical adaptation”, “dual society”, “new old belief in progress” or “provocative front” (Emenlauer-Blömers and Muntschik 1984).

¹¹ I am aware that such a theoretical element is often dismissed as unjustified “determinism” or even as a “conspiracy theory” for what I see as obvious reasons of a general “defensive attitude” towards criticism of capitalism. I await the corresponding “empirical attempts at falsification” by “critical rationalists” with interest.

¹² The real significance of this connection can only be outlined in this chapter as a suggestion for further analyses.

¹³ Manufacturers of production equipment are “helping” small and medium-sized companies in particular to go *bankrupt* through the use of innovation and obsolescence strategies.

¹⁴ Even if the majority of the media were not “new”, at least their devotion to private capital accumulation was something new in many countries, especially in Europe.

¹⁵ These problems have been significantly reduced by the collapse of the socialist/communist social systems and the market liberalisation in China since the 1990s.

¹⁶ For the introduction of “new AV media” (video disc, video tape, video cassette with corresponding players) in the mid-1970s, which in its basic structures is a model for current and future processes of introducing new media technologies, see Aufermann et al. (1977) and Jürgens (1976). In the mid-1980s dominated the international scientific discussion on “Electronic Mass Media in Europe” (de Bens and Knoche 1987).

¹⁷ The transformation of durable consumer goods into short-lived consumer goods and the decline in the lifespan of relatively durable goods are described as “a tendential law of industrial capitalist development” (Haug 1980, 161).

¹⁸ Obsolescence, derived from the Latin *obsolescere*, means: wear and tear, obsolescence, going out of use (Glombowski 1976, 111-139: Glombowski in this context discusses Packard’s 1962 book *The Waste Makers*).

¹⁹ The highly controversial question of whether functional *changes/enhancements* to products can necessarily be regarded as *improvements* for the buyer/user of the respective product, as is of course claimed in product advertising and marketing and by many scholars, can be answered on the basis of a Critique of Political Economy in general, but also for individual media technologies. This discussion is about the fundamental question of technical progress (“progress euphoria/belief”) versus stagnation or regression (“progress scepticism/criticism”) from the perspective of the individual consumer, and therefore also about the system question (the legitimisation of capitalism versus the criticism of capitalism).

²⁰ Capital accumulation is considered “profitable” from the perspective of the individual capital owners if a rate of profit is achieved that at least corresponds to the macroeconomic and industry-specific average but is in any case above the level of possible interest-based income for non-productively utilised “investment capital”. For oligopoly and monopoly companies, however, capital accumulation is generally only “profitable” if “extra profits”, i.e., returns above the average, can be achieved through the use and sale of new technologies.

²¹ I consider a distinction between invention and innovation or between radical (basic innovation, change of technological paradigm) and incremental innovation (see Kiefer 2003, 184–185, 189–192), which in my opinion can hardly be made with certainty in the media sector, to be less appropriate.

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CHAPTER 7

Advertising – a Necessary “Elixir of Life” for Capitalism

Whether we like or dislike advertising, it is a necessary component of the capitalist economic system

(Bücher 1926, 256).

For the capitalist propaganda of commodities acts at the same time as propaganda for capitalist commodity production

(Haug 1972a, 37).

Just as there is no point in lamenting the fallen without fighting the war, so there is no point in sounding the alarm about advertising and all that goes with it without clearly pointing out the source of the evil: the monopolistic and oligopolistic corporation and the price-competitive bypassing business practices that are an integral component of its modus operandi. [...] But the liberal do-gooders ignore all this

(Baran 1966, 13).

7.1 Introduction

In academia and practical life, advertising is often presented in a pseudo-critical attitude as a necessary evil, if it is not, for once, evaluated in a glorifying way as fundamentally positive for the economy and society in the interest of the advertising industry. This apologetic shedding of crocodile tears is often accompanied – in defence of a suspicion of manipulation – by an exculpatory reference to the allegedly scientifically proven far-reaching

ineffectiveness of advertising (Schweiger and Schrattenecker 1986, 210). Criticism of advertising is thus largely exhausted in a culturally pessimistic moralising agitation about the (sinister) secret (!) seducers à la Vance Packard.¹ But even “where there was criticism, enlightened cynical affirmation spreads” (Haug 2001, 201), combined with the disappearance of reality in ideology up to advertising and consumption as religion.

In Economics, too, especially in traditional Welfare Economics, a distinction is often made between “good” and “bad” advertising (for a critique, see Baran and Sweezy 1967, 121–123), with *only* “bad” advertising being criticised as a means used for misleading, seducing,² and manipulating humans and as a waste of money. This gives the impression that it is only a question of goodwill to fight “bad” advertising, to abolish it or at least to mitigate its negative effects. In this view, the fact that advertising is *inevitably* an essential part of the capitalist economic and social system is deliberately overlooked. Accordingly, for “good” *and* “bad” advertising *alike*, the associated functions and effects with *negative* consequences for individuals and society have to be ascertained.

This contribution aims to lift the ideological veil of apologetics and pseudo-criticism on advertising somewhat with the help of a reality-based systematic analysis that contributes to a materialistic theory of advertising. Such theorising would fall short if it were limited to advertising in the mass media. The theory and practice of advertising in the media can only be understood and made accessible to an empirically founded theory if the meaning and functions of advertising for the media economy are reflected in the context of its economic, political, and societal functions for the entire economy as well as for the continuity of the capitalist societal formation in general. In this way, it can also be understood why in capitalism the entire individual, social, and societal life becomes an “illusion industry” or “diversion industry” (Haug 1972a, 152–158) due to the systemic omnipresence of economic and political advertising.

The content-related and methodological basis of such a theory is a Critique of the Political Economy of Advertising oriented towards the critique of capitalism and academic knowledge originally presented by Karl Marx (*Capital Volume 1*: German: 1962 [1867, 1890]; English: 1990 [1867, 1890])³ and its various further developments (for example Heinrich 2012, 2004). In this context, the academic objective is to consider the economic, political, and societal functions of (media) advertising, which are *necessary in the interest of* the fundamental continuation of capitalist production

and capitalist relations of life, in the general context of societal conflicts of power, access, and distribution. In doing so, the *elementary economic* and *ideological* functions of advertising for the existence and further development of the market economy and capitalist economic and societal systems become recognisable. This means that there is a *fundamental* importance of advertising for the entire material, economic, social, political, and cultural human life.⁴ Advertising then no longer appears as a necessary evil but as a *necessary “elixir of life”*⁵ for the media industry, the economy, and capitalism as a whole. For the media industry, especially for private commercial broadcasting (radio and television), it proves to be virtually the only meaning of life.

A Critique of the Political Economy of *Advertising* – especially from the point of view of the necessarily growing importance of advertising for media production – also contributes to the development of a Critique of the Political Economy of the *Media* (Knoche 2002).⁶ In addition to the *economic* functions of advertising and the media, the associated, equally *necessary production of ideology*⁷ is a contribution to the constitution of individual and societal consciousness. Ideology and the behavioural patterns aligned with it are an essential element in developing a theory of advertising in the media that is in line with reality.

The focus of the analysis is on business advertising, i.e., all measures by business enterprises that serve to promote the sale or profitable sale of commodities. Included are therefore sales-promoting marketing measures, both in the relationship between producers and distributors/traders as well as marketing directed at consumers who are also seen as so-called “end users”. Also included are advertising measures that become effective through the design of commodities especially as branded articles (Haug 1972b). Finally, there is an understanding of advertising that goes beyond the purely economic functions and includes the *societal-political* functions of advertising.

In this context, some indications of the economic and political (life) necessity of advertising as the “elixir of life” for the safeguarding and continued existence of capitalism as an economic and social system are given below. The mass, successful use of advertising as a comprehensive sales promotion is thus seen as indispensable (Haug 1963) for the economic survival of individual business enterprises and thus closely connected to the existence and further development of capitalism.

7.2 The Necessity of Successful Advertising

The very offspring of monopoly capitalism, the inevitable by-product of the decline of price competition, advertising constitutes as much an integral part of the system as the giant corporation itself

(Baran and Sweezy 1966, 122).

From a Political Economy perspective, “advertising consists of special communication measures or strategies aimed at influencing the ‘advertised’ (target groups) in a way that serves the profit or dominative interests of the advertisers” (Aufermann 1973, 544). This applies to capitalist economic and societal systems in which the continuous production of goods is indispensable for the desired accumulation of capital. What is important here is that the capital advanced by the capital owner flows back in full with a profit. However, this is not possible or not possible to a sufficient extent without successful advertising (see figure 7.1).

In the sense of securing the existence of individual enterprises and capitalism as a whole, it is also fundamentally necessary that the mass of wage-dependent people who do not own capital be induced through advertising to buy so many commodities that their wages are thus consumed as completely as possible and thus the advance wage flows back in full to the capital-accumulating commodity owners. This is also done, among other things, by workers paying housing rents to the owners of capital as owners of rented houses and flats. From the point of view of those who accumulate capital, it is even advantageous if those who are wage-dependent buy more commodities than they can afford, so that they must borrow from the sellers of commodities or thus also contribute to the capital accumulation of

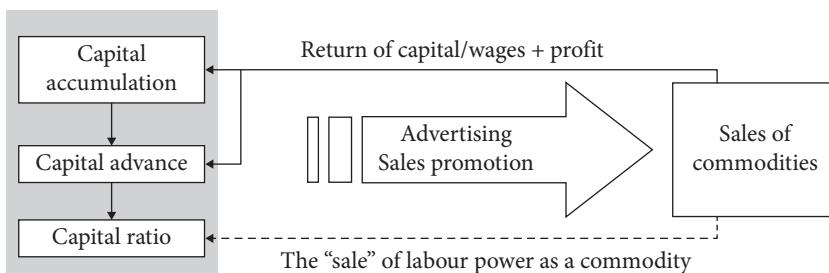


Figure 7.1: Advertising as a means of avoiding existential crises of capitalism

banks. This kind of profitable capital and wage reflux is of elementary importance for the maintenance of the capital relation. Elementary here is, on the one hand, the compulsion of those who do not own capital to sell their labour power permanently and, on the other hand, the right of the owners of capital to use this labour power profitably permanently.

The profitable purchase (respectively sale) of commodities also has a positive effect on the stabilisation of the capital relation insofar as the large majority of the population cannot build up capital, or cannot do so to a sufficient extent, which would enable them *not to* have to contribute to the capital accumulation of the capital owners as dependent workers. The wage, which is too low in relation to commodity prices and quantities, is usually completely consumed by the purchase of commodities, mostly already by the purchase of the necessary means of subsistence (food, health, housing). The stabilisation of the capital relation is also achieved to a not inconsiderable extent by persuading people through advertising to invest their small savings in entrepreneurial self-employment with the help of loans. This often ends predictably after a more or less short time in bankruptcy and, in the worst case, unemployment, due to the hopeless competition with the large companies that dominate the markets.

Successfully advertised small shareholders who make their saved money available to the capital owners for their capital accumulation also reproduce the capital relation in a special way, especially when their shares are systematically devalued (cold expropriation).⁸ All these people are an ideal basis for the maintenance of the capital relation, which is vital in a double sense (for capital owners and for those who depend on them for work). It is rightly called “manipulation” to “induce citizens to behave in a way that may well bring them advantages as buyers but considerable disadvantages as producers: The acceptance of the existing economic system through economic practice” (Lay 1980, 201).

Conversely, the relationships shown in figure 7.1 mean: If there was *no* or *not enough* successful advertising,

- then there would be no sufficient purchase of commodities,
- consequently, no sufficient capital accumulation and return of the advanced capital,
- with the outcome that individual companies enter crisis or crash,
- in the worst case, there would be a crisis or crash of the capitalist economic and societal system as a whole.

The starting point of the analysis is the development from the original competitive capitalism with the greater importance of price and quality competition to oligopoly or monopoly capitalism with the extensive replacement of this competition by advertising competition (Baran and Sweezy 1966, 1967). In the course of the intensification of competition between oligopolies (“monopolistic competition”), price and quality competition would have a negative effect on all the companies involved, so that attempts are made to secure markets and market shares that are as stable as possible through (long-term) advertising strategies as well as to achieve an expansion of consumption overall in the common interest. Advertising thus becomes the “principal weapon of the competitive struggle” (Baran and Sweezy 1966, 116) with the aim of achieving a capital accumulation appropriate for the oligopolists. Advertising also proves to be an effective means of driving out capital-poor competitors, i.e., forcing them to give up their business activities. According to Baran and Sweezy (1966, 110–111), stimulating *demand* to create and expand product markets thus becomes a *leitmotif* of economic and government policy. Thus, the question is not *whether* demand should be stimulated by advertising, but *how*. Consequently, there is a *compulsion to advertise* as a *necessary* means to realise the desired accumulation of capital as the purpose and goal of capitalist societies.

7.3 Why Capitalism Needs Advertising

The following phenomena can be identified as causes for the necessity and benefit of advertising for capital accumulation (see figure 7.2):

- The capitalist mode of production with its tendency towards the necessary increase of labour productivity generates, in interaction with the prevailing regime of accumulation and its tendency towards an inevitable over-accumulation, an increased pressure of capital valorisation and accumulation.
- This leads to an increased compulsion to produce commodities with a tendency to overproduction, which increases the compulsion to sell commodities via the compulsion to compete.
- Altogether, this leads to an increased compulsion to advertise, which is seen as positive for solving the capital utilisation problems produced by the aforementioned constraints themselves.

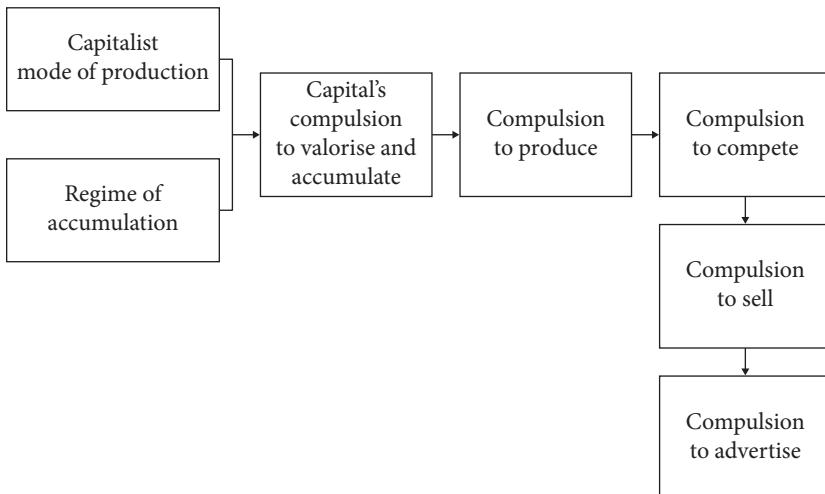


Figure 7.2: Why capitalism needs advertising

- Here, advertising is seen as an effective means of coping with the general crisis-proneness of capital accumulation and is visibly used successfully at great expense.

An essential peculiarity of the capitalist regime of accumulation consists in the fact that for the permanent realisation of capital accumulation, in the interest of the owners of capital, the higher the already accumulated capital, the more must be permanently produced and sold. Therefore – largely without regard to a corresponding societal demand – mass production and sales must be incessantly carried out. This is also necessary, because only mass production with high labour productivity produces the necessary unit cost regression. There is therefore a *permanent compulsion* for the mass production and sale of commodities far beyond the real societal demand. In this context, advertising is a necessary means to enable the sale of all these products through effective stimulation and thus also to accelerate the return of the capital advanced plus profit.

7.4 Economic and Ideological Functions of Advertising

Advertising, as an expression of the immanent laws of capitalist commodity production, can only be grasped in its entirety

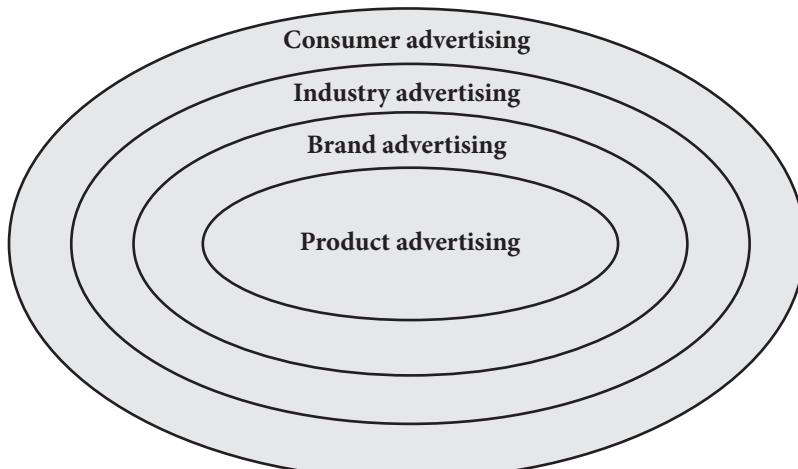


Figure 7.3: Types of advertising that are necessary for capitalism

if it is understood that it is an economic instrument that fulfils its task in the reproduction process of capital by way of ideological influence. The economic side must therefore never be separated from the ideological side and vice versa, [...] and any analysis that turns exclusively to one of the inseparably linked sides as the object of investigation must ultimately fall short

(Lindner 1977, 144).

Four closely related types of *necessary* advertising can be distinguished according to their respective main economic-ideological objectives and functions (see figure 7.3). In their interaction, they by no means serve the purpose of market transparency, as is continuously claimed by advertisers. On the contrary: the large companies, which mainly advertise at immense expense, achieve their goals precisely by creating the most confusing possible lack of transparency of the market in their own interest – primarily through successful brand advertising. The brand orientations built up with great advertising efforts are supposed to be decisive for consumers' buying behaviour.

7.4.1 *Product Advertising*

Special product advertising is part of brand advertising, i.e., it is also a means of competition between individual capitals. Particularly in largely

saturated product markets, it has the special function of forcing the process of artificial product obsolescence (on the central function of “planned obsolescence” Knoche 2005, 51–57), which is important for the successful accumulation of capital, into the consciousness of buyers/consumers with the help of the positively connotated concept of innovation and to induce them to make corresponding purchases (Baran and Sweezy 1967, 129–131). This clearly shows that the owners of capital are only interested in consumption as the use or consumption of a commodity to a very limited extent, but are fundamentally interested in the sale of the commodity. Advertising must be used to achieve – and empirical evidence shows that this is achieved to a large extent – that potential buyers regard their purchased, still usable commodities as obsolete and therefore buy new commodities of the same product type (replacement purchases), although these products would still be usable for a long time. However, this central type of advertising is not only used for the competition between the individual capitals within a sector but also across sector boundaries. A prerequisite for successful innovation advertising (also for new media and media techniques, see Knoche 2005) is, among other things, that on the level of general consumer advertising, “the new”, “the fashionable”, “the trendy”, “the hip”, and hipster commodities are generally anchored as positive images in the consciousness of consumers.

7.4.2 Brand Advertising

Special brand advertising is a particularly important means in the competition between individual capitals. As is well known, brand advertising is a central means in the competition for selling commodities to consumers and, as a consequence, also in the cut-throat competition, which is expressed in a progressive increase of industry-wide concentration levels. In this respect, it is not surprising that, due to the elementary importance of brand advertising strategies for the sale of commodities, media are also increasingly being situated as brands and advertised accordingly (Siegert 2001).

7.4.3 Industry Advertising

Special industry advertising serves the common goal of the capital owners of an entire industry that contains all companies producing commodities

of a certain type. The industry that uses such advertising stands in competition with all other more or less related industries, to secure enough sales of commodities in each case so that the competitive struggles within the respective industry do not have a profit-reducing effect. The goal of industry advertising is that the capitalists who are active in a particular industry as a whole can continue to accumulate capital successfully. Basically, all industries compete with all others in the sense of a competitive struggle between the particular capital valorisation interests of capital fractions. Joint industry advertising also promotes the concentration of the economy insofar as, for example, other industries as a whole are more or less crowded out.

For the car industry, for example, there is a *common* interest in getting people to buy cars in competition with the use of public transport, planes, ships, bicycles, etc. But there is also another common interest to promote the purchase of cars, for example, in competition with all other commodities (clothes, food, etc.), especially since the purchase of cars in a pronounced way hinders the purchase of other commodities as a result of the additional necessary petrol purchases, maintenance work, repairs, insurances, and replacement purchases. The special sectoral advertising of the car producers is also aimed at obliging the state to expand the road networks.

7.4.4 *Consumer Advertising*

Consumer advertising is advertising that uses various *ideological* justifications to present consumption in all its forms – and capitalism in a broader sense – as positive for consumers, for the economy and thus for the common good. This type of advertising can be described as *ideological* because it works with justifications that pretend to be in the general *interest of the general public*, while at the same time concealing the particular interest of the owners of capital to accumulate ever more capital and sell ever more commodities.

Consumption is presented as the realisation of freedom and equality of individuals and as a sign of a good and just society. General consumer advertising thus also serves to legitimise capitalism as the best possible economic system and society. Consumer advertising is therefore about advertising in the service of the interests of total capital in competition

with other possible interest groups in society (for example, wage-dependent workers). Consumer advertising is about the systemic competition of capitalism with other possible economic and societal systems. In this respect, capitalist advertising for commodities also generally acts as propaganda for capitalist commodity production or capitalism as the best possible economic system and society (Haug 1972a, 137).⁹

The ideological character of advertising is expressed in all types of advertising (special product advertising, brand advertising, industry advertising). But ideology is primarily disseminated in general “image advertising”, above all via the *media* as *public relations* and via editorial or programme contributions. It is recognisable that “the programs of the mass media, even in their non-commercial portions, stimulate “consumption” and channel “it into certain patterns” (Habermas 1991, 191–192; German version: Habermas 1962, 210).

Here we can already see how important it is for the owners of capital that the mass media function as advertising media whose owners have an equally strong interest in general consumer advertising. The *editorial* contributions/programmes that generally advertise consumption can thus be seen on the one hand as a free service provided by the mass media in the interest of all capital owners. On the other hand, it can also be assumed that the payment for only seemingly free services is included in the often astonishingly high and excessive advertising prices. The advertisers therefore pay not only for the labelled advertising but also for the advertising editorial and programming environment. For this purpose, advertising in the form of sponsoring is also a much used means of payment. Advertising thus contributes in many ways to the “subsidizing of the ideological media” (Horkheimer and Adorno 2002, 132).

In practice, a unity of the economic and the ideological is clearly recognisable. Thus “it cannot be overlooked that advertising as a societal phenomenon does not consist of the individual advertising communication, but of the totality of the advertising communications of all individual advertisers” (Lindner 1977, 145). Advertising for special commodities is therefore always also advertising for the commodity form of the products themselves, in that it makes a universal purchasability of the advertised abundance and variety of commodities appear as something natural, in principle and generally accessible to everyone in the same way: “the satisfaction of needs in commodity form appears as the satisfaction of needs *par excellence*” (Paris 1972b, 26).

7.5 The (Re)Flow of Capital and Capital Accumulation by the Means of Advertising and Commodity Sales

The average citizen, who is both a worker and a consumer, is seized by his fear of losing the job that means his social existence; the fear of crisis brings him close to his consumer duty. [...] The unspoken utopia of the “sociology of prosperity” is the smooth exploitation of consumers in the sense of the smooth circulation and multiplication of capital. King Customer himself becomes a commodity

(Horn 1972, 203).

Advertising is generally always necessary in the sense of a kind of *collective advertising* of co-ordinated or (partly) competing advertising measures in the same way for the realisation of the individual capital accumulation of different individual capitals. Advertising is also necessary for the tax maximisation of the state, a considerable part of which benefits the individual capitals in the form of all kinds of direct and indirect subsidies. This joint advertising serves the fundamentally common capital valorisation interests of various capital fractions, to whose capital accumulation the commodity buyers ultimately contribute directly or indirectly (see figure 7.4):

1. The capital owners of commodity production do not really use their capital as their (sunk) cost, as is always the impression. Rather, they

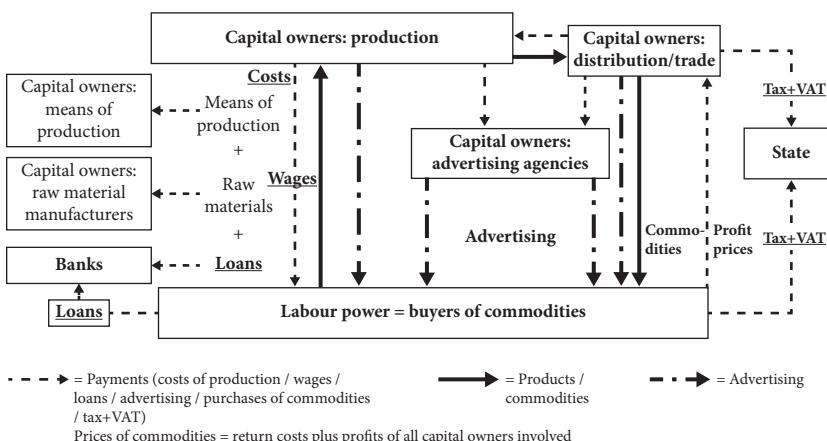


Figure 7.4: Capital (re)flow and capital accumulation through advertising and commodity sales

advance capital through the purchase of means of production, raw materials, and the purchase of the commodity labour power, which is euphemistically called (fair) wages. In addition, interest on loans is usually advanced. All the capital referred to as costs is not lost capital such as the consumption of wages as food costs for the dependent workers, but it is replaced again by the sale of the commodities and even increased.

2. The producers of commodities indeed have to pay a purchase price to the owners of capital in the industries that create means of production and resources, as well as to the banks, which then reimburse them for their costs plus profit, i.e., an increase in capital. However, this is not a fundamental problem for the owners of capital insofar as these expenses are completely reimbursed by the buyers of commodities.
3. In contrast, the workers, as immediate producers, do not own the products they produce, so they cannot sell them to the capital owner at a profitable market price. These products temporarily become the property of the capital owners until they are sold to consumers. The owners of capital can sell commodities for the purpose of increasing their invested capital.
4. In order to realise the sale successfully, the capital owners of commodity production must also buy advertising from the capital owners of advertising agencies, this too at a price that brings them the replacement of the capital advanced and its increase. Advertising is on the one hand directed at the potential buyers of commodities, but on the other hand also at the capital owners of distribution (merchant's capital), who in turn have to advertise to the end consumers.
5. The decisive thing now is that the buyers have to pay a profit price with their purchases of commodities, which ensures that all capital owners involved in the production and distribution and advertising of the respective commodities get back the capital advanced plus a surplus. The buyers of commodities, as so-called end consumers, have to also pay the value-added tax to the state, which is included in the price of the commodities. In the end, it is the buyers of commodities who have to pay the value-added tax, while the owners of capital have the possibility of offsetting the value-added tax and passing it on to the final consumer.

Advertising, in addition to other socialisation mechanisms, usually successfully contributes to commodity buyers acting blatantly against their own interests and thus even contributes to widening the gap between capital owners and non-capital owners, between the rich and the poor, and between the powerful and the dependent.

7.6 The Functional Relationship between the (Advertising) Industry and Media Companies

The mass media are primarily present as an advertising medium because certain sectors of industry prefer artificial product differentiation and image advertising to price and quality competition, to the detriment of the consumer

(Prokop 2000,141).

The functional relationship between the advertising industry and media companies is determined by the fact that the media are extremely willingly made available as advertising media in their own interest (source of financing), but also in the overriding (self-)interest of securing capitalism as an economic and societal system.¹⁰ In this respect, media companies equally serve their own capital accumulation interest¹¹ and likewise that of the entire advertising economy. This is done in the coordination of paid advertising, processing of free PR material and co-ordinated (sponsored) journalistic/programme contributions (see figure 7.5). Advertising is thus also a necessary “elixir of life” for media companies’ capital accumulation in several respects: in the form of necessary advertising *revenue*

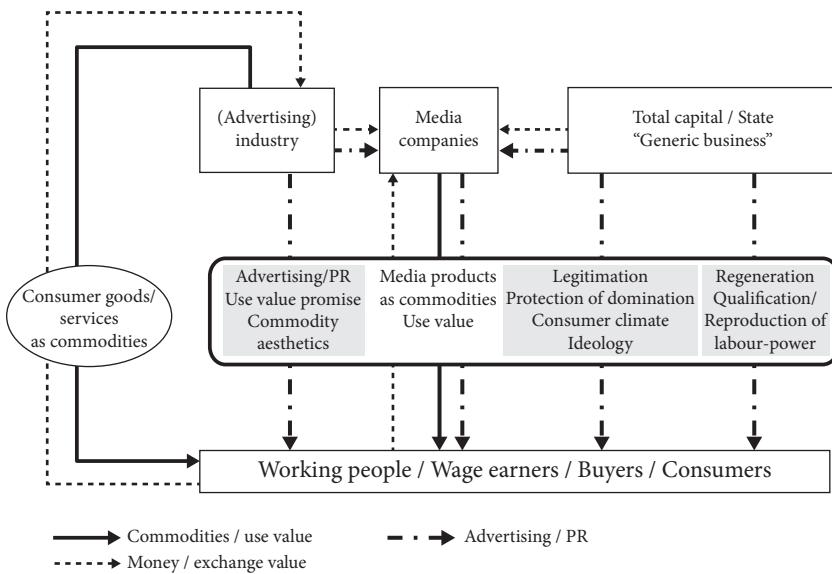


Figure 7.5: The (advertising) industry and media companies

from advertising orders from business and the state, as well as a necessary *advertising* medium for the sale (obtaining coverage) of media products as commodities. Finally, they function as *advertising media for the sale of* consumer goods and services as commodities as well as for the ideological advertising measures of collective capital (capital as totality) and the state.

Consequently, non-advertising media production also willingly and intensively serves the generic business for collective capital (to which media capital also belongs) in the sense of maintaining good business relations. Various forms and contents of media production are also used for parties and the state in the fundamental interest of all owners of capital in legitimising capitalism, protecting domination, maintaining a general climate of consumption, and spreading ideologies. In addition, media production fulfils to a considerable extent the function of reproducing the labour force in the interest of the owners of capital by contributing to the regeneration, qualification, and repair of labour power. The private sector media enterprises and, similarly, the public broadcasting corporations take over here as a basic capitalist service “in the sense of industrial, late-capitalist planning and demand management, the task of general and product-specific conditioning of the recipients into consumers (this also applies to the political sphere and thus generally characterises the socialisation effect of the media)” (Hennig 1972, 36).

In the course of the global expansion of the privatisation – and thus capitalisation and commercialisation – of the media industry (Knoche 1999, 2001, 2016, 2021), an intensification of the *real subsumption*, so named after Marx (1969, 45–64; 1962 [1867, 1890], 1023–1038), of the *public sphere under capital as well*, via a product and advertising context of the media network, has become effective. Real subsumption means “that hitherto relatively autonomous domains are integrated into the valorisation context and that the use-values, information, and ideologies produced in this context are directly employed to stabilize the system of rule” (Negt and Kluge 1993, 178; German version: Negt and Kluge 1972, 297). In this respect, no independent economic public sphere was developed as an advertising public sphere, but the journalistic representation of privileged economic private interests in the media was always linked to political interests.¹² Media are consequently indispensable for “the ideological stabilisation of the framework conditions of the capitalist economy” (Auermann 1973, 558), i.e., for the ideological reproduction of capitalist relations of production and forms of intercourse.

7.7 Summary: Functions and Consequences of Successful Advertising

In principle, one must assume that every kind of advertising is done with manipulative intent. Hardly any company will advertise its products with philanthropic intentions, but always in order to change buyer behaviour for its own benefit. But that means manipulation¹³

(Lay 1980, 200).

From the perspective of a Critique of the Political Economy of the Media, this work has characterised advertising in its various manifestations as a fundamentally necessary “elixir of life” for the realisation of the accumulation of capital by individual owners of capital, including media companies, and the safeguarding of capitalism as an economic and societal system. Based on specific capitalist commodity production – intensified in the current stage of global oligopoly or monopoly capitalism – advertising functions as an indispensable means of profit realisation, since “the continuous realisation of the commodity capital produced into fungible money capital is a basic condition for the relatively crisis-free functioning of the system” (Paris 1972a, 58). Advertising contributes to the acceleration and thus to the important temporal shortening of the capital accumulation process and, beyond that, as has been shown, to the consolidation of the general conditions of reproduction and accumulation (“capital relation”) of capitalism.

These are the theoretical-practical starting points for a fundamental political-economic critique of advertising and the function of the media as advertising media. This critique attempts to recognise the largely negative contexts of function and effect of all-encompassing advertising for a large part of individuals and society as largely inevitable from the necessary functions for the accumulation of capital by individual owners of capital. In this way, advertising and the media do not become the focus of a primarily moralising critique and outrage about the excesses of advertising as avoidable exceptions, as is the case with the criticism of manipulation as “*cultural criticism* from the left and from the right – and from the centre” (Haug 1980, 10). In the approach I take, the critique of advertising is not artistic critique¹⁴, which complains about the low level or the stultifying effect of advertising. Rather, the critique of advertising should be a social and societal critique where the function and consequences of advertising are understood and explained as essential elements in the context of the

function, effect, and development of the prevailing economic and societal system. In this way, it is not the phenomenon of advertising that becomes the focus of critique, but the dominant interest in capital accumulation that necessarily produces advertising and its corresponding consequences.

In conclusion, based on a Critique of the Political Economy of the Media, the main functions and consequences of successful advertising mentioned in figure 7.6 can be summarised as follows:

Corresponding to the aforementioned positive economic function of advertising concerning the promotion of individual capital accumulation, the *prevention* of overproduction, over-accumulation, and capital valorisation problems can be named as advertising's *preventive functions*. Since advertising especially fulfils competitive functions, it contributes to the accelerated *progress* of worldwide capital and market concentration. Due to the process of capital accumulation accelerated by advertising, the gap between the rich and the poor and the powerful and the dependent is visibly widened on a gigantic scale worldwide. On the level of capitalism as an economic and societal system, advertising thus contributes economically and ideologically to the *stabilisation* of the systemic foundations of capitalist societies: the capital-labour relationship, the regime of accumulation, the economic, societal, and political (advertising) functions of the media.

This contribution was written as an attempt to contribute to the theoretical foundations of a Critique of the Political Economy of the Media and especially of advertising, in the field of Media and Communication Studies

Prevention	Progress	Stabilisation
<ul style="list-style-type: none"> • Overproduction • Over-accumulation • Capital realisation problems 	<ul style="list-style-type: none"> • Concentration of capital • Market concentration • Gap between the rich and the poor • Gap between power and dependence 	<ul style="list-style-type: none"> • Capital-labour relationship • Regime of accumulation • Mass media's advertising functions • Capitalist society

Figure 7.6: The functions and consequences of successful advertising

with a critical-enlightenment impetus. What is relevant here is a point that Wolfgang Fritz Haug already problematised self-critically in 1980:

Not that enlightenment is not necessary! But it is not sufficient. A one-sided cognitive orientation perhaps strengthens unhappy consciousness but does not necessarily strengthen the ability to act (Haug 1980, 12).

Notes

¹ Packard's diverse works contain a great deal of useful information that can support a critical view with empirical evidence (Packard 1957), but at the same time they also show “the strength and weakness of the kind of criticism which knows how to judge and condemn the present, not to comprehend it” (Marx 1990 [1867, 1890], 638 {German: Marx 1962 [1867, 1890], 528}).

² This leads in individual cases to a rather terse negative assessment of advertising, such as by Joan Robinson (1968, 70): “Much of advertising serves to *create needs* for useless or harmful objects which one then supplies. The consumer would obviously be better off without the needs and without the delivery” (italics in original).

³ Friedrich Engels edited volumes 2 and 3 of *Capital. Critique of Political Economy* after Marx's death based on the available manuscripts (Marx 1963 [1893], 1989 [1894]; English: Marx 1991 [1894], 1992 [1893]).

⁴ These central functions of advertising are thus seen as essential “systemic elements” required for the current stage of capitalism. Accordingly, demands for an “abolition” or “restriction” of advertising are demands for systemic change.

⁵ According to the *Brockhaus Encyclopedia*, an “elixir of life” is a “magic drink” that gives “strength and beauty” and acts as a “life-prolonging agent”. Horkheimer and Adorno (2002, 131; 1947, 171) refer to advertising as an “elixir of life” for the culture industry.

⁶ For a further development of the Critique of the Political Economy of Advertising as part of the Critique of the Political Economy of the Media, see chapter 7 in Fuchs (2024, 2023).

⁷ As a “commodity aesthetic” (Haug 1972a, 1972b, 1975, 2001), advertising serves to create and maintain a general climate of consumption as well as to legitimise the overall system and power.

⁸ A vivid picture with a multitude of empirical evidence on the negative effects of media advertising for (listed) investments (“market manipulation”, “stock market media and the economisation of the public”), especially for small shareholders, is provided by Schuster 2001.

⁹ For the criticism of Wolfgang Fritz Haug's theory of commodity aesthetics by several authors and Haug's response, see the contributions in Haug (1975) and in Rexroth (1974).

¹⁰ The term “advertising dependence” of the media, which is often used – also with critical intent – is a slightly misleading description of this functional relationship. Rather, it is clearly a business relationship with mutual fulfilment of functions.

¹¹ Not insignificant to this is the growing use of visibly successful advertising, partly in the form of self-advertising, to promote the sale of media products of all kinds.

¹² Habermas (1991, 190 [German version: Habermas 1962, 208, 210]) speaks of “a transparent connection between the tendency toward capitalist big business and an oligopolistic restriction of the market, on the one hand; and, on the other, the proverbial soap operas, that is, a flood of advertisement which pervades the mass media’s integration-oriented culture as a whole.”

¹³ The question of manipulation, which is controversially discussed from many different sides in connection with advertising, cannot be discussed in depth here.

¹⁴ Boltanski and Chiapello’s (2005, 2003) analysis of the development of critique and the processing of critique in capitalism builds on what I see as a useful distinction between artist critique and social critique to characterise two approaches to the critique of capitalism that partially and at times overlap.

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CHAPTER 8

Alternative Media: Free from State, Market, and Capital(ism)? On the Antagonisms of Alternative Media and the Alternative Economy

8.1 Introduction

The bad existing state, the totality of society, has given birth to progressive subcultures. The practice, norms and institutions of society as a whole have given rise to their own antithesis, the practice, norms and institutions of progressive subcultures. [...] Society as totality tends towards affirmation, the subcultures towards negation; the synthesis, the abolition of the antagonism [...] has rarely been tackled

(Schwendter 1993, 191–192).

The theory and practice of alternative media basically live from the idea of the necessity and possibility of an alternative to the established media, which are generally characterised as “unfree”, i.e. as dependent on the state and/or the market and capital, and are therefore fundamentally criticised (Fuchs 2010). The hallmark of a “free” medium is therefore the greatest possible independence from the state, market, and capital. In this view, the dependence on capital and the market is regarded as a fundamental obstacle to the realisation of communication through the media that could meet the demands of a free, democratic society and the emancipation of society’s members. Accordingly, the ideal-typical pair of opposites – non-commercial (free) media versus commercial (dependent) media – is an essential distinguishing feature and criterion in theory and practice.

In the context of this fundamental contrast, the following contribution is dedicated to the discussion of two interrelated questions:

- To what extent are the models and concepts discussed so far for media, economic, and societal alternatives – measured above all by their different radicality, legitimacy, and functionality – fundamentally suited to realising the freedoms sought in each case under the given media, economic, social, and societal framework conditions (theoretical feasibility)?
- To what extent are the desired degrees of freedom achieved in the respective models (“projects”) (practical degree of realisation)?

This problem can only be meaningfully discussed in the more general context of the theoretical discussion and practical development of models and concepts of alternative media and alternative economy. For it is precisely the concretion of this connection that is an essential element of the initially only “abstract” (societally and democratically founded) aspirations for freedom as well as an essential goal and motive of the “concrete” (subjectively-individually-emancipatory founded) attempts at liberation of the participants. In the available academic literature – presumably due in particular to the traditional separation of academic disciplines – this connection has hardly been addressed: “Alternative media” are treated as a marginal field of Media and Communication Studies, “alternative economy” is a marginal field of Economics. For this reason, an attempt is made here to bring together the above-mentioned subject areas based on the sub-discipline of Media Economics in Media and Communication Studies.¹ The treatment of the two basic questions mentioned above will be carried out in two analytical steps:

1. Differentiation of various concepts of alternative media in the context of the development of the theory and praxis of the alternative public sphere.
2. The characterisation of the degrees of freedom of non-commercial media in distinction (comparison) to public service media and commercial media.

8.2 On the Development of the Theory and Praxis of the Alternative Public Sphere and Alternative Media

In order to assess the theoretical feasibility and the degree of practical realisation of currently practised concepts of alternative media, it is necessary to take a developmentally differentiated view of the theory and practice

of the alternative public sphere and alternative media. This makes it clear what degree of freedom and alternativeness current alternative media are striving for or achieving, compared to the models and concepts of the alternative public sphere and alternative media that were discussed and practised in the past (usually only for a short time).

The most comprehensive and knowledgeable German work on the “alternative public sphere” to date was presented by Karl-Heinz Stamm (1988). Primarily on the basis of this work, but also on the basis of Oy's (2001) work on this topic, works on “alternative communication” (Eurich 1980; Weichler 1987), and works on the alternative press (Beywl 1982; Beywl/Brombach 1982), five basic models of the alternative public sphere with corresponding concepts of alternative media can be distinguished, each of which can be differentiated according to five criteria. At the same time, this differentiation represents a periodisation of the real development of the alternative public sphere/alternative media since the end of the 1960s (focused on Europe). Due to the actual development, the distinctions and periodisations made can be neither selective nor mutually exclusive in terms of time or content, since overlaps in content and time are precisely a characteristic of the development. In some cases, even concrete alternative media projects have changed over time in such a way that they can be assigned to different models one after the other.

In general, there is a development in theory and actual media development that can be summarised in the form of *five basic models (types)* that are at the same time five phases: From 1) the counter-public to 2) counter-media, 3) alternative media (underground media), 4) movement/initiative media, 5) complementary media/citizen media.

In the context of the questions posed in this chapter, it is of primary interest how the type of complementary medium (supplementary medium), which some alternative media (especially free radio stations) embody according to their own objectives, differs from the other four models and in what way similar characteristics are relevant. This is an analytical comparison without evaluations.

Concerning the criterion of organisation, free radio stations differ considerably from the other models in that they were usually initiated by committed individuals or groups of individuals without a movement, organisation or party background. In this respect, they are most similar to the alternative press, which, however, has usually emerged at least from the circle of “undogmatic left-wing groups”. Free radio stations also differ in

terms of the criterion of publicity or communication model, as they most consistently enable a “participatory public” that has public access. As with alternative media, production is for a local public, i.e., a spatially particular public sphere. In contrast to the other alternative media, free radio stations are less concerned with a critical public sphere than a pluralistic public sphere.

According to the criterion of *self-image or content-related goals*, free radio stations are distinguished by their aim of being close to the citizens, or more precisely, close to the citizens who are disadvantaged in the established media and do not get enough of a voice. In this respect, it is also a kind of “affected journalism”, as can also be found – albeit in a more pronounced form – in the alternative media. According to the criterion of *organisation for the implementation of objectives*, free radio stations are located between “lay journalism” and semi-professionalism, similar to the movement and alternative media.

However, a decisive difference can be seen with regard to the criterion of relationship to the established *media*: the scale of this relationship ranges from criticism, opposition, resistance, control, and demarcation in the other models to complementarity, correction, and co-operation in the case of free radio stations.² Like the relationship to other media, a different degree of radicality of alternative media becomes clear, which is constitutive for the different types of media and thus also for the successive development phases of alternative media. Free radio stations see themselves comparatively little as critics, controllers, or opponents of the established media, which does not mean that they do not offer alternative programming. Their relationship with the established media is also more “relaxed” because they do not compete with them on a common market, but want to serve a separate (“minority”) market.

8.3 The Degrees of Freedom of Alternative Media Compared to Public Service Media and Commercial Media

The common starting point of the theoretical and practical approaches to alternative media is the conviction that both private and public service media are fundamentally unable or insufficiently able to realise the freedoms sought by media producers and recipients or to fulfil the propagated functions of society as a whole. In this view – in contrast to the widespread

political opinion – reforms of the established media system are also seen as not or only slightly effective or not enforceable. Instead, the establishment of a “third sector” as autonomous as possible (alongside the market and the state) or a “third pillar” in the broadcasting system for non-commercial free media is considered necessary to solve the problem, the special feature of which should be the greatest possible freedom (independence) from the state, the market, and capital.

The legitimising self-image of free radio stations, based on this elementary model of freedom, thus lives from the differentiation or profiling in two directions: vis-à-vis commercial media and public service media. Ideally, this results in a scale of freedom in which non-commercial media achieve or at least strive for maximum freedom vis-à-vis both the state and the market and capital (see table 8.1).

Accordingly, public service media occupy a middle position: they are visibly only partially free of the market and capital. They are characterised by an increasing dependence on the market (commercialisation). Their chief characteristic is above all a partial freedom from the state. Commercial media are, in contrast, characterised by minimal freedom from the market and capital (i.e. maximum dependence) and only partial freedom from the state due to the existing indirect dependence on the state (Knoche 1999b, 180–188; 2016, 38–43).

The demarcation of alternative media from commercial media is relatively easy, as it involves the construction of a pair of opposites based on an almost exclusively negative demarcation, which is, however, filled with positive content. This is also expressed in the common self- and external designation as “non-commercial”. So, the overriding ambition is to avoid something that is criticised as *fundamentally* negative and therefore

Table 8.1: Ideal-typical freedom/independence of non-commercial media as opposed to public service media and commercial media

Freedom/ Independence from:	Non-commercial media		Public service media	Commercial media
	Ideal	Real		
State	Maximum	Partial	Partial	Partial
Market	Maximum	Partial	Partial	Minimal
Capital	Maximum	Partial	Partial	Minimal

unreformable. The distinction from commercial media is therefore not one of degree but one of principle (which is where the propagation of alternative media originally came from in relation to an exclusively commercial sector, the press). In order to justify and concretise this demarcation, alternative media can refer to academic literature on the one hand, and to practical reports on alternative “predecessor media” (alternative press, alternative video) on the other. In the Media and Communication Studies literature, approaches to a critique of economisation or commercialisation are nowadays almost part of the “good tone”, though as a rule hardly in principle, but rather under moralising “cultural pessimistic” aspects and almost without exception completely without reference to the theory and practice of alternative media (see for example Jarren and Meier 2001).

The demarcation of alternative media from public service media is more difficult. This is because the latter is non-capitalist in character. Public service media's organisational form is the non-private, public economy. In addition, in theory and practice, there are some similarities in the general objectives of alternative media and public service media. Consequently, public broadcasters often argue that free radio stations are “superfluous” in that the functions of a “public service” can be fulfilled more effectively than by free radio stations based on a public-law organisational form and legally anchored tasks (programme mandate, pluralism, etc.).

However, a convincing demarcation can succeed if, in line with reality, it is not so much the principle or formal equalities and differences that are taken as a yardstick, but the practically existing qualitative or gradual differences within the framework of the principal equalities. This already succeeds concerning the (so seen alleged) non-commerciality of public service media. In principle, the orientation towards the principle of cost recovery is the same (no intention to make a profit). Qualitatively, however, there is a decisive difference between alternative media and public service media according to the scale of the forms of funding: By refraining from advertising in principle, alternative media avoid something that is seen as one of the “basic evils” of commercial media beyond the profit motive and as the “fall from grace” of public service media. A further decisive distinguishing feature is the actual commercialisation tendencies of public service media which result from their partial market dependence (quota orientation) and are visibly reflected in their programmes (“formats”).

But it should not be ignored that the independence from the state, the market, and capital, which is ideally seen as being present to a maximum

degree in the case of alternative media, does not exist in reality. On the contrary, it must be taken into account that “the alternative economy, at the risk of its demise, is bound either to the market, or to the state, or to redistributed revenues (income generated outside the alternative-economic production process, whose redistribution organ is not a state authority), or to a mixture of these three elements of whatever kind” (Schwendter 1986b, 259). Since alternative media such as free radio usually distribute their products free of charge, there is less direct dependence on the market than with other alternative projects, such as the alternative press. But the dependence on the state and “revenue” redistribution (donations, loans from private capital) is all the greater.

Due to the extensive dependence on state subsidies, for example, there is even an existential dependence on the state, especially if it is not very willing to provide subsidies. But even in the case of a state that is willing to subsidise, there is an elementary dependence on the state in terms of the realisable degree of radicalism of the “alternatives” in terms of objectives and programme design. As the examples in Germany show, only optimal “normalisation” (“citizen media:radio”), i.e. the extensive renunciation of “alternativeness”, guarantees optimal state subsidisation. Alternative media are also dependent on the market in three ways, but to a much lesser extent than public service media and commercial media: concerning the labour market, the producer market, and the recipient market.

In my opinion, this is one of the biggest problems with which alternative media have to contend, a problem that has not yet been critically addressed, a problem whose extent is always proportional to the “radicality” of their alternative objectives: figuratively speaking, many alternative media want to create a very small non-commercial island in a very large commercial sea with very few resources and protect it from the constant threat of being swamped. Alternative media operate in a permanently increasing commercialised society with commercialised politics and an almost perfectly commercialised economy, especially in media markets.

Compared to earlier phases of societal development (with a short-lived societal environment of student movements, alternative movements, citizens’ initiatives, and New Social Movements), there is currently even more of a lack of a societal environment that can recognise or hope for a significant need and demand for alternative media. In this respect, there is also a long-term lack of workers who are sufficiently motivated and who can (or want to) afford to serve the (from this point of view “idealistic”)

goal of alternativeness in the face of poor pay and insecure, physically and psychologically stressful working conditions. Furthermore, in the long run, there is a lack of producers who can (or want to) "voluntarily" fill the offered public access with alternative content. This problem is exacerbated by the fact that political or cultural activists strive for maximum presence in established media for understandable reasons, to be able to have a significant impact on society. And finally, there is a lack of interested people (traditionally called media recipients) who show (or have) a need for alternative media or, if they have a need, satisfy it by receiving programmes from alternative media. This problem can therefore currently only be alleviated by alternative media renouncing as far as possible the "radicality" of alternatives. As a consequence, they tend to take on the form of complementary or citizen media.

For alternative media as non-profit organisations (NPOs), which belong to the non-profit sector as a "third sector" alongside the economy and the state, it will most likely not be possible to avoid greater dependence on the market in the context of the international development of neoliberal, almost exclusively market-fixated economic policy. According to the results of a large-scale international research project on the development of the "third sector", the following can also apply to this sector worldwide: "The market is on the advance" (Anheier 2001, 59), i.e. the economisation/commercialisation of large parts of this sector will hardly be stopped, according to the researchers involved. This is not surprising, considering the extreme neoliberal economic policy that has been pursued for several decades now, with the absolutisation of the market. Third-sector organisations have only two options in the future: Either they develop into (non-profit) enterprises or they remain socio-politically meaningless "non-profit dogs" (Anheier 2001, 70).

For alternative media, this means that in the future their dependence on the state as well as on the market and capital is likely to increase, threatening their very existence: on the state, because it will be able to impose its conditions (in terms of content, politics, and culture) even more than before – even for small subsidies – because of the structurally conditioned difficulties of alternative media to finance themselves sufficiently in a "self-managed" manner via the market and capital. Alternative media are hardly attractive for the market and capital, so that attempts at financing in these areas create increased dependencies and make it necessary to adapt. In accordance with the prevailing economic policy, non-profit

organisations have for some time now been receiving active help from academics and advice writers on the way into market and capital dependency as well as into dependency on private sector modes of production and relations of production. Such authors have, for example, claimed that fund-raising is one of the promising “magic bullets” (Haibach 2002), another is the “donation etiquette” (Burens 1998) or the management of non-profit organisations (Simsa 2001, who presents “civil society as a bearer of hope”). The development towards market and capital dependence is often “favoured” by alternative media for free radio stations for at least two reasons: a) because of the objective necessity to reduce or eliminate state subsidies, and b) because of the opinion that a dependence on the state is fundamentally more disadvantageous than a dependence on the market and capital. Such arguments also tend to assume that market and capital do not have such a negative effect as is “exaggeratedly” feared in some places.

8.4 Alternative Media’s Norms and Characteristics of Freedom and Alternativeness

In general terms, “wanting to be different”, “wanting to act differently”, and “acting differently”³ is a counter-model to public service media and commercial media. Such forms of “being different” are the general goal of the initiators, organisers, and “makers” of alternative media. The concrete objectives are mainly oriented towards the “negation of the status quo” (Dorer 1992, 83), but are also guided by independent (positive), “visions” and “concrete utopias”. For a more specific characterisation of modes of being and acting differently concerning alternative media as alternatives to the commercial media system, it seems useful to make a comparative differentiation according to economy, work, production, and communication (see table 8.2). Based on these main criteria, the essential alternative characteristics of alternative media can be identified according to various individual features (see a similar procedure for the alternative press in Eurich 1980, 26–34).

In general, at least six basic objectives or functions can be identified for “alternative projects”, which, depending on the project, show different degrees of radicality of the alternativeness strived for and/or realised and can also be realised with different priorities (see also Beywl 1991, 281, who

names three main functions of the alternative economy for New Social Movements). Schwendter, who prefers the term “alternative economy” to the terms “counter-economy” or “self-economy”, which are too emphatic for him, sees their objectives or functions in an extremely limited and sceptical way: “as a basis for the reproduction of subcultural individuals, in the best case to provide use-values for subcultural (political, religious, etc.) work” (Schwendter 1986a, 62).

In my opinion, however, it is appropriate to assume a broader spectrum of objectives/functions for the media sector. What the interrelated basic objectives mentioned below have in common is that they are aimed at changing the social status quo, albeit often to very different degrees. It is a frequently observed phenomenon that the degree of radicality and the setting of priorities is changed in the course of the development history of an alternative project, mostly in the direction of less radicality and greater priority for individual objectives. One can subdivide the basic objectives and the desired fulfilment of functions into the following two types:

1. *Social, societal, democratic, emancipatory, “idealistic” goals:*

- The production of goods or services as “use-value” for the needs of society’s members;
- The production of goods or services as the basis of social and societal transformations;
- Infrastructure and resource endowment for the respective alternative area.

2. *Individual, subjective, emancipatory, existential, “egoistic” goals:*

- The workplace as a basis of the participants’ reproduction (livelihood);
- A professional field of activity as liberation from the constraints of “normal” working life and “normal” societal life;
- A professional field of activity as a possibility for the self-realisation and emancipation of the participants.

It is not difficult to see a number of contradictions these objectives contain, so that in practice they are a constant source of tension and conflict among the participants. Conflict lines arise above all from the tension between social versus individual, ideal versus material objectives (accusation of “betrayal”), from the competition for the realisation of individual objectives in the face of scarce resources (accusation of a “lack of solidarity”),

etc. The contradictions immanent in the goals are also a source of fundamental academic and political debates as well as a source of criticism from those who are not directly involved but who are interested in academia and/or politics. Depending on the point of view, the degree of radicalism of the alternative project and the priorities set are criticised to a greater or lesser extent in various ways, 1) either as not radical enough and/or too individual, 2) or as too radical and/or not individual enough, 3) or as too little “idealistic” or too “idealistic”.

As expressed in the quote at the beginning of this work, the negation of that which exists is the starting point for alternative media as well as for other progressive subcultures, which inevitably leads to a permanent tension-laden contradiction of affirmation (*thesis*) and negation (*antithesis*). The radical antithesis is the total negation, which involves “wanting to be totally different” and “wanting to act totally differently”. In the current societal system, this regularly leads to a dead end or to the failure of the alternative project. This is why, for example, the subculture researcher Rolf Schwendter (1993, 192) points the way to *synthesis*, the abolition of contradictions through the productive development of negation while retaining progressive aspects of affirmation. For this reason, the antithesis, the total negation, is also left out of table 8.2 and the presentation is concentrated on the juxtaposition of affirmation (commercial media) and the combination of partial negation and partial affirmation (non-commercial media).

The non-commercial norms listed in table 8.2 are initially only ideal-typical in the sense of “noble” goals. Their more or less extensive implementation in practice is constantly (at least latently) up for disposition, because it is under pressure from the contradictory nature of these norms in the media, economic, and societal environments. Ultimately, there is always the fundamental danger of a changeover through adaptation/integration into the “establishment” or into the “compact majority” of the non-alternatives (Schwendter 1993, 59–62).

Paradoxically, “free/alternative management” etc. is supposed to be possible despite the private-legal and commercial form of enterprise or organisation, which is otherwise rightly criticised in principle, in a more or less well-founded way, as a “fundamental evil” of the commercial media system. The primary aim of alternative media is, therefore, to eliminate the negative effects of private enterprise on alternative media work as far as possible, or at least to mitigate them by choosing non-profit forms of

Table 8.2: The norms and characteristics of freedom/alternativeness of non-commercial media as negation of the norms and characteristics of commercial media

	Commercial norms	Non-commercial norms
Economy		
Organisational form	Means of production, companies, and corporations as private property	Decoupling of property and the power of disposal, association, co-operatives
Organisational goal	Private maximisation of profit, commodity production, advertising that advances consumption	Cost recovery principle, production of use-values, creation of a public sphere for underrepresented interests/needs, contribution to the emancipation of society
Financing	Advertising, subscriptions, payments by consumers	Mixed financing without advertising
Work		
Mode of production	Division of labour, departments, separation of manual and mental labour	Low degree of the division of labour, job rotation, no separation of mental and manual work
Relations of production	Hierarchical, performance pressure, competition, heteronomous, non-creative, undemocratic, non-transparent, collective bargaining agreements, partly precarious working conditions.	Non-hierarchical, minimisation of performance pressures, co-operation/collective, self-determined, creative, democratic, transparent, partly collective bargaining agreements, partly precarious working conditions
Production		
Products	Production of commodities, formats, target group orientation	No commodity production, open and pluralistic, minority orientation, local context, culture, multilingualism
Communication		
Producers – recipients	no public access, separation between producer and recipient	Public access, elimination of the separation between producer and recipient

organisation such as associations or worker co-operatives, and by striving for “capital neutralisation” by decoupling ownership from the power of disposal over property (Beywl and Brombach 1982, 556).

The establishment of worker co-operatives tends to be associated with the abolition of the class antagonism between capital and labour and between ownership and non-ownership of the means of production (co-ownership and democratic self-administration of those working in the co-operative). But since private sector co-operatives are not oriented on generating capitalist profits, but must be oriented on generating a surplus for tax reasons alone (otherwise they are classified as “hobby”), they must act according to market principles when designing the content of alternative media products (Knoche 2023a, 67–68; 2023b, 99–100).

Marisol Sandoval (2023) critically addresses the fundamental contradictions of co-operatives in (digital) capitalism. Using the examples of platform co-operativism as the basis for the production of alternative media with emancipatory political objectives and cultural co-operatives, she rightly reflects on a multitude of contradictions and tensions that co-operatives are confronted with in practice (see Sandoval 2016a, 2016b, 2018, 2020; de Peuter et al. 2020; Dreyer et al. 2020).

The history of alternative media reveals an overemphasis on democratic self-management and self-realisation of workers as the goal and result of alternative media, which distracts from questions of content (Knoche 2023a, 66–67; Knoche 2023b, 98–99). In this respect, a dominant paradigm of alternative media theory and practice with the objective of “alternative media as participatory media” (Sandoval 2009, 2011) is seen as tending to hinder the production and reception of alternative media content that is critical of domination.

In other words, alternative media often make the attempt to build and maintain a kind of paradisiacal little oasis in the vast desert of commercial media, in which the elements of the capitalist economic and social system that are constitutively connected with the private sector form of organisation are “negated” or “circumvented”, so that they do not take effect in a counter-productive way concerning the freedom and alternateness that are strived for. In this context, the basic elements on which alternative media are based are the following ones:

- private economic mode of production with private ownership of the means of production,

- the owner's power of disposal over the dependent workers (relations of production as relations of domination, labour power as a commodity) as well as
- the right to determine the production targets and
- the right of the owners to valorise the products (Knoche 2001, 183–191; 2021, 331–338).

The fact that alternative media are confronted with elementary contradictions due to their organisational form alone is easy to understand and therefore difficult to deny. It is not to be denied that in the practice of alternative media, these contradictions are tendentially considerably mitigated. On the contrary, this mitigation is to be recognised as their special achievement when it works. Nevertheless, it should not be overlooked that such mitigation also requires a constant, energy-sapping “displacement effort” to maintain an “illusion”. Such illusions become evident in conflict situations in which the elementary contradictions that exist come to the fore. Therefore, when in the following the contradictoriness of the theory and practice of alternative media is placed in the centre, this is not meant to promote resignation or hopelessness, but to protect against illusions and thus to provide an adequate solution to the problem (see also Hollstein and Penth 1980). It is not by chance that the unavoidable breaking up of these contradictions runs through the entire history of alternative media. This circumstance cannot be surprising if one takes seriously the fundamental and serious nature of these contradictions. There is much evidence for the realisation that every intention, no matter how honourable, and every attempt to implement an alternative project, no matter how determined, will sooner or later be confronted with the contradiction between market mechanisms and claims to emancipation, often up to the point where the alternative project's existence comes under threat (Kraushaar 1986, 88). According to Schwendter, “This is by no means accidental: there is hardly a point in the everyday life of alternative projects that is not controversially precarious and contradictory in itself” (Schwendter 1986b, 259).

It is also no coincidence that attempts to actually overcome the basic contradiction of “private enterprise” – in conjunction with the other contradictions that follow from it – have in most cases led to one of two “solutions through failure” in practice:⁴ Either there is the complete abandonment of the non-commercial project or the transition to commercialisation, also belittlingly called professionalisation (Beywl 1982, 30–31).

8.5 An Example: A Conflict at Radio Orange

Radio Orange (<https://o94.at/>) is a non-commercial free radio station that broadcasts in Vienna, the capital of Austria. It was founded in 1998. It is financed by public funding and annual donations made by several hundred supporters. There are hundreds of voluntary, unpaid radio producers who create programmes for Radio Orange.

Alternative media's underlying problem can be briefly illustrated by discussing an example, conflict at Radio Orange, in which the freedom-restricting dependencies associated with the private sector organisational form became visible. This conflict ignited precisely because of the basic contradiction of the private sector organisational form: the board of the four-member association of editors, which is the holder of the broadcasting licence and owner of the radio infrastructure, in 2004 wanted to use its legally derived power of disposal over the dependent employees and determine the production goals and the organisation of production concerning its "owner risk" (including credit liability). In a certain way, the essentials for the freedom and alternativity of alternative media listed in table 8.2 are called into question: the alternative production goals, the modes of production, the relations of production, and the produced content. With reference to the lack of "operative capacity to act" and therefore the fear of endangering the entire project, the association of editors demanded "professionalism", which in plain language means nothing other than a certain subordination to the "normal" conditions of private companies or enterprises.

The association of editors proclaimed the "end of the founding era", combined with the "vision" of establishing a project that can survive and work in the long term with the help of a thorough change in the previous "operative organisation". The aim was to put an end to, or at least modify, an alternative practice that was still demanded by the dependent employees in particular, and which was cited by the owners as the reason for the feared failure of the project. The paid employees of the radio station were fighting against this idea of professionalisation and especially against the dismissal of an employee by the association of editors. In this conflict, therefore, everything that had been permanently negated, denied or suppressed came to the fore: legally protected "owner power", underpayment, workload, "self-exploitation", informal hierarchies, the problems of breaking down the division of labour, the non-transparency of decision-making

structures, the enforcement of individual and particular interests, dependencies, financing problems, etc.

Even if this example is used here to discuss the fundamental contradiction that arises from the private sector organisational form of alternative media, it is not intended to express a fundamental “equality” with commercial media. In the case of Radio Orange, in contrast to the owners of commercial radio stations, the owners of the free radio station work voluntarily as elected members of the association and do not profit in the sense of private profit-making. In addition, there are internal participation and co-determination structures (also from outside in the form of an employee/subscriber association). In principle, however, it is legally possible at any time, based on the private sector form of organisation, for the licence holders and association chairpersons to mutate into “real” media entrepreneurs and transform free radio into a “real” media enterprise.

8.6 Summary and Outlook

In summary, it can be stated that the degree of radicality of alternative media, measured against all the criteria mentioned, is almost without exception low in comparison to the models of the alternative public sphere and alternative media practised so far, which are historically characterised by models of the counter-public sphere, counter-media, social movement media, alternative media, and complementary media. This circumstance can be fundamentally criticised from a position that sees a high degree of radicalism as necessary, legitimate, and purposeful, and accordingly classifies a low degree of radicalism as “betrayal” and/or “adaptation”. From a position that considers a lower degree of radicality necessary, legitimate, and purposeful, taking into account the current societal conditions (power, structures of consciousness, needs, etc.), the current concepts of alternative media and free radio stations can be praised as a feasible way of achieving goals or even as the only possible way. The limit of the second position is reached, however, when it becomes clear that the feasible path does not lead to the achievement of the declared goals, or only leads to them to a limited extent. The pressure towards “giving up the original goals” comes from two opposing sides: from the side of the “alternatives” themselves, who (have to) give up because they cannot cope with the contradictions and lack of livelihood security, and from the side of

the “established” actors, who constantly press for the (re)integration of the “alternatives” by all means (for examples, see Schwendter 1993, 67–75) or, if this is not possible, their “elimination” or isolation (for the example of the Green Party in Germany, see Knoche 1999a, 429–434).

A closer analysis shows that even for non-commercial media, insofar as they are organised in the private sector, there is no principle of independence from the state, the market, and capital in the existing media, economic and societal environment, let alone maximum independence (as is often ideally assumed), nor can there be. Since markets are currently regarded as the almost sole regulators of economic and social development, the principle of quantity (majority, quota) is also anchored in commerciality as an all-dominant steering instrument. Without legitimisation by a “large number” hardly anything is possible, least of all securing economic existence. Theoretically, therefore, there are three possible survival strategies for alternative media, some of which stand in opposition to each other:

- Either a far-reaching *adaptation* (largely renouncing “alternativeness”) to the existing and further developing strongly commercialised market conditions; however, the market power of commercial media stands in the way of success here;
- or a *change in market conditions* by enlarging the markets for “alternatives”; this “conquest” of the markets cannot be regarded as promising in the foreseeable future when viewed soberly;
- or a *partial market adaptation to minority markets* (while maintaining “alternativeness” as far as possible) with niche existence and niche production; then, however, the question of financing and thus the question of existence increasingly arises.

The latter survival strategy is the one that is currently being used by free radio stations in Austria and will probably continue to be used in future. In order to ensure at least a marginal survival, a well-calculated and well-dosed restriction of freedom and dependence on the state, the market and capital, but at the same time a far-reaching marginalisation must be “accepted” for the reasons mentioned. In the prevailing political context, however, sooner or later the free radio stations will most likely be caught up by the all-dominant “market forces”, i.e. an appeal to minority markets and niche existence is hardly a secure basis of legitimacy for obtaining state subsidies in the long run and is not a sufficient economic basis for successful fundraising.

All this is certainly not conducive to the fulfilment of the still-existing individual-subjective needs and the social-objective need for more radical, “ruthless” alternativeness striving for societal change. But every “alternative project” requires an adaptation to societal conditions and that means at present: to a thoroughly capitalised society of neoliberal character. The “system-adequate” alternative would be that the “alternative project” is an end in itself. This may be judged negatively under the claim of a (self-)obligation to initiate processes of societal change. From the point of view that at least for those involved – it fulfilled a (“good”, e.g., livelihood-securing and perhaps even emancipatory) purpose, it could, however, be assessed positively or at least accepted. A better alternative would be a transformed society as a basis for alternative media to thrive, but this brings up the tiresome “chicken and egg problem”.

Notes

¹ This approach was the basis of the empirical research project “Emergence and Development of Free Non-Commercial Radio stations in Austria” carried out at the Department of Communication Studies’ Research Group on Media Economics and Empirical Communication Research at the University of Salzburg (Knoche et al. 2001).

² Germany’s Green Party has developed its relationship to the mass media in parallel in the same way (Knoche and Lindgens 1993, 765-766).

³ Here we are deliberately speaking only of “alternatives” in the sense of difference. The question of “radicality”, the degree of deviation or contrast to the status quo, this “other” in the sense of freedom and alternativeness, is dealt with in this work primarily from the point of view of external and internal contradictions.

⁴ Failure should not be presented here as inevitable and resigned. In a positive way, the many real failures can be taken as a yardstick for the great achievements of those who “survive” as an alternative project.

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CHAPTER 9

Towards the Liberation from Capitalist Business Models: The De-capitalisation of Journalism and Communication Studies

9.1 Introduction

In German-speaking Communication Studies, theoretical and analytical approaches that are critical of capitalism and based on the academic writings of Karl Marx and Friedrich Engels as well as the critical developments based on their works are still largely ignored. This neglect is incomprehensible insofar as, in view of the real excesses and crises of capitalism as a globally dominant economic order and societal formation, academic publications focused on the “New Reading of Marx” (see, for example, Altvater 2012; Heinrich 2004; Hoff 2009; Reichelt 2008) or the approach of *After the New Reading of Marx* (Bonefeld and Heinrich 2011) have been published in other social sciences. This abstinence from Marx is also astonishing because media communication is almost without exception organised along capitalist lines and as such fulfils elementary functions for capitalist society.¹

9.2 Communication Studies in the Normative-Political Theory Race

Although a shift away from Soviet Marxism, which was categorised as dogmatic, towards a pluralistic “Western Marxism” (Elbe 2008) has been observed worldwide for several decades, the justified fear of being considered a Marxist (Knoche 2005, 411–414), which originated in the 1970s (with professional bans on Marxists in Germany), seems to continue to

have an effect in Communication Studies. An orientation of communication theory and research on Marx's theoretical framework (Marx 1867, 1885, 1894, 1962/1985), as was briefly the case in Germany at the beginning of the 1970s (see, for example, Dröge and Modelmog 1972; Holzer 1973; Hund 1976), is still seen, especially by young academics, as hindrance or damaging to academic career ambitions.

Due to the current hegemony and power distribution in the academic system and society, analyses critical of capitalism with a radical reformist perspective have very little to no use or exchange-value for the state, economy, and society, i.e., for academics and students (see figure 9.1 below). In this context, "abstinence from Marx" is an expression of the (political) conviction conveyed or imposed by the academic mainstream that "Marxist" journalism research critical of capitalism is neither academically justified nor opportune.

This avoidance strategy is rather detrimental to a possible gain in knowledge – especially on the topic of "business models" – especially as young academics are instead driven to a normative-political theory race in the cyclical ups and downs of a multitude of "theories of journalism" (Löffelholz 2004; Scholl 2013). For example, they must be careful not to miss out on books such as "Journalism Theory: Next Generation" (*Journalismustheorie: Next Generation*; Altmeppen, Hanitzsch & Schlueter 2007) in the maelstrom of a partial departure from the previously dominant Systems Theory that has been mixed with Radical Constructivism. It is advisable to follow the leaps from journalism as a Luhmannian autopoietic system to Ortmann, Sydow and Türk's organisation and Giddensian structuration theory with various Bourdieuan fields and types of capital, i.e., to be able to connect to Journalism Studies, where recently a "journalism as an organisational field of action", as a "figure of thought", and "recognised body of thought" (Altmeppen and Arnold 2013, 8; see Altmeppen, Greck and Kössler 2013) was recently discovered.

In view of the "paradoxes of Journalism Studies" (Pörksen, Loosen & Scholl 2008) discovered somewhat earlier, with a constantly changing "differentiation/de-differentiation cycle of system-theoretical journalism research" (Loosen 2008, 597–601) with varied phases of differentiation, coupling, de-differentiation, and de-de-differentiation of an alleged journalism system, a quick and easy (finished) rethink from difference to integration, from system-environment differences to co-orientated organisations, is called for. These are approaches in which the fetishised ideal of journalism's autonomy is claimed to be real in the manner of the

humanities and idealism. Objectively, this illuminates both a petty-bourgeois journalistic ideology of status and a publisher's ideology of harmony (for criticism of this, see Jansen 1983; Zeuner 1972).

In earlier years, Altmeppen had introduced "economic factors" into the system-theoretical approaches abstinent from Economics, emphasising the dominance of an economic influence on "journalism" by means of "commercialisation."² He noted: "In this way, economic factors gain considerable influence on publishing decisions. The specific economic mechanisms of the media, their dependence on mass appeal and advertising, require the adaptation of journalistic goals to economic success. No media companies can escape this spiral. Journalism simply cannot afford the freedom of not being a business"³ (Altmeppen 2000, 239).

However, the great desideratum of Systems Theory and also of classical Economics is not addressed here: the real connection between Economics and Political Science as Political Economy. In order to safeguard their economic interests and in the overall economic and societal interest in legitimising and stabilising the capitalist formation of society, capitalist owners of media companies pursue political interests to the highest degree, which are reflected in journalistic media production as a powerful determination of "content". In accordance with these economic and political interests of the owners of capital, journalists are selected and controlled according to strict criteria.

On the basis of the homogeneity of interests created in this way, journalistic products are produced by dependent journalists in the awareness of "professional" autonomy. Journalists who had not developed this awareness of autonomy and were not prepared to represent their interests in this way were occasionally dismissed in earlier times (for examples, see the documentation in: Berliner Autorenkollektiv Presse 1972: 88–146; Zeuner 1972). Nowadays, such dismissals for political reasons are hardly necessary due to the careful selection and control of journalists and the resulting far-reaching homogeneity of interests and awareness between media owners and journalists. Instead, journalists are "only" dismissed for purely economic reasons, in particular legitimised by an alleged "newspaper crisis" and the lack of new business models.

Basically, however, journalism researchers of all generations can be reassured "in the struggle for the prerogative of interpretation". For they are assured, with analogies to the Starship *Enterprise*: "The next generation has no intention of breaking with the 'old' [...]. However, instead of

picking up the obvious threads of well-worn theories, the novelty of this volume lies simply in approaching journalism research using hand-picked terms. [...] Most of the journalism researchers who have their say in this volume therefore build on existing theoretical threads and interweave them with new or rediscovered ideas. In this way, the 'next' generation is to some extent also the old one" (Hanitzsch, Altmeppen & Schlüter 2007, 8).

In the "sorting of these theories" (Scholl 2013, 168), everything that was unrealistically separated in earlier theorisations must be painstakingly brought back together to form "integrative social theories": in particular the micro, meso, and macro levels as well as the actor, action, and structure, for which a Giddensian "recursive duality of action and structure" or a Schimankian⁴ "actor-structure dynamic" (Scholl 2013, 179, 181) is now used. However, the fact that Marx's theory, categorised as a "normative critical theory" (Scholl 2013, 183), can be considered an elaborated integrative social theory is still deliberately overlooked, whereby the economic, political, and historical perspective of Historical Materialism is often neglected by sociological theories is also relevant.

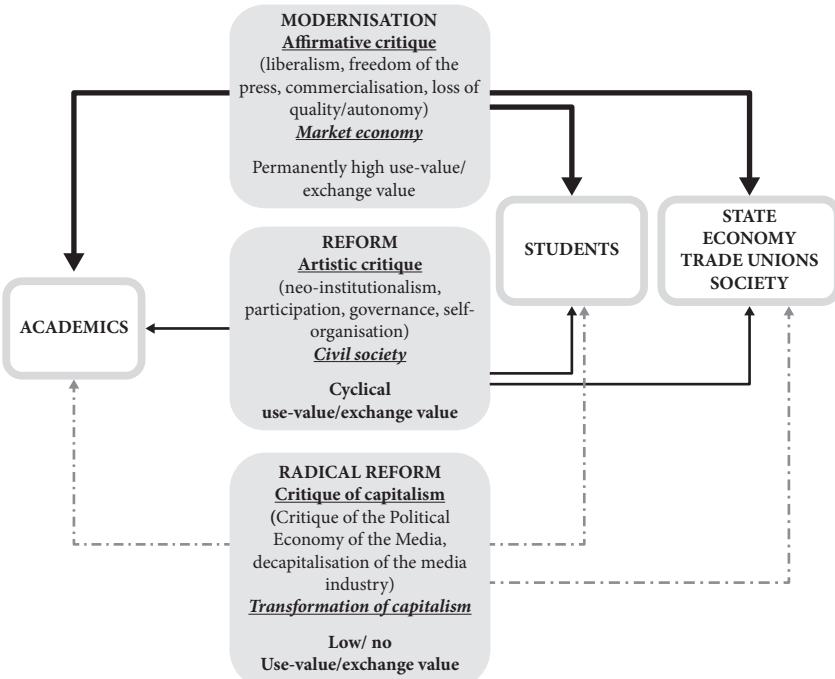


Figure 9.1: Use and exchange-values in the normative-political theory race

The debate on the funding of journalism also reveals divergences in the theory-race and its normative-political foundations, its various theoretical concepts and the associated differences in their use-value and exchange-values (figure 9.1). One example of this is how Marie Luise Kiefer (2011a) was attacked in her cautious neo-institutional-economic search for a “third way” of funding journalism. On the one hand, her approach was questioned by the self-confessed Schumpeterian “creative destroyer” Stephan Russ-Mohl (2009), who stigmatised some of her proposals as “delicate, perhaps downright dangerous to democracy” (Russ-Mohl 2011, 403) and summarily identified the proposed third way as a dead end. On the other hand, the obvious state-phobic Rudolf Stöber (2011) branded Kiefer’s search as “dangerous” and also as “endangering democracy”. In her rejection of misunderstandings, reinterpretations, insinuations, misinterpretations, and accusations, Kiefer noted, among other things, a pronounced “control pessimism” among her critics (Kiefer 2011b).

Frank Lobigs, who recognises that the topic of funding journalism has always been “omnipresent” and in recent times “no longer just an important research subject, but rather the fateful topic of journalism and journalism research *per se*” (Lobigs 2013, 53), formulates the dictum that Kiefer’s proposal “must be viewed soberly as politically/legally hopeless and therefore unfortunately unrealistic” (Lobigs 2013, 69). Presumably due to his theoretical proximity to Kiefer (Media Economics, Institutional Economics), he asserts that he has “sympathy for this proposal” and that Kiefer’s contribution points in a “sensible direction”, but his own considerations and proposals are characterised by a pragmatic position that is realistically adapted to the current real power relations in society.

9.3 Theoretical Elements of a Critique of the Political Economy of the Media

An essential characteristic of Marx’s Critique of Political Economy (cf. Marx 1867, 1885, 1894, 1962/1989) is that, as a critique of capitalism, it is both a critique of science and a critique of social practice, combined with a critique of knowledge and ideology. Building on this, a further developed Critique of the Political Economy of the Media as a unity of a historically oriented material analysis of forms, structures, actions, actors, processes, and functions can fulfil the claim of a foundational critical theory of

society applied to Communication Studies. It thus enables a theory-based empirical analysis and explanation of media production, distribution, and consumption in the context of society.

In contrast to dominant ways of thinking in terms of economic calculation and instrumental reason (Media Management), economic-journalistic value/norm dichotomies (see Heinrich 2010), or constructivist-system-theoretical binary codes (see, for example, Löffelholz 2004; Pörksen, Loosen & Scholl 2008), a Critique of the Political Economy of the Media (see Knoche 2001, 2002, 2021) is characterised by thinking in terms of antagonistic contradictions (of interests) (for example between capital and labour, productive forces and relations of production) and dialectical contradictions. This specific way of thinking is determined by the certainty that “all science would be superfluous if the form of appearance of things directly coincided with their essence” (Marx 1894, 956). The media-specificity of a Critique of Political Economy is primarily justified by the fact that the media industry, as an integral part of capitalist society, fulfils additional macroeconomic (advertising/consumption) and political-cultural-ideological functions for society as a whole, over and above the rest of the economy.

9.4 The Capitalist Mode of Production in the Media Industry

Limiting the question of “business models” to the discussion of how media companies can achieve the highest possible revenues, in reality profits, is not academically justifiable. As illustrated by the example of the “business model” of ancillary copyright, the “press publishers interested in their continued existence” (Buschow 2012, 40) are concerned with the continued existence of the “legitimacy of the institutional arrangement”, in other words: the claim to dominance of capitalist media companies with commodity-like production and distribution of journalism, and furthermore with securing the dominance of capitalist-organised “professional” journalism for the future.

What is therefore needed first and foremost is a deeper insight into the basic elements of the capitalist mode of production that also prevails in the media industry in order to be able to assess what opportunities exist to de-capitalise journalism with the help of alternative funding and changed legitimation. Deeper insights into the capitalist-influenced

object of investigation, the media industry, can be gained less through a “structuration-theoretically integrated neo-institutionalism as a research-guiding perspective” (Buschow 2012, 22–36) than through (transformation) theories critical of capitalism, such as those presented by Kiefer (2004) as the development from a Fordist to a post-Fordist capitalism with corresponding transformations of the accumulation regime and the mode of regulation of a “new capitalism”.

An essential feature for characterising different societal formations is the respective dominant, yet fundamentally changeable historical mode of production as a dialectical, contradictory unity of productive forces and relations of production, which are decisive for the way of working and living as well as for the distribution and power relations in a society. This is why “thinking the mode of production” (Haug 2003, 27–42) is also an immensely beneficial basis for academic knowledge in the field of media production, distribution, and consumption.

In the capitalist mode of production shown schematically in figure 9.2⁵, a distinction is made between constant and variable structural elements (see Knoche 2013, 92–93). The actions of media companies are determined by the production conditions as largely constant structural elements:

- the constitutionally protected hereditary private property of capital owners in the means of production, thus in fixed capital and also in productivity growth;
- Derived from this, the relations of production with the power of private capital owners to dispose of the means of production and wage- or salary-dependent labour, including journalists;
- the right to determine the sole production targets and the corresponding use of the productive forces (means of production and labour as commodities); and
- the appropriation of products as commodity-like results of labour and the accumulation of capital and profits achieved through them;
- the legitimisation and stabilisation of the capitalist mode of production for media companies by the state through law, “ideological flank protection”, indirect/direct subsidies, and advertising contracts.

The more variable, fundamentally crisis-prone structural elements explain the different behaviour and actions with different accompanying “crisis cries” about “business model problems”. These include:

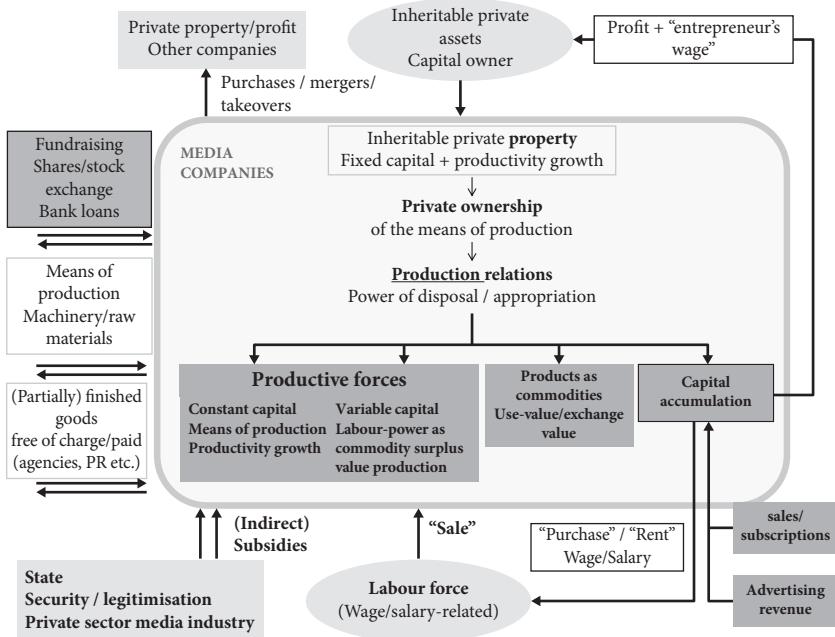


Figure 9.2: The capitalist mode of production in the media industry, based on Knoche (2013, 92)

- the productive forces as constant capital (means of production in the form of machines and raw materials with productivity growth) and as variable capital the labour force with surplus-value production;
- the production of commodities on the basis of free, sponsored or paid partial finished goods from agencies, PR, etc. as the production of use and exchange-values,
- raising money (shares/stock exchange, bank loans),
- the realisation of capital accumulation through advertising revenue, the sale of commodities and other revenues.

Characteristic of the “business model” of media companies is the “capital relationship” as a unity of labour and valorisation processes under the sole control of capital owners or the managers, editors-in-chief, etc. as their vicarious agents. Consequently, journalists are subject to the effects of the capitalist mode of production in the same way as all other dependent workers and constantly reproduce the capitalist relations of production

with their labour and thus also the corresponding property and distribution relations in society.

9.5 Economic and Political-Ideological Goals of Commodity Production in the Media Industry

Journalism is clearly recognisable as a real and significant line of business for private sector media companies, regardless of whether it is defiantly and provocatively claimed, against previous better judgement (Altmeppen 2000). For example, Altmeppen (2012, 49; 2014) claims that journalism is not a business model, will never become one, and never was one. It is puzzling how the clarification of the frame of reference of journalism and media can arrive at the following strange view: “From an organisational perspective, however, media companies are more like journalism’s ‘nearest neighbours’. What journalists produce is distributed by the media, but media also convey entertainment and advertising that are not produced by journalists” (Altmeppen and Arnold 2013, 8).

Such views obscure what Zeuner, for example, as one of several *Spiegel* journalists dismissed because of their fight for co-determination, has analytically established as practical experience for the basic professional constellation of journalists: “As wage earners they work for the private profit of an entrepreneur, as writers they come up against taboos determined by capital interests, as producers of commodities in the consciousness industry they are expected to value the saleability of their information and opinions on the capitalist market more highly than demands for consistent analysis or loyalty to truth and conviction” (Zeuner 1972, 18).

If the aforementioned artificial separations were not presented as a theoretical analysis of the current situation, but rather as a socio-political goal to be strived for by Kiefer (2011a) that wants to detach journalism from private commercial media companies worthy of criticism, they could point the way forward in the discussion about alternative funding and organisational models for journalism. In their current form, however, these approaches objectively serve to ideologically conceal the real business and power relations in the media industry and society.

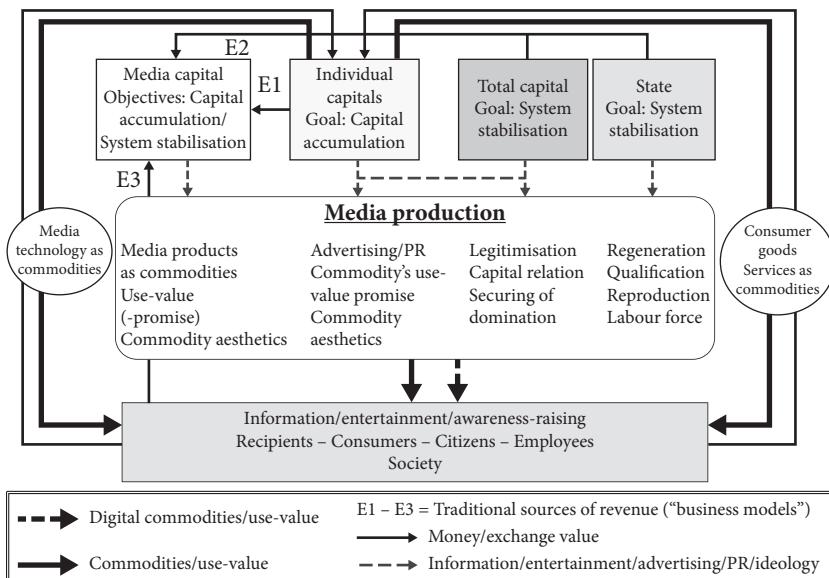


Figure 9.3: The economic and political-ideological goals of capitalist media production, based on Knoche (2002, 106)

As shown schematically in detail in figure 9.3, media production is a unique business model in that media companies not only pursue their own capital accumulation and stabilisation goals as individual capitals like companies in other sectors/industries. Rather, they tend to support the capital accumulation goals of all other individual capitals as well as the stabilisation goals of capital as a whole (represented by industry, business, and employers' associations) and the state. Accordingly, three main sources of revenue ("business models") in various versions form the basis of the media production sector: revenue from advertising by individual capitals (E1 in figure 9.3), revenue from advertising and from indirect and direct subsidies from total capital and the state (E2), and, to a much lesser extent, revenue from sales to media consumers (E3).

In the context of a Critique of the Political Economy of the Media, a distinction is made between various economic and political-ideological functional areas or determinations of media production (see Holzer 1973, 129–137; Hund 1976, 175–193; Knoche 2002, 105–107). The quality of media products is optimal in the interest of capital accumulation if it has an optimal "use-value" for the realisation of four main goals:

- Capital accumulation of media companies as individual capitals by designing media products as commodities with (promised) use-values for potential buyers of media products.
- The support of the accumulation of capital by various individual capitals by promoting (advertising/PR) the circulation of commodities and the realisation of the exchange-value of investment and consumer goods and services as commodities.
- The legitimisation of the capital relationship as an ideological safeguard of rule and power (system stabilisation) for capital as a whole, in particular for media capital, and for the state. This also means that, if necessary, partial de-legitimisation and system de-stabilisation are pursued in a way that promotes the goal.
- Support/supplementation in the qualification (“education”) regeneration, and reproduction of the workforce as well as the ideological re-production of the capital relationship (legitimisation of the employer/employee relationship as “natural”) to stabilise the system.

9.6 Liberation from Capitalist Business Models

In the context of the current discussion about capitalist business models, it makes sense to think about how journalism and Communication Studies can be freed from business model problems on the basis of an analysis that is critical of capitalism. It could already have a liberating effect if the fear fuelled by media companies and academics that the end of quality journalism is imminent or that the press and books are dying out completely disappeared (for a critical view, see also Meier 2012b).

9.6.1 *Liberation from “Cries of Crisis” and from Thinking in Terms of Apparent Causalities*

First of all, the pseudo-causal character of the dominant “crisis discourse” propagated by academics must be exposed. Altmeppen has also criticised “absurd, even *grotesque chains of argumentation*” (Altmeppen 2012, 37, *italics in the original*) to justify savings and redundancies as “hard-core savings and profitability measures”. Pseudo-causalities are constructed in the following way by arguing that:

Because there is a “newspaper crisis” (due to the decline in sales and advertising in the print sector),

- caused by the growth of “free culture” (consumers’ unwillingness to pay) and
- “the Internet” (the Internet as a player!),
there are “funding problems” of journalism.

Because of the risk of journalism losing its autonomy and quality, it is necessary and unavoidable to implement measures such as,

- cost-saving rationalisation (such as dismissals of journalists, discontinuation of newspapers),
- the saving of business models with “paywalls” on the Internet and
- ancillary copyrights, hard disc levies, subsidies and the like for the support of media companies.

Lobigs reproduces these bogus arguments in a similar way. In the “lively dispute between the arguments about the best ways to financially secure independent and socially relevant journalism” (Lobigs 2013, 69), he thus orientates himself in principle towards the interests of capitalist media companies. This partly contradicts his findings, according to which the private sector funding of journalism leads to a fundamental market failure in terms of journalistic product quality and the private sector press is generally characterised by concentration and rationalisation measures (Lobigs 2013, 59–60, 65–69). His way of thinking is obviously determined by two empirically unproven problem assumptions: that there are serious funding problems for journalism in media companies and that the safeguarding of the assumed quality of journalistic media products is severely jeopardised due to these funding problems.

In reality, it is not a question of funding problems, but at best of profit maximisation problems, a distinction that is essential for academic analysis. Even the assumption of profit maximisation problems is not justified for almost all media companies; it is no coincidence that it is not substantiated by the media companies. Lamentable declines in circulation and (advertising) sales in the print sector do not prove that “journalism” is therefore no longer financially viable.⁶ On the contrary: documentations on the newspaper market (see Röper 2012a), the consumer magazine market (see Vogel 2012b), multimedia provider and offer structures in media regions (see Röper 2012b), and “online as a business area and distribution channel of the press industry” (Vogel 2012a) prove an uninterrupted

prospering, highly concentrated, internationally active media industry. Accordingly, the much-vaunted quality of journalistic media products is at risk due to the effects of the profit maximisation strategies of media companies and the restructuring measures used for this purpose (see Knoche 2013, 95–102).

Based on his assumptions, Lobigs (2013, 69) describes “politically more feasible reform initiatives” as worth considering, which are almost congruent with the catalogue of demands of private sector press companies: abolition of VAT for newspapers, subsidisation of newspaper distribution, relaxation of press antitrust law, tax incentives for foundation models, reallocation of revenue from the budget levy. In his opinion, the fact that foundation models and targeted state subsidies for print journalism have no tradition in Germany should change. A fundamental difference can be seen here to Kiefer’s position, which, on the basis of an institutional economic theory of the commons and professional sociological considerations, proposed public funding support for (new) journalism “linked to its autonomy through professional development and self-organisation” (Kiefer 2011a, 19).

Such debates “raise the fundamental question of the extent to which commercial media groups, whose bottom line has always been more about profit than journalism and democracy, should also benefit from public funds” (Zwicky 2012b, 326). Puppis also names “the commercial institutionalisation of media organisations” (Puppis 2012, 298–299) as the trigger for a “media crisis” that he also assumes to exist. However, he also considers the state subsidisation of private commercial media companies in addition to “market funding” to be a suitable way of overcoming the crisis, referring to the practice that already exists in several European countries (see Puppis 2012: 305–307).

In contrast, Werner A. Meier (2012a) comes to the critical conclusion that state funding is not very effective with regard to the desired political goals of journalistic diversity and the political relevance of the subsidised press. On the contrary: “It must be feared that such structure-preserving funding measures, which are most likely to be politically enforced, are at the same time also those that are least likely to serve the safeguarding of journalistic diversity and the strengthening of democracy” (Meier 2012a, 135). He therefore cautiously poses the question of whether new organisational models could be conceived and clarified that could combine professional journalism and citizen journalism organised as co-operatives on the

basis of a mixed funding regime of civil society, public, and state funding (see Meier 2012a, 141).

The business model of a media company is in reality by no means limited to “revenue models”, but also includes in particular the realisation of “cost reduction models”. Press publishers, for example, have been systematically and strategically pursuing such models in a permanent process in the areas of production, reproduction, and distribution since the 1970s on the basis of a radical transformation/restructuring of the productive forces (means of production and labour) (see Knoche 2013, 96–99). What is erroneously labelled a “newspaper crisis” or even a “media crisis” is nothing other than a capitalistically shaped, strategically oriented transformation process in the media industry to secure the individual accumulation of capital in the competition between media owners (cf. Knoche 2013, 103–108).

The transformation process of the advertising industry also plays a central role here, which is also expressed in a strategic cross-media budget shift from print to online media. This also implies a shift to new (mobile) forms of advertising that are not tied to journalistic content (see Siegert et al. 2012, 174). In this context, it is not an expression of a crisis-like lack of new business models for media companies, but of the strategic use of different business models over time. At present, the most promising business model for the majority of media companies in a transitional phase is obviously to realise profitable advertising revenues with multiple content exploitations that complement the traditional, still lucrative “print business” via print and (mobile) online free offerings. So far, this has been achieved more with free offerings than with paid content. But the “paid content” business model that collects subscription fees is the more profitable one and is therefore increasingly being realised.

9.6.2 The De-capitalisation of Journalism

Academic considerations on non-capitalist forms of organisation and funding for journalistic production and distribution remain idealistic and voluntaristic as long as they do not take into account the real economically and politically secured power position of media corporations. To ensure that “alternatives do not die in beauty as mere utopias” (Zwicky 2012b, 329), the misguided assumption of a “media crisis” must first and foremost be avoided. On the one hand, the metaphor of a “media crisis” leads to

proposals for combating the crisis that are “alien to the system”: state funding support for media companies. On the other hand, the “media crisis” can lead to illusionary “collapse theories”, according to which the downfall of the capitalist media industry is imminent and therefore “civil society citizen journalism” is easy to achieve.

The question is therefore to what extent theoretical “liberation movements” can realistically become practical for professional journalists or “citizen journalists” so that they can take action to drive forward a transformation of capitalist journalism into a non-profit, cost-covering professional online production.

Theoretically, the real conditions and associated possibilities shown in figure 9.4 form a suitable basis for a liberation from “business models”: On the basis of the progressive digitalisation of media production, distribution, and consumption and the associated radical reduction in costs for means of production and distribution as well as for production and distribution, a real utopia of transformation into a non-capitalist production of online journalism as partial de-capitalisation is possible.

Real preconditions

- Radical reduction in costs for the means of production, production, and distribution
- End of the structural monopoly in production/distribution (“gatekeeper”) of capitalist media companies
- Delegitimisation and real “dispensability” of investors

Real opportunities for journalists

- Liberation from wage dependency and the power of disposal of capital-accumulating publishing families
- Partial “overriding” / overcoming of the capitalist mode of production
- Organisation of non-capitalist “editorial communities”
- Back to the origin: Augstein, Springer and Co. were originally only temporary licence holders, they became capitalist publishers with the help of the allied forces

But no “revolutionary” romanticism/euphoria/illusion

- Search for the “revolutionary subject” for non-profit journalism
- Search for real funding (cost-covering production/distribution)
- Real strength and power of capitalist media groups as “brands” in the transformation process of the media industry

Figure 9.4: Conditions and opportunities for the de-capitalisation of journalism

Such a real utopia would have the advantage of achieving a structural change in the prevailing relations of production with the antagonism between capitalist owners of the means of production and wage-dependent or “free” labour, i.e., a radically liberating gain in autonomy. Above all, this would have the advantage that the content of journalistic production could be radically liberated from its commodity form. However, these advantages would not be achieved if, as is usually the case, liberation were limited only to participation within established media companies (co-determination, co-ownership), or even to new “start-ups” on the Internet without transformation into non-commercial, i.e., non-capitalist journalism.

This non-capitalist production is already being practised, albeit marginalised in “niche forms”, e.g. by non-commercial radios (see Knoche 2003), and “professional” by the German daily newspaper *taz* (die tageszeitung) that is organised as a co-operative (see Zwicky 2012b, 323–326) and the same goes for the daily newspaper *nd* (Neues Deutschland). However, due to the real strength and power of capitalist media corporations, which actively shape the transformation process of the media industry as “brands”, there is no reason for illusionary euphoria regarding a “revolutionary potential” (Puppis 2012, 300–301) in the form of citizen or lay journalism, blogs etc. for the realisation of de-capitalisation of the media industry.

Such “revolutionary” romanticism would be of little help, above all because, at least at present, neither active “revolutionary subjects” for non-profit-oriented professional alternative journalism nor active members of the phantom “civil society”, which has also been much invoked in Communication Studies, are visible in the necessary strength that non-capitalist media would and could produce. It is therefore only of limited use to propose ideal new forms of funding without reflecting on their realisation possibilities in the context of the prevailing social power and distribution relations and the consciousness structures and activity potentials in a capitalist society determined by them.

Accordingly, in the context of the “vision of a civil society mode of institutionalisation” (Zwicky 2012a, 238) societal change is also recognised as a prerequisite for an alternative media order. Broad and successful civil society and political resistance to neoliberal capitalism is cited as a necessary condition for a “better” media order. This clear statement by a young researcher gives rise to hope for a liberation of Communication Studies from “business models”, especially as it is

analytically stated: “Due to the embedding of the media in society’s power structure, overcoming the neoliberal institutionalisation mode of the media (which is largely controlled by the ruling class) presupposes overcoming neoliberalism (which is supported and driven by these same classes)” (Zwicky 2012a, 238).⁷

However, since these statements are based on a very artificial ideal-typical comparison of “Fordist and neoliberal modes of institutionalisation” (Zwicky 2012a, 125) and the overcoming of neoliberal capitalism is propagated as a prerequisite for a “better” media order, the question must be asked as to what “improvements” a non- or post-neoliberal capitalism, which is still a form of capitalism, could bring for the realisation of an alternative media order.

9.6.3 *The De-capitalisation of Communication Studies*

At least the liberation of Communication Studies from worrying about capitalist business model problems is already possible in reality, and not just theoretically as a de-capitalisation of thought and research. There are several active “liberation movements” in the academic field that can serve as role models. In the field of Communication Studies, for example, the open access online journal *tripleC: Communication, Capitalism & Critique* (<http://www.triple-c.at>; see also Fuchs and Mosco 2012) applies a non-commercial Creative Commons licence and is focused on the Critique of the Political Economy of the Media.

The ideal that has already been partially realised in practice is *Diamond Open Access publishing* (Fuchs and Sandoval 2013) without profit-oriented capitalist publishers (Knoche 2020). However, strong forces are standing in the way of realisation here too. For some time now, the state, the publishing industry, and established academia have been pursuing a powerful dual strategy: supporting the traditional book and journal trade in conjunction with online publications, which are offered by publishers for a fee and sometimes free of charge as a form of “hybrid⁸ open access”, provided they are funded by the state (libraries) with “fees” or author payments (“publication subsidies”), i.e., generate profits on the basis of double dipping.⁹ The capitalisation of publishers’ open access academic publications is therefore already well-advanced far into the online sector, which makes de-capitalisation considerably more difficult.

An example of this circumstance is how academic book and journal companies have established combined business models based on their business relationships with the German Communication Association (DGPK) and individual academics: via a “compulsory subscription”, decided by a majority of the DGPK’s general meeting and integrated into the membership fee, for the academic journals *Publizistik* (Springer VS) for a fee. The manuscripts are supplied by scholars in Communication Studies “ready for reproduction” free of charge and the copyrights are transferred. Publishers, editors, advisory boards, and reviewers, paid for by public funds, also work free of charge to realise the capitalist business model of these publishers. This model is a prime example of lavish indirect state subsidisation of the private sector, specifically a fourfold promotion of profit maximisation by capitalist academic publishers achieved with the help of the funding of academic research and publication work at universities (free of charge for publishers), libraries’ payments for print and online versions of books and journals, and high fees charged to authors or their institutions for hybrid open access publications.

The profitable constellation of two combined private sector business models of (academic) publishers – for traditional printed books and journals and for online publications (eBooks/electronic journals) – is shown schematically in figure 9.5’s top half. State-paid university researchers and authors make their research results available to publishers free of charge as digital print templates, often on the basis of additional state funding for research projects. This means that publishers are spared the otherwise burdensome high fixed costs for research, creation, composition, and design of print templates. In addition, copyrights are assigned free of charge, and often even a printing cost subsidy, partly funded by the state, is paid to the publishers. This business model is supplemented by a second model in which the publishers also make the print templates available for download as eBook or ejournal in return for payment.

The consequence of such models is the paradoxical constellation that researchers/authors and libraries have to buy the state-funded products provided free of charge from the publishers. In most cases, some publishers only allow them to “self-archive”, preprint or “secondary publications” for an additional fee. These business models based on the private appropriation of public academic production by publishers are “ideally” supported by the fact that in academia, publishing dissertations and habilitation theses by established publishing houses is either made compulsory

or declared to be an indispensable prerequisite (along with impact factors, presence in citation indexes, peer reviews, academic reputation, prestige, quality) for an academic career in order to stabilise the power of academia's mainstream.

With the possibility of online publication, however, there are good conditions for the liberation from capitalist business models and the practice of "diamond open access".¹⁰ Universities, libraries, academic organisations and associations, and individual scholars could make academic publications available for download free of charge and publicise them at no extra cost (see figure 9.5 below). In addition, print on demand can be offered at the cost price, i.e., without adding a profit. Capitalist publishers are thus de-legitimised in principle and have become dispensable.

In this way, the universities would also fulfil their obligation to make the *results of state-funded research available to the public free of charge*. The budgets of public libraries and the private budgets of academics, students, and interested members of society would be relieved enormously. The rapid, "barrier-free" wide dissemination of academic research results within the scientific community and beyond to the general public would be greatly promoted.

Theoretically and practically freed from capitalist business models, Communication Studies' thought and action could concentrate on the

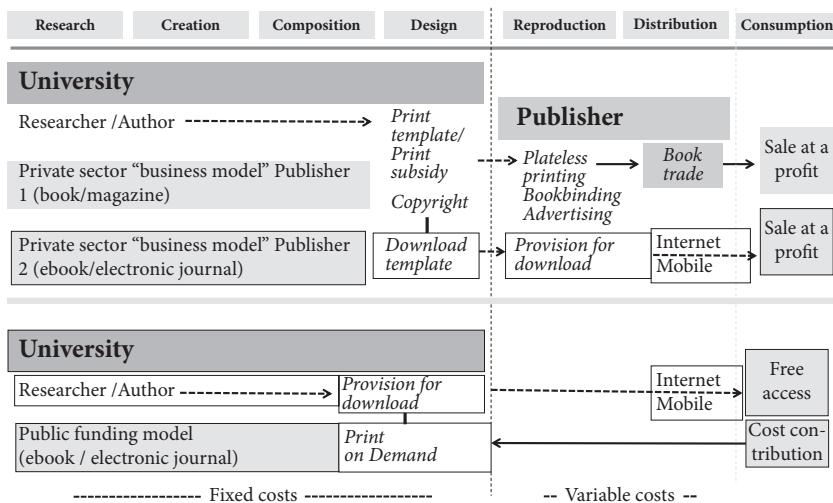


Figure 9.5: The (de)capitalisation of academic publications

discussion already underway about alternative funding models for journalism and their realisation possibilities – and thus on the search for a “third way” for a “new” or “alternative” de-capitalised, non-profit-oriented journalism.

Notes

¹ De-capitalisation does not mean expropriation, but active liberation from the capitalist mode of production and the commodification of media products and the commodity form in general.

² However, the terms economisation and commercialisation fall short; capitalisation is essential (see Knoche 2001, 2021).

³ Journalism was thus formerly declared to be a trade (business).

⁴ Uwe Schimank is a German sociologist and social theorist who has tried to enhance Luhmann’s Systems Theory by a focus on actors.

⁵ The terms mode of production, productive forces, relations of production, labour power as commodities, products as commodities, surplus-value production, and capital accumulation were explicated by Marx (1867, 1885, 1894, 1962/1989).

⁶ The fact that the lack of validity of the data presented by the newspaper publishers meant that their “subsidy claims were without foundation” (Knoche and Zerdick 1974) could be empirically proven in an earlier phase of the alleged “newspaper crisis”.

⁷ This is a key “conclusion” of this dissertation, which was accepted in Zurich by Otfried Jarren and Werner A. Meier.

⁸ Hybrid open access, which is highly open to criticism, means that only individual articles in a fee-based academic ejournal that have been paid for by the authors or their institutions via high publication fees (APCs = Article Processing Charges, double dipping) are generally freely available in open access, while the other articles are not.

⁹ The highly criticisable double dipping means that in the hybrid open access business model for academic journals capitalist academic publishers are paid twice from taxpayers’ money: on the one hand by university libraries through subscription or licence fees, and on the other hand through publication fees covered by authors or their institutions for individual articles in the academic journals.

¹⁰ For reasons of space, it is not possible here to go into the advanced discussion about various forms of (free) open access that are already being practised and the complex of “print versus online” in the academic sector (see also Deutscher Bundestag 2011, 2013).

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CHAPTER 10

Science Communication and Open Access: The Critique of the Political Economy of Capitalist Academic Publishers as Ideology Critique

The conditions cry out for ideology critique

(Jaeggi 2009, 271)

10.1 The Academic and Socio-Political Context of the Problem

This chapter develops perspectives for critical communication and media theory on the basis of approaches that are grounded in Marx's Critique of Political Economy (Marx 1859, 1867, 1885, 1894), use Marx and Engels' "German Ideology" (Marx and Engels 1845/1846), and stand in the tradition of Critical Social Theory. In this context, the discussion of ideology theory and critique focuses on the aspect of social criticism as a critique of capitalism¹ (Iber 2005; Heinrich 2005; Krämer 2015).

Because of the social significance of the connection between domination, power, ideology, and (false) consciousness in bourgeois-capitalist societies, which is relevant to both theory and practice, ideology critique, especially from the point of view of the critique of capitalism (Butollo and Nachtwey 2018), is one of the most important fields of research in academic analysis and critique.

Accordingly, ideology critique is also at the centre of a Critique of the Political Economy of the Media, Journalism and Communication Studies as a fundamental theoretical-empirical critique of science that is yet to be developed. The theoretical basis for this is a *negative-critical* concept

of ideology, which stands in contrast to ideology as a worldview and to a *neutral* concept of ideology applied in the Sociology of Knowledge. The orientation towards a negative-critical concept of ideology includes a view of ideology as false consciousness, which ties in with the Enlightenment tradition of thought.

Here, “especially Marx’s analysis of commodity fetishism is regarded as an example of academic thought that is capable of exposing and overcoming all ideological, i.e. false ideas that arise from this fetishism” (Koivisto and Pietilä 1993, 234). The essential aim of ideology critique is therefore “to determine the ideological nature of the various phenomena of consciousness, meanings, discourses, practices, etc. through their relationship to the maintenance of and/or struggle against society’s power relations” (Koivisto and Pietilä 1993, 238). In this sense, the production, distribution, and reception of ideology in the Media and culture-industry will also be critically examined and evaluated, especially under the aspects of the anti-democratic stabilisation, legitimisation or concealment of:

- economic, political, and cultural power and power relations as well as of
- social inequality and injustice.

My contribution focuses on the theoretical-methodological foundation of an academic ideology critique, which can also be used as a guide for further ideology-critical analyses in the field of Media and Communication Studies. On the basis of this foundation, I present an exemplary ideology critique of the interdisciplinary inter-/multidisciplinary problem of Science Communication (SC),² in the narrower sense of the so-called academic publication system. I do this in the certainty that the production and communicative processing of knowledge are central areas of activity in professional work in all academic disciplines. For this reason alone, a critique of the ideology of the organisation and products of SC is a relevant subfield of a critique of science in the context of critical science studies.

Due to the high importance of SC, the lives of critical communication scholars – just like scholars from all other academic disciplines – are fundamentally affected by the current process of change in the structural and content-related social conditions for SC. In this respect, the individual, collective, and institutional (future) decisions and actions of academics are always also – beyond the justified individual career aspect – science policy contributions to structural and content-related changes in SC. These contributions are relevant in the context of the political-economic, social, and cultural development of society as a whole.

Accordingly, the following scholarly analysis and explanation is deliberately guided by the socio-political impetus, in conjunction with ideology critique, to provide a radical (going to the roots) critique of the past, present, and future domination of SC by the – science-politically legitimised and (also financially) supported – traditionally hegemonic symbiosis of profit-oriented publishers and mainstream academia. On the basis of this criticism, the potential for liberation or emancipation and the possibility of the real transformation of SC, with which the existing power and domination relationships can be overcome, is to be demonstrated. This is especially true from the point of view of critically changing the hitherto dominant market-driven *content of SC's products*, in the narrower sense of scientific publications.

The aim of this contribution is therefore to analyse the empirically observable changes and processes of change in SC towards Open Access (OA)³ and to explain them theoretically in such a way that active emancipatory change by the “actors concerned” is made possible on the basis of comprehensible findings. The hitherto dominant analytical approach of a seemingly “value-free” science is not appropriate for this purpose, since SC, like all areas of society, is to a large extent politically, legally, and economically controlled by powerful interests and is therefore fundamentally contested.

In addition, structural changes in SC, which are currently being discussed, legitimised, and gradually institutionalised in practice within the larger framework of the Open Science Initiative (Heise 2018), are also part of Media and Communication Studies. Contrary to their real social, societal, economic, and political significance, the media of academic books and journals have – unlike the press, radio, television, audio, video, music, and social media – so far only to a limited extent been the focus of theory-building and empirical research in Media and Communication Studies. This is especially true for theories and studies in one of the currently central research areas in Media and Communication Studies, namely the one focused on media change.

10.2 Theoretical-Methodical Approach of Analysis

In view of the inadequacies of existing analyses of the problems of OA-SC, which are mostly limited to symptom and surface criticism, I take the apparently contradictory, but in reality dialectical foundations of the

ideological theory and criticism of Marx and Engels as the theoretical-methodological starting point of my analysis. These foundations are also a permanent central reference point for (ideology-)critical Sociology, Psychology, Political Science, Philosophy, and Economics.

In the works of Marx and Engels, ideology critique and critique of Political Economy generally merge into one another.⁴ Within Social Philosophy and Sociology, Marx's critique of capitalism as a whole can be treated as ideology critique (Jaeggi 2009, 273). The critique of political economy "is social theory, and it can be read as a critique of the objective thought forms that the bourgeois social formation has produced [...] In this sense, *Capital* is an ideology critique, although the term ideology does not appear in it" (Herkommer 2004, 83).

The task of an ideology critique of capitalism is, among other things, a normative distinction between true and false, imprecise, one-dimensional, distorted conceptions and practices that serve to *legitimise power* (Fuchs 2016, 42–44). In accordance with the chosen theoretical-methodological research approach, however, not only the relatively few explicit, sometimes inconsistent statements of Marx and Engels on the problem of ideology are relevant, but in the broadest sense the manifold theoretical-empirical analyses presented by Marx (1867, 1885, 1894) as a comprehensive critique of political economy.

In this analysis, I include – as also stressed by Butollo and Sevignani (2018) in their *historical-materialist analysis of digital capitalism* that oriented on Marx's work – fundamental problems of the development of the capitalist mode of production such as the contradiction or interrelation of productive forces and relations of production as relations of ownership, valorisation, distribution, and class.

Only by means of the theoretical-empirical-historical analysis of the *dominant capitalist mode of production* and the underlying *relations of production, distribution, and valorisation* based on the development of the *productive forces*, an elementary *discrepancy* with the propagated, mostly idealistic norms and values and thus their ideological content becomes apparent. The existence of this discrepancy can also be analysed in respect to the social and societal realm of SC.

Priority is therefore given to a critical analysis of the *social reality* or *practice of the applied mode of production and relations of production* conceived in this way (figure 10.1). Only on this basis can the ideological content of dominant ideas, concepts, goals, norms, values, promises, etc. in

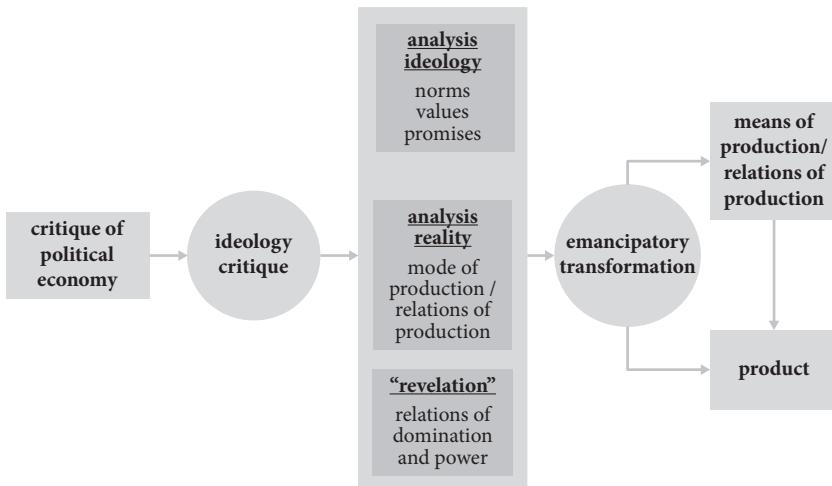


Figure 10.1: Theoretical-methodological approach to ideology critique

the context of SC's (re)organisation by OA be revealed and criticised in order to reveal the real relations of power and domination. The propagation and practical implementations of OA can thus be characterised above all as theoretical-practical applications of *ideologies of concealment, distraction, and justification*.

Thought that is based on Marx's critique of political economy is fundamentally confronted with a multitude of conflicting schools of thought, some of which are diametrically opposed readings and interpretations of Marx's critique of capitalism. Hoff (2016, 170–310) provides comprehensive critical insights into the international history of Marxist approaches, with a particular emphasis on the critical perspective of the New Marx Reading (Hoff 2016, 311–334). In my opinion, this approach is also suitable as a basis for a critique of the ideology of SC. For in contrast to other approaches, especially to Marx's interpretation in traditional Marxism-Leninism, “the New Marx Reading insists only on the fact that the inner (as opposed to the apparent) context of social conditions is not directly transparent and that these conditions are themselves inverted forms of appearance. According to Marx, revealing this inner context and deciphering the objective mystifications and the inverted and fetishized manifestations of societal conditions is a specifically scholarly achievement” (Hoff 2016, 335).

In general, my reflections on ideology critique also tie in with the approach of an *expanded theory and analysis* of the *culture industry* of the so-called Frankfurt School (Critical Theory) “with a double reference to Marx. The authors take up his basic concepts by explicating the commodity character of culture, and they develop it further by analysing the production and reception of culture, to which Marx had given little consideration, as realms of the ideological stabilisation of domination” (Martin 2018, 168).

In critical analogy to the theory and analysis of the culture industry (Horkheimer and Adorno 1947/2002), I address the obvious (industrial) capitalisation of science as part of the culture industry. The dominant forms of capitalist production and distribution of academic products as commodities have the consequence that knowledge production and distribution, just like media production and distribution, are in principle subject to the laws of the capitalist mode of production, especially valorisation and profitability.

Subject-specific points of departure for this analytical approach are works on the development of a Critique of the Political Economy of the Media and Communication (Fuchs 2017; Knoche 2002; Sevignani 2016). In this way, the *revelation of the reality of regularities*, i.e. of the essence of the capitalist reproduction process in the form of social relations of production, ownership, valorisation, distribution, transport, power, and domination, can also be achieved for the media and communication sector and in the related academic disciplines. Such an analysis functions as a reference point for ideology critique as a critical analysis of the “veiling” of dominant (academic) ideas, views, conceptions, concepts, theories, and explanations.

Ideology critique is neither a conservative-elitist cultural critique nor an end in itself, but rather aims at an emancipatory change of the social relations of production, distribution, and transport, freeing them from power and domination. In addition, an emancipatory change in the content of products is to be achieved. Accordingly, I do not limit ideology critique to a critical discourse analysis for “uncovering” the ideological content of intellectual products, i.e. ideological terms and texts. Nor is it about accusation, moral indignation, and/or the unmasking and denunciation of persons who consciously or unconsciously produce or spread ideologies and act accordingly.

With this theoretical-methodological approach to ideology critique, therefore, ideology as such is not primarily criticised, “but a practice that is maintained by means of ideology or is constituted by it. In this respect, it [ideology critique] aims not only at the correction of epistemic errors, but also at the – ‘emancipatory’ – change of the situation” (Jaeggi 2009, 277). The aim is thus an interconnected double change of the social reality and above that a change of the (then no longer ideological) ideas and conceptions of this reality.

An essential starting point for such an ideology-critical analysis is also Marx’s central insight that the communication of ideological elements is a real historical social *necessity* for the stabilisation and expansion of existing relations of power and domination. Ideology critique is matter of socially necessary appearances that are created with ideologies and in which surface phenomena obscure the real internal structure of society, essentially the actual relations of production and distribution (Schnädelbach 1969, 83–84). Explicitly or implicitly connected with ideology is also the ruling classes’ need to prevent liberation from these relations of domination and power. “Ideology is then essentially a *deceptive generalization of partial interests*” (Reitz 2014, 86), whereby thinking about alternatives is blocked.

The distinction presented by Titus Stahl (2013) between a *cognitivist (epistemic)* and a *materialist (socio-critical), non-epistemic* conception is a guiding aspect of the ideology-critical analysis of SC. Stahl points out that the conception of ideology critique by Marx and Engels implies on the one hand a cognitivist conception with an idea of “false consciousness”, whereby certain mental phenomena are criticised as ideology because of their untruth or because of epistemic deficiencies. On the other hand, Marx and Engels criticised the understanding of ideologies as mere mental errors that lack truth. They practice a radically alternative approach, a praxis-theoretical ideology critique that has an emphasis on ideology critique as social critique:

The innovation of Marx’s theory of ideology consists rather precisely in presenting an alternative approach that focuses on a *materialistic* analysis of social forms of ideas instead of an *epistemic* critique. [...] We can therefore understand ideology critique as a *critique of practices*. This determination of ideology critique [...] can also accommodate the cognitivist intuition that ideologies are untrue (Stahl 2013, 229).

10.3 Ideology Critique of the Practices of Open Access Science Communication

The method of ideology critique I use consequently serves to point out a decisive *discrepancy* between the practical reality of social facts or conditions and the prevailing ideological ideas or representations of them. The primary aim is to prove the practical effectiveness of this reality for the corresponding ideological production. The focus of such ideology critique is consequently the structural critique of “structural domination” (Jaeggi 2009, 295) with the aim of dismantling this domination in the realm of societal practices and, beyond that, in the realm of the production of ideology.

10.3.1 *The Interaction of Base and Superstructure*

In the following subsection, ideology critique is specifically applied to the current discussion on OA and the corresponding practical implementations of OA. My analysis is primarily concerned with scholarly explanations of the dominant restructuring and reorganisation of SC. I use Marx’s approach of a primarily structural explanation in the context of the capitalist mode of production: “For him, *politics* is dependent on a mode of production in which certain (class) interests inevitably dominate over others [...], and a clear awareness of this context is prevented by ideology” (Reitz 2014, 83).

In my reality-centred ideology critique by means of the qualitative-empirical analysis of the theory and practice of observable OA activities, I use the central categorical terms defined by Marx and Engels (Herkommer 1985, 53ff): mode of production, productive forces, relations of intercourse (*Verkehrsverhältnisse*), relations of domination, base and superstructure. In the context of ideology critique, these terms serve as the categorial framework and yardstick of the investigation. In addition, ideology critique also examines the extent to which the findings of Marx and Engels are also applicable to the selected object of investigation. This is also considered from the point of view of the often bitterly conducted discussion, for the most part from a political point of view, as to whether Marx was right. Eagleton (2018), for example, gives a well-founded positive answer to this question.

The problem of the relationship between base and superstructure (Tomberg 1969/1974; Harman 1986) is generally relevant with regard to the social (revolutionary) development within capitalism and also with regard to the possibilities of capitalism's transformation to socialism or communism. But the base/superstructure-problem is also of great importance in the context of ideology critique, and consequently also in the ideology critique of SC with a focus on OA.

The previous academic debate on the base-superstructure theorem suffers from simplifying, diametrically opposed, monocausal approaches that either postulate (absolute) cause, conditionality, determination, influence, domination or determination of the superstructure by the base or vice versa. In addition, the attribution of social phenomena to the base and/or the superstructure diverges in these two, largely mechanical-deterministic approaches.

One problem is that the two opposing positions usually each refer to Marx and Engels, but arrive at different interpretations on the basis of different readings and the one-sided selection of single statements/texts. These positions develop their own theories on the basis of this selection, with more or less critical distance or opposition to the works of Marx and Engels. In order to characterise the relationship between base and superstructure, Marx and Engels have made seemingly contradictory statements, which are expressed in the following two key quotes.⁵

Apparent Dominance of the Base

The totality of these relations of production constitutes the economic structure of society, the real foundation, on which arises a legal and political superstructure and to which correspond definite forms of social consciousness. The mode of production of material life conditions the general process of social, political and intellectual life. It is not the consciousness of men that determines their existence, but their social existence that determines their consciousness (Marx 1859, 263).

Apparent Dominance of the Superstructure

The ideas of the ruling class are in every epoch the ruling ideas: i.e., the class which is the ruling *material* force of society is at the same time its ruling *intellectual* force. The class which has the means of material production at

its disposal, consequently also controls the means of mental production, so that the ideas of those who lack the means of mental production are on the whole subject to it. The ruling ideas are nothing more than the ideal expression of the dominant material relations, the dominant material relations grasped as ideas; hence of the relations which make the one class the ruling one, therefore, the ideas of its dominance (Marx and Engels 1845/1846, 59).

These two quoted complexes of statements by Marx/Engels appear to be contradictory, since,

- the first quote emphasizes that humans' social existence, conditioned by the mode of production of material life, determines their consciousness (tendency: base determines superstructure),
- in the second quotation, on the other hand (based on a historical analysis), the dominance of the power of the *thoughts* of the respective ruling class is placed at the centre of analysis tendency: superstructure determines base), while at the same time the power of material interests is presented as determining ideology production (tendency: base determines superstructure).

However, in my opinion, it is evident that the distinction between base and superstructure according to Marx is *not* based on a contrast of the material (base) versus the spiritual and mental (superstructure), which is often wrongly assumed by Marx's critics. Nor is the relationship between base and superstructure characterised as a moncausal relationship, i.e. not as a simple relationship of cause and effect, either in one direction or the other. Rather, both are merely relatively autonomous spheres that are permeated with both material and spiritual elements that are *mutually* effective in conjunction with each other (Tomberg 1974, 43ff).

“According to this, the economic structure of society is the real base upon which a legal and political superstructure rises, and to which certain forms of consciousness *correspond*” (Herkommer 2004, 81). It is about a structural connection between the base and the superstructure (Bader et al. 1976, 37–38), characterised as a *correspondence* or *condition relationship*, where material production *conditions* the ideal and institutional superstructure of the law, the state, and the social, political, and intellectual life process. As Engels (1890, 1894) emphasizes, neither economism nor determinism is associated with this, but rather the material base becomes effective “in the last resort” (Engels 1884, 131).

As a result of a structural-empirical analysis, the actual (inner) relationship between base and superstructure in the theory and practice of OA-SC can be characterised as a regular, permanently reciprocal multidimensional process of effects and repercussions (reciprocal conditionality), of action and retroaction. This interaction is characterised by a combination of related developments and activities that are oriented in the *same direction* and take place both in the base *and* the superstructure. The decisive basis of this interaction is the fact that the main actors regularly co-ordinate each other in order to powerfully represent their interests both in the superstructure and the base.

The permanent *starting point* or *trigger* for changes in the superstructure are the changes at the *base*, which are consciously and purposefully driven forward and constantly to be further developed in the interest of optimal capital valorisation and accumulation, in the form of elementary, above all technological, changes in the *productive forces* (digitalisation of the means of production/work and the associated increase in labour productivity as well as the digitalisation of the means of communication, especially the Internet). These changes require and make possible elementary changes in the organisation of the production and distribution processes. The change in the productive forces acting as a driving force initially comes into *conflict* with the existing conditions of production, distribution, and valorisation that have inhibiting effects, so that these conditions' elementary restructuring and reconfiguration up to their transformation is *necessary* in publishing houses' interest in optimal capital valorisation.

The theoretical and practical activities in the *superstructure correspond to* this new constellation or the tension at the base. In other words: the changes at the base *require* a change in the ideal and material superstructure *corresponding to* these changes. Theoretical and practical considerations on the (future) order and design of OA-SC therefore do not fall from the "heaven of ideas" as independent (idealistic) ideas, but are decisively influenced and accordingly shaped by the practical changes at the base.

For the enforcement of this special interest of profit-oriented publishing houses, a fundamentally uniform production of ideology as a common interest on the part of the sciences (including libraries and funding organisations) and politics (not least the EU) is extremely conducive, if not decisively necessary. In this way, the danger of the, in principle, much more "open" use of digitalisation and the Internet for alternative OA-SC

without commercial publishers and without “quality control” on the part of traditionally established science is averted.

Academic and political organisations and the vast majority of academics and politicians have so far proved to be valuable allies for capitalist publishers. With the practical implementation of the given OA business models, they offer ideological flank protection⁶ by consciously or unconsciously creating the wrong impression that they are, based on their idealistic ideas, originally and continuously the motor of a quasi-revolutionary movement for all-round openness of academia in the interest of society as a whole. This misjudgement of reality also includes the fact that moral criticism of the negative excesses of publishers’ OA business practices (excessive publication fees) acts in an ideological manner, giving the false impression that academia and politics are pushing through and taking forward OA against the interests of publishers.

In 2003, the Max Planck Society, the German Federal Ministry of Research, and the German Research Foundation (DFG), among others, organised the Berlin Open Access Conference. At the conference, “calculations were presented that it would be much cheaper to fund data input (for academic journal articles) centrally and then to output it in a decentral manner free of charge than if each subscriber paid for journals, whether in print or online form, separately at a very high price” (Saur 2011, 270).

Thus, the main focus was on solutions to the problem of the much-cited “journals crisis” or “library crisis”, which in real terms still consists of the fact that, due to commercial scientific publishers’ exorbitantly inflated sales prices (“monopoly prices”), academic libraries are no longer in a position to subscribe to all or the most important journals, i.e. to fulfil their procurement obligations to a sufficient extent. Under the metaphor of Open Access – ideologically functionalised in line with (basically under misuse) the originally emancipatory Open Source movement – a redistribution within public budgets was initiated to solve the problem: instead of decentralised payments to publishers from the budgets of the many academic libraries, centralised payments from the budgets of science funding organisations and universities. This corresponds both to the interests of the libraries to be able to better fulfil their procurement obligations and to the interests of large publishers, who are complaining about the “library crisis” and the increase in free information on the Internet: “This led to the fact that in 2003, for the first time in my forty years as head of a publishing

house, I had to experience a decrease of turnover and a considerable drop in profits" (Saur 2011, 216).

The type and direction of the models and action-guiding concepts developed in the superstructure are decisively determined by the balance of forces that exist at the base and in connection with it in the superstructure. The actual public conflict between the principally possible emancipatory transformation and the necessary stabilisation of the existing relations of production, distribution, and valorisation (including legal relations) is therefore extremely minimal. This corresponds to the real balance of power with a strong dominance of the co-ordinated, basically uniform co-operation of proponents of a publisher-bound OA-SC.

This interaction is based on a distinctly unified alliance of interests that aims at stabilising the existing relations of domination and power in SC and, to this end, at preventing the abolition of these relations. This interest results in the necessity of producing ideologies in the form of ideas and statements that on the one hand defend or conceal the existing relations of production, distribution, and valorisation and on the other hand justify and legitimise OA models that are oriented towards the capital accumulation models of commercial publishers.

Within the framework of this common basis of interests, the partial resolution of conflicts is largely limited to apparently internal conflicts within the alliance of interests. There are partially (slightly) diverging interests of the conflicting parties (!) – under the guise of normative idealistic exaggerations. These conflicts are limited to the discussion of publishing houses' different business models (Heise 2018, 90ff; Herb 2012, 12ff). The production of ideology thus diverges in part due to partially diverging interests. This divergence depends on the social position of the representatives of the interests of publishers, libraries, academics, academic organisations, and science funds. Depending on the interests involved, diverging priorities are articulated with regard to the previously restricted choice of three OA business models (gold, hybrid, green). The discussion of institutional non-commercial repositories is limited to publications that have been realised in the first instance by publishing houses, which includes the question of whether and under what conditions the publishers as rights holders (copyright) allow preprints and postprints (secondary publications) in institutional and general repositories.

It is not difficult to see that the pathways that national states and the EU have so far taken in co-operation with universities and commercial

publishers almost without exception can be characterised mainly as access business models that use publishing fees (Knoche 2014c). For some time now, the Gold Open Access route has been uniformly propagated and implemented worldwide as the “silver bullet”. Essential for the above-mentioned process of interaction between the base and the superstructure is the fact that the ideological ideas of OA-SC developed in the superstructure are effective as concrete guidance for the implementation of OA at the base, i.e. for the practice of SC.

Commercial publishers, university libraries, governments, political institutions, and scientific funding organisations have to date determined the programmatic introduction of an OA paradigm for SC, its practical implementation, its content, and organisation “from above” in a central manner. From the outset, the co-ordinated initiatives in this area have been aimed primarily at driving forward the restructuring and reconfiguration of the conditions of production and distribution *required* by the *market economy as a result of a “technological revolution”* (digitalisation and the Internet). In the superstructure, this involves conceptual legal and organisational changes, in accordance with the necessities arising from the base due to changes in the productive forces. The adjustments of the relations of production (RP) to the development of the productive forces that are considered necessary are “conceived” in the superstructure and practically implemented in the base.

These restructurings are mainly oriented towards the greatest possible fundamental homogeneity of interests of a co-ordinated alliance of:

- large private academic book and journal publishers’ interests in valorisation and power in coordination with
- the interests of political institutions (e.g. EU) in domination and steering (regulation, governance),
- academics’ and their funding organisations’ (e.g. DFG) career interests and interest in being hegemonic,
- academic libraries’ interest in expanding their held resources.

The decisive factor here is that the existing relations of power and domination in the form of the prevailing relations of property, valorisation, and production are not changed fundamentally and in a revolutionary way. Therefore, the production of ideology is also designed to de-legitimise alternative, free OA practices that are technically possible, and to obstruct and circumvent such practices, and to admit them at best as “niche projects”.

In order to achieve both the adaptation of OA-SC to the existing rule of public-private partnerships of academia and profit-oriented (large) publishers and the prevention of basic alternatives (where no publishers are needed and there is no control of the publishing process by mainstream peer review), the production of ideology is in a certain way necessary, but not decisive. What is decisive is the real practical organisational implementation within the existing structures of SC, i.e. the coordination between academic organisations (such as universities, libraries, scholarly societies, funding organisations), political institutions, and profit-oriented publishing houses. Such implementations strengthen the commodity character of academic products and publications.

10.3.2 The Capitalist Mode of Production: Production, Distribution, and Valorisation Process. Open Access Business Models of Profit-Oriented Academic Publishing Houses vs. Non-Profit Open Access Universities

Figure 10.2 shows the general production and distribution processes of the different forms of OA-SC, which are also valorisation processes. The figure also compares the dominant business models of profit-oriented publishers to the thus far hardly used model of non-profit open access (where there are no commercial, for-profit publishers). Irrespective of the details shown, one must observe for *all* forms of OA that they all feature *fundamentally the same* production stages in the production process that is an academic work process. These stages are:

- the scholarly *research* (theory and empiricism) on which a publication is based,
- *creation* and *composition* as the *design* of the content and formal features of products that take on the form of manuscripts that are ready for print and digital download. This stage involves the formatting and layout of journals, monographs, and anthologies.

One of the key aspects is this: the work (usually) done by state universities' employees and civil servants on the basis of many years of research (project) work that results in the production of publications is regularly financed by taxpayers' money. This means that the entire production process of academic publications is tax-funded. In the case of the dominant model of Open Access publishing, finished digital products and the associated

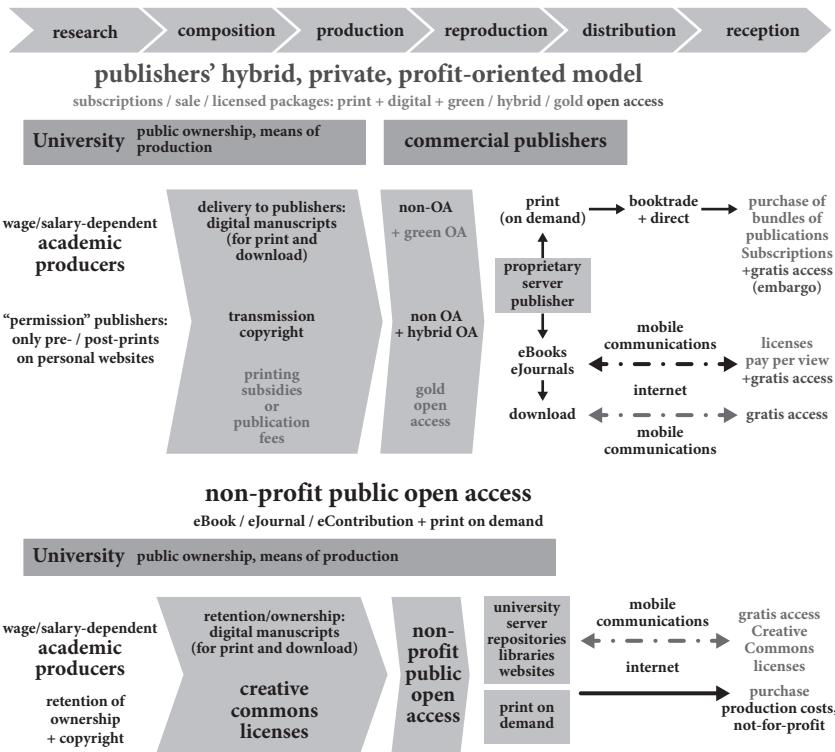


Figure 10.2: The production, distribution, and valorisation process of publishers' toll open access (non/gold/hybrid/green) vs. (university) public open access.

property and valorisations rights are basically delivered and surrendered to capitalist publishers free of charge, i.e. these rights are given away.

The common basis for the theoretical and practical realisation of the technical, organisational, and financial possibilities for the implementation of OA-SC, which have been enormously improved by digitalisation, is thus the fundamental retention of the conventional structure and concrete organisation of the process of academic production and distribution. This also includes the fundamental retention, but necessary partial restructuring of the publisher-bound *reproduction* and *distribution processes* and, above all, the *valorisation processes*. This is why the decisive, fundamental difference between capitalist OA-SC on the one side and OA-SC that is independent of capitalist publishers on the other side (the latter is shown in the lower part of figure 10.2) is "system-busting" in that, in the course of a complete changeover of the entire academic publication process to

OA-SC without capitalist publishers, the publishers that are already theoretically dispensable for OA-SC in theory today, would also be made superfluous in practice. However, this complete changeover would also make the traditional decentralised local university libraries largely superfluous in future.

Because of this common real existential threat, publishing houses and libraries are quasi natural partners in establishing an interdependent alliance that holds a common interest in the practical development of OA-SC that is based on commercial publishers. This common interest in OA-SC is, however, because of libraries' struggle for existence and publishers' need to valorise capital, an ideological and legitimatory interest that wants to only minimally realise free OA-SC and simultaneously extensively expand "paywalls" for eBooks and other electronic resources. Commercial publishers realise OA at best in three different forms, all of which involve substantial payments to publishers (Figure 10.2):

- as (exclusively digital) *gold* OA, where authors or universities/funding bodies pay publication fees,
- as a predominantly *hybrid* (print and digital) OA with double payments ("double dipping") of payments for subscriptions and copies of printed products plus payments for individual authors' publications that are published in digital format in open access journals and books,
- as *green* OA where there are payments for subscriptions and copies of printed products combined with digital OA after an embargo period (e.g. one year). This model can also involve digital preprints or "secondary publications".

However, the main mutual interest is still clearly directed towards stabilising the traditional subscription system for print publications (journal subscriptions and book sales), combined with the interest that has been prevailing for some time now in the parallel development of a new type of paid licensing system for electronic journals and electronic books. The complete conversion from print to digital products in the near future is neither in the mutual interest of commercial publishers and libraries, nor – at least not at present – in the interest of the overwhelming majority of academics.

The effective mode of operation of the ruling fourfold alliance of publishers, libraries, academia, and politics becomes visible in the production of ideology and in practice: there is the obstructive de-legitimisation and

de-qualification of alternative forms of OA-SC that are independent of capitalist publishers and universities as well as the defamation of new pure OA publishers as “predatory publishers”.

The currently dominant form of OA-SC, which is tied to commercial publishing houses, primarily serves – ultimately for existential reasons of the participants – the political-economic goal of consolidating and strengthening the existing relations of power and domination, for which especially the securing of the conditions of publishing houses’ conditions of valorisation and the co-operation between politics, academic, and publishing houses conducive to valorisation are regarded as positively functional for the common interest of the participants (see Knoche 2014b, 2014c with details on the publishing houses’ design of the product diversification and the associated diversification of the business relationships with university libraries as customers with fixed customer obligations).

The capitalist form of OA and SC has not only serious negative economic consequences for universities, but above all negative consequences in terms of the content of academic production that becomes the capitalist production and distribution of goods. The capitalist form of OA and SC furthermore also has negative impacts on academics’ professional success. Through commodification, the publishing houses that are declared as renowned “brands” not only obtain the intellectual property rights of academics as creators in order to valorise capita, but also control the organisation of academic quality management by selectively controlling access to the publication market (that is carried out free of charge by academics who are selected by the publishing houses as editors of journals and anthologies and as peer reviewers).

Instead of the hitherto dominant sale of *physical* products (printed goods) as property for use, the licensing of access to non-physical services (downloads) for short-term consumption, where property rights and products remain on proprietary servers owned by capitalist publishers, is gaining importance. What remains the same is the publishers’ appropriation and valorisation of academic labour.

The restructuring, reconfiguration, and partial transformations deemed necessary by OA advocates and especially by publishers on the basis of the development of digitalisation and the Internet will under the prevailing societal conditions be realised in the realm of SC (Hanekop and Wittke 2013) in the same way as in the media industry as a whole.

This means above all that on the basis of a fundamental change in the form of products via digitalisation that includes universal de-physicalisation, de-temporalisation, and de-spatialisation, combined with the corresponding enormous possibilities for rationalising production, distribution, and consumption processes, far-reaching new possibilities for capital accumulation will be opened up for commercial academic publishing houses (Knoche 2013, 103–108).

In contrast to this development, the real possibilities of liberating OA from capitalist business models that are based on digitalisation and require the means of the *de-capitalisation*⁷ and *de-commodification* of SC (Knoche 2014a, 252 et seq.) could so far, due to the prevailing balance of interests and power, only be used to a marginal degree.

An essential function of any ideology is also discernible here: the propagation/legitimation/justification of “innovations”, combined with a false promise that academic freedom and scientific progress as well as quality would be promoted in the public interest via OA. However, with the dominant implementation of OA business models that stand in the interest of capitalist publishers (gold, hybrid, green), the realisation of competing emancipatory OA models, some of which stand in the interest of critical academics, is in reality marginalised or prevented.

Contrary to the constantly declared idealistic promises of “opening” SC to the whole of society, the programmatic introduction of an “OA paradigm” has so far in real terms primarily served the goal of legitimising the restructuring or reconfiguration (Hanekop and Wittke 2013) of the academic production and distribution system towards the interests of the private economic sector of book and journal publishers. Thus, from the perspective of the desirable emancipatory transformation of SC, a negative conclusion must be drawn for the time being:

The implementation of Open Access (OA) as a “golden, green and hybrid road” of for-profit-oriented publishing houses is a momentous error, measured against the immense possibilities of an emancipatory transformation of SC on the basis of digitalisation and the Internet. In this way, the commodification (science as a commodity) and with it the traditional economic, legal and content-related dependence on the power of globally operating publishing oligopolies are strengthened (Knoche 2014c, 76).

10.3.3 Relationships of Production, Distribution, and Valorisation as Relations of Domination and Power

The crucial point is that the publisher retains the right to the content.

(Saur 2011, 272)

[...] even professors who are not afraid of God or the Basic Law, not to speak of the people, tremble at the publishers' "no".

(Benseler 1969, 509)

Ideologic approaches to OA and SC veil the fundamental retention of the status quo of the RP as a balance of power and domination. Along comes on the one hand the justifications of changes (innovations) necessary to stabilise this status quo and on the other hand the de-legitimisation and practical prevention of alternative emancipatory changes. As a result of the concentration of OA solely on usage access for recipients, the generally necessary emancipatory opening of access for academics as producers are largely ignored.

The RP of OA-SC (figure 10.3) are, on the surface, very different from the usual capitalist RP in other economic sectors. The reason is that both the physical and intellectual production of goods and in the service sector the capitalist model of wage-labour combined with forms of formal and real subsumption of labour under capital continues to dominate (Marx 1867, 1023–1038; Mendner 1975, 30–36, 117–246, who distinguishes two phases of real subsumption, mechanisation and automation, instead of the distinction between formal and real subsumption). Subsumption under capital is the immediate and direct subordination and subjugation of the labour force as wage-dependent class and of the entire production process under the conditions of the valorisation of capital. This immediate subsumption is a decisive characteristic of the specific capitalist mode of production that is also fully effective as the universal-real subsumption of labour under capital in the current restructuring and transformation processes taking place in the media industry (Knoche 2013, 99–102).

In contrast, there are some relevant *peculiarities* of the *mode of production* and the associated RP in the field of SC that also have a dominant effect as special relations of intercourse, distribution, and valorisation. To illustrate and explain these peculiarities, it may be useful to work towards a tendential *expansion* of the theory and critique of capitalism developed

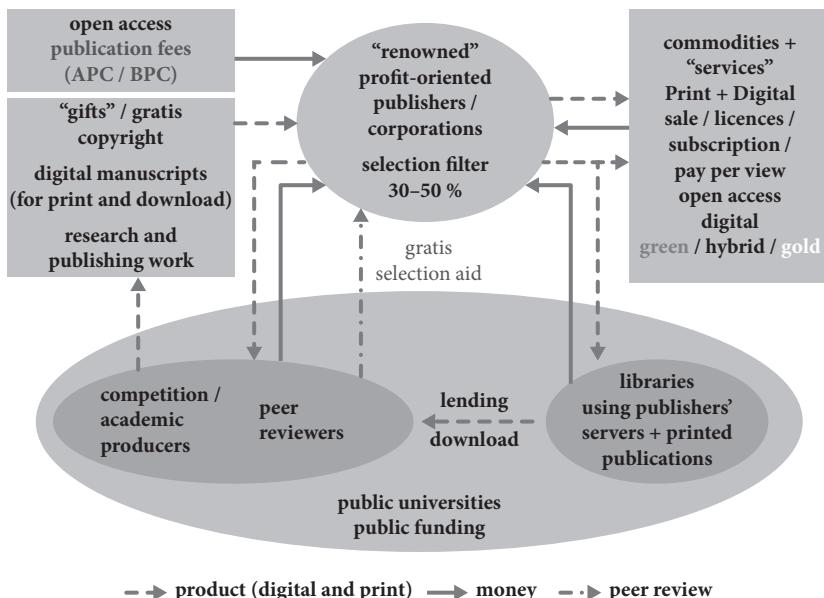


Figure 10.3: Relations of production/distribution/valorisation/power relationships

by Marx and Engels, as Sevignani (2019) suggests for the social phenomenon of “digital prosumption” (on digital prosumption see Fuchs 2010, 2014). As always, the aim is on the one hand to integrate current societal developments into the theory of Marx and Engels, and on the other hand to in a transcendent manner theoretically expand the analysis of the (modern) societal problems that these two authors do not discuss or have only marginally discussed.

Marx’s theory and empirical analysis is focused on the capitalist mode of production. He emphasises the *industrial* production of physical commodities on the basis of *wage-labour* in the form of the real, i.e. direct and immediate subsumption of labour under capital in capitalist companies. For the realm of the production of non-physical goods, however, Marx states:

Here capitalist production is only applicable to a very limited degree. [...]. Here things usually remain at the level of the *forms transitional to capitalist production*, where different scientific or artistic producers, artisanal or professional, work for a common merchant capital, the publisher; a relation which has nothing to do with the capitalist mode of production

proper, and is itself not yet formally subsumed under it (Marx 1861–1863b, 143–144).

Transitional forms are the relations of production and labour where the direct producers from *outside* the capitalist production process supply capitalist enterprises against payment or free of charge partly with semi-finished products that are technically processes in these enterprises, and partly with finished products that merchant capital sells. Therefore, academic producers' non-physical production of content results "in commodities which exist separately from the producer. [...] these people (where they are not independent) mainly work for merchant's capital, e.g. booksellers" (Marx 1867, 1048).

Subject to a more differentiated discussion,⁸ a preliminary characterisation of the fundamental relationship between academic authors and academic publishers can now be made: According to Marx's distinction, the phenomenon of capitalist OA-SC is only a mediated and indirect subsumption of labour under capital (no formal or real subsumption) or unproductive labour that nevertheless is in a mediated and indirect manner productive labour for capital. Academic labour, in its basic function of the publishing activity, has unchanged for centuries, operated as being subsumed under commercial capital (also termed merchant capital) that is "perpetually buying and selling commodities", which is "its exclusive operation" (Marx 1894, 386). "The form M-C-M', buying in order to sell dearer, is at its purest in genuine merchants' capital" (Marx 1867, 266). In contrast to industrially producing capital, publishing capital functions as commodity trading capital, thus as merchant capital with commercial profit (Marx 1894, chapters 16 & 17, 379–416).

What is decisive, therefore, is that the intellectual production of academics, especially since there is no separate physical reproduction in the production of digital products, is subsumed under the capitalist production of goods. In general, the following applies: "A writer is a productive labourer not in so far as he produces ideas, but in so far as he enriches the publisher who publishes his works, or if he is a wage labourer for a capitalist" (Marx 1861–1863a, 14). In a similar way to the intellectual activity of writers as producers of literature (Schwenger 1974, 98–100, 116–125), commercial publishers' appropriation, marketing, and valorisation of the intellectual-material products of small commodity producers is characteristic of digital SC.

Historically, the profit-increasing advantage of the publisher over the merchant as a mere trader consisted first of all in the fact that the publisher no longer bought finished commodities from small producers, but instead commissioned production to small independent producers of commodities with a capital advance or delivery of raw materials, and only paid them so low wages for their work “that one portion of the labour-time performed remained unpaid. The putter-out thus came to appropriate surplus-value on top of his previous trading profit” (Marx 1894, 1043 [part of: Friedrich Engels’ Supplement to Volume 3 of *Capital*]). Thus, profit was made by labour’s surplus-value and commercial surplus-value (Boltanski and Esquerre 2019, 487–501).

The commissioning of small commodity producers has long been prevalent in literary production, sometimes with advance payments of fees, whereby “freelance” writers because of the publishers’ publishing programme plans, marketing analyses, analyses of competition, and marketing plans “are not the subject, but rather the object of a book plan, the concept of which was developed in the editorial offices” (Schwenger 1979, 47ff).

Capitalist academic publishers have perfected this extremely profit-increasing production method for themselves by appropriating the products of the immediate small-scale academic producers and their intellectual property rights as valorisation rights free of charge or only by paying small fees. This method is in itself a form of exploitation, even if the producers do not work directly as wage earners in the publishing houses. The use-value of creative-intellectual products created in the public sector serves, through these products’ transformation into commodities with an exchange-value, to realise surplus-value in the accumulation of mercantile/commercial capital as monopoly profits in the form of “information rents” (Krämer 2002, 642ff). This accumulation of capital would not be possible at all on the basis of academics working directly as wage earners in the publishing houses, i.e. it would be counterproductive, since the publications, most of which are based on many years of research work, would be “unaffordable” for the publishing houses.

Academic publishers function as part of the tripartite book trade system (producing book trade/publishing book trade, book wholesale/intermediate book trade, book retail/assortment book trade). The restructuring of the book trade in recent decades has been characterised by a decisive redistribution – increasingly based on the digitalisation of products – between

university producers' production and reproduction labour performed and the wage-labour performed by workers dependent on selling their labour power to capitalist publishers. Whereas traditionally in the print era (without the use of electronics and digitalisation), production services such as editing and reproduction services such as typesetting, creation of the printer's master copy, artwork preparation, printing and transport were provided or commissioned to other companies after the delivery of manuscripts by authors, these services have become completely dispensable in the case of digital products.

As a result, publishers have largely lost their traditional basis of legitimacy, at least in the realm of digital SC. At the same time, university producers have in principle achieved complete autonomy in terms of content, technology, and organisation by⁹ being able to take over all the production, reproduction, and distribution services previously provided by the publishers. The immediate academic producers can in principle now take on or organise such activities themselves with little cost and organisational effort. This means an independence of the capitalist production and distribution of commodities, as is currently still the case on the basis of the unnecessary transfer of property rights to commercial publishers.

Academics' continued disregard for and non-use of such independent publishing leads to the hardly bearable condition that the publishing houses have to only make a few clicks to upload a multitude of pdf files onto their servers that authors deliver free of charge and perfectly designed in terms of content and technology. The capitalist publishers can then license this multitude of files to a large number of libraries (guaranteed sales), academic and many others at a high price that they charge for limited downloads. Or they sell the content as downloads that are broken down by individual book chapters and journal articles.

In summary, the general characteristics of SC are:

- Production work is financed by taxes and carried out in the state-organised public sector by universities using public ownership of the means of production, i.e. in the public sector *outside* private companies.
- As employees or civil servants in the public sector, producers have the extraordinary privilege of holding individual property rights to their products in the form of copyrights. They are able to assert these rights accordingly. As individuals, they can therefore under their own name independently distribute and valorise the products of their academic

work that is paid for from public funds and carried out using publicly financed means of production. It is, for example, simply inconceivable and impossible for dependent journalists who work in private or public media companies (organisations) to distribute and valorise their products manufactured in the course of their work in an independent and individual manner rather than in companies owned by media capitalists.

- Paradoxically, however, these privileged academic producers seemingly voluntarily – in reality mostly under the pressure of the prevailing regime of academic qualification – cede their copyrights to commercial academic publishers.
- At the same time, they hand over their academic products to these publishers as originals, specifically as finished print or download templates, as products that they have produced in mostly collective, lengthy labour processes as a result of many years of research.
- The handover of academic products to capitalist publishers is usually even done free of charge for the publishers, i.e. as a kind of gift, although the products are manufactured by wage or salary earners paid by the state using publicly owned means of production.
- Private sector commercial publishers can thus *appropriate* products and property rights and, on this basis, exercise valorisation rights together with the rights for distribution, access, and use.
- In addition, publishers make use of the free labour of academic peer reviewers and editors of journals, anthologies, and book series.
- Finally, the publishers sell the products made available to them free of charge by academics to university libraries and a large number of individual customers worldwide at high prices. They make use of subscription and licensing systems.
- The basis of capitalist publishers' excessive prices and exceptionally high profits compared to other sectors of the economy is a virtually unique market constellation: there is the guaranteed free delivery of finished print/download originals due to the pressure to publish that rests on academics ("publish or perish") in connection with guaranteed sales to libraries with a pronounced procurement obligation to fulfil the task of making academic literature optimally available to the academic community.

All in all, the paradoxical reversal of the “actual” balance of power, which could hardly be avoided in the print era due to the necessary power of capitalist publishers, is being unnecessarily consolidated for the digital era with electronic books and electronic journals as commodities that are almost free of charge for the publishers. However, this reversal is also in the interest of the traditional symbiosis of publishers and mainstream academics who use publishers as a basis for their hegemony and as a selection authority. Academic publishing is thus becoming even more than before a closed shop dominated by the select few.

Above all, the fundamental problem of the real commodity form (commodification) of SC is exacerbated. For “in the neo-liberal economy and society, universities and colleges are academic enterprises that produce knowledge and knowledgeable people with the greatest possible efficiency as products whose value can be realised in the corresponding market by selling them. The decisive factor is therefore not the use-value but the exchange-value of the products” (Stapelfeldt 2007, 32).

10.4 Elements of the Emancipatory Transformation of Open Access Science Communication (OA-SC)

The general dialectic or rather contradiction of SC’s production relations is that, precisely on the basis of the above-mentioned peculiarities in connection with the digitalisation of SC, there are extraordinary, quite real possibilities of emancipation from the existing power relations. In conclusion, therefore, as an alternative to the ruling model of OA-SC, some elements of an emancipatory transformation of SC that are possible in principle and have already been partially realised are presented in this section (Fuchs and Sandoval 2013; Knoche 2014c).

Initially, these elements are mainly directed towards the fundamental goal of a de-capitalisation/de-commodification of SC and, above that, a fundamental change in the relations of production, distribution, valorisation, and power. The structural and consciousness-related prerequisites for achieving the goal of such an emancipatory change in SC (not only with regard to publisher-independent OA) are much more favourable than the change potential for the media industry and journalism (Knoche 2014a), which I have begun to point out and which can be characterised as a

“dialectic of the universal-real subsumption under capital and ‘emancipatory potentials’” (Knoche 2013, 120).

The main characteristics of these exceptionally favourable conditions are:

- the principle autonomy of universities, colleges, and universities of applied sciences;
- the creation of digital knowledge products on the basis of the public ownership of the means of production (an infrastructure developed at the highest level);
- payment from public funds for production work and work previously done in publishing houses;
- independent digital distribution via the Internet at low costs;
- enormous cost savings for academic libraries and thus enormous reliefs for the budgets of universities, colleges, and universities of applied sciences (elimination of subscription and licence payments to publishers).

As early as 1996, a publication published by the Börsenverein des Deutschen Buchhandels in co-operation with library associations expressed concern that, on the basis of available digital networks, servers, phototypesetting and graphics software, laser printers and the like, “practically everyone is printing or distributing articles, books, software etc. themselves at low costs and over long distances – “lightning fast” and efficient” (Grötschel and Lügger 1996, 42). Reference was also made to the replacement of the traditional production process (academics only deliver manuscripts to publishers for further processing) by the free delivery of print-ready originals in phototypesetting quality. In addition, in the case of digital products there is no need for further material processing by the publishers.

A complete switch to OA without publishers, which is in principle possible, would also remove the following dominant elementary abuses and injustices:

- the free supply of knowledge products produced with payment from taxpayers’ money as gifts to publishers for commercial valorisation;
- the free transfer of the property rights of the authors as copyrights for the publishers for the goal of commercial valorisation, thus blocking or restricting the authors’ independent distribution and valorisation;
- the publishing houses’ momentous, irresponsible transformation of public goods into commodities, for which the exchange-value and prof-

it-generation alone, instead of the use-value of the goods, is decisive, which is expressed in the respective publishing house's programme, by means of which in turn certain academic disciplines are more or less connected to the public;

- the madness that authors and libraries have to "buy back" the products paid for from public tax money and given to the publishers free of charge, including property rights, from the publishers at maximum prices;
- and the associated enormous waste of taxpayers' money, which is in principle unjustified.

Figure 10.4 illustrates the fundamental change of the conditions of production, distribution, consumption, and valorisation in the case of a publisher-independent OA compared to the constellations outlined in figure 10.3.

Elements of a future emancipatory transformation of science communication are for example (Knoche 2014c, 78):

- the reorganisation of the obsolete academic quality regime, obsolete: quality assurance organised by publishers;
- libraries as repositories and publishers including print on demand, obsolete: publishers with proprietary publishing servers;
- public funding of publishing organised by universities, obsolete: subscription/licence fees and publication fees paid to publishers;
- existence of only the non-profit open access model / de-capitalisation, obsolete: gold, hybrid, green OA business models of publishing houses;
- only one publication form of contributions (with varying length), obsolete: the formats of journals and books;
- collaborative interactive science communication, also via non-commercial social media (websites, blogs, Wikipedia), obsolete: private Google Books, Facebook, Twitter, ResearchGate, Academia.edu, etc.

However, the realisation and use of non-commercial OA projects without commercial publishers does not yet solve the fundamental problem of the actually prevailing form of SC that acts as a "selection power" that orients the content of SC and determines academics' career opportunities. Even in the probable case of the future increase of the number of non-commercial academic OA publications, the problem of the prevailing quality regime will remain, with the consequence that, as a rule, radically critical content will not be published open access and that alternative OA publications will not be recognised as providing professional qualifications.

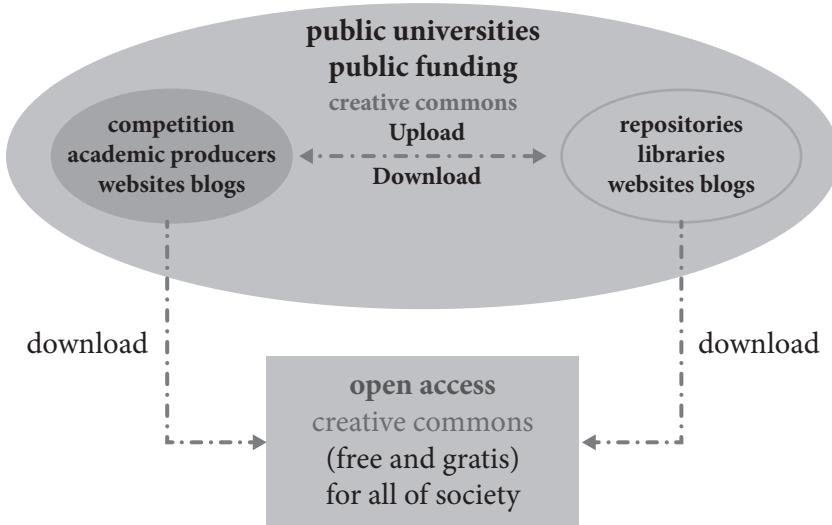


Figure 10.4: Open Access without profit-oriented publishers and without peer review – institutional repositories and Creative Commons

It should be noted that a change of the relations of production and power cannot be achieved by or through mere individual changes in consciousness based on ideology critique. This is especially true for critical communication scholars who, due to their precarious employment conditions in the academic realm, are virtually forced to submit to the prevailing qualification regime even “against their better judgment” in order to successfully survive academic selection procedures (peer review). For it would be naïve and “suicidal” not to take into account that in the course of the inevitable competitive battles in the existing academic system, the chances of success for radical-critical work are due to the prevailing imbalance of minimal power at present and probably also in the near future.

The dilemma that individuals working as dependent professionals in the academic sector, just like other dependent workers in other sectors, face is the fact that they are (often against their desires, wants, and critical awareness) existentially forced “to reproduce the superstructures with the reproduction of material conditions and thus are both the creators and the creatures of ideologies, ideological apparatuses, practices and rituals” (Herkommer 1985, 140–141).

Therefore what is needed above all is that actors in critical Communication Studies organise solidary, political, and practical efforts

(struggles) focused on society as a whole and science policy that aim at the fundamental transformation of these existing conditions. What concrete (resistant, subversive) activities in this regard are strategically and tactically possible in reality – especially considering the relations of power and domination that are actually (manifest and latent, directly and indirectly) very effective also in the reality of Media and Communication Studies – must be clarified in an unfortunately very difficult discussion process.

The prerequisite for such a transformation, however, is at least an actual *willingness to change* that is motivated by social critique and politics and based on an interaction of individual and collective societal *interests* and *needs* for a fundamental transformation of the prevailing structures and contents of SC that go beyond OA. In my opinion, for such a task a view that is critical of ideology and, beyond that, “critical of capitalism, is indispensable” (Draheim and Reitz 2010, 100).

Notes

¹ The relevance of a critique of capitalism in the context of open access was also (acknowledged) by the then Managing Director of De Gruyter Verlag, among others. He considers it proven “that Open Access has become a business model and has largely lost its potential as a counter-model to scholarly publishing houses that is critical of capitalism” (Fund 2011, 157).

² Unfortunately, the term Science Communication has also been used in media and communication studies for science journalism and science PR. However, the notion of science communication is more comprehensive. It goes even beyond *scientific publications* and thus also beyond the currently narrow discussion on open access.

³ In this chapter, ideology critique of Open Access is concentrated on the hitherto dominant form of Open Access theory and practice, which is oriented towards publishing business models. In contrast to this, the article will show the possibilities of non-commercial Open Access in science communication.

⁴ “Critique of political economy is therefore at the same time one of the forms – and the central one – in which Marx carries out ideology critique” (Lenk 1972, 148).

⁵ I do not use these quotations as “striking evidence” for the “correctness” of my investigative approach, but to demonstrate the contradictions of these statements by Marx and Engels, which in my opinion are only apparent.

⁶ An illustrative example of the production of such an ideology is the contribution by Herb (2017), which presents itself as an assessment of open access, and which, contrary to reality, is entitled “Open Access *between* Revolution and Cash Cow” (in German: “Open Access *zwischen* Revolution und Goldesel”), although

the reality is that academic open access is a “cash cow” (an unscientific, rather populist metaphor) *instead of* an alleged “revolution”.

⁷ De-capitalisation does not mean the expropriation of for-profit-oriented publishing houses, but rather their becoming superfluous by actively liberating Science Communication from capitalist production methods that are based on the interest of valorising capital and the commodification of academia’s products. In concrete terms this boils down to academics no longer publishing with commercial (large) publishers.

⁸ A possibly necessary “expansion” of Marx’s theory and critique of capitalism, also with regard to scholarly communication including Open Access, would at least have to include the discussions of formal and real subsumption of (for capital) productive and unproductive labour producing commodities, of absolute and relative surplus-value production, as well as of the distinctions between profit and rent (merchant capital, commercial profit), which is not part of this chapter.

⁹ In principle, this autonomy/self-employment was already possible in the print era (although it was much more cost-intensive) and was also partly realised, e.g. via public university publishing houses that were later privatised.

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Part 3

Postface

CHAPTER 11

On the Critique of the Political Economy of Digital Capitalism: The Importance of Manfred Knoche's Contributions to the Critique of the Political Economy of the Media Today

Christian Fuchs

11.1 Introduction: On the Critique of the Political Economy of the Media and Communication

Without Manfred Knoche, there would be no Critique of the Political Economy of the Media (CPEM) in the German-speaking world. Manfred Knoche has pioneered the Critique of the Political Economy of the Media (CPEM) for the German-speaking world, comparable to Graham Murdock and Peter Golding in the Anglophone world. Knoche and Murdock/Golding share essential basic views regarding the subject area of CPEM. CPEM analyses how,

media production and consumption, going over and above other commodity production, also fulfils elementary, indispensable macroeconomic and macro-societal political-ideological functions for securing domination and safeguarding the capitalist economic and societal system as a whole¹ (Knoche 2002, 103).

In addition to producing and distributing commodities, however, the mass media also disseminate ideas about economic and political structures. It is this second and ideological dimension of mass media

production which gives it its importance and centrality and which requires an approach in terms of not only economics but also politics (Murdock and Golding 1973, 206–207).

The Critique of Political Economy is about the “current analysis and critique of capitalism on the basis of the method of the historical-materialist analysis of society”² (Knoche 2002, 103). The first “subject area of a Critique of Political Economy is, according to its context of origin [...] on the one hand, the critique of the respective dominant (bourgeois) economic sciences and also of the (new) political economics developed within their framework. [...] The second subject area is the critical theory-led empirical analysis of the political economy of capitalism”³ (Knoche 2002, 104–105).

According to Knoche, the Critique of Political Economy is thus both an analysis and critique of the connection between politics and the economy of the capitalist societal formation, which includes the critique of affirmative and instrumental forms of thinking and analysis, as well as the combination of theory and empirical social research in order to analyse the dynamics of capitalism.

Applied to media and communication, this means that the subject area of CPEM is the analysis and critique of the role of the media as well as communication in capitalism, which includes the critique of instrumental media and communication research as well as the theoretical and empirical analysis of media and communication in capitalism.

In section 11.2, selected aspects of Knoche’s work are drawn upon to understand digitalisation as capitalisation, further underlining the relevance of his contribution. Section 11.3 deals with the antagonism between digital productive forces and the digital relations of production – again showing Knoche’s continuing relevance. Section 11.4 draws some conclusions.

11.2 Digitisation as Capitalisation of the Media Industry

Knoche (2016, 21 [originally Knoche 1999]) argues that the advancing capitalisation of the media has made CPEM very topical:

The far-reaching privatisations, i.e. capitalisations, of sectors that were organised as public services or by the state, and the extension of the media

industry that has come along with this development, have without a doubt further increased the need for a realistic and fruitful engagement in media and communication studies with capital's laws of movement in general and media-capital's laws of movement in particular.

He uses the term “capitalisation of the media industry” in this context (Knoche 2021a, 2001), by which he means:

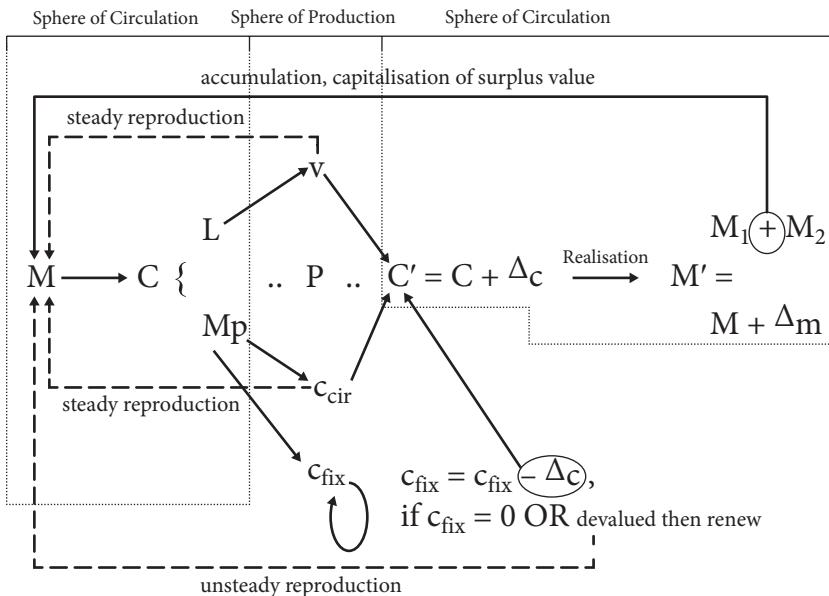
a radical subsumption of the *entire* media system under the general conditions of the valorisation of capital . [...] This means that the media system has even more strongly than before become integrated into the specific capitalist mode of production, the relationship between the productive forces and the relations of production and the economic-political formation of society⁴ (Knoche 2021a, 326).

The Internet began in 1969 as ARPANET in a primarily military and scientific context. Later, it was gradually capitalised on via an expansion of the commodity form on the WWW to social media, apps, and many more, with digital advertising playing an important role.

Knoche (2013b, 141; 2021b) shows that the concentration of property, capital, economic power, political power, communication power, and ideological power is typical for the capitalist media industry. The concentration of ownership is not the exception in the development of (communicative and digital) capitalism, but its rule and immanent tendency:

Private ownership of the means of production as well as the application of the principles of profit maximisation and rivalry can be regarded as fundamental structural economic causes, immanent to the capitalist mode of production, of the concentration activities of media companies (Knoche 2021b, 377).

For Karl Marx (1867, 126), the commodity is the “elementary form” of the capitalist mode of production, which is why the Critique of Political Economy has to begin “with the analysis of the commodity”. Marx analyses the process of capital accumulation as the metamorphosis of capital in the form $M - C \dots P \dots C' - M'$ (Figure 11.1): Money M is invested in the purchase of the commodities C labour power and means of production. In the production process P , labour power uses the means of production



c_{cir}: raw- and auxiliary-materials, operating supply items, semi-finished products, c_{fix}: machines, buildings, equipment; circulating capital: c_{cir}; v; fixed capital: c_{fix}

Figure 11.1: The process of capital accumulation

to produce a new commodity C', the price of which is ideally higher than the purchase price. If commodity sales succeed in creating more capital M' than was originally raised, this is called accumulation. Part of the accumulated capital is reinvested and the process starts again.

For CPEM, the analysis of communication and media commodities is of central importance. Table 11.1 gives an overview of such commodity forms in digital capitalism and the digital culture industry (see Fuchs 2020a, chapter 4).

The capitalisation of the Internet and digital means of communication, i.e. the creation of digital capital, is a complex process. It is not characterised by a singular commodity form, but by different commodity forms that together form digital capital as a form of media and communication capital.

In 2021, 23 of the world's 100 largest corporations were situated in the media and communications industry. Their total turnover was 2.8 trillion US dollars, and their total profit was 435 billion US dollars (Table 11.2

Table 11.1: Commodity types in the digital culture industry

Model	Example companies	Commodity
Digital labour model	Online freelancers	Labour power that creates something digital
The digital content as a commodity model	Microsoft, Adobe, Electronic Arts	Digital content, digital code, software
Digital finance model	PayPal, Coinbase	Financial services sold online
Hardware model	Apple, HP, Dell	Computing hardware
Network model	AT&T, Verizon, BT	Access to digital networks
The online advertising model	Google, Facebook	Targeted ads
The online retail model	Amazon, Alibaba, eBay	Various commodities ordered online
The sharing economy-pay-per-service model	Uber, Upwork, Deliveroo	Services organised via an online platform
The sharing economy-rent-on-rent model	Airbnb, Hiyacar, Drivy	Renting of goods via an online platform
Digital subscription model	Netflix, Spotify, Amazon Prime, Disney+, Apple Music	Access to a collection of digital resources
Mixed models	Spotify, Online-Zeitungen, Apple	Combination of various digital commodities

[the data for 2021 refer to the financial year 2020]). Using the core data, the average profit rate of these 23 companies can be calculated: In 2020, it was 24 per cent, which is relatively high compared to the average in countries such as the USA and the Federal Republic of Germany since 1945 (cf.

Table 11.2: The world's largest media and communications corporations in 2020
(data sources: Forbes 2000, 2021)

Rank	Corporation	Subindustry	Company Headquarters	Turnover (in billion US\$)
6	Apple	Hardware	USA	294.0
10	Amazon	Internet services	USA	386.1
11	Samsung Electronics	Hardware	South Korea	200.7
13	Alphabet	Internet services	USA	182.4
15	Microsoft	Software	USA	153.3
20	Verizon	Telecommunications	USA	128.3
23	Alibaba	Internet services	China	93.8
25	Comcast	Media content and media networks	USA	103.6
27	Softbank	Telecommunications	Japan	70.3
29	Tencent	Internet services	China	70.0
32	China Mobile	Telecommunications	Hong Kong (China)	111.3
33	Facebook	Internet services	USA	86.0
35	Sony	Hardware	Japan	79.9
36	Intel	Semiconductor	USA	77.9
43	Nippon	Telecommunications	Japan	110.3
44	Deutsche Telekom	Telecommunications	Germany	115.1
59	IBM	Software, hardware	USA	73.6
66	TSMC	Semiconductor	Taiwan	48.1
71	Oracle	Software	USA	39.7
75	Cisco	Hardware	USA	48.0
90	Charter Communications	Telecommunications	USA	48.1
92	Dell Technologies	Hardware	USA	94.3
94	Hon Hai Precision (Foxconn)	Hardware	Taiwan	182.0
			Total	US\$ 2,796.80 billion

Deumelandt 2008; Roberts 2022). This circumstance is in turn related to the concentration of capital in the media sector.

The combined gross domestic product (GDP) of the world's 40 poorest countries was US\$1.4 trillion in 2021 (UNDP 2021). In comparison, the total economic activity of the world's 23 largest information corporations, measured by their combined revenues, was US\$2.8 trillion in the same year. The annual turnover of the world's 23 largest information companies, measured by their combined revenues, is thus twice as large as the economic output of the world's poorest countries. This illustrates the enormous economic size and power of the transnational (media) corporations.

Media corporations' influence is not only economic. This is because information is produced and published in the media industry. The economic and state control of this process is susceptible to ideology, which includes one-sided, simplified content that distorts the world. The deliberate production of misinformation and associated worldviews may be as old as domination and class society themselves. With the rise of the commercial press and press monopolies, the tabloid media have taken on an important role in the media industry. They often scandalise, personalised, simplify, distort, and report in a politically one-sided manner. In the age of social media, online fake news spread by users and bots has become very important, even to the point of being used as weapons of psychological warfare (Fuchs 2020a, 2020b, chapters 6 & 7). Media companies are not only economic and political but also cultural powers.

The main capital accumulation model of the Internet industry is targeted, personalised advertising, from the sale of which Google and Facebook, for example, make their primary profits. Horkheimer and Adorno (2002) have pointed out that the culture organised by advertising has a paradoxical character:

Culture is a paradoxical commodity. It is so completely subject to the law of exchange that it is no longer exchanged. The more meaningless the latter appears under monopoly, the more omnipotent culture becomes. Its motives are economic enough. That life could continue without the whole culture industry is too certain; the satiation and apathy it generates among consumers are too great. It can do little to combat this from its own resources. Advertising is its elixir of life (Horkheimer and Adorno 2002, 131).

Following Horkheimer and Adorno, Knoche (2005, 253 [English translation: chapter 7 in this book]) speaks of advertising being “a fundamentally necessary ‘elixir of life’ for the realisation of the accumulation of capital by individual owners of capital, including media companies, and the safeguarding of capitalism as an economic and societal system”.⁵ Knoche (2005) analyses the functions and consequences of advertising in capitalism. He argues that advertising helps prevent crises, drives capital and market concentration, advances the gap between the rich and the poor and between power and dependency, and ultimately stabilises class relations, accumulation regimes, society, and the advertising function of the media (Knoche 2005, figure 7.6). Knoche thus emphasises the reproductive role of advertising in capitalism.

Advertising itself has changed significantly in recent decades. While in the early 1980s about two-thirds of the global advertising revenue was generated in the print sector (newspapers and magazines), today the print sector’s share has fallen to about five per cent and digital advertising accounts for almost two-thirds of the global advertising turnover (figure 11.2).

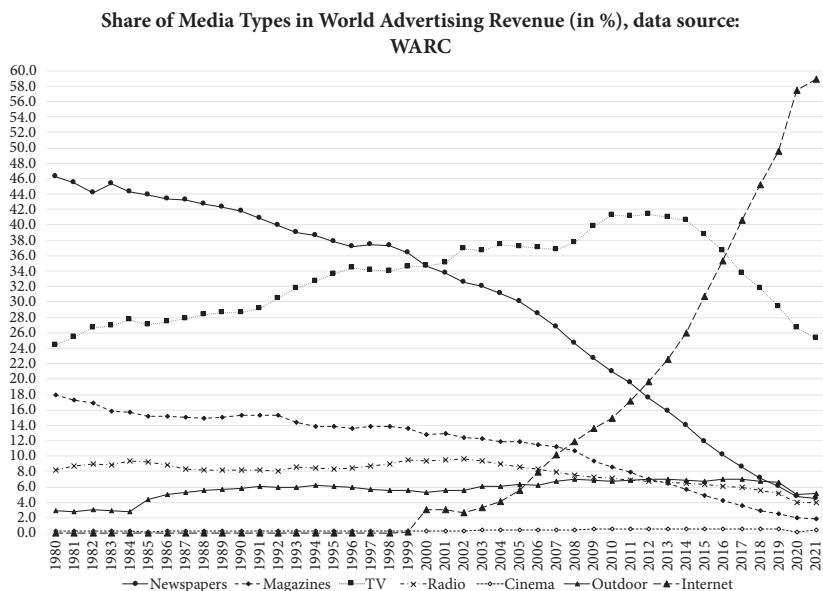


Figure 11.2: The development of the global advertising revenues (data source: World Advertising Research Center 2022)

In 2021, Google's turnover was 257.6 billion US dollars (Alphabet 2021), and Facebook's 117.9 billion US dollars (Meta Platforms 2021). Of this, 209.5 billion dollars, or 81.3 per cent, came from sold advertising in the case of Google/Alphabet. In the case of Facebook/Meta, 114.9 billion, or 97.5 per cent of revenue, came from advertising sales. Together, the advertising sales of these two companies amounted to \$324.4 billion in 2021.

For comparison, global advertising revenue regardless of advertising type in 2021 was US\$772.41 billion (Statista 2022a), and the global digital advertising revenue was US\$521.0 billion (Statista 2022b). Google's and Facebook's combined revenue thus accounted for 42.0 per cent of global advertising revenue and 62.3 per cent of global digital advertising revenue. Under this oligopoly, they are not communications companies, but the largest advertising agencies and advertising groups in the world.

In the financial year 2022, 97.5 per cent of Meta/Facebook's revenue came from advertising (Meta Platforms 2022). For Alphabet/Google, it was 79.4 per cent (Alphabet 2022). The two companies continued to derive the vast majority of their sales and profits from advertising, that is, from selling their users' attention and online activities (digital platform labour, see Fuchs 2021a, 2021b) as a commodity to advertisers. Google's 2022 ad revenue was US\$ 224.5 billion (Alphabet 2022), and Facebook's 113.6 billion (Meta Platforms 2022). The combined ad revenue of the two companies was, therefore, US\$338.1 billion. The world's ad sales in 2022 amounted to US\$825.86 billion (Statista 2022a). Meta and Alphabet accounted for 40.9 per cent of global ad sales. The global digital ad revenue in 2022 was US\$567.49 billion (Statista 2022b), which is 68.7 per cent of all ad sales worldwide. In 2022, Meta and Alphabet controlled 59.6% of the world's digital ad revenue. They continued to together form a digital advertising oligopoly.

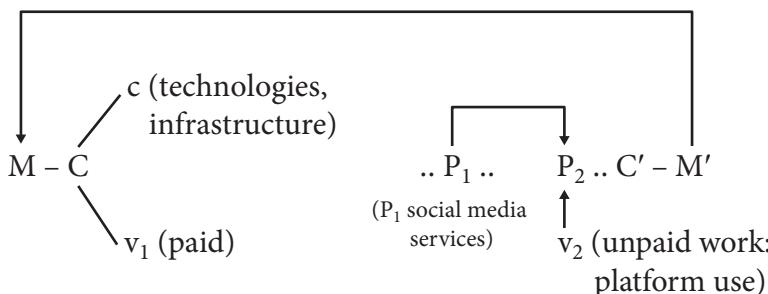
Google and Facebook sell and market a paradoxical commodity: their services are, at first sight, not commodities, since platforms such as Google, YouTube, Facebook, Instagram, and WhatsApp can already be used for free. The sale of personalised advertising takes place behind the backs of users, who do not perceive any monetary transactions. In this way, the commodity fetish takes on a new form, in which the commodity form disappears and is obscured behind and by the social and informational use-value of the advertising-financed Internet platforms (Fuchs 2021a, 2021b).

The Canadian political economist of the media Dallas Smythe (1977) spoke of advertising often being analysed purely as an ideological power.

This is not wrong, but incomplete, because its political economy consists of turning the audience into workers (*ibid.*, 3), who through their audience labour produce an audience commodity that ad corporations sell to advertisers. Advertisers are mainly interested in advertising in media that have a high reach.

These insights are still highly relevant today, but need to be updated (Fuchs 2021a, 2021b, 2012). Digital advertising on Internet platforms is based on the unpaid work of users, who generate not only attention but also data, meta-data, big data, content, profiles, and social relationships, which are stored, processed, and evaluated as part of the platforms in order to personalise advertising. Users are prosumers, productive consumers who produce information and economic value. There is constant monitoring of Internet use in real-time to collect big data. Audience studies are no longer needed, as the totality of usage activities on the ad-supported platforms and beyond is recorded. The advertising trade is algorithmic and now also relies on the use of predictive models.

Figure 11.3 visualises the capital accumulation process of advertising-financed Internet platforms such as Google and Facebook. The decisive



C' = Internet prosumer **commodity** (virtual advertising space, attention time; requires user-generated content, a large number of constant platform activities, big data about users, meta-data for creating, targeting, and selling ads);

Most social media services are free to use, they are not commodities. User attention and digital ad space form the social media commodity.

Figure 11.3: The capital accumulation process on Internet platforms that use personalised, targeted advertising (see Fuchs 2021a, 2021b, chapter 4).

factor here is that in the first production process P1, no commodity C is produced, but rather a platform that is given to the users as a gift without payment is produced by software engineers. The actual commodity, namely advertising personalised by big data, is only created in a second production process P2 through the unpaid digital work of the users.

11.3 The Digital Productive Forces and the Digital Relations of Production

Knoche (2013a, 2019a) explains that digitalisation promotes the emergence of a universal medium that includes the convergence of forms of communication, media technologies, production companies, distribution, transmission networks as well as consumption devices:

The fundamental novelty/otherness of modified media products lies, and this also applies to the electronic media radio and television, in their universalisation via digitalisation and their consequent de-physicalisation, de-temporalisation, and de-spatialisation (Knoche 2019a, 300).

The Internet promotes the universalisation of communication in the sense that it is simultaneously a means of production, distribution, and consumption of information.

On the one hand the Internet opens up possibilities that are in principle “detrimental to the system” and enable non-commercial media production. On the other hand it enables the direct and interactive communication between recipients and authors, artists, news agencies, the economy, public administration, civil society organisations and institutions. Existing media as economic institutions (corporations) thereby become in principle unnecessary. [...] So media capital takes initiatives to economise, commodify, and commercialise the Internet and turn it into an instrument for its interests so that it becomes subsumed under the control of the dominant capitalist economic and media system (Knoche 2016, 32–33).

Knoche (2013a, 2019a) thus emphasises that the Internet promotes both the capitalisation and the de-capitalisation of the media and communication.

Within the context of this continual expansive capitalisation of the media industry, the formal and real subsumption under capital also presses ahead in areas of art and culture (painting, sculpture, photography, theatre, opera, concerts, dance, museums etc.) as well as of the Internet and of individual communication (including “social media”) that had so far been only marginally affected or not subsumed at all (Knoche 2019a, 297).

This antagonistic character of the Internet, which Knoche analyses here, is a digital manifestation of what Marx called the antagonism of the productive forces and the relations of production.

According to Marx, the development of the productive forces leads, on the one hand, to the socialisation of production, which undermines private property and capital, and, on the other hand, within class relations to capitalisation, crises, unemployment, and new forms of exploitation. This is why he speaks of the “germ of newer historical forms” (Marx 1857/1858, 853) developing in capitalism.

Following Marx (1867, 1885, 1894), Knoche illustrates that the rational behaviour of capital in the form of capital strategies turns antagonistically into its opposite, namely into irrationalities such as crises, class inequalities, precarity, as well as media monopolies and oligopolies that endanger democracy. In capitalism, rationality tilts towards irrationality in a negative dialectic, because capitalism is an irrational system that is organised in a highly rational way.

The striving for universal commodification requires the development of the technical and thus also the communicative productive forces. Knoche shows that the tendency to create a universal media system associated with digital media and the Internet is a consequence of capital’s striving for accumulation, but at the same time contradicts it and creates potentials for non-commercial digital media use that potentially make capitalist media superfluous.

A universal media system in which the production, distribution, and consumption of information converge and take place through a single medium has partially become a reality with the advent of digital media and the Internet. Digital capitalism simultaneously deepens exploitation and creates new foundations for autonomous spheres that overcome the very logic of capitalism (Fuchs 2023, 2022a). One can speak of an antagonism between digital commodities and digital commons (Fuchs 2023, 2022a). There is an antinomy between networked productive forces on the one

hand and digital production and class relations on the other. Open-access publishing and scholarly communication are also embedded in it (Fuchs and Sandoval 2013; Knoche 2014a, 2014b, 2014c, 2019b, 2020a, 2020b).

Digitisation has led to a reduction in publication costs and an apparent “democratisation” of publication technologies, making the means of publication simpler, cheaper, and generally accessible. At the same time, this has created new potential for non-capitalist publishing and the subsumption of Open Access and scholarly communication under capital (for-profit Open Access). With Green and Gold Open Access, there are often high, socially unjust publication fees – APCs (Article Processing Charges) and BPCs (Book Processing Charges) – through which old capitalist science publishers and new capitalist Open Access publishers accumulate capital.

Diamond Open Access, in contrast, is a model in which there is no profit orientation, content is not sold as a commodity, and academic knowledge is treated as digital commons: “In the *Diamond Open Access Model, not-for-profit, non-commercial organizations, associations or networks publish material that is made available online in digital format, is free of charge for readers and authors and does not allow commercial and for-profit re-use*” (Fuchs and Sandoval 2013, 438).

The Directory of Open Access Journals (DOAJ) is a directory of many scientific OA journals. It also contains some statistical data on scientific OA publishing. As of 7 October 2022, 20,628 OA journals were registered in DOAJ. Table 11.3 shows which Creative Commons (CC) licences they use. An important distinction is made between those that do not allow commercial use (NC, non-commercial) and those that both allow and encourage commercial use.

The analysis presented in table 11.3 makes it clear that 44.9 per cent of the journals in the DOAJ do not allow the commercial reuse of published OA articles. The majority, 53.6 per cent, on the other hand, allow such reuse because “open” Creative Commons licences or public domain licences are used. These journals make themselves the idiots of capital (cf. Fuchs 2001), as they allow capitalist companies to reuse published content and thus accumulate capital. An example of this is Saint Philip Street Press, a publishing company that in October 2022 offered for sale print editions of 2800 OA books with licences that allow commercial reuse by others. A price of around 40 to 55 euros is charged per copy. Knoche (2020a, 2020b) criticises the capitalisation of OA:

Table 11.3: The use of Creative Commons licences in academic journals registered in the Directory of Open Access Journal (DOAJ) (data source: DOAJ 2022)

Licence	Political Economy of the Licence	Number of Journals	Share of All Registered Journals
CC-BY	Commercial use permitted	9108	44.2%
CC-BY-ND	Commercial use permitted	313	1.5%
CC-BY-SA	Commercial use permitted	1366	6.6%
C0	Commercial use permitted	276	1.3%
Public Domain		3	< 0.1%
	<i>Commercial use permitted</i>	<u>11066</u>	<u>53.6%</u>
CC-BY-NC	Commercial use not permitted	3508	17.0%
CC-BY-NC-ND	Commercial use not permitted	4005	19.4%
CC-BY-NC-SA	Commercial use not permitted	1747	8.5%
	<i>Commercial use not permitted</i>	<u>9260</u>	<u>44.9%</u>
<i>Other licences</i>	<i>Various</i>	<u>302</u>	<u>1.5%</u>
Total		<u>20628</u>	<u>100.0 %</u>

Contrary to the constantly declared idealistic promises of “opening” SC to the whole of society, the programmatic introduction of an “OA paradigm” has so far in real terms primarily served the goal of legitimising the restructuring or reconfiguration [...] of the academic production and distribution system towards the interests of the private economic sector of book and journal publishers (Knoche 2020a, 523).

As an alternative, Knoche argues for the de-capitalisation and de-commodification of scholarly publishing through non-capitalist Open Access.

... the decisive, fundamental difference between capitalist OA-SC [Open Access Science Communication] on the one side and OA-SC that is independent of capitalist publishers on the other side [...] is “systembusting” in that, in the course of a complete changeover of the entire academic publication process to OA-SC without capitalist publishers, the publishers that are already theoretically dispensable for OA-SC in theory today, would also be made superfluous in practice. However, this complete changeover would also make the traditional decentralised local university libraries largely superfluous in future (Knoche 2020a, 521).

11.4 Conclusion

This discussion has shown that Manfred Knoche has done important groundwork for Critical Media and Communication Studies in the German-speaking world. Without him, there would be no approach to the Critique of the Political Economy of the Media and Communication in the German-speaking world today (see Fuchs 2022b). Manfred Knoche stands for the development of an empirically grounded analysis of media and communication in capitalism based on Critical Social Theory, especially on the Critique of Political Economy. On this basis, he has covered a wide range of important topics: the capitalisation and restructuring of the media industry; media concentration research; non-commercial open access; the de-capitalisation of academic publishing as a Critique of the Political Economy of scholarly communication; ideology; advertising; the relationship between state, capital, and media; media technologies and digitalisation; media content analysis; non-commercial alternative media; the long-term analysis of the portrayal of the Greens in the daily press; electronic mass media in Europe; youth press; local press; the postal newspaper service; the coverage of strikes in the media industry, etc. Manfred Knoche's work shows how significant critical theory and social criticism are for Media and Communication Studies. Characteristic of Manfred Knoche's work are, on the one hand, empirically based studies and, on the other, fundamental theoretical analyses of communication and the media in capitalist society. His work on the Critique of the Political Economy of Communication and the Media is of great importance today for a critical analysis of the dynamics and antagonisms of digital capitalism.

Manfred Knoche's work shows how important it is to take Marx seriously today in order to understand how capitalism shapes, distorts, and damages our everyday life and everyday communication. He reminds us that we need alternatives to capitalist communication.

Notes

¹ Translation, original German quote: “*Medienproduktion und -konsumtion über die übrige Warenproduktion hinausgehend auch elementare unverzichtbare gesamtökonomische und gesamtgesellschaftliche politisch-ideologische Funktionen für die Herrschaftssicherung und Absicherung des kapitalistischen Wirtschafts- und Gesellschaftssystems insgesamt erfüllt*”.

² Translation, original German quote: “*aktuelle Kapitalismusanalyse und -kritik auf der Basis der Methode der historisch-materialistischen Gesellschaftsanalyse*”.

³ Translation, original German quote: “*Gegenstandsbereich einer Kritik der Politischen Ökonomie ist entsprechend ihrem Entstehungszusammenhang [...] ein-erseits die Kritik der jeweils herrschenden (bürgerlichen) Wirtschaftswissenschaften und auch der in ihrem Rahmen entwickelten (Neuen) Politischen Ökonomien. [...] Der zweite Gegenstandsbereich ist die kritische theoriegeleitete empirische Analyse der Politischen Ökonomie des Kapitalismus*”.

⁴ Translation, original German quote: “*eine radikale Subsumtion des gesamten Mediensystems unter die allgemeinen Kapitalverwertungsbedingungen. [...] Diese Kapitalisierung bedeutet vor allem: Medienproduktion wird noch umfassender als bisher in das gesamtwirtschaftliche System kapitalistischer Waren- und Mehrwertproduktion einbezogen*”.

⁵ Translation, original German quote: “*grundsätzlich notwendiges, Lebenselixier zur Realisierung der Kapitalakkumulation individueller Kapitaleigner, auch von Medienunternehmen, und der dafür notwendigen Sicherung des Kapitalismus als Wirtschafts- und Gesellschaftssystem*”.

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