Rocking the Boat of Press–Government Relations in Argentina?
The Effects of the Latest Wave of Globalization

by

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I N T R O D U C T I O N

Globalization is a term that one can hardly avoid these days. Huge protests at the World Trade Organization Summit in Seattle in November 1999 and more recently at the Group of Eight Summit in Genoa testify to its popular resonance, and the emergence of “global studies” programs at many universities demonstrates its significance to academics. Globalization has, however, become a sort of “catch-all” term that people use to explain everything from the ubiquitous presence of McDonalds, to the dramatic expansion of foreign direct investment, to the depletion of the ozone layer. Sometimes the views are positive; frequently they are not (especially in popular usage). Our exposure to globalization may come from the mass media: it is practically routine to hear such references on the evening television news or read about it in the daily newspaper. But at the same time that the media are reporting the “news” about globalization, we would expect them to be affected by it themselves. Recent work by Peter Dahlgren (2001:71), for example, refers to “an increasingly global character of media ownership and activities.”

In this paper, I examine the possible effects of two particular aspects of globalization on press–government relations in Argentina: foreign direct investment (FDI) and the rise of media-related transnational corporations (TNCs).¹ I adopt Held’s rather broad notion of globalization as “the stretching and intensification of social, economic and political relations across regions and continents” (2000:395). This has occurred during two major periods, from the late 19th century until World War I, and again since approximately 1970. My focus is on the current phase, although this is part of a larger project that compares change in press–government relations during the two phases and the “non-globalizing” period in between.

This is an important topic for at least two reasons. First, it speaks to the influence of the state in media matters, relative to international organizations and interests. An implicit or explicit factor in discussions about globalization is the shrinking of the nation–state. Clearly, for instance, the development of new information technology such as satellite television, and especially the Internet, challenges the concept of national boundaries. (It is far from clear, however, that the state is disappearing from the media scene.) Second, it raises important questions about political responsiveness and accountability (e.g., Dahlgren 2001; Held 2000; McChesney 1998). On the one hand, globalized media coverage may facilitate knowledge of international events such as political repression and make it increasingly difficult for government officials to control news content; on the other hand, it may stifle diversity and lead to a homogenization of views. These of course may be positive or negative developments, depending on one’s perspective.

I hypothesize the following: (1) an increase in the level of FDI and the number of media-related TNCs will cause media ownership to become increasingly private, diffuse, and foreign-owned; (2) the need for FDI will create official pressure on the media not to report “unfavorable” types of activities; (3) an increase in media-related TNCs will increase the range of political views presented in the mass media; and (4) an increase in FDI and media-related TNCs will decrease the state’s functions with respect to the mass media. My tentative findings are mixed. For instance, we are seeing significant changes in media ownership, largely along expected lines (although it is

¹ In this paper, I use the terms “press–government relations” and “media–state relations” interchangeably. By these, I mean the formal and informal relations between the media elites (i.e., owners, managers, publishers and top editors of major national newspapers and broadcast media) and government officials (i.e., members of national executive and legislative branches that interact with, or establish policy regarding, the media). At this point in the project, the evidence is mainly limited to the formal relationship.
not necessarily more diffuse). The least successful prediction, at least to date, is that the state’s role in media matters will decline in light of increasing FDI and media-related TNCs.

**Gaps in the Existing Empirical and Theoretical Literature**

Our existing knowledge about the political effects of globalization on the media is limited in two ways. The first gap is empirical. Interestingly, the comparative development of press–government relations has been largely untouched by political scientists. This is particularly true when one looks beyond the U.S. and Western Europe to the developing world. Fortunately, scholars of international communications since the early 1960s have engaged in a debate about the impact of global forces on national sovereignty. Some of their recent work is especially helpful, including a volume edited by Curran and Park (2000) that encourages the “de-Westernizing” of media studies, a volume edited by Boyd-Barrett and Rantanen (1998) that focuses on the development of global news agencies, and a volume edited by Morris and Waisbord (2001) that emphasizes the continuing importance of the state in media matters—despite the predictions of many enthusiasts (or detractors) of globalization. Each of these collections contains case studies of media developments in light of global changes; but the central themes, not surprisingly, focus more on the effects of politics on the media than the role of the media in politics. In any case, the existence of this debate in communications—combined with our general acceptance of a “free press” as a pillar of modern liberal democracy—makes it even more puzzling that the topic is so often neglected by comparative political science. Moreover, much of what we do know is outdated, given the dramatic economic, political and social changes in recent years. We are just beginning to explore, for instance, whether the concentration of media ownership in the North is also occurring in the developing democracies, and if so, whether that seems to be making the state more or less accountable. We also have few systematic comparisons of changing press–government relations in countries with varying legal and judicial structures.

But the second, and perhaps larger, gap is theoretical. We know little about what effects change in media–state relations, nor the degree to which (if at all) globalization is a factor. Moreover, existing theory leads to some intriguing puzzles. Various economic globalization theories suggest the declining importance of the state (see e.g., Potter 1992). This would lead us to expect that the “state” side of the media–state equation should be increasingly less important vis-à-vis the “media” side, and that few contemporary democracies will have the ability to resist forces that can potentially change the media’s role. Even the dependency and realist schools would argue that although powerful (or “core”) states such as the U.S. retain considerable autonomy despite the increasing globalization of the economy, this is not the case with the developing world. Hence, we should expect either the loss of popular sovereignty by the global market, or greater media freedom and diversity. The admittedly limited empirical evidence, however, suggests otherwise: the state appears to have retained significant influence in media systems (see e.g., Curran and Park 2000; Waisbord and Morris 2001). As Smith (1992:67) pointed out almost a decade ago, the relationship between globalization, modernization and the state is intimate yet paradoxical; we see the coexistence of centralization and fragmentation, nationalism and transnationalism, traditional and modern. While the global system is surely changing, there is no certainty about the direction of the change or the potential outcome.

Traditional models of the media—developed primarily within a domestic context—also do not appear to be particularly useful in explaining globalization’s effects on the press–government
relations. The prevailing model has been the liberal–pluralist view of the media as an independent “fourth estate” or public watchdog (see e.g., Graber 1980; Cook 1998). The main alternative to pluralist theory includes the many variants of the political economy (or materialist) tradition, in which the media are manipulated by the dominant class or social coalition to advance their interests (see e.g., Murdock and Golding 1977). While even a superficial review of developing nations challenges the pluralist ideal of the media as an independent fourth estate, the materialist tradition fails to satisfactorily explain the persistence of diverse media in many countries or the ongoing importance of the state in media affairs. A relatively smaller strand of media theory has focused on the media from a more global perspective. The primary traditions here have been the modernization perspective of the 1960s (e.g., Lerner 1963), the countering media imperialism or media dependency thesis (e.g., Schiller 1969; Beltrán and Fox 1980), the global capitalism restatement of radical political economy (see Weiss 1998), and the cultural globalization thesis that predicts the positive effects of extended communication and cultural exchange (e.g., Robins et al. 1997). Implicit or explicit in each is the notion that national borders (and indeed the nation–state itself) may be declining in importance, which is consistent with prevailing theories of economic globalization. Based on the 21 country/regional case studies presented in their volume, Curran and Park do identify a “march toward media liberalization” and a general trend away from state control and toward market control (2000:14). But while pluralists would expect this to cause the media increasingly to answer to consumers and to be free to criticize the state, this view gets limited support from the volume’s contributors. In fact in most countries, the contributors find the opposite; that is, the market is emerging as a mechanism that impedes freedom and critical disclosure. Curran and Park detect a fusion between the commercial media and political regimes in a kind of “media–political complex.” Ultimately, they find only limited support for any of the major media globalization theories noted above.

Thus, globalization does not seem to be affecting media–state relations in the ways that our theory would suggest. The recent trend toward democratization in much of the developing world ended many of the most overt forms of censorship and brought opportunities for media competition and contestation. Yet despite this and the growing ascendancy of neo-liberal “hands off” economic policies, governments continue to wield significant clout in media matters and the media only sporadically serve as a “public watchdog.” Some current research in communications suggests that the nature of the state is critical (Curran and Park 2000; Morris and Waisbord 2001). In part this has to do with historical patterns of media–state relations that are often understated or even ignored in theories of globalization. Without being deterministic, I believe that the timing and sequence of historical processes is crucial to political change and development. Once critical relationships have been established, they alter only slowly.2


In early 1898, newspaper mogul William Randolph Hearst sent the artist and reporter Frederic Remington to Havana to illustrate Spain’s atrocities and war against its rebellious colony.

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2 Here I am adopting a kind of path-dependency approach, which, as Pierson (2000) notes, has become increasingly common in the social sciences of late. For a good general description see also Thelen (1999).
When Remington arrived in Cuba, however, he found neither atrocities nor war—at which point Hearst reportedly told him: “You furnish the pictures and I’ll furnish the war.” The outcome of this incident is familiar to us. Hearst and his arch-rival Joseph Pulitzer, engaged in a no-holds-barred contest for circulation, whipped up public fever against Spain to the point that President William McKinley felt compelled to ask Congress for a declaration of war. War, as Hearst unapologetically pointed out, sells papers.

We have long used this anecdote to point to the consequences of unethical or sensational journalism, or to demonstrate the “power” of the press. But I believe this is also part of a larger story about globalization and press–government relations. The decisions of media elites and politicians in 1898 were directly affected by a number of sweeping economic, political and social changes: from the development of the telegraph to changing patterns of trade and the international balance of power. While the term “globalization” became popular only in the 1980s, the late 19th and early 20th centuries were nonetheless consistent with most of the contemporary definitions of the term. In the period following World War I, however, the industrialized nations turned inward, ending what may be considered one big “wave” of globalization. Following other scholars, I have adopted 1970 as the start of another wave—resulting from the post-1960s growth of multinational corporations, the rapid growth of international trade, and the collapse of the Bretton Woods system between 1971 and 1973. It is important to note, however, that ideas about globalization remain far from unanimous. Most contemporary analyses suggest that the current period has been more intense than previous periods, based on the phenomenal recent growth of things like foreign exchange transactions, world trade, foreign direct investment, and portfolio flows (see e.g., Garrett 2000). But even this has been strongly challenged by Hirst and Thompson (1992:2) on the basis of data going back to the 19th century. In fact, both Hirst and Thompson, and O'Rourke and Williamson (1999), conclude that in some ways the current international economy is less integrated than it was in the earlier period from 1870–1914.

**KEY VARIABLES**

The concept of press–government relations is complex, so for the current paper I have isolated several aspects of that relationship that should theoretically be affected by globalization: the type of media ownership, government efforts to control news content and programming, the range and diversity of political views presented within and among media, and the level of official involvement in media matters. In addition, I have selected FDI and the rise of media-related TNCs as two aspects of globalization that should theoretically affect press–government relations. Both FDI and TNCs are regularly included in the literature on globalization.

Before proceeding, I feel compelled to reiterate that this is the first stage of a large project. I certainly make no claims that FDI and TNCs fully represent “globalization” (based on

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3 The wave metaphor to describe globalization is fairly common; it is sometimes attributed to Modelski (1972).
4 See for example O’Rourke and Williamson (1999) or Hirst and Thompson (1999) for an explanation, although the latter critique the notion of globalization (at least in its stronger versions).
5 I classify ownership comparatively on scales from wholly public to wholly private, wholly domestic to wholly foreign, and concentrated to diffuse.
6 As I noted above, this is the first stage of a larger project. Future stages will include media elites’ relations (formal and informal) with state officials, political parties, and the dominant economic interests. These will require field interviews with media, labor, and state elites that I will be collecting in the next several months.
any definition of the term), nor that the four dependent variables I have selected will fully depict “media–state” relations. But I believe that this should serve as a useful starting point for a systematic discussion of the effects of globalization on relationship between the mass media and the state in contemporary democracies.

HYPOTHESES

Drawing on various theories of globalization, I posed the following hypotheses:

• An increase in the level of FDI and in the number of TNCs will lead to changes in the type of media ownership: from less private to more private, from less diffuse to more diffuse, and from (proportionately) less foreign-owned to more foreign-owned. This would be an expectation of what we might term “mainstream” globalization theory. According to the logic of the market and the liberal–pluralist view (which is predominant in the advanced economies from which most FDI comes, and in which most TNCs are based), the media will be privately owned and ownership will be diffuse. Moreover, by definition, a rise in FDI or TNCs would lead to proportionately more foreign ownership. Those who adopt a media imperialist (or media dependency) view would agree that ownership would change from less private to more private, and from less foreign-owned to more foreign-owned—but conversely, would expect it to become less diffuse.

• An increase in the demand for FDI will increase official pressure on the media not to report “unfavorable” types of political and social activities for fear that they might scare off investment. According to Stark (1998:76), contemporary Latin American governments face a pressing need to maintain an attractive investment climate. Because the world financial markets follow the media closely (Edmunds 1996:118), it is logical that the states will feel pressured to provide a positive image to investors in the domestic media.

• An increase in the presence of TNCs will increase the range of political views presented in the mass media. This again would be consistent with most theories of globalization, as the domestic views are supplemented or perhaps even supplanted by views from outside. If the media imperialist theory of globalization is correct, however, the range of views should get narrower as the media is used to promote capitalist values and interests, and foster cultural homogenization.

• An increase in FDI and TNCs should weaken press–government ties, decreasing the state’s functions with respect to the mass media. According to most globalization theory, the role of the state vis-à-vis the market and international organizations should decline. As Waisbord and Morris (2000:vii) put it, globalization theory in essence anticipates that the combination of globalizing factors (e.g., increasing FDI and TNCs) will “render obsolete the basis of stateness, the existence and protection of a sovereign territory.”

A BRIEF HISTORY OF PRESS–GOVERNMENT RELATIONS IN ARGENTINA

Future stages of the project will include variables such as the exchange of new information technology, cross-border flows of news and programming, and the NGO as a locus of political information.
From the late 19th century until the early 1940s, the Argentine media experienced a long period of press freedom episodically punctuated by government censorship. From its earliest days, the press played a very important role in Argentine politics. According to Gallo (1993:98), the constitution’s liberal principles led to the development of “an extremely influential press” that kept a close eye on the activities of national authorities. By 1900, the country boasted one of the largest systems of media consumption and production per capita in Latin America. The national press made extensive efforts to provide news of the provinces and the international scene. The larger dailies maintained hundreds of exclusive correspondents throughout Argentina, unlike in the U.S., where the large press associations were covering all the news by the early 19th century. The first radio stations were licensed in 1923, but broadcasting really took off in the 1930s, when its per capita gross national product was the highest in South America (Fox 1988:37). By 1938 there were 42 radio stations, most of them members of two private radio networks. The government required early radio stations to set aside two hours each day for the state to broadcast messages to the general public, and the state radio was born in mid-1937. But it was with the rise of Colonel Juan Perón starting in 1943 that radio became used widely as a political tool.

Between 1943 and 1983, relations between the media and the government were frequently tense and often downright stormy. Officials periodically utilized various devices to restrict press freedom, from financial controls, to the regulation of printing materials (especially newsprint), to outright censorship. Following a coup d’état in 1943, the military government created the Subsecretariat of Information and Press to control the mass media and the newsprint supply. The regime decreed the prior censorship of all radio programs, and imposed a state monopoly of all radio stations. Perón became president in 1946 and continued to maintain that Argentines enjoyed the freedom of expression, but his growing inability to stem middle- and upper-class opposition to his regime led to an increasing repression of the press (Rock 1987). He made deals that concentrated press ownership in the hands of people close to the government, and by mid-1951, only two independent dailies remained. The Peronist government also nationalized the four main radio networks. In 1951 Perón set up the first television system in Argentina as a state monopoly. Thus for the first four years of its existence, all television was public.

In 1955, another military coup ousted Perón, and the new military regime began to dismantle Perón’s protectionist programs aimed toward the media. They reduced state support for, and protection of, national productions, but simultaneously maintained political control of the media. Newspapers were returned to their former owners, and the government licensed new commercial radio stations while retaining control of existing stations. A mixed system of television—private stations coexisting with the government sector—was initiated in 1958. Meanwhile, the late 1950s saw significant foreign investment in the media, along with an infusion of new advertising. By 1969, the major U.S. networks had invested heavily in the three Argentine channels: ABC in Channel 11, NBC in Channel 9, and CBS in Channel 13. These private channels, together with their production companies, formed the heart of a national Argentine television network (Fox 1988:42).

Between 1958 and 1966, Argentina returned to civilian government. Alisky (1981:173) refers to these years as an “era of freedom and chaos” in which political and journalistic freedom

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8 Gallo and others consistently refer to the late 19th-century Argentine press as “liberal.” This term needs to be understood in the context of Argentine liberalism of the period.

9 In 1962, the military deposed President Arturo Frondizi and replaced him with José María Guido. This was a puppet regime for the military (Rock 1987:343). The next year, a new civilian president (Arturo Illía) was elected.
were “made perplexing by a weak economy.” By the early 1960s, the media were reporting erratic information and rumors about the increasingly unstable political situation. After another military coup in 1966, the new government under General Juan Onganía moved swiftly against the newspapers, closing down many, and curtailed televised current affairs discussion panels. Two years later, the regime bought the Telenoticiosa Americana (Telam) news agency and gave it a monopoly in administering government advertising, a critical mechanism of media control (ibid.:177). The National Security Council defined subversion and the related crime of publishing or broadcasting seditious information. This media censorship remained in place until the return of elected civilian government in 1973; however, some newspapers were able to report carefully on public problems by “exercising selective self-censorship,” and by building a facade of neutralism toward government (ibid.:179).

In 1973, Juan Perón returned to Argentina after 18 years in exile and was re-elected president. The Peronists agreed that mass media (especially radio) should be state-controlled, so they pushed through laws regarding the ownership, control, financing and legal structure of the mass media, and canceled the licenses of the three main private TV channels in Buenos Aires and two in the interior. In 1974, Perón died and was succeeded by his wife and vice president, Isabel. She used presidential decrees to close or suspend several newspapers for printing “false news” and news that was antithetical to the regime.

But the repression was in many ways the harshest during the last military dictatorship, commonly referred to as the Proceso (1976–1983), that followed the ouster of Isabel in 1976. The regime lifted Perón’s ban on international wire services and removed an advertising tax imposed by his administration, giving verbal support for freedom of expression and private ownership. However, the military took over ownership of five TV channels, utilizing a system of commercial TV with the aid of private advertisers and economic groups. News content in the press and on TV and radio was tightly controlled. The regime required the media to adhere to a Doctrine of National Security, and set lengthy jail terms for those who violated the regime’s many restrictions—including the reporting of human rights abuses. Hundreds of journalists were “disappeared” or jailed, and many newspapers were closed, censored or taken over (Muraro 1988:117). The government also built, along with the leading La Nación and Clarín dailies, a national newsprint industry and imposed protective tariffs for national production. In 1979, nearly three-quarters of the televisions were turned off and surveys showed that audiences had dropped way off because they expected so little of their government (Fox 1988:43). Most media—with the notable exception of La Opinión and the English-language Buenos Aires Herald—limited their criticisms to questions of economic policy or “minor administrative” points (see e.g., Muraro 1988; Alisky 1981). Few gave time or space to (dismanded) party leaders or accepted paid announcements of human rights groups. Meanwhile, the military ran expensive advertising campaigns in the media to defend its actions and to attack its enemies (Muraro 1988:116). No media organization in Argentina “forcefully supported the move toward democracy in the early 1980s” (Waisbord 2000:56). In their defense, of course, many had been tortured and harassed for years under the harsh dictatorship.

**GLOBALIZATION AND PRESS – GOVERNMENT RELATIONS IN ARGENTINA: 1983 TO THE PRESENT**

For roughly half of the period between 1943 and 1983, Argentina was under military (or military-dominated) governments; the rest of the time, the country was under civilian government.
Although I have defined the second wave of globalization as starting in approximately 1970, here I will concentrate on the period from 1983 to the present. This is when Argentina returned to democracy after seven years of military rule. While it would be empirically and theoretically interesting to study the effects of globalization on press–government relations during different regime types, it introduces additional variables that are beyond the scope of this paper. In this section, I talk briefly about the current state of the media in Argentina and then show how the level of FDI and media-related TNCs has increased rather dramatically—especially in the last decade. The rest of the section is organized around my four hypotheses.

Following a defeat by Britain in the Malvinas (Falkland) Islands and a severe economic downturn, the military dictatorship stepped down in 1983. The Proceso officially came to an end with the elections in October of that year, and Argentina returned to procedural democracy. The media played an important role in the transition to democracy by “informing society, legitimizing certain topics and organizing the newly awakening political scene,” although access to information about the previous military government was limited (Landi 1988:138). While the number of daily newspapers has dropped significantly since 1970, the country still has the highest per-capita consumption of newsprint in Spanish-speaking Latin America (Waisbord 1998:84). When one excludes the U.S. and Canada, Argentina also ranks first in the Americas in the number of radios per thousand people, and third (following Brazil and Ecuador) in the number of television sets per thousand people (World Bank 2000).

Argentina also has seen the growth of “new media” such as cable television and the Internet. The country has—by far—the largest concentration of cable television subscribers in Latin America, with 163 subscribers per thousand people as of 1998 (World Bank 2000). In fact, Argentina’s cable penetration of 52% makes it the third highest in the world, after the U.S. and Canada (Fundación Invertir 2000; Waisbord 1998:90). According to a trade journal article published in October 1999, Argentina’s prominence in the market has encouraged great investment and provided “fantastic business opportunities” in the cable industry (Antoniazzo 1999). On the other hand, the author says, this has encouraged mergers with television companies and other media. By September 2000, a web-based professional broadcasters’ publication noted that most of the country’s cable systems were concentrated in the hands of two owners: Grupo Clarín and Citicorp Holdings (CEI) (365broadcast.com 2000). The other important new medium is the Internet. The percentage of the population online in Latin America is far lower than in the U.S. and Canada, but compares favorably with its regional neighbors. A recent survey estimates that approximately 2.4% of the Argentine population is now online, compared with 55.8% in the U.S. or 42.8% in Canada. The median among the major Latin American countries, however, is 1.7%. Argentina also has the second-highest number of Internet hosts per capita following Uruguay. Moreover, trends suggest that Latin America is the fastest-growing Internet market in the world (e.g., see Batres et al. 2000).

In terms of economic policy, the administrations of Raúl Alfonsín (1983–1989), Carlos Menem (1989–1999), and Fernando De la Rúa (1999– ) have followed the regional trend toward neoliberal reforms, particularly during the 1990s. One of the outstanding economic developments of this period has been the growth of foreign direct investment and media-related transnational
corporations. As I shall explain briefly, these two developments are closely linked; but together or separately, they are regularly considered key factors of globalization in the scholarly literature (see e.g., Hirst and Thompson 1999; Armijo 1998).

Hirst and Thompson contend that FDI is “key to the proposition that capital mobility is restructuring the world economy,” and is “the measure most often used to bolster the strong globalization thesis” (16, 68). This is one of several types of foreign capital flows, referring to private sector investment from one country to another. According to the World Trade Organization,

Foreign direct investment (FDI) occurs when an investor based in one country (the home country) acquires an asset in another country (the host country) with the intent to manage that asset. The management dimension is what distinguishes FDI from portfolio investment in foreign stocks, bonds and other financial instruments (quoted in South Centre 1997).

FDI has been part of the international economy more than a century. It is used by multinational corporations to set up new businesses or to buy existing firms in the host country (Armijo 1998:24). This does not have to be majority ownership. Since the 1970s, the proportion of net foreign capital flows has changed rather dramatically. From the 1950s through the mid-1960s, more than half were public (i.e., foreign aid). By 1970, roughly half were public and half were private, and by 1994, approximately three-quarters were private (Armijo 26).

The rise of FDI in recent years into three countries—Argentina, Brazil and Mexico—has been particularly significant. The table below demonstrates this point. In 1996, these three countries were among the ten most important developing countries in terms of FDI flows (Hirst and Thompson 1999).

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13 Hirst and Thompson challenge the idea that FDI is the dominant factor driving the world economy because it is so heavily concentrated among the advanced industrial economies, specifically North America, Europe and Japan. Although it is probably the most standardized international measure available, Hirst and Thompson find it somewhat problematic as does a report by the South Centre (1997), in part because of inconsistencies in reporting. According to them, this is in part because is the most standardized international measure available” (77).

14 Foreign portfolio investment in contrast involves the acquisition of securities issued by foreign institutions, without participating in managerial control.

15 This is based on the U.N. World Investment Report 1997. The other seven were China, Hungary, Indonesia, Malaysia, Poland, Singapore, and Thailand.
Foreign direct invest flows, selected years 1985–2000.

<table>
<thead>
<tr>
<th>Region</th>
<th>Inward flows ($US billions)</th>
<th>As % of gross fixed capital formation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brazil</td>
<td>1.8</td>
<td>10.5</td>
</tr>
<tr>
<td>Mexico</td>
<td>4.5</td>
<td>9.2</td>
</tr>
<tr>
<td>Latin America and the Caribbean</td>
<td>14.8</td>
<td>45.9</td>
</tr>
<tr>
<td>World</td>
<td>182.6</td>
<td>377.5</td>
</tr>
</tbody>
</table>

SOURCE: U.N. Conference on Trade and Development, UNCTAD (2000); U.N. Economic Commission for Latin America and the Caribbean, ECLAC (2001). Information provided by International Monetary Fund (IMF) and UNCTAD.

*<sup>a</sup>* Annual average.

*<sup>b</sup>* Based on estimates prepared by ECLAC, Unit on Investment and Corporate Strategies of the Division of Production, Productivity and Management, on the basis of information provided by the central banks of the individual countries.

*<sup>c</sup>* Note the acquisition of Yacimientos Petrolíferos Fiscales (YPF) in Argentina by the Spanish firm Repsol was for US$15.2 billion.

Traditionally, FDI was considered to be far less volatile than portfolio investments, since factory owners who sell out immediately will suffer large financial losses and are thus unlikely to make such a move. Recent analysis has challenged the conventional wisdom, however (see e.g., South Centre 1997; Stark 1998). A report from the South Centre in 1997 noted that

This wisdom has...become doubtful in the context of liberalized financial markets involving, among other things, the introduction of new financial instruments such as derivatives, and the expansion of existing ones, as for example hedging. These developments have greatly blurred the distinction between FDI and portfolio investment with respect to the relative stability of these flows.

Armijo (1998) also argues that the form or quality of the capital flow may be as important as the quantity; that is, different institutional forms of capital flows may produce different political and policy outcomes. For example, he hypothesizes that in FDI, the political actors whose influence increases the most (assuming no balance-of-payments crisis) are foreign business and the incumbent government, rather than local big business or the foreign government. Armijo further hypothesizes that an increase in foreign capital flows will put pressure on policy makers in the developing country “to manage their economies to suit foreign investors, rather than local needs or preferences” (32), although the pressure resulting from FDI is hypothesized to be moderate, rather than low (i.e., foreign aid, bank loans) or high (i.e., portfolio investment).

The government of Argentina has made aggressive efforts to encourage FDI, especially in the last decade. This includes in the media sector. In 1993, Executive Order 1853 established the legal framework for foreign investment in the Foreign Investment Act (Law 21,382). The

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<sup>16</sup> Although the government has stepped up the efforts in recent years, however, this is nothing new in the country’s history. In the late 19<sup>th</sup> century, presidents such as Julio A. Roca and Miguel Juárez Celman actively and successfully encouraged high levels of foreign investment, mainly from Britain. By 1909, the aggregate value of Argentina’s foreign trade was “half again larger than its leading rival in Latin America” and greater than Canada (Rock 1987:172).
Ministry of the Economy posts “The Updated Guide to Foreign Investment in Argentina” (in both English and Spanish) on its web site. In the opening “Highlights” section it says,

Foreign investments are warmly welcome and virtually unrestricted; Argentina’s is probably the most pro-business foreign investment legislation in the world, with no sector restrictions—investments allowed even in sensitive areas like oil, mass media (broadcasting, cable, newspapers and magazines), nuclear power generation and nuclear mineral mining (emphasis added).

Under the Argentine Constitution, foreign investors enjoy the same legal treatment as nationals. Foreign companies have unrestricted access to all economic sectors, and the same access to credit and incentive programs as local companies. They are free to transfer their capital and profits at any time without charges or taxes, and they may invest without prior approval or registration requirements. While foreign capital in broadcasting is allowed by law, it is subject to regulatory restriction. Still, Tom Hicks of the Dallas-based private equity fund, Hicks, Muse, Tate & Furst—which has invested heavily in Argentine media in the last few years—is quoted in a recent newsletter of the Canadian Consulate (2001) as saying that Argentina is “one of the most open and predictable countries on the continent.” A New York Times (1999) article confirms this point when it says that, “Argentina is one of the most open countries in Latin America in terms of allowing foreign investment in its media companies.” Investment has been particularly prevalent in cable television since 1993, when the government lifted a ban on foreign investment in the media sector. By 1995, approximately 70% of the projected pay-TV revenue for all of Latin America went to Argentina (Fundación Invertir Argentina 2001). The 1993 law also lifted the ban on cross-ownership of print and broadcasting media, which has led to concentration of ownership as I discuss below.

The term multinational corporation was introduced in the early 1960s, but scholars generally agree that manufacturing MNCs appeared in the world economy in the second half of the 19th century and were well-established by World War I (Hirst and Thompson 1999:20). In the mid-1990s, the term transnational corporation (TNC) largely came to replace MNC.¹⁷ As I suggest in a preceding section, FDI is closely linked to MNCs (or TNCs) since the corporations are most often the agents doing the investing. In 1997, for example, approximately 95% of FDI was transactions involving MNCs and their affiliates or subsidiaries (South Centre 1997). Moreover, the 2001 ECLAC report on foreign investment in Latin America and the Caribbean reports that TNC operations in that region are “heavily concentrated” in Brazil (34%), Mexico (30%) and Argentina (25%).

A number of scholars, notably political economist Robert McChesney (1998, 1999), have noticed a dramatic concentration in media ownership and the growth of powerful media TNCs. McChesney contends that while media systems prior to the 1990s were primarily national, we have seen in the last decade the emergence of a “global media system.” While newspaper

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¹⁷ Hirst and Thompson (1999:2) note that the two are often used interchangeably but argue that they are in fact distinct, with the “true” TNC being “genuine footloose capital” without a pure national identification or management, and the MNC being a company that is based nationally and trades multinationally on the strength of the major national location of assets and sales. Hirst and Thompson contend that the transformation of MNCs to “true” TNCs would in fact represent a sea change: the manifestation of a globalizing international economy. As I pointed out previously, however, their central argument is that globalization—at least in its “extreme” version—is largely a myth. In other words, this transformation has not yet occurred. I appreciate this distinction in terminology, but in the current paper I follow the same terminology as my sources.
publishing is still “a largely national phenomenon,” he claims that television—including satellite and cable television—has changed dramatically. He argues that these developments are based on three things: (1) new digital and satellite technologies that make global markets cost effective and lucrative, (2) support for TNC interests by international financial institutions and governments such as the U.S., and (3) the emergence of media and communications as a more significant business sector (1998:27). The top tier of media TNCs includes fewer than a dozen corporations. Of these, Rupert Murdoch’s News Corporation may be the most active in Latin America, with ownership of television channels El Canal Fox and Fox Sport Noticias, and partial stake in Latin Sky Broadcasting satellite television service. Below this is a second tier of three or four dozen national and regional powerhouses (or those that have a niche market), which are “continually seeking to reach beyond national borders” (1999). These include Grupo Clarín in Argentina, Televisa in Mexico, Globo in Brazil, and the Cisneros Group in Venezuela. Combined, McChesney notes, these first and second tier corporations control most of all media in the world, making the global media market more like a cartel than a competitive marketplace (1998:31-32).

Interestingly, McChesney focuses on the vertical integration of the global market, “with the same firms gaining ownership of content and the means to distribute it” (1999). But this does not appear to be the case in Argentina. Waisbord (1998:83) notes that while concentration is occurring in Argentina, the logic is “different” than elsewhere in the developed and developing worlds (1998:83). Rather than vertical integration, media groups in Argentina have primarily sought to expand horizontally. In other words, they are expanding into areas such as cable and telephony, rather than seeking to develop production sources. Hicks, Muse, Tate & Furst, for instance, have invested heavily in partnerships in cable TV channels, Internet sites and advertising companies (New York Times 1999; Canadian Consulate 2001). They bought the Argentine company Cablevision, and took control in 1998 of the Argentine media and telephone conglomerate CEI Citicorp Holdings for $700 million. Late in 1999, Goldman Sachs made one of Latin America’s largest private equity investments to date when it acquired 18% of Grupo Clarín for $500 million. A report in the New York Times (1999) quoted a managing director in Goldman’s merchant banking group as saying that “Clarín has one of the collections of media assets anywhere in the world.” So it seems evident that we are seeing growth both in FDI and media-related TNCs in Argentina.

Earlier in the paper, I posed four hypotheses about the effects of globalization on press–government relations. At this point, I will consider each briefly in light of the evidence from the Argentine case.

**Hypothesis 1**

The first hypothesis was that an increase in the level of FDI and in the number of TNCs will lead to changes in the proportion of media ownership: from less private to more private, from less diffuse to more diffuse, and from less foreign-owned to more foreign-owned. The evidence shows that Argentina has experienced changes in media ownership, but not exactly as expected.

In the period following the return to democracy in 1983, policy makers expressed a concern for pluralism and protection from government interference for both the media and the public, for example, the compatibility of media concentration with liberal democracy and rapid technological change (Muraro 1988:121). For the first few years, however, official broadcasting policies consisted of informal agreements among interests “made outside the institutions of
government and within a rapidly changing industrial and commercial structure” (Landi 1988:142). The new civilian government found itself the owner of 67 radio stations and 17 TV channels (Muraro 1988:123). Since there was no government-owned or subsidized TV production facility, the channels sold or rented air time to advertising agencies or companies who wanted to advertise their products. All of this led to a complicated and tangled network of private and state broadcasting (see Landi 1988; Zuleta-Puceiro 1993), and helps to explain why the presidential administration of Raúl Alfonsín (1983–1989) failed in its efforts to reform and privatize the media system.

The victor in the 1989 presidential election, Carlos Menem, was much more successful than his predecessor in privatizing the media. In 1989, the administration sold two of the state-owned TV stations. Shanahan and Morgan (1992) have argued that while these two channels were not terribly important economically, their privatizations had great significance. Private ownership did not effectively change programming, since all the channels were commercially supported anyway, but the action legitimated and confirmed the commercial system (ibid.:8). As a recent newsletter from Fundación Invertir (2000), a private foundation in Argentina, the privatizations “paved the way for massive consolidation and investment in the [television] sector.” Today, four of the five major television channels are privately owned, and one (the original channel established under the first Perón regime) is still operated by the government. So we have seen a move toward more private ownership, although the exact cause of that movement is not clear. Given the Menem regime’s push for foreign investment and the subsequent changes liberalizing media ownership, it is not unreasonable to believe that the two are linked.

Also, the television industry remained localized, and to this day, there are no national networks as there are in the U.S. The major stations have controlled the production of TV shows and distribute those and foreign productions to the channels in the interior. Unlike some predictions of globalization theory, the proportion of foreign programming in the weekly schedule has actually declined in recent years since the re-privatization of the channels, from 45% to 35% (Waisbord 1998:88). According to Waisbord, this is a result of the higher popularity of domestic productions (compared to foreign shows) and the aspirations of local producers to develop their international market. The primary TV export is the telenovela.

Another development in media ownership is inconsistent with the hypothesis, i.e., that ownership would become more diffuse. In Argentina as elsewhere, media ownership has in fact trended toward greater concentration rather than diffusion. As of the early 1990s, there was little concentration in the Argentine media. In fact, as I noted previously, cross-ownership by print and electronic media was not allowed prior to the Menem presidency. When that changed—an effort supported by Menem—we began to see a growing concentration of media ownership, particularly in the broadcast media. In a five-year period, Argentina’s formerly fragmented media “has transformed through a series of mergers into a business dominated by four players”: Grupo Clarín, the Spanish Telefónica, and U.S. Hicks, Muse, Tate & Furst and AT&T Corporation (Fundación Invertir 2000).

In the last few years, most of the big media players have come under new ownership. A few examples make this point clear. The most important example is the Clarín Group, which owns the daily newspaper Clarín (with the largest circulation in the Spanish-speaking world), the

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18 The government subsequently fought with Clarín and its parent company, Grupo Clarín. According to Lavierry (1996:191), Menem “admitted that allowing media concentration of ownership to increase” was his biggest mistake.
largest radio station and leader in news audience (Radio Mitre), an important cable channel (Multicanal), the television channel with the second largest news audience (Canal 13), a wire agency, and other diverse businesses. As of 2000, Grupo Clarín was Argentina’s thirteenth largest company in terms of sales (Fundación Invertir 2000). The Menem administration also tolerated the hostile takeover of Channel 2 by the Eurnekian Group, which owns part of the TV cable network Cablevisión, the newspapers *El Cronista Comercial* and *Extra*, and Radio America. Until recently, a third group, Atlántida, owned the most economically successful TV channel (Canal 11), one of the country’s three most popular radio stations (Radio Continental), several magazines with a total weekly circulation of one-half million, and 29% of the newspaper *La Prensa*. In 1998, Citicorp Equity Investments (CEI) and Telefonica bought Atlántida and also Telearte, which owned Channel 9. Hence, CEI now owns two of the four main over-the-air TV channels, but Hicks, Muse, Tate & Furst took control of CEI in 1998. Laviéri (1996:192) contends that this concentration of ownership exists in both national and regional markets. However, Waisbord claims that the “biggest Argentine media groups still pale in comparison not just to U.S., European and Japanese, but even to Mexican and Brazilian communication giants” such as Televisa and Globo (93).

The third part of the hypothesis was that media ownership would become proportionately more foreign. This is the case, and in fact could hardly help being the case, given that foreign companies were not legally permitted to invest in the media sector prior to 1993. As with the proportion of private ownership, however, it is not clear whether increasing FDI led to the change or resulted from the change. In either situation, the two seem to reinforce each other.

**Hypothesis 2**

My second hypothesis was that an increase in the demand for FDI will increase official pressure on the media not to report “unfavorable” types of political and social activities for fear that they might scare off investment. Again, there is some evidence that supports this claim, but the connection is still a bit tenuous.

One thing that seems clear is that there has been fierce competition for FDI in the Latin American region (see e.g., ECLAC 2000:15). Another thing that seems clear is that despite the return to civilian-led democracy in the early 1980s, the government has interfered in the reporting of news by Argentine media. A number of sources mention the reported repression of the media by the Menem administration, which presided over Argentine politics for most of the last decade.19 While this effort to control media content was nothing new, it was often more subtle than some of the techniques used in the past, especially under Perón or the succession of military governments. The recent methods include the regulation of broadcast licenses (i.e., the government has the last word in whether someone can buy a license and has denied licenses to people unfriendly to the government), intimidating lawsuits against journalists, and oversight of media group operations. Another very effective tool is the withholding of government advertising dollars. Since the state is the largest advertiser, a newspaper that cannot print public advertisements will go out of business (Laviéri 1996).

In the early 1990s, the Menem administration caused an uproar when it withdrew all public advertising, albeit temporarily, from the newspaper *Página/12*—shortly after it broke a story about a drug- and money-laundering operation involving Menem’s private secretary and

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19 In the October 1999 presidential elections, Fernando de la Rúa became the new president.
former sister-in-law, Amira Yoma. The regime also threatened to push through a number of restrictive laws in the mid-1990s. These included the doubling of prison time for a libel conviction, a constitutional amendment requiring a newspaper to publish a response from someone who believes s/he has been wronged in print, a Senate rule allowing a congressmember to arrest and detain for 10 days a journalist who writes or broadcasts an “offensive” story, and a Senate-imposed journalistic code of ethics (Lavieri 1996:183). In 1998, two members of the government sued journalists (in separate cases) who had used political satire in the magazine Humor. In both cases, the Supreme Court ruled in favor of the government. Journalists and human rights activists claim that the country is experiencing a worrying trend toward charges of slander and defamation against journalists, threatening their ability to express their views (see e.g., García 1999a, 1999b). The courts also issued a series of rulings that require journalists or their publications to pay damages for material published about investigations of political figures, even when the court considers this information to be accurate. Probably the best-known example is Menem himself, who successfully sued the magazine Noticias for a 1995 story that he fathered a child out of wedlock. Menem did not contest the accuracy of the report, but an appellate court ruled that the story should not have been published because it concerned Menem’s private life.

In 1995, the government finally backed away from a proposed “gag law” that would have toughened penalties for libel and defamation, following a “sustained campaign from national and international media” (Doman 1996). Moreover, the repression has included threats and attacks against individual journalists. The U.S. State Department’s 1993 human rights report said the “heightened level of threats and overt aggression against journalists, union leaders and opposition politicians” was the biggest threat to Argentine freedom of expression (reported in Lavieri 1996:183-184). A press release by Amnesty International in May 1998 reported “hundreds of cases of death threats, physical attacks and other forms of intimidation” since the early 1990s. According to a recent report by Human Rights Watch, 43 journalists were attacked in Argentina between 1995 and 1998 alone, with attacks ranging from legal harassment to physical assault. In 1993 for example, two journalists—Marcelo Bonelli and Hernán López Echagüe—were physically attacked. Both attacks were strongly suspected to have been carried out on the orders of government officials, which was promptly denied. In 1994, however, a congressional investigation found a former intelligence officer close to Alberto Pierri (president of the Chamber of Representatives) involved in two separate attacks against Echagüe. The large professional journalist associations—the Union of Press Workers of Buenos Aires and the Argentine Federation of Press Workers—have complained strongly against the threats and attacks.

So it is possible that the repression against the media is at least in part because the government wishes not to see unfavorable news that might deter FDI (which the Menem administration clearly did). But there are other possible explanations as well, not the least of which is corruption in the government.

Hypothesis 3

I also hypothesized that an increase in the presence of media-related TNCs will increase the range of political views presented in the mass media. The evidence suggests that the range of
political views has increased in recent years, although it appears to some observers that the range of topics that is covered is not particularly wide. Moreover, journalist and communications professor Omar Lavieri suggests the possibility of self-censorship among the Argentine media. Unfortunately for my project, however, his published data do not distinguish between media with foreign ownership and those that are entirely domestically-owned.

Lavieri (1996) emphasizes that despite the assaults on journalists, freedom of expression currently exists in Argentina. But he argues that while the “media can report almost everything that takes place in the country,” media enterprises that support the government’s economic policies often “forbid their journalists to write or speak about a specific issue,” such as the appalling rate of poverty (Lavieri 1996:186-187). Furthermore, many journalists are willing to accept payoffs or incentives from government, politicians, and business people who are eager to be mentioned in the news (ibid.:189). These interviews are often prearranged, which includes the specification of questions that are “acceptable.” Lavieri suggests that the concentration of media is exacerbating the situation by reducing journalists’ opportunities to have a second job (i.e., because the large companies are demanding exclusivity), which increases the pressure to accept under-the-table payments. So while Lavieri agrees with the Menem’s claim that the freedom of expression was never greater in Argentina, he also states that government officials sometimes “pay reporters and media owners to repress information about issues” (ibid.:187). He contends that the government has built an “informal network” of media that are less likely to criticize the government than would a truly independent media. This is also critical because one’s ability to obtain crucial access to public records often depends on one’s contacts. Because there is no law in Argentina that is equivalent to the U.S. Freedom of Information Act, Daniel Santoro contends that the system punishes journalists who do not support the government’s viewpoint (quoted in Lavieri 1996:195). Finally, Lavieri claims that there are relatively few opportunities for people with diverse viewpoints to present these views on the televised political talk shows, where he contends that “right-wing hosts” are “firmly entrenched” (ibid.:193).

**Hypothesis 4**

My final hypothesis was that an increase in FDI and TNCs should weaken press–government ties, decreasing the state’s functions with respect to the mass media. While this expectation is in keeping with most theories of globalization, it appears not to be the case (at least not at this point). In short, the patterns of media–state relations that developed between 1943 and 1983 have to a large degree shaped the current relationship. Hand-in-hand with the pattern of historical development is the continuing role of the state in influencing the media’s political role in Argentina.

Waisbord (2000) argues that western media models are unsuitable in South America more generally, because the state has always been stronger and has played a more important role in

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21 Lavieri cites a number of examples as evidence. *La Prensa* now belongs to Ambassador Amalia Lacroze de Fortabat, a “wealthy, right-wing businesswoman who agrees with President Menem’s economic policies” (ibid.:188). *La Razón* belongs to Carlos Sapadone, a former government official “accused of making his personal fortune while in public office” (ibid.). A major radio station is owned by Gerardo Sofovich, Menem’s friend and former chair of the only state-owned channel (who was accused of selling advertising cheaply to family enterprises) (ibid.). Furthermore, the government runs the public TV channel ATC (Argentina Televisora Color) and its cable channel, and in the past—according to many journalists—financially supported the media group America, which owns a radio station, TV channel, newspaper, and cable channels in Buenos Aires and elsewhere.
media matters than the state in Western Europe or the U.S. For one thing, press economics have been “anchored in the state” (ibid.:50), and media systems have followed commercial guidelines often subject to government control and intervention. In Argentina, as elsewhere in the region, the media after 1943 were usually seen as political enterprises as well as commercial ventures, and the state kept control of important resources such as newsprint. Also, government advertising remained—and remains today—a major source of revenue for the media. As I suggest above, the state’s economic power can discourage real press autonomy even without the state using overt forms of censorship. The government can still offer economic incentives in return for favorable coverage.

Moreover, while democratic liberties can potentially protect citizens and media organizations from official abuses, including censorship or the persecution of dissident media, they “don’t overturn social inequalities, level the playing field, or eliminate less overt forms of government manipulation of media content” (ibid.:57). These less overt forms of manipulation might include privileged access and status to government information. Lavieri suggests that this is, in fact, one of the important issues facing contemporary Argentine journalists. He also would agree that while the media denounce official wrongdoing, they often ignore the concentration of wealth or social inequalities. Hence, it appears that the government still has the ability to influence media matters, despite the ascendancy of market forces in the 1990s. It is still very unclear whether the new media have affected Argentine politics. As I describe in the previous section, cable television and the Internet are growing rapidly in Argentina, and some evidence suggests that the last two governments have been very committed to continuing that trend.

**Preliminary Conclusions and Areas for Further Research**

Stark (1998:88) contends that “an indispensable area of research is the systematic study of how individual Latin American democracies respond and adapt to globalization.” This paper has sought to contribute to this study by looking at one area of contemporary democracies: changes in press–government relations. My tentative conclusions are that while many of the predicted changes in the media seem to be occurring, existing evidence does not link them to the rise in FDI and media-related TNCs in any strong (let alone definitive) manner. Thus I end this paper with a number of suggestions for further research that would shed more light on these questions.

One of the key improvements would be a series of interviews with elites in the media and in the state. The methodological premise here is that media–state relations are not merely a set of formalized principles observable in records, but dense networks of personal contacts and relationships that influence the nature of media policy, the way that government actions are reported, and the political roles played by the media and the government. This would be revealed only through interviews with the various players.

Another potential area for study is the effects of globalization during different regime types. My current research will ultimately compare these effects over time in one country, but cross-national research in countries with different types of legal and judicial regimes may also be illuminating. Third, theories of globalization often do not account for historical patterns of relationships. As Waisbord (2000) and Waisbord and Morris (2001) suggest, this is leaving out a crucial part of the story, that is, the traditional role of the state that was greater than it was in media matters than in the U.S. and probably Western Europe. Hence the need to consider the effects of globalization over time.
Finally, a fourth promising area is union activity in the media sector. Hirst and Thompson (1999:12) argue that the further decline in political influence and economic bargaining power of organized labor is consistent with the notion of globalization. This would seem to be a particularly fruitful line of inquiry in a country like Argentina, where the unions have traditionally been relatively strong. The weakening of the media-related unions that has accompanied globalization, specifically neoliberal economic reforms, could help to account for the appearance of a state that has not weakened relative to the media.
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