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Since the mid-1980s, the global communication industry has undergone a process of neoliberal transnationalization. As communication industries have expanded geographically through foreign direct investment (FDI) and acquisition, they have reorganized their structure in order to effectively produce and distribute their cultural products and services. From television to advertising agencies, from newspaper companies to telecommunications firms, communication industries have sought to mediate increasing globalization of the world economy and culture through mergers and acquisitions (M&As). Only 20 years ago, the communication industry achieved limited integration, reflecting its relatively small stake in the global industry. However, communication industries have substantially expanded their role through capital investment, and the communication industry has become one of the largest industries in the global deal markets as a result of vertical and horizontal integration.

Indeed, there has been a trend towards the neoliberal globalization of communications services beginning in the mid-1980s. During the 1980s, the politics of neoliberal communications reform took hold in dozens of nations, following the US and UK. The initial marginal steps to liberalize markets began in 1984 in the telecommunications sector with the divestiture of AT&T in the US and subsequent privatization of British Telecom (BT) in the UK.[1] Further, within the audiovisual sector, the transformation began in 1985 when the US television industry experienced several significant corporate takeovers on a scale not seen since the 1950s.[2]

Privatization of communications companies has also been noticeable during the last two decades. Typically, but not always, privatization is coupled with deregulation. Before 1989, only nine countries had privatized an existing telecommunications system operator, for instance. With the collapse of

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the Soviet Union in 1991, however, the scale of the neoliberal privatization project in communications rapidly expanded and gained devotees within scores of countries.[3] Privatization within telecommunications industries resulted in massive investing in the global telecom market. Incumbents facing competition at home in mainly Western countries strongly pursued foreign markets for investment opportunities as a form of a consortium or joint venture (Frieden, 2001: 357).[4]

In particular, one specific statute and one multilateral agreement, the Telecommunications Act of 1996 in the US and the WTO agreement in 1997, have expedited the neoliberal transformation of the communication sector around the world (Schiller, 2003: 68). In the US, the 1996 Telecommunications Act allowed for an unprecedented level of competition in the communication sector. The US statute eliminated market entry barriers for entrepreneurs and other small businesses in the provision and ownership of communications services, including telecommunication and broadcasting services, and thereafter triggered a huge wave of M&As across the greater communications industry.[5]

On the global level, the drive for neoliberal liberalization culminated in the 1997 WTO agreement (Jin, 2005). The pace of privatization opportunities has increased under the auspices of the WTO, particularly because many states have made market access commitments, which reduce or eliminate restrictions on foreign ownership and licensing restrictions in communications. The 1997 WTO agreement ignited a wave of M&As because each of the giant communication firms, including telecommunications, has moved aggressively into deregulated domestic communications markets around the world, and transnational corporations (TNCs) have formed joint ventures with other global giants and local investors.

This article examines the neoliberal transnationalization of the communication industry via consolidation. It analyses foreign and domestic investment activities of the communication industries through M&As in broadcasting, advertising, newspaper and telecommunications (basic services) industries between 1983 and 2005. The article discusses the way in which the two most significant events in the global communication system – the 1996 Telecommunications Act and the 1997 WTO agreement as major neoliberal reforms – have changed the landscape of the global communication industry. Finally, the article explores the role of the US corporations – considered the key players in the global communication system – in the global M&A market to determine whether, in the midst of neoliberal globalization, non-Western countries have expanded their influence on the global communication system through investing their capital.

Neoliberal globalization in the communication industry

Over the last two decades, global communication industries have experienced a dramatic neoliberal transnationalization. Across the world, the vast majority of governments have introduced economic liberalization measures, including a reduction in government intervention in product markets, opening the domestic market and privatizing the financial and public sectors, including the telecommunications and broadcasting industries. In other words, the restructuring of the communication sector is being conducted under the banner of deregulation and privatization, not only in Western countries where this trend was most pronounced, but around the world, including the countries of the old socialist bloc as well as in Latin American and Asian countries (Jin, 2005).

Critical political economists argue that neoliberalism – that is, the policies that maximize the role of markets and profit-making and minimize the role of non-market institutions through deregulation and privatization (Friedman, 1982: 2–3) – has expanded and enhanced corporate profit-making opportunities (Hart-Landsberg, 2006). Several theoreticians also emphasize that neoliberalism has resulted in the concentration of ownership among a few mega-media giants. As Robert McChesney (2001) argues, neoliberalism unleashed national and international politics maximally supportive of business domination of all social affairs. He correctly points out, 'the centerpiece of neoliberal policies is invariably a call for commercial communication markets to be deregulated' (2001: 2). The aggressive promotion of the benefits of neoliberal reform by the US and the UK massively increases both the operating space available to private corporations and the resources at their disposal (Murdock, 2006). Furthermore, Grant and Wood argue (2004: 85) that the global marketplaces of publishing, recorded music, film production and broadcasting have all come under the control of giant corporations, mainly US-owned or US-based. As these scholars emphasize, neoliberalism engineers the restructuring of national economies and boundaries, and this has consequences for communication industries. The communication industries in Latin America and Asia, as well as the US, underwent a dramatic transformation commonly referred to as neoliberal reform.

Nonetheless, there has been little historical research on the rapidly changing global communication system through capital investment. Several scholarly papers (Chan-Olmsted, 1998; Howard, 1998; Jung, 2004; Peltier, 2004) have focused on the issues of mergers and acquisitions; however, they have mainly explored the economic effects of M&As and strategies for M&As – meaning that these previous works emphasized the structural changes of the global communication system, not from political-economy perspectives but rather from media management perspectives. This prior research is also not comprehensive because of the short time-period covered and the industries in the communication sector studied.[6] Through the ongoing discussion, this article will shed light on current debates on the neoliberal transformation in the global communication system, and contribute to the development of current theories of neoliberal globalization.

Methods of the study

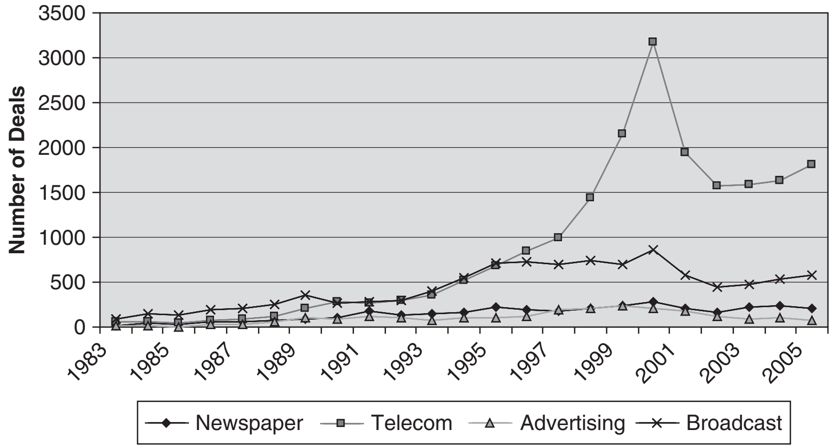
This article maps out how the transformation of the global communication system can be understood within the larger context of global political-economic shifts and accompanying technological development. In order to do this, it analyses two major sources using historical and political-economy approaches. The first major source of data used in this article is the SDC Platinum database compiled by Thomson Financial Company, which includes all corporate transactions, private as well as public, involving at least 5 percent of ownership of a company between 1983 and 2005.[7] The second major source that I analyse is the 'M&A Almanac' during the period 1983–2005, in *Mergers and Acquisitions*, which is the dealmakers' trade journal, published monthly by Thompson Financial Company, in order to discern a solid trend of M&As in the international communication sector. This article uses the time period 1983–2005 because the UK and the US began their neoliberal transformation and globalization in the early 1980s; and because we also need to analyse the impact of the 1996 Telecommunications Act and the 1997 WTO agreements on the transnationalization of the global communication industry in the 21st century.

Transnationalization in the broadcasting industry

M&As among broadcasting stations show a unique trend in the international M&A market. According to the SDC Platinum database, overall 10,233 M&As in terrestrial broadcasting companies worldwide, valued at \$2,153 billion, were completed between 1983 and 2005. Among these, US broadcasting stations acquired as many as 5511 broadcasting stations (53.8%), whether acquired companies were US-owned or foreign countries-owned, followed by the UK (692 companies), Canada (650), Australia (351), France (337), Germany (247) and Japan (219) (see Figure 1). These seven countries acquired 8007 companies (78.2%), and they dominated the global M&A market. The relatively high number of deals made by Australian companies was a result of the aggressive M&A strategy of News Corporation, owned by Rupert Murdoch.

The majority of mergers and acquisitions have occurred in recent years. M&As completed among broadcasting stations between 1996 and 2005 accounted for 62 percent of all M&As since 1983. M&As among broadcasting stations peaked in 2000 with 858 deals; however the number of deals substantially decreased from 2001 – with 584 cases that year and 444 cases in 2002 – and then bounced back with 471 cases in 2003 and 536 in 2004, respectively. M&As in the communication industry decreased significantly for a while in the US and in other countries, in the midst of shrinking global M&As in almost all industries, after the 11 September 2001 terrorist attacks on the US (Jin, 2007).

FIGURE 1
Number of Deals in the Communication Industry



During the period 1983–2005, M&As in the same country (target company and acquirer are in the same country) accounted for 8236 deals (80.5%), while there were 1466 (14.3%) cross-border deals, and acquirers were unknown in 531 cases (5.2%). Cross-border deals were not notable in the 1980s, but they have increased gradually since the mid-1990s. Between 1983 and 1987, for example, only 33 out of 772 cases were cross-border deals – 4.3 percent of deals. However, the situation has changed. In particular, deals between countries have soared since the 1997 WTO agreements. There were 930 (16.5%) cross-border deals between 1997 and 2005 out of an overall 5,625 cases. In 2000, cross-border deals numbered 156 cases (18.1%) out of 858 deals, and in 2005 they constituted 120 (20.6%) out of 582 cases. The US was the country that acquired the largest number of broadcasting companies in other countries. During the period 1983–2005, the US acquired 488 foreign broadcasting companies (33.2%), followed by the UK (175 cases, 11.9%). The two countries together accounted for 45.5 percent of cross-border deals. Other major acquirer countries are Canada, France and Australia.

This data demonstrates that the US and a few Western countries are the major acquirer countries, and developing countries have hardly expanded their investment in other countries. Non-Western acquirer countries, for example, consisted of 146 cases (15.6%) out of 930 cross-border deals between 1997 and 2005; and they mainly bought broadcasting companies in the same region. Hence, it is not surprising that they could not penetrate any Western countries.

Transnationalization of the advertising industry

Advertising and television broadcasting rely on each other; television delivers audiences to advertisers and by extension to corporations, which in turn provide the bulk of television revenues. With the recent proliferation of new private advertising-supported TV channels and the tremendous growth of commercial television in Europe, Latin America and Asia, international advertising expenditures have greatly increased over the last two decades. World advertising expenditures in constant dollars was only $66.1 billion at current prices in 1980, but increased to $182.5 billion in 1990 and soared to $290.1 billion in 1999.[8] According to ZenithOptimedia, world advertising expenditures in 2005 were $397.9 billion in major media, including TV, print, radio, cinema and the internet.[9]

With this rapid growth of the advertising market, the advertising agency business itself has rapidly grown and consolidated on a global basis over the last two decades, in part to better deal with the globalization of product markets and also to better address the plethora of commercial media emerging to serve advertisers. Above all, the leading global advertising agencies tend to be smaller than major media firms, whose annual sales are as much as ten times greater (*Business Week*, 1996: 133). The expansion of advertising internationally in the 1980s fuelled the creation of mega-advertising agencies, as the result of widespread mergers and acquisitions. In the 1980s there was a major wave of M&As among advertising agencies, especially in the US, and the trend toward consolidation in the 1990s has expanded (Herman and McChesney, 1997: 59).[10]

The overall international M&As in the advertising industry increased rapidly between 1983 and 2005, and a total of 2363 M&As were completed in that period. In 1983 there were only eight M&As in advertising agencies; however, they have increased considerably beginning in 1988 (64 deals). In particular, the deals completed in the years between 1997 and 2005 accounted for 60.4 percent of all M&As between 1983 and 2005. Among all mergers, US agencies acquired 915 companies (38.7%) and non-US agencies acquired 1448 companies (61.3%), whether acquired companies were US-owned or foreign countries-owned, unlike the broadcasting industry. Of course, a few Western countries, including the US (915 cases), the UK (422 cases), France (214), Australia (96), Germany (94) and Japan (60), accounted for 76.2 percent of deals in the market, as in the broadcasting industry.

Meanwhile, the total number of cross-border M&As was as many as 738 deals (31.2 %) during the same period. In 1999, cross-border deals peaked at 85 cases (36.1%) out of 236 deals. The US was the country that acquired the most foreign advertising agencies. Between 1983 and 2005, the US acquired 283 foreign agencies (38.3%) out of 738 cases, followed by the UK (163 cases: 22%) and France (111 cases: 15%). These three countries together accounted for 75.4 percent in cross-border deals in advertising agencies, while Japan, the second largest advertising market, acquired only 24 foreign advertising agencies (3.2%).

This data proves that advertising agencies themselves have rapidly grown and reshaped on a global basis. It also show that M&As in advertising agencies occurred very actively in non-US regions. Advertising agencies have become one of the communication industries that has attracted most investment by non-US based transnational companies beginning in the mid-1980s. However, that does not mean an increase in the role of developing countries, because other Western countries, including Canada and Germany, maintained and/or increased their role in the M&A market during the same period. Developing countries still cannot challenge the US agencies in any tangible way.

Transformation of the newspaper industry

The newspaper industry is no exception in the neoliberal transnationalization. The number of M&As in the newspaper industry worldwide has rapidly increased, as in many other communication industries. The overall M&As in the newspaper industry in the period 1983–2005 were 3467, valued at $203.8 billion. During the same period, the US accounted for the largest number of deals in the market, and the country acquired 1006 companies (29.4%), followed by the UK (494 cases, 14.6%), Germany (295 cases), France (227 cases), Canada (209 cases) and Australia (112 cases). These countries together accounted for 2343 deals (67.6%). Japan only accounted for 16 cases, which were mostly domestic deals. The role of the US companies in the newspaper market has not changed much during the period 1983–2005. Between 1983 and 1990, the US accounted for 14.9 percent in the deal market, while it was 15.3 percent between 1997 and 2005.

As in both broadcasting and advertising, the M&As in the newspaper industry have substantially increased in recent years. The number of deals was only 15 in 1983 and 38 in 1984, respectively. However, it peaked at 283 in 2000 as in other media industries. The deals decreased to 235 in 2004 and 210 in 2005, respectively. The deals in the newspaper industry mainly occurred between 1996 and 2005. During that period, deals in the industry accounted for 2136 cases (61.6%) out of 3467 cases.

However, cross-border deals constituted only 658 cases (18.9%), with the overall value of these deals recorded at $43.9 billion. Unlike other communication industries such as broadcasting, advertising and telecommunications, in the newspaper industry the UK was the country that acquired the largest number of newspaper companies from other countries. This will be explained in greater detail below. During the period 1983–2005, the UK acquired 112 foreign companies (17%), followed by the US (101 cases; 15.3%), Germany (60 cases), Canada (58), France (40) and Australia (18). These six countries together accounted for 393 cross-border deals (59.1%).

As these data prove, the transnationalization in the newspaper industry is unique. Unlike in other communication industries, the US and the UK duopoly has not been such a powerful influence in the global M&A market. Although the two countries accounted for 32.3 percent of cross-border deals, this proportion is relatively less than in other communication sectors, such as broadcasting, advertising and telecommunications. As Herbert Schiller pointed out (1989: 36), the newspaper industry in several countries was traditionally an exceptional one with regard to transnationalization. Transnationalization in the newspaper industry was not substantial until the 1980s. 'For newspapers, it is the national and, even more, the local/regional market that is determining' (Schiller, 1989: 36). However, the situation has substantially changed since the 1990s, and the press industry has become part of the global M&A market.

Transformation of the telecommunications industry

Telecommunications has become one of the most active industries in the global M&A market, which resulted in the formation of mega-transnational corporations, beginning in the 1990s. The overall M&As in the telecom industry rapidly increased between 1983 and 2005. During the period, the overall number of M&As completed was as many as 20,210. M&As in the telecom industry were only 925 between 1983 and 1990; however, they began to increase from 1991: about 269 cases in that year, 297 cases in 1992, and 362 cases in 1993. The deal market in the telecommunication sector has exponentially soared since the 1996 Telecommunication Act and the 1997 WTO agreements. In 1997, the number of M&As recorded was 1000 cases, but it rose to 1442 in 1998, 2155 in 1999 and 3180 in 2000. M&As then declined dramatically in 2001 (1941 cases) and 2002 (1569 cases), partly because of the weakness in the US deal market. However, the number of deals has again bounced back and showed an increasing trend in recent years. There were 1812 cases in 2005.

The US companies, as the largest players, acquired 8844 telecom companies (43.7%), both domestic and foreign, followed by the UK (1175 cases), Canada (1068 cases), Germany (765 cases), Australia (625 cases), France (572 cases) and Japan (605 cases). These seven countries together accounted for about 67.5 percent of deals between 1983 and 2005. Interestingly enough, the role of the US has gradually declined since 1998. In 1997, the US was involved in 55.6 percent of deals in the global M&A market; however, the proportion declined to 53.3 percent in 1998 and 42.4 percent in 1999. In 2002, when global deals peaked at 3180 cases, the US acquired only 1044 companies, and its proportion dropped to 32.8 percent.

During the same period, M&As in the same country (target company and acquirer are in the same country) accounted for 70.3 percent, while cross-border deals comprised 24.8 percent (5007 cases). For others (4.9%) the identities of acquirers are unknown. Cross-border deals were not substantial until the early 1990s; however, such deals soared between 1994 and 2005, particularly after 1996. Between 1983 and 1990, only 15.6 percent of deals were cross-border M&As; however, between 1997 and 2005 this figure soared to 27.2 percent. When global deals peaked at 3180 cases in 2002, cross-border deals were as many as 950 cases (30.9%), excluding unknowns.

The US was the country that acquired most telecommunications companies from other countries. During the period 1983–2005, the US acquired 1502 companies (30%), followed by the UK (563 cases, 11.2%) and Canada (302 cases, 6%). The role of the US in the cross-border deal market slightly decreased overall. During the period 1983–90, the US accounted for 31.5 percent, compared with 28.7 percent between 1997 and 2005.

Meanwhile, the telecommunication industry has become one of the largest industries in the global M&A market. The value of M&As in telecommunications jumped exponentially from only $4.4 billion in 1992, and $10.5 billion in 1993 (M&A Almanac, 1993, 1994), to $213 billion in 1999 and $235 billion in 2000 (M&A Almanac, 2000, 2001). Those years were recorded as the golden age of telecommunications companies in the global M&A market.[11]

Neoliberal transformation of the global communication system

The trend toward transnationalization of the communication sector through M&As began with the rise of neoliberal globalization in the early 1980s, and it has further accelerated since the late 1990s following the US 1996 Telecommunication Act and the 1997 WTO agreement. A politics of neoliberal communications reform has driven dozens of nations to restructure their communication industries as a major part of economic transformation. The changes that were made in communications market structures in the 1980s indicated that competition, once the exception in communications, was quickly becoming the norm.[12] As a result of a series of deregulating markets, transnational capital was active in domestic telecom markets around the world. Transnational companies were intent on achieving access to an increasingly sophisticated, seamless communications network, enabling them to conduct business around the clock and all over the world (Oh, 1996: 714–15).

Capital investment occurred not only in domestic markets in developed countries, but also in developing countries because communications giants extended their investment for high profits, reflecting their advanced technologies and the saturation of domestic markets in developed countries. This resulted in the rapid growth of transnationalization of the communications sector. The strong trend towards the deregulation, privatization and commercialization of communication, which began in the US and the UK, has opened up global commercial broadcasting and private telecommunications in a way that displays a startling break with past practice throughout much of the world (Herman and McChesney, 1997: 45).

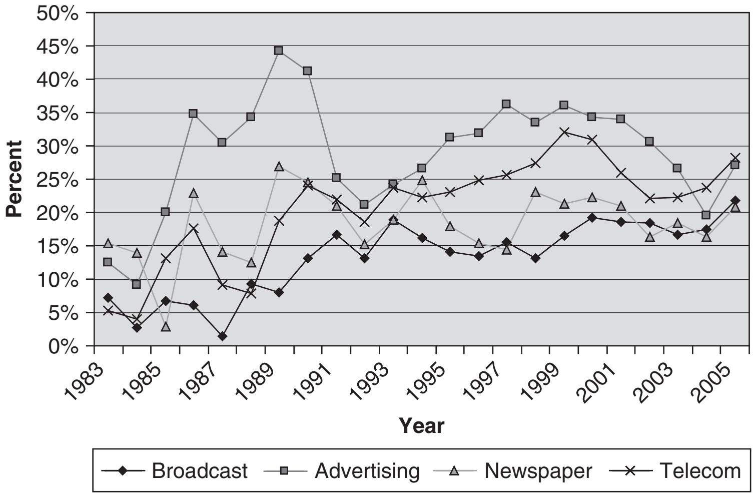
Consequently, the communication industries, including radio and television broadcasters as well as telecommunications, have become the largest sector in the global M&A market. In the 1990s, telecommunications was the second largest industry by dollar value at $524.3 billion, behind commercial banks ($547.2 billion), and radio and broadcasting industries were the fourth largest industry in the M&A market at $309.8 billion, behind oil and gas ($326.2 billion) (M&A Almanac, 2000: 37). In a combination of just broadcasting with the telecommunications industries ($834.2 billion), there is no doubt that the communication sector was the most active and largest industry in the M&A market in the 1990s (Jin, 2007). Although the number of deals in the market decreased for a couple of years following the 11 September 2001 attacks on the US as well as the global economy recession, the communication sector is still one of the largest sectors in the global deal market.

Among the communication industries analysed, the telecommunications industry has become the largest sector in terms of both the number of deals made and the total value of transactions in dollar values, which reflects its significance in the new media technology and information economy. During the period 1983–2005, the telecommunications industry recorded as many as 20,210 deals worth $4,312 billion. The broadcasting industry came second, recording 10,233 deals worth $2,153 billion, followed by the newspaper industry (3467 deals; $203.8 billion) and the advertising industry (2,363 deals; $79.9 billion) (see Figure 1).

The number of cross-border deals in communications industries have greatly increased; however, the characteristics of these deals are very different from the overall trend. The advertising industry has been the most active communication sector in cross-border deals. During the period between 1983 and 2005, cross-border deals in the advertising industry accounted for 31.2 percent, followed by the telecommunications industry (24.7%), the newspaper industry (18.9%) and the broadcasting industry (14.3%). The number of cross-border deals in the telecommunications industry has substantially increased from only 5 percent in 1983 and 4 percent in 1984, respectively, to 32 percent in 1999 (see Figure 2). Cross-border deals in the telecommunications sector and the broadcasting sector have further increased since 1996 and 1997, mainly because of the US 1996 Telecommunications Act and the 1997 WTO agreement.[13] As a result of these two major historical events, cross-border deals in the telecommunications industry increased from 23 percent in 1995 to 32 percent in 1999 and 31 percent in 2000. In the broadcasting industry, the proportion of cross-border deals was 14 percent in 1995; however, it increased to 19 percent in 2000.

The advertising industry and the newspaper industry have shown less influence of the two major events than either the telecommunications or the broadcasting industry. Although cross-border deals in the advertising and newspaper industries have increased since the late 1990s, the increase is not substantial, and cross-border deals in both advertising and newspapers were

FIGURE 2
Cross-deals in the Communication Industry



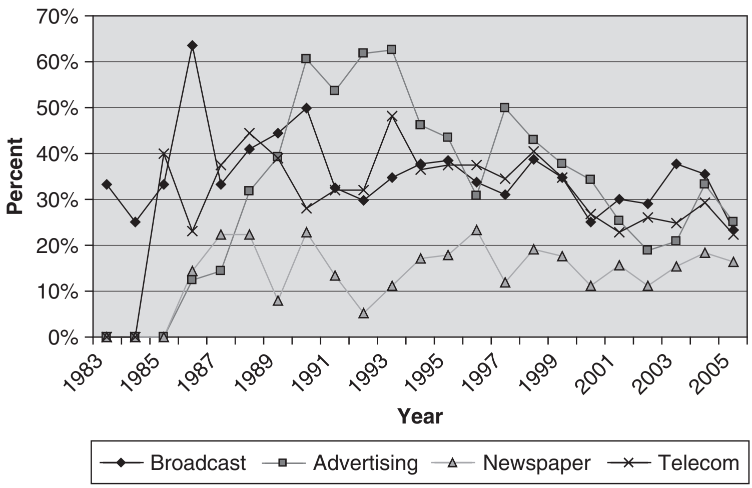
more prominent in the 1980s, unlike in the other communication industries. For example, cross-border deals in the advertising sector accounted for 44 percent of deals in 1989 and 41 percent in 1990, respectively, while the figure was 20 percent in 2004 and 27 percent in 2005. As explained, the chief function of the advertising industry has changed since the mid-1980s from advertising alone to a dual function (advertising and marketing), and it was mainly a few Western countries whose marketing skills were advanced that acquired advertising agencies from the developing countries in the late 1990s.

It is not unexpected that the broadcasting industry had the lowest proportion of cross-border deals in the communication industry, because television remains primarily a national phenomenon in many countries, and the domestic state plays a significant role in shaping national television systems (Straubhaar, 2001: 133–4). Considering the social and cultural impact of broadcasting services on the public, restrictions on foreign ownership of broadcasting services were common in many countries in the 1980s (OECD, 1999: 114). Many countries, from the US to Asian and Latin American countries, however, have selectively (partially, if not wholly) begun to lift bans against foreign ownership in national communication industries beginning in mid-1990s, although traditions of protection for domestic communication and cultural industries persist. In other words, M&As in broadcasting stations mainly occur between domestic companies because broadcasting companies are symbols of national identity, but with the relaxation of constraints on foreign ownership and the coming of privatization, cross-border M&As have gradually increased in recent years.

Meanwhile, the two major historical events of 1996 and 1997 have also changed the landscape of the global communication system because the US has played a contradictory role in the deal market in recent years. As discussed, the role of the US communication industries in the overall deal market in the global communication system has been increased greatly over the past two decades, and has intensified in power particularly since the late 1990s. The neoliberal reform movements, first in the early 1980s and then in the late 1990s, which were driven by the US, have changed the map of the global communication system via massive capital investment in the form of M&As. US communication companies have enjoyed supreme power in the midst of the neoliberal reform by investing their capital not only within the US but also in other countries.

However, the role of the US in cross-border deals in the communication industry has unexpectedly decreased over the last few years, particularly since the 1996 Telecommunications Act and the 1997 WTO agreements. The number of deals throughout the world has rapidly increased with the two major events; however, the role of the US in the cross-border deal market dropped, with a few exceptions, right after the two events. As Figure 3 shows, in 1986 the US accounted for 64 percent of cross-border deals in broadcasting, and 38 percent in 1994; however, this figure decreased to 30 percent in 2001 and 23 percent in 2005. Likewise, the US proportion of cross-border deals in telecommunications dropped from 40 percent in 1998 right after the two major events to 25 percent in 2003 and 22 percent in 2005. In the advertising industry, the role of the US in cross-border deals has substantially decreased from 61 percent in 1990 to 19 percent in 2002.

FIGURE 3
Cross-deals by the US in the Communication Industry



While the role of the US has increased somewhat since 1996 in these communication industries, the country has not sustained its capital power over the last few years. Although the US, as the major player in the neoliberal globalization, has greatly influenced the changes in the map of the global communication sector, the capital market does not exist solely for the US. A few Western countries still dominate the global communication market with their capital, but the US has slightly lost its supremacy in the global communication system.

Conclusion and Discussion

The global communication system has substantially changed since the mid-1980s. Communication industries have grown dramatically with worldwide economic restructuring and technological innovations. The changing political-economic environment in the world has caused the rapid transformation of global communication. The introduction of neoliberal economic policy, adopting deregulation, liberalization, and privatization of communication systems beginning in the mid-1980s in the US and the UK, has resulted in the break-up of public monopolies over broadcasting and telecommunications industries, as well as other communication industries. The relaxation of foreign ownership restraints and the privatization have expedited the swift transnationalization of the global communication system.

The swift restructuring of the communication industries since the mid-1980s was first made possible because governments around the world adopted deregulation and privatization policies as they confronted intensifying pressure not only from corporations but also directly from international organizations and the US government. In particular, the WTO agreement on basic services attracted widespread attention with many governments because it succeeded, on a global scale, in establishing the free trade principle in an area previously closed to foreign intervention. In 2000 China, for example, declared it would partially open its communication market to international communication as part of China's WTO accession. China, which had rejected foreign investment and foreign ownership in the communication industry until the late 1990s, permitted foreign companies to own up to 49 per cent of Chinese video and audio distribution companies (Hazelton, 2000: 8). With the lifting of the ban on the global communication industry, several foreign majors invested in the Chinese communication market, including the News Corporation and Disney. As Yuezhi Zhao points out (1998: 170–2), external challenges to the Chinese media system increased in the 1990s.

Not surprisingly, TNCs played a significant role in the process of change, along with international organizations and the US government. With deregulation in each government, TNCs have invested an enormous amount of money in the communication industry in developed countries because it became a highly profitable sector of the world economy, which resulted in ever-increasing rates of growth in the communication industry. In other words, commercialized mega-communication and telecommunications industries through M&As can control the global market, and ultimately acquire a larger share of and larger profit from the global information and entertainment markets. The emergence of mega-communication companies has allowed large companies to control content and hardware together in order to enable them to maximize their value and profit. Mega-communication conglomerates can secure their outlet of their content, including television programs and films, through vertical and horizontal integration as well as international alliance.

However, the role of developing countries has rarely increased in the global M&A market over the last decade. It is argued that new forces, particularly several local-based transnational communication companies, have expanded their role in the global market in the process of global integration. Keane (2006) has argued that neoliberal globalization does not solely mean the dominance of Western countries. The increased level of transnational information flows, made possible by the new technologies of communication and shifts in the institutional organization – economic, political, and legal – on the means of communications, has profoundly affected global media industries. Wang (2003: 267–8) also points out that 'although a few developed countries have increased their roles in the global communication market, with scarce resources and few competitive advantages, many developing countries fought bitter battles to defend their sovereign rights when issues regarding transborder data flows and direct satellite television broadcasting emerged on the agenda of international negotiations'.

With integration of content origination through to delivery mechanisms, non-US based TNCs have functioned in the global communication industries; however, the key players in the neoliberal globalization are still mega-corporations in Western countries. The role of the US has slightly decreased, but only a few developed countries have accounted for the majority of M&As in the communication industry. Although some developing countries, including Mexico, Singapore, and Korea, have increased their role in the cross-deal market, the inequality and imbalance in the communication industry between developed countries and developing countries still exist in the midst of neoliberal transformation. Although the US has slightly lost its power in the global M&A market, the gap between a few Western countries and developing countries remains significant.

Notes

1. On 1 January 1984, the monopoly in the telecommunications sector in the US was officially broken and AT&T was divided into eight pieces based on region.
2. In 1985 ABC was sold to Capital Cities Communication, and NBC was taken over by GE, while CBS had been afflicted all year by Ted Turner's unwelcome takeover bid. In addition, Rupert Murdoch began a serious quest to create a fourth US television network (Fox TV).
3. The fall of the Berlin Wall in 1989 and the break-up of the Soviet Union two years later transformed the landscape of international politics, profoundly influencing global information and communication. Since then, the communication industries in

the eastern bloc countries have been gradually been converted to the market-oriented system (see Schiller, 1999: 43–4; Thussu, 2006: 30–31).

4. The privatization and liberalization of telecommunications have also been stimulated by the desire for profits by telecommunications firms and the investment bankers who coordinate the neoliberal reform (Herman and McChesney, 1997: 111).

5. Since the passage of the Telecommunications Act, companies in the long-haul fiber-optic, cable TV, satellite, local-telephone, wireless and other sectors of the industry have undertaken massive capital expenditures to develop and upgrade networks (see Chan-Olmsted 1998; Howard, 1998; 1996 Telecommunications Act: Section 257).

6. With a few exceptions, the previous work focused on changes over only a few years and one specific industry. For example, Herbert Howard (1998) examined the effect of the 1996 Telecommunications Act on the ownership of television stations in the US based on data from 1996 and 1997; therefore his article did not assess the long-term influence of the Act. Slyvia Chan-Olmsted (1998) investigated the M&A strategies of broadcasting, cable TV and telephone companies before and after the 1996 deregulation; however, the analysis did not cover the new trends starting in the 21st century, so this article gave a limited interpretation of the effect of the 1996 Telecommunications Act. In addition, these previous studies did not focus on the initial impact of the neoliberal reform initiated by the UK and the US in the 1980s, because they used data mainly from the 1990s.

7. The SDC Platinum database includes international transactions. I accessed the database through the Commerce Library Subscription Right at the University of Illinois at Urbana Champaign in March 2006.

8. The 1990 and 1999 data came from *International Journal of Advertising* (2001). The journal, which was published by the World Advertising Research Center, copied this data from *World Advertising Trends 2001*, which was published by the same Research Center. The 1980 data came from Waterson (1992: 18). The 1980 data included advertising expenditure only in the US, Europe and Japan. It did not include data from Africa, the Middle East and Latin America. Since these regions accounted for about 3.6 percent of total global advertising spending in 1990, we could say that the 1980 data would represent the global advertising expenditure in the same year.

9. Unlike the data from 1980 and 1999, which included advertising spending in TV, print, radio, cinema and outdoor, the 2005 data added advertising spending on the internet (ZenithOptimedia, 2006).

10. Until the mid-1980s, the function of the traditional advertising agency consisted mainly of planning and creating advertising campaigns and choosing the appropriate media in which to place ads for their clients. The development of marketing strategies and the positioning of products in a given market were functions of the marketing department of a corporation or an independent marketing organization. Thus, until the 1980s, these two functions (advertising and marketing) were in general handled separately. By the mid-1980s, however, the mega-agency increasingly undertook to assume the dual role of marketing and advertising (see also Mahamdi, 1992: 160–61).

11. In the late 1990s, the world's largest telecommunications firms raced to put together global alliances. For instance, AT&T allied itself with Singapore Telecom and four major European national firms to form World Partners. Sprint, Deutsche Telekom and France Telecom also formed Global One in 1997 (Maney, 1997: 4B).

12. The regulatory frameworks for the introduction of competition in telecommunications services differed. In the US regional companies were set up and a distinction was created between local and long-distance telephony; in Japan a differentiation was made between facility owners/operators and other service providers, but competition was allowed throughout the network; in the UK, although competition was allowed throughout the network, a fixed-link duopoly was guaranteed until at least 1990 (OECD, 1990: 7).

13. The multilateral negotiations on basic telecommunications services in WTO under the auspices of the General Agreement on Trade in Services (GATS) had a most profound impact on the global telecommunications markets. The basic telecommunications negotiations were launched formally in 1995, after the establishment of the WTO. This sent a strong message to the telecom officials and telecom companies across the world. The Agreement on Basic Telecommunications Services requires its 69 signatories to open their domestic markets to foreign competition and to allow foreign companies to buy stakes in domestic operators (Jonquireres, 1997: 6; McLarty, 1998: 4).

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