Media Concentration in the United States

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OVERVIEW

- The United States has the most diversified media system in the world, with about 75,000 organizations doing business in book publishing, newspaper publishing, magazine publishing, motion picture production, radio broadcasting, and television broadcasting.

- Although the United states has the most diversified media system in the world, many scholars, professionals and citizens are concerned about concentration of ownership in these industries.

- Most media industries have experienced concentration of ownership in the form of large-scale media organizations, many of which own properties in different media industries (cross-media ownership). However, with the sole exception of the daily newspaper industry, the number of organizations and competitors in all media industries has increased, not decreased, in recent decades.

- Concentration of ownership occurs most frequently in industries that benefit from economies of scale and where barriers to entry are high. This is especially true in the daily newspaper industry and in the television and film industries.

- Most of the concern about concentration of ownership has focused on the U.S. daily newspaper industry, because newspapers are considered to be the most important source of information about public affairs. However, aside from the same-market cross-media ownership restrictions, the U.S. government has imposed few regulations on the industry. A major reason for the lack of regulation is the First Amendment to the U.S. Constitution, which prohibits government control of the press. Some scholars also argue that concentration critics have failed to provide clear and convincing evidence that the loss of owners is adversely affecting diversity in the marketplace of ideas. But the FCC has disagreed and has refused to lift cross-media ownership restrictions on newspapers, despite charges that it is treating the newspaper industry unfairly.

- Historically, the U.S. government has justified licensing and ownership limits (including cross- media ownership) in the radio and television broadcasting industries because of the limited number of over-the-air frequencies. However, the Telecommunications Act of 1996 and recent Federal Communication Commission decisions are deregulating the broadcast industries, mainly because new technologies (e.g., cable television, satellite television, Internet, fiber optics) are creating new sources of media competition. The FCC recently lifted major restrictions on same- market cross-media ownership for broadcast media.

- The AOL Time Warner merger has raised major concerns about concentration of ownership and its impact on diversity. Mass communications scholars are most critical. However, the merger was approved by U.S. and European regulators, even though its impact on the diversity of ideas isn’t clear. Despite this ambiguity, most scholars and analysts agree that the merger (1) will promote other media and telecommunication mergers; (2) will speed up convergence of technologies on the Internet; and (3) shows that cable television is ahead of satellite and telephony technologies in terms of competition for high-speed (broadband) Internet service.

Media Concentration in the United States

BOOK INDUSTRY

Number of Book Publishers

About 25,000

Number of Owners

No exact number available, but at least 15,000, which includes self-publishers

Books Published Per Year

60,000 new titles and 50,000 reprints

Concentration Patterns

The number of publishers has increased since World War II, going from about 8,000 to 25,000. Most publishers are small mom-and-pop operations. Only 3,300 companies publish 3 or more titles a year. Although there are a lot of publishers, the field is dominated by a handful of large companies. Bertelsmann, a German company, accounts for nearly one-third of all trade books sold in the United States and 10 percent of all books. Five other companies — Pearson, News Corporation, Time Warner and Holtzbrinck — also dominate the market.

Government Regulations

There are no major regulations on the book publishing industry, aside from anti-trust laws that apply to all industries.

Comments

Although Bertelsmann's purchase of U.S.-based Random House in 1999 gave it a substantial share of the U.S. market, concern about concentration of ownership isn't extremely high in the book publishing industry because barriers to entry are rather low. Computers and advances in printing technology have made it possible to publish a book for less than $2,000 U.S.

U.S. government agencies, such as the Federal Communications Commission and the Federal Trade Commission, are unlikely to impose regulations and controls on the book publishing industry *as a whole*. That's because the First Amendment to the U.S. Constitution, which states that "Congress shall make no law ... abridging the freedom ... of the press," prohibits such interference. Also, the FCC in recent years has pursued a policy of deregulation, removing many restrictions on cross media ownership (see more details in sections to follow.

However, the FTC and the courts could enforce anti-trust laws on individual companies, such as Bertelsmann, to prohibit further concentration of ownership. This would be a very real possibility if Bertelsmann's market share continues to increase.

Media Concentration in the United States

NEWSPAPER INDUSTRY

Number of Daily Newspapers and Owners and Circulation

1,483 newspapers; 436 owners; 55 million circulation

Number of Weeklies and Owners and Circulation

About 8,000 weeklies and about 5,000 owners; 75 million circulation

Concentration Patterns

The number of dailies declined from a high of 2,202 in 1910 to 1,483 in 2000. During the same time period, the number of ownership entities (sole proprietorships, partnerships and corporations) declined from 2,153 to 436.

Two factors contributed to this decline. The first was loss of competing newspapers through mergers or suspensions. In 1900, 559 cities with a daily, or 61 percent of the total, had two or more competing newspapers. Today, only about two dozen cities have competitive papers. Economies of scale are primarily responsible for these declines.

The second factor contributing to the decline was the growth of chain ownership. The number of newspapers under chain or group ownership increased substantially from 1900 to 2000, going from 1.4 percent to 80 percent. Today there are 124 chains in the United States, each of which owns an average of nine newspapers. The top four chains — Gannett, Knight-Ridder, Newhouse and Times Mirror — account for slightly more than one-fourth of the total circulation. Circulation has declined from its peak of 63 million in 1987.

The number of weekly newspapers also peaked in 1910 at 12,000 and decreased throughout the first half of the 20th century. However, the number of weeklies has increased since the 1960s because of suburban growth. In fact, total circulation of weeklies is three times higher today than it was in the 1960s (75 million versus 25 million). Some consolidation has been taking place in the weekly newspaper industry in the last decade.

Government Regulations

There are no regulations on the number of newspapers that a company may own.

However, FCC rules prohibit newspapers from purchasing broadcast radio and television stations in the same market. The cross-media ownership restriction was implemented over concerns about information diversity. The FCC basically defines diversity in terms of ownership or having different editors. On May 30, 2000, the FCC reaffirmed in a press release the same-market cross-media ownership restriction, saying the restriction

> continues to serve the public interest by furthering the important public policy goal of viewpoint diversity. The Commission recognized that media markets have undergone changes since this rule was adopted, but found that these changes have been insufficient to justify repeal of the rule. In this regard, it observed that many of the new media outlets do not yet appear to be substitutes for newspapers or broadcast stations on the local level for diversity purposes.
>
> The Commission acknowledged that the efficiencies of combined newspaper/broadcast operation might produce more public affairs or news programming. It noted, however that

this result did not necessarily advance the Commission's goal of viewpoint diversity because, without a diversity of ownership or editors, there would be no real diversity of viewpoints.

Ironically, though, the Commission in August 1999 lifted restrictions on broadcast TV/radio cross- media ownership in local markets (see additional details under the "Television Industry" section below). It justified this decision as necessary to help broadcast media compete against cable and satellite television companies. In other words, the FCC is basically saying that it will allow cross- media ownership when an industry faces increased competition and possible extinction.

U.S. newspaper industry officials point out that newspapers also face such problems, but so far the FCC has ignored such arguments. The newspaper industry argues that cross-media ownership would increase, not reduce, diversity, because economies of scale generated in news production would free up more resources for coverage of a greater number of topics and subjects. The greatest diversity, the newspaper industry points out, is not *between* media, but *within*. That is, large-scale media organizations produce a much more highly diversified product because they have a greater division of labor and role specialization. (Note: Cross-media ownership exists in some U.S. markets because of "grandfathering.")

In 1970, Congress also passed The Newspaper Preservation Act in an attempt to stem the decline of competing dailies in large cities. The Act enables two different newspapers in a city to enter into a *joint-operating agreement,* which allows them to share staff in terms of production, circulation and advertising but to keep editorial operations separate. About 14 joint-operating agreements still exist, but those numbers are expected to decline because JOAs are not economically efficient.

Comments

Most of the concern about concentration of ownership has focused on the daily newspaper industry, because newspapers are considered to be the most important source of information about public affairs. No other mass medium provides more depth of coverage of public affairs than newspapers.

However, despite declines in the number of newspapers and owners, the U.S. government has imposed few regulations on the industry. One reason for the lack of regulation is the First Amendment, which has limited government interference. Another reason some scholars give is that critics have failed to provide clear and convincing evidence that the loss of owners is having an adverse effect on the diversity of ideas.

However, the FCC has ruled that newspapers cannot purchase broadcast media in the same market. The FCC has taken the position that ownership is the critical measure of diversity, and as such has so far refused to relax restrictions on same-market newspaper/broadcast cross-media ownership. But these restrictions may not last long. They appear to discriminate against newspapers. Perhaps more important, the current FCC chairman, William E. Kennard, a Democrat, has resigned and he likely will be replaced by a Republican appointee who pursue an even more aggressive policy of deregulation.

In terms of diversity, no media industry in the United States has been more studied than the newspaper industry. Unfortunately, the research fails to provide a clear picture on whether the loss of owners has resulted in a loss of diversity. That's because a large body of research shows that larger-scale media organizations produce a higher-quality product and publish content that is more critical of the status quo than smaller-scale organizations.

Media Concentration in the United States

MAGAZINE INDUSTRY

Number of Magazines

20,613

Number of Magazine Owners

No exact number, but at least 5,000

Circulation of Magazines

365 million

Concentration Patterns

The number of magazines has grown 50 percent since 1988, when about 13,000 were published. About 800 new magazines are established each year.

The 10 largest magazine companies account for slightly more than a third of all revenues generated in the magazine industry. The top 500 account for three-fourths of the revenues. Time Warner, the biggest publisher, generates about one-seventh of all revenues.

Like other media industries, magazine mergers and acquisitions picked up during the 1990s. In 1999, for example, 115 magazine transactions worth $14 billion were completed. Some of the deals also involve cross-media purchases. For example, the biggest magazine deals in 2000 involved Gemstar International Group’s purchase of TV Guide Inc., which was valued at $9.2 billion. Gemstar is the company that invented VCR+, which allows consumers to record TV programs using a simple code. Later that year, Gemstar also bought electronic book developers NuvoMedia and SoftBook Press for about $565 million and signed a deal consumer electronics manufacturer Thomson Multimedia. Gemstar will generate electronic book content and software and Thomson will produce e-book devices.

Government Regulations

There are no major regulations on the magazine publishing industry, aside from anti-trust laws that apply to all industries.

Comments

At this point, concerns about concentration of ownership in the magazine industry are lower than in other media industries, because (1) there are many publishers, (2) the cost of producing magazines has declined, reducing barriers to entry, (3) there has been an explosive growth in the number of new magazines, and (4) there are fewer expectations for magazines than newspapers in terms of covering public affairs issues. The Internet has also reduced fears because it enables anyone with a computer to become a publisher or broadcaster.

But critics point out that most of the new magazines coming onto the market contribute little to diversity in terms of political ideas and issues. In fact, in recent years the fastest growing content area focuses on “media personalities,” like a *People* magazine. More than 100 of the 864 magazines started up in 1999 were aimed at providing this kind of content. “Media personalities” was followed by magazines that focus on sports (95); crafts, games, hobbies and models (59); special interest (49); and sex (48). Political or opinion magazines did not make the top 10 list.

Media Concentration in the United States

FILM INDUSTRY

Number of Film Makers

Seven major Hollywood film studios and about 5,000 to 10,000 independent film makers and professionals

Number of Commercial Films Produced

About 500 per year

Concentration Patterns

The number of major Hollywood film studies declined slightly during the 20th century, dropping from a high of about 10 in the 1930s to seven today. However, the number of independent film makers has grown dramatically, with estimates ranging from 5,000 to 10,000.

The seven major studios produce about 225 films a year and generate the lion's share (80 percent) of box office revenues. Independent film makers produce about 275 films and account for the rest of the revenues.

Only one major studio — DreamWorks (started by Steven Spielberg and two colleagues) — has been founded the in last 75 years. High start-up costs and high risk are to blame.

Regulation

In 1948, after a 10-year lawsuit, the U.S. government forced the major studios to sell their theater chains and monopolistic controls over film distribution. The government also ended the practices of *block booking* and *blind booking*, which had forced independent theaters to exhibit lower quality films, or B-rated films, in order to get access to A-rated films (expensive productions with top stars). These changes gave independent and foreign film makers greater access to movie theaters and boosted their ranks. In the 1980s, under President Reagan's policy of deregulation, the major studios were allowed to own theaters again, but most are owned by non-studio companies.

Comments

The film industry is the most highly concentrated media industry in the United States because it has the highest barriers to entry. It costs tens of millions of dollars to start a studio. The average cost of producing and marketing a Hollywood film is $75 million.

However, concern about concentration of ownership in this industry is still rather low because independent film makers have not been denied access to distribution and exhibition outlets, like they were in the 1930s and 1940s. The Internet also is reducing concern because it is being viewed as a potential new source for distribution and exhibition. Still, critics point out that independent film makers have limited access to the market, since the major studios have an 80 percent market share.

Media Concentration in the United States

RADIO INDUSTRY

Number of Radio Stations

12,717

Number of AM and FM Radio Stations and FM Educational Stations

4,685 AM stations; 5,892 FM stations; and 2,140 FM educational stations

Number of Radio Station Owners

About 4,000 owners, which includes about 500 chain organizations

Concentration Patterns

The number of radio stations increased by 18 percent from 1990 to 2000, going from 10,819 to 12,717. However, between 1996 and 2000, more than 2000 radio stations were purchased by chains. This occurred after the Telecommunications Act of 1996 removed most restrictions on ownership.

Three companies — AMFM Radio, Infinity Broadcasting and Clear Channel Communications — own more than 1,500 stations and account for more than 70 percent of total radio advertising revenues. Economies of scale are the driving force behind these acquisitions. (Note: Clear Channel and AMFM also merged in late 2000.)

However, concentration of ownership in broadcast radio has been offset to some degree by an explosion in Internet digital radio stations and by the FCC’s decision to approve more low-power FM radio station licenses. More than 9,000 radio stations around the world are currently broadcasting on the Internet, many of which have no over-the-air operations and, thus, are not subject to FCC regulations. The FCC announced in December 2000 that it would approve about 250 additional noncommercial educational low-power (2-3 miles) radio station licenses.

Government Regulations

Before the Telecommunications Act of 1996, a company could own no more than 30 radio stations and those stations could reach no more than 25 percent of a national audience. The Act eliminated these limits but set a sliding scale on local market ownership.

At the bottom end of scale, a company in a market served by 15 or fewer stations is permitted to own no more than five stations. At the top end, a company in a market served by 44 or more stations can own up to eight stations. There also are ownership limits on FM and AM stations in one market (i.e., one company cannot own all FM or all AM stations — there must be a mix).

The FCC intends to eliminate rules limiting multiple ownership of experimental radio stations, which are licensed to develop new technology.

Comments

Concerns about concentration of ownership in the radio industry remain high, but changes in technology, such as Internet radio, are counteracting such concerns to some extent. The emergence of many talk radio programs in the 1990s, such as conservative Rush Limbaugh’s show, also has, on the surface, generated more diversity in terms of political views.

However, many critics argue that many of these programs distort facts, are designed to incite and entertain more than inform, and that radio under represents liberal political views.

Media Concentration in the United States

TELEVISION INDUSTRY

Number of Broadcast TV Stations

1,663

Number of Commercial and Educational Broadcast TV Stations

1,288 commercial stations and 375 educational (public) stations

Number of Broadcast TV Networks

Eight (ABC, NBC, CBS, FOX, PAX, PBS, UPN, WB)

Number of Cable Television Systems

11,600 passing 94 million homes and serving 65 million households

Number of Cable TV Channels and Networks

217

Number of Direct Satellite Channels

240 serving 7 million subscribers

Concentration Patterns

The number of broadcast television stations doubled from 1970 to 2000, going from 862 to 1,663. The top four television network companies (ABC, CBS, NBC and FOX) account for 75 percent of the revenue in broadcast television. However, in recent years they have lost considerable audience market share to cable and satellite television. In the 1960s, more than 90 percent of the televisions turned on at any one point in time were tuned to one the three major networks. Today, they capture less than 50 percent.

In 1985, after relaxing rules on ownership, the television industry underwent a wave of consolidation. A total of 227 TV stations changed hands. By 1995, 190 groups owned more than three-fourths of the television stations in the 100 largest markets. Another wave of consolidation hit the industry after passage of the Telecommunications Act of 1996, which lifted most ownership restrictions. In 1996 alone, there were 185 acquisitions and mergers in the broadcasting industry.

However, the industry remains highly decentralized, especially because of increased competition from cable and satellite systems. Consumer in many markets now have a choice between more than 200 channels.

Government Regulations

The U.S. government created the Public Broadcast Service television network in the 1960s to provide public service programming that was not offer on commercial stations. Public television is widely perceived to have been a success and continues to receive federal government funds.

The Telecommunications Act of 1996 relaxed media concentration rules by allowing a single company or network to own as many TV stations as it wished as long as the stations didn't reach more than 35 percent of the nation's television viewing households. The previous cap was 12 stations and 25 percent.

In 1999, the FCC modified its duopoly rule and allowed TV companies to own more than one television station in a market that contains eight or more full-power independent commercial or public television stations, as long as one of the two stations is not among the four top-ranked stations in terms of audience share. The FCC also has other special provisions for duopoly ownership.

In 1999, the FCC also modified its radio-TV cross-ownership rule, allowing a TV duopoly to also own up to six radio stations in any market where at least 20 independent voices would remain post- merger, or up to four radio stations in any market where at least 10 independent voices would remain post-merger, or one radio station regardless of independent voices. The upshot is that a company may up eight TV and radio stations in one markets (2 TV and six radio or one TV and seven radio). The FCC reasoned that duopolies and multiple station ownership decrease production costs and, therefore, have the potential to provide more resources to improve news and public service programming.

The FCC prohibits cable television systems from owning broadcast stations in markets where the two overlap. Currently, no company may own more than one television network, but the FCC is expected to abolish this rule in order to place the broadcast networks on more equal footing with cable, satellite, and other multichannel video programming distributors.

Comments

Despite recent waves of consolidation, ownership in the U.S. television industry is much less concentrated today than it was in the 1960s. At one time, three major networks rules. Today, the competition is much greater. The networks have lost considerable market share to cable and satellite television, and will probably continue to lose share in the years to come as the number of television station and network options increase.

Media Concentration in the United States

AOL TIME WARNER MERGER

2001 Expected Revenues

$36 billion (Largest media corporation in the world)

Media Holdings

- **Cable Television:** Cable News Network (CNN), CNNfn (financial news), CNN Headline News, CNN-SI (*Sports Illustrated*), HBO (Home Box Office), TNT (Turner Network Television), The Cartoon Network, Cinemax, TBS (Turner Broadcasting Systems), WB Network (Warner Brothers Television Network), Comedy Central, CNN-SI (CNN Sports Illustrated), Court TV, TCM (Turner Classic Movies)
- **Satellite Television:** PrimeStar satellite television service
- **Television Networks:** Warner Brothers
- **Recording Industry:** Warner Music Group
- **Film/Movies:** Warner Brothers studios, New Line Cinema, Castle Rock Entertainment, 1,000 movie screens outside the United States
- **Magazines:** *Time, People, Sports Illustrated, Fortune, Entertainment Weekly, Martha Stewart Living, Life,* DC Comics, and more than a dozen other magazines
- **Books:** Time-Life Books; Book-of-the-Month Club; Little, Brown & Company; Warner Books, Oxmoor House, Sunset Books
- **Cable Television Systems:** 22 cable television systems serving 13 million household subscribers (20% of the U.S. market)
- **Online Services:** America Online, CompuServe, Netscape, ICQ (youth oriented messaging network), Digital City, Moviefone, AOL Instant Messenger, Roadrunner (jointly owned with Advance/Newhouse), Spinner Networks and NullSoft, Inc.
- **Other holdings:** Hughes Electronics (part ownership), Six Flags theme park chain, Atlanta Hawks, Atlanta Thrashers, Atlanta Braves, 150 Warner Brothers retail stores, World Championship Wrestling, Goodwill Games

AOL Time Warner also has joint ventures or equity investments with a number of other competitors, including Viacom, AT&T Broadband Services, Sony, Advance/Newhouse, News Corporation, Bertelsmann and NBC. About two-thirds of AOL Time Warner’s income is generated in the United States, but overseas revenues are expected to climb to 50 percent within a decade. AOL Time Warner is focusing heavily on global television and the Internet, especially broadband services (high speed Internet services).

Executive Comments

When the merger was announced, AOL Time Warner Chairman Steve Case told reporters, “This merger will launch the next Internet revolution. We’re still just scratching the surface.”

In a press release, he said, “We’re kicking off the new century with a unique new company that has unparalleled assets and the ability to have a profoundly positive impact on society. By joining forces with Time Warner, we will fundamentally change the way people get information, communicate with others, buy products and are entertained — providing far-reaching benefits to our customers and shareholders.”

Media Scholars’ Reactions

A survey by the Center for Global Media Studies at Washington State University found media scholars were critical of the merger by a margin of 2-to1.

"The AOL-Time Warner merger is one more giant step toward total media monopoly by global conglomerates that have nothing to tell but much to sell," said George Gerbner, Bell Atlantic Professor of Telecommunication at Temple University. "Total market domination is a form of totalitarianism."

According to Noam Chomsky, a Massachusetts Institute of Technology professor of linguistics who has spent much of his career studying mass media, "The current merger is ... a step towards restricting control over the global media system to an even narrower range of private power interests, relying — as is often the case — on publicly funded initiatives, ideas, development, provided to them as a gift without public consent, even awareness."

Consumer Advocates' Reactions

"When this merger was announced a year ago, we were enormously concerned about the possible harm to consumers," said Gene Kimmelman, co-director of the Washington Office of Consumers Union. "What could have been a disaster for consumers now holds the potential to promote competition and consumer choice."

Market Analysts' Reactions

Many market analysts say the merger will bring synergies to both companies. AOL, which is primarily an Internet service provider, gets access to a company that produces lots of magazine, television and movie content for a billion consumers worldwide. TWX, which has had difficulty building an Internet presence, gets access to 26 million AOL Internet customers.

A key element of the merger is broadband, which allows high-speed access to the Internet, enabling real-time audio and video. About 2 million households currently have access to broadband, but this figure is expected to jump dramatically in the next decade. Time Warner offers broadband in some of its cable television systems, which serve 13 million households in the United States (20 percent of the market). Of course, the merger deal means AOL can now offer broadband service to many of its customers.

Federal Regulators' Reactions

The Federal Communications Commission and the Federal Trade Commission have both approved the deal. But only after concessions. Specifically:

- AOL Time Warner must open its cable television lines to competing Internet service providers. This was a crucial concession, because of the expected growth of broadband services.
- If AOL offers advanced instant-messaging services over Time Warner's cable lines, it must make the system available to competitors. This includes future technologies such as video conferencing, the sharing of files, or messaging over interactive television. This was approved by three of the five FCC commissioners — the three Democrats. This regulation is likely to be overturned when a new member is appointed to the FCC.
- AOL Time Warner can't stop rival Internet service providers from marketing to its cable customers, and competing providers must be allowed to bill their customers directly.

According to Federal Communications Commission Chairman William E. Kennard : "When I look at this merger, the potential benefits I see are the ability to roll out technologies faster and farther, the potential for significant innovation in new services and technologies." He added.: "The power of these players is immense, and so is the potential for anti-competitive behavior."

Expected Impact on Consumers

Analysts say that most consumers will not notice a great deal of change immediately after the merger. But the new company is expected to become more aggressive in marketing its broadband services to AOL and Time Warner customers. AOL users also will see more links on their browser to Time Warner content sites, such as *Time* magazine, CNN and other media. More specifically:

- The AOL service will feature TWX's popular *InStyle* magazine, expanding on the content Time Warner already offers AOL members from *People, Teen People, Entertainment Weekly* and other content currently on the service.
- CNN.com and Entertaindom.com programming will be featured prominently on various AOL services.
- AOL members will have access to a wide range of TWX promotional music clips of popular artists.
- TWX and AOL MovieFone will participate in online-offline cross-promotion of TWX movies and related content.
- Broadband CNN news content will be distributed on AOL Plus, the content offering designed for AOL members connecting via broadband, when it launches this spring.
- Time Warner will offer a number of special offers exclusively for AOL members, which will include everything from discounts on magazine subscriptions to premium cable subscriptions.
- Building on the companies' current offline cross-promotional activities, including keywords on magazines like *People* and *Teen People,* TWX will dramatically expand cross-promotion of AOL in a number of its top offline media properties.
- The popular Warner Bros. retail stores will promote the AOL service, including through the in-store distribution of AOL disks.
- TWX will include AOL disks in mailings and shipments.
- AOL will make available on Road Runner popular America Online brands and products, including AOL Instant Messenger, Digital City, AOL Search and AOL MovieFone.

Commentary

The social impact of the merger is difficult to assess. But scholars and analysts seem to agree on at least three points.

1. *The merger will promote other media and telecommunication mergers*. The logic here is simple. Larger companies generally benefit from economies of scale. To survive in a competitive market, a company must often grow to obtain such economies. Since the announcement, Viacom purchased CBS and Vivendi purchased Universal Studios. More mergers are expected.

2. *The merger will speed up convergence of technologies on the Internet.* Ultimately, the Internet and its successors are expected to provide a full range of multimedia services and formats offered by traditional media, such as newspapers, radio, television, and telephone companies. There is no agreement, however, about whether or when traditional media forms (such as the hard-copy newspaper) will become extinct.

3. *In the competition for high-speed (broadband) Internet access, the merger strongly suggests that cable television is ahead of satellite and telephony technologies.* This deal means the biggest player in the industry will be delivering its services primarily through cable television lines. This will no doubt mean increased competition with companies that specialize in satellite and telephony technologies.

One major area of disagreement is whether the merger will adversely impact diversity in the marketplace of ideas. Many scholars and consumer groups argue that the merger is motivated primarily by profits, not by concern for audiences or society.

Although the Internet clearly has become much more commercialized over the past few years, critics have had a difficult time convincing the public and some scholars that diversity is declining. In fact, some analyses show that there is more diversity now than ever before. But there is relatively little money available to conduct research on such issues, and social scientists disagree on how to measure diversity.