

Capitalisation of the Media Industry From a Political Economy Perspective

Manfred Knoche

Paris-Lodron-University of Salzburg, Salzburg, Austria, manfred.knoche@plus.ac.at

<http://www.medienoekonomie.at>

<https://kowi.uni-salzburg.at/ma/knoche-manfred/>

[@Medoek](#)

https://de.wikipedia.org/wiki/Manfred_Knoche

Translation from German: Christian Fuchs

Abstract

Approaches to the critique of the political economy of communication in society belong to the “forgotten theories” in media and communication studies. But in view of the unmistakable structural change of a media industry “unleashed” by deregulation, privatisation, digitalisation, concentration, globalisation, etc., it seems from an academic perspective necessary to analyse the development of the media industry in close connection with the equally unmistakable general development of an “unleashed” capitalism. This article therefore shows that the analysis of the development processes of capitalism as the undoubtedly globally dominant economic and social system from a political economy perspective makes it possible to analyse, explain, and partly forecast the economisation or commercialisation process in the media industry in an academically appropriate way with regard to its causes, forms, consequences, and further development. Theoretical explanations are offered by the further developments of the analysis and critique of contemporary capitalism based on Marx’s critique of the political economy as a historical-materialist analysis of society. In doing so, the permanent fundamental characteristics, modes of functioning and “regularities” of the capitalist mode of production and the capitalist formation of society are analysed in connection with the particularities of the current capitalisation process in the media industry.

Keywords: capitalisation of the media industry, critique of the political economy of the media and communication, transformation, media industry

Acknowledgement:

This article was first published in German: Manfred Knoche. 2001. Kapitalisierung der Medienindustrie aus politökonomischer Perspektive. *Medien & Kommunikationswissenschaft* 49 (2): 177-194. Baden-Baden: Nomos. Translated into English and publication of the translation with permission by Nomos Verlag

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

Oskar Negt 1997, 38.

Introduction

What has recently been increasingly discussed in media and communication studies as the economisation or commercialisation of the media industry is, from a political economy perspective, an old phenomenon that can be seen as an essential structural feature of privately organised media production, distribution and consumption. Belonging to the commercially organised sector of the private economy has

characterised the media in capitalist societies since their emergence (see Kiefer 1999, 705). Nevertheless, it should be noted that it was only at the end of the 20th century that media and communication studies in the German-speaking world suddenly and rather astonishingly realised that the mass media and thus also communication in society were becoming more and more economised (see Meier 1997, 173). This astonishment could have been less sudden or at least earlier if there had not been such widespread abstinence in this academic field – similar to all other fields – with regard to the reception and application of Marx's critique of the political economy and its current developments. The currently recognisable, partly *novel* (not new) push for the economisation or commercialisation in the media industry opens up the chance for academia that this old phenomenon's political economy foundations, due to their novel, more visible and thus less contestable forms, can be recognised by more scholars than before and that academic findings that are based on the Marxian approach can be recognised.

1. Economisation as Capitalisation of the Media Industry

However, the concept of “economisation” falls short in the perspective of a critical political economy. Economisation is rather about a further historical phase of the progressive “capitalisation” of the private-sector media industry¹, i.e. a radical subsumption of the *entire* media system under the general conditions of the valorisation of capital. This means that the media system has even more strongly than before become integrated into the specific capitalist mode of production, the relationship between the productive forces and the relations of production and the economic-political formation of society (see Altvater 1999), which correspond to the advanced stage of development and the further requirements for the survival of capitalism as the globally dominant economic system and system of society. This capitalisation means above all: media production is included even more comprehensively than before in the overall economic system of capitalist commodity and surplus-value production. Media production is thus also more intensively subjected to the “laws of motion” and “constraints” of production and capital valorisation, of profit maximisation and competition, as well as of accumulation and concentration. Of relevance to society as a whole is the further capitalisation of information, education, politics, culture, entertainment as well as working and living conditions, which inevitably goes hand in hand with the described developments and is usually referred to as “commercialisation”. These commercialisation and capitalisation processes form a contribution to the neoliberal “all-round capitalisation” (*Durchkapitalisierung*) of all areas of life (see Röttger 1997, 18f).

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

- capitalisation through the privatisation, deregulation, and commercialisation of *additional* sectors of the media industry which, organised in Europe as (monopoly) sectors under state or public law, had not yet been accessible to *direct* (but indirect) capital valorisation (radio, television, telecommunications, Internet);

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

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

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

2. Critique of the Political Economy of the Media

The fundamental significance of the progressive capitalisation of the media industry in close connection with the development of the capitalist economic system and system of society points to the necessity of a critical approach that is centred on capital and capitalism (see Knoche 2016, Prokop 2000) in communication studies that can be considered academically adequate to the subject matter. However, as long as in the East-West conflict after the Second World War the occupation with the critique of capitalism on the basis of a critique of the political economy in the West also led to² “marginalisation” in the academic field, or at worst to professional bans of academics, there was no favourable “climate” for the development and reception of critical political economy as approach for the study of the societal problem of the economisation or commercialisation of the media industry, which had long been recognisable.

Approaches to a critique of the political economy of communication in society or mass communication³ have been presented sporadically in the Anglo-Saxon world in works on the “Political Economy of Communication(s) (of the Media)” (see for example: Mosco 1996, Golding and Murdock 1997, Sussman 1999, McChesney 2000). Such approaches were also developed in Germany in the 1970s (see for example: Berliner Autorenkollektiv Presse 1972, Dröge and Modelmog 1972, Holzer 1973, Hund 1976, Negt and Kluge 1972, Prokop 1974). But the political economy of communication in society undoubtedly belongs to the “forgotten theories” (Robes 1990, see also Knoche

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

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

1999b, 76ff). Among the attempts to remember, revive and apply political economy approaches in German-language media and communication studies in the 1990s and around 2000 were the works by Holzer (1994), Meier (1996/1997), Meier (1997), Knoche (2016 [originally published in German as Knoche 1999a], 1999b), Prokop (2000), and Steininger (2000, 210ff).

The subject of a critique of the political economy is the *critical theory-based empirical analysis of capitalism*. This shows that political economy is not a branch of economics but a comprehensive science of society (see Kade 1977, Schikora 1992)⁴. The critique of the political economy is focused on the analysis and critique of the social preconditions and structural conditions of the capitalist mode of production and thus about its functioning and dynamics (see Conert 1997, 140). In other words, it is focused on the analysis and critique of the “capitalist regulation” (Kisker 2000a, 66) of the relations of production *and* life, i.e. of all economic, social, political and cultural human life. Capitalism is seen here as a mode of production and formation of society that has developed *historically* and is fundamentally *changeable* (see Ganßmann, 1998, 23).

3. The Media Industry Under Capitalism

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

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

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

⁵ Critique of the political economy is therefore not a matter of “Marxism” in the political sense, but of a critical application and further development of Karl Marx's analytical and theoretical approaches as outlined in works such as *Grundrisse* (Marx 1857/1858) and the three volumes of *Capital* (Marx 1867, 1885, 1894). On the diverse literature on the critique of the political economy in the 20th century, see Heinrich (1999, 196ff).

From a political economy perspective⁶, the contemporary capitalisation of the private sector media industry is considered and explained in the context of the current developmental tendencies of the *entire* capitalist economic and societal system. From the point of view of the highly concentrated and internationally active private sector, the media industry in Europe was an underdeveloped “foreign body” before the phase of Europe-wide privatisations and deregulations, which proved to be an obstacle to capital valorisation and capitalist expansion interests in several respects. Monopolies organised by the state (postal services and telecommunications) or as public services (radio and television) and non-capitalised sectors (the Internet) were not accessible as spheres of capital investment. They could only be used to a limited extent within the framework of infrastructural technical-organisational rationalisation measures. They could only be “commercialised” to a very limited extent. They did not allow extensive integration into “global” marketing, advertising and PR strategies. The “capitalisation backlog” of the traditionally private media sectors of press and book production, whose “disadvantage” is still seen today in their largely medium-sized and national ties, also proved to be an obstacle. In the interest of the economy as a whole, this “backlog” of the media industry has been largely overcome since the mid-1980s with the help of globally uniform neoliberal economic and social policies of the nation states and the EU that used slogans such as the “opening of domestic markets” and “international competitiveness”. The political-economic “backwardness” of the media industry in Europe was similarly an obstacle for European and especially US media corporations to realise their expansion strategies that were necessary for their existence. There was also a “need to catch up” for emerging European media corporations in terms of overcoming national expansion boundaries by participating in international mergers, strategic alliances and corporate networks of the “global players” (see Knoche 2001).

The nature, extent, timing and course of the capitalisation of the media industry are thus determined by the permanent economic interests and basic problems of the media industry in *connection* with similar interests and basic problems of the entire economy. However, the economic and related political measures and medium-term strategies for solving problems, first and foremost the problem of structural overaccumulation of capital, regularly lead to new cyclical “crises” and long-term problems in the economy and society (see figure 1).

The reduction of investments that enable the expansion of capital and are made under the pressure of the structural overaccumulation of capital (declining investment rates) and investments in (technology-driven) rationalisation regularly lead to a reduction in the labour force (unemployment), the intensification of labour and a reduction or stagnation of the level of wages and salaries. In conjunction with the simultaneously enforced dismantling of the welfare state, these developments lead to reduced purchasing power and a corresponding decline in consumption. These developments lead in turn to intensified competition between companies in largely saturated or stagnating markets and thus to cyclical economic “crises” of the entire economic system.

In this context, the capitalisation of the media industry is of growing elementary importance for the economy and society as a whole because it also has an important

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

function in the necessary medium-term problem-solving strategies of the economy as a whole. In this respect, it is explainable that the capital valorisation interests (and their permanent fundamentally crisis-prone endangerment) in the entire economy drive the capitalisation process of the media industry in symbiosis with the specific capital valorisation interests in the media industry.

The Capitalisation of the Media Industry as Strategy for Solving the Problems of the Entire Economy

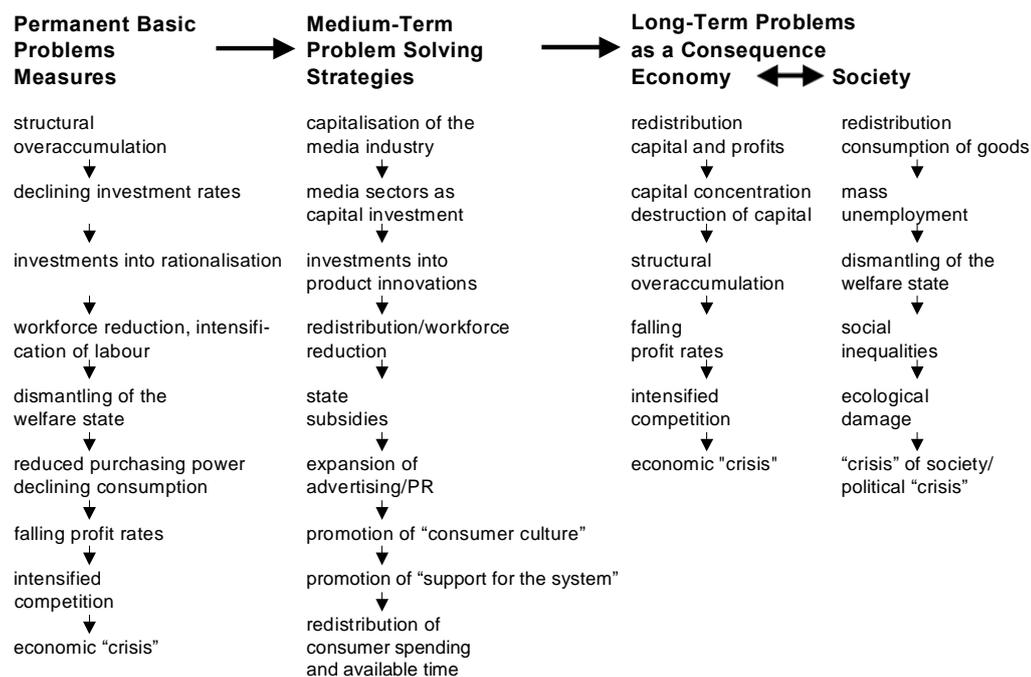


Figure 1: The capitalisation of the media industry as strategy for solving the problems of the entire economy

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

These media-related interests and strategies of the entire economy in principle, although mainly represented by large corporations, are one of the triggers of capitalisation processes in the media industry. Together with the interests of media companies, the media-related interests and strategies of the whole economy led the governments of the various European states to remove the obstacles to capitalisation and commercialisation in the overall economic interest. In this context, the legal enablement of the privatisation and deregulation of the media sectors of radio, television, telecommunications and the Internet played an important role. These developments increased the pressure on the media companies, which are highly dependent on advertising revenues, to fulfil their advertising, PR and circulation

function even more effectively than before in the interest of the entire economy and in their own interest, which is necessary for their existence, on the basis of capitalisation and commercialisation of media production. In connection with this, the need or willingness of media companies to cover their capital requirements increasingly from capital that was previously located outside the media sector or through an initial public offering (IPO) also grew.

The fundamental problem, however, is that the capitalisation of the media industry – even when used as a medium-term problem-solving strategy for the entire economy – inevitably leads to considerable economic and societal problems in the long term (see figure 1). Due to the fact that individual capitals' action-guiding strategic goal and *interest of profit maximisation* is politically legitimised and enforced as the undisputed basic goal of capitalism, the *competition* between *individual capitals*, which is also politically legitimised, can only ever lead systematically to temporary individual economic problem solutions, which in reality lead to an *aggravation* of problems for individual capitals and for the economy as a whole. For there is also a redistribution of capital and profit via the capitalisation of the media industry, which is characterised by increasing unequal distributions: there are temporary "winners" (concentration of capital) and (partly "final") "losers" (destruction of capital). But this is not a permanent solution to the problem, even for the winners, but an aggravation of the problem, since the aforementioned permanent basic problems of the capitalist economy (structural overaccumulation, falling profit rates, intensification of competition) inevitably lead to the next economic "crisis" at a higher level.

This development also applies in a structurally similar way to the consequence of long-term *societal* problems, which are partly intensified by the capitalisation of the media industry. There is a far-reaching redistribution of consumer goods of all kinds among the population, which, in combination with wage and salary losses, mass unemployment and the dismantling of the welfare state, leads to a widening of economic and social inequalities. On the one hand, this causes the next economic "crisis" and ultimately the next socio-political "crisis", especially due to the associated lack of mass purchasing power. Consequently, the capitalisation of the media industry is hardly a suitable means to solve macroeconomic and societal problems, for example in the sense of distributive justice for society as a whole. On the contrary: it promotes the further capitalisation and commercialisation of the entire social and societal life with negative consequences that will be discussed in more detail.

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

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

From a critical political economy perspective, the current capitalisation of the media industry stands in close connection with the general development process of capitalism and the associated problems of capital valorisation in all sectors of the economy. However, it is also important to analyse the *economic-political particularities* of media

production, distribution and consumption in comparison to other economic sectors. These particularities result above all from the *additional* macroeconomic and socio-political functions (going beyond the “normal” economic function of capital valorisation that is achieved by the production and sales of media products) which are usually fulfilled by private sector media production (see Holzer 1994, 195):

- on the one hand, there are the media industry’s indispensable *economic* functions for the *entire national economy* (the function of general advertising and goods circulation, media technology’s function in capital valorisation, the media’s roles as a means of production),
- on the other hand, there is the media industry’s equally indispensable *ideological* function for legitimising and securing the rule of the capitalist economic system and system of society (the function of ideology production) among the population.
- and finally, there is the media industry’s function for the *reproduction of the labour force* through media consumption (regeneration function).

Causes, Forms, and Consequences of the Media Industry’s Capitalisation

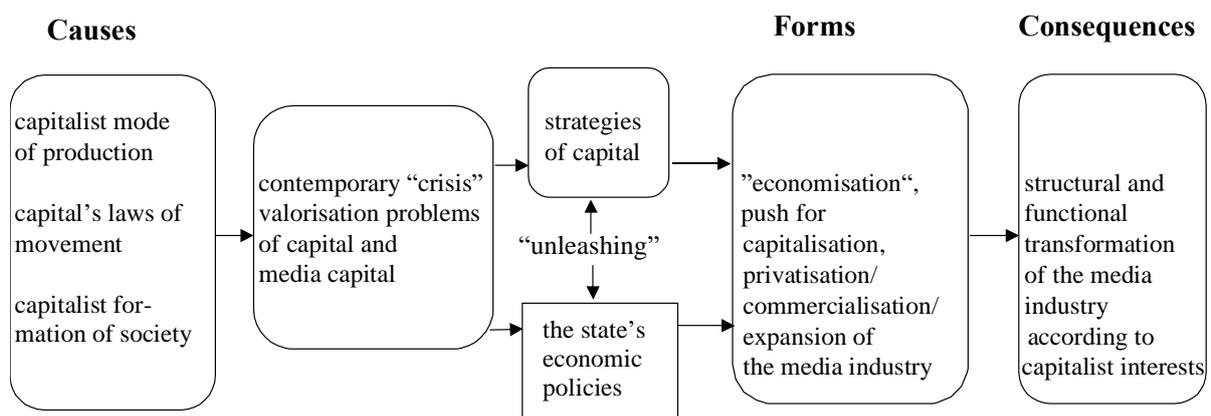


Figure 2: Causes, forms, and consequences of the media industry’s capitalisation

The connection between causes, forms and consequences of the capitalisation of the media industry is presented in an overview in figure 2. Three complexes of causes can be distinguished as part of an interacting bundle of causes:

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

4.1. Causes of Capitalisation

In figure 3, selected causes of the capitalisation of the media industry are presented in more detail, the first being the factors that are fundamentally characteristic of the capitalist mode of production (see, for example, Conert 1997, 141; Kisker 2000a, 66 ff):

- the specific form of the *capital relation*: the legally protected *private ownership of the means of production* as well as the *power of disposal* over the dependent workers derived from it (*labour power as a commodity*) as well as the right of the sole determination of the *production goals* and the *valorisation* of the produced goods by capital ;
- the specific form of the *capitalist relations of production as relations of domination* of capital over labour;
- the specific contradictory relationship between *productive forces* (the relation of constant capital = means of production and raw materials and variable capital = labour power) and *relations of production*
- the specific form of capitalist *commodity production* as the production of values (use-values and exchange-values), whereby the realisation of exchange-value for the owners of capital dominates over the use-value interests of consumers;
- the specific form of capitalist *surplus-value production* through capital's appropriation of the surplus-value produced by the surplus-labour of dependent workers
- the specific form of the connection of the compulsion to produce, valorise and profit with the *competition, accumulation, concentration and centralisation* of capital;
- the specific form of *securing capitalist rule* through the interaction of capital owners and the state (see Nutzinger 1977, 222 ff).
- the specific form of the *capitalisation of society* via the connection of the production and reproduction process of humans with the inequality of the distribution of goods and income and the associated inequality of material, political, cultural and social living conditions.

Causes of the Media Industry's Capitalisation

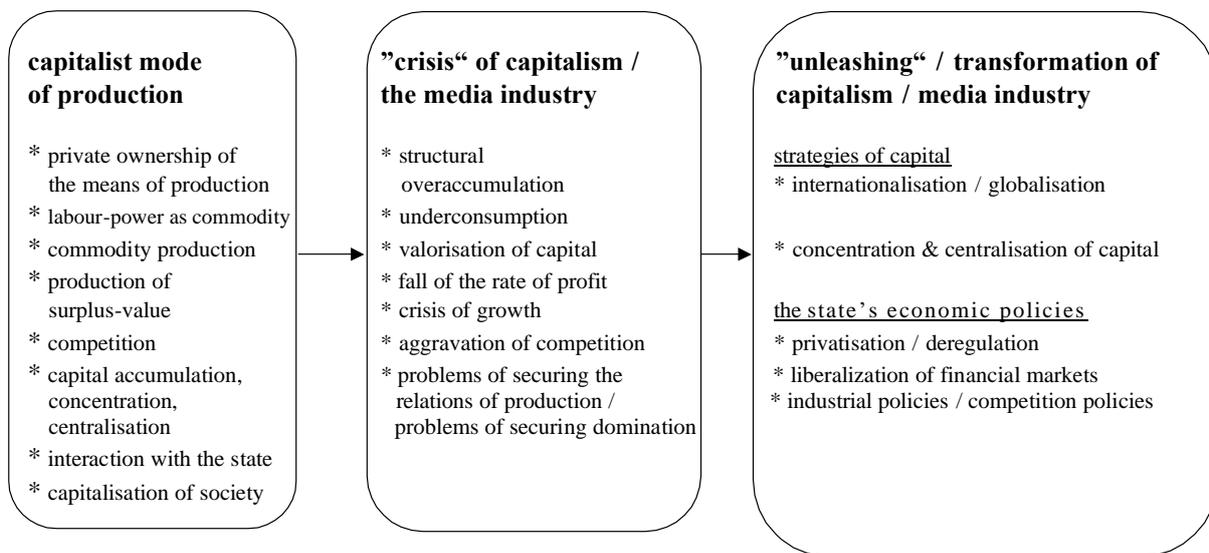


Figure 3: Causes of the media industry's capitalisation

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

Furthermore, figure 3 lists the factors that can be considered relevant causes for the capitalisation of the media industry in connection with current crisis phenomena of capitalism and the media industry. The development of the capitalist economic system is generally determined to a large extent by the structural *overaccumulation* of capital, which acts as a major trigger for economic crises on the basis of *disproportionate development* (see Zinn 1998, 23). Disproportion means that in principle more is produced than can be sold, i.e. that can be valorised at what is considered an appropriate profit rate, or that less is produced due to sales problems that result in overcapacities. Structural overaccumulation, which is signalled in particular by over-investment, over-capacity and over-production, means that too much capital is accumulated in relation to the realisable profit rates, so that there is a danger of capital devaluation. The strategic action of companies is consequently directed towards taking measures to counter the danger of crisis that accompanies overaccumulation (see Kisker 1998, 87ff). Overaccumulation and disproportions are consequences of the competition between the companies and the sectors that want to “win” in the competition for the sale of their goods by overproducing beyond the demand that is

fundamentally limited by a lack of purchasing power or demand that is limited by saturated or undeveloped needs (underconsumption).

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

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

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

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

- firstly, for traditional media companies, a means to solve their capital valorisation problems associated with overaccumulation and competition, among other things by investing surplus-capital in new privatised media sectors or in new media markets or in media product innovations;
- secondly, for companies from other industries/sectors/branches, a means to solve their capital valorisation problems through increased sales-promoting advertising and PR presented in the media; and
- thirdly, for companies from other industries/sectors/branches, a means to solve their capital valorisation problems by investing their surplus-capital in a media industry that has been considerably expanded through capitalisation.

Finally, figure 3 presents another set of causes that is relevant in the context of the “unleashing” or transformation of capitalism and the media industry. One can speak of “unleashing”, for example, insofar as media capital, like the rest of capital, is freeing itself from the “fetters” of nation states through internationalisation and globalisation. A similar “unleashing”, namely the liberation from obstacles to capital valorisation, is achieved in particular through the privatisation and deregulation of broadcasting, telecommunications, and the Internet in conjunction with the state’s economic policy. Within the framework of the state’s industrial, location and competition policies that promote concentration, the media industry is additionally freed from obstacles to concentration (see Knoche 1996). Within the framework of neoliberal economic and social policy, media capital frees itself from the “fetters” of the welfare state and parliamentary democracy. For the media industry, this means that it frees itself from the “fetters” of the remnants of the public service-orientation and cultural orientation of media production and media policy.

4.2. Forms and Consequences of Capitalisation

Forms of the push for capitalisation in the media industry include, among others, the sectors mentioned in figure 4, which in their current form are an expression of this push for capitalisation, as well as product diversifications and innovations in the press sector. There are forms of this push for capitalisation that can be observed in *the same way* for different media sectors. These forms include, for example, the stronger integration of media production into the overall economic system of the capitalist production of goods and surplus-value as well as into the system of consumer-oriented advertising; a more intensive influence of the compulsion to produce and valorise capital, of the compulsion to maximise profit and competition, as well as of the compulsion to accumulate and concentrate capital. The basic similarity (partly uneven, depending on the stage of development of the media sector) of the push for capitalisation in the individual media sectors results from the basic similarity of the shown causes, which in turn result from the similarity of the preconditions – the private-sector organisational form of the media in a capitalist economic system and a capitalist formation of society. In addition, the similarity is shown by the fact that through technical and economic-institutional convergence, the push for capitalisation is effective in a media industry that is characterised precisely by the increasing dismantling of the individual media sectors' special features.

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

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

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

formation of society) and social (regeneration of the labour force through entertainment) functions of media production in the worldwide transformation process of capitalism.

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

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

Forms and Consequences of the Media Industry's Capitalisation

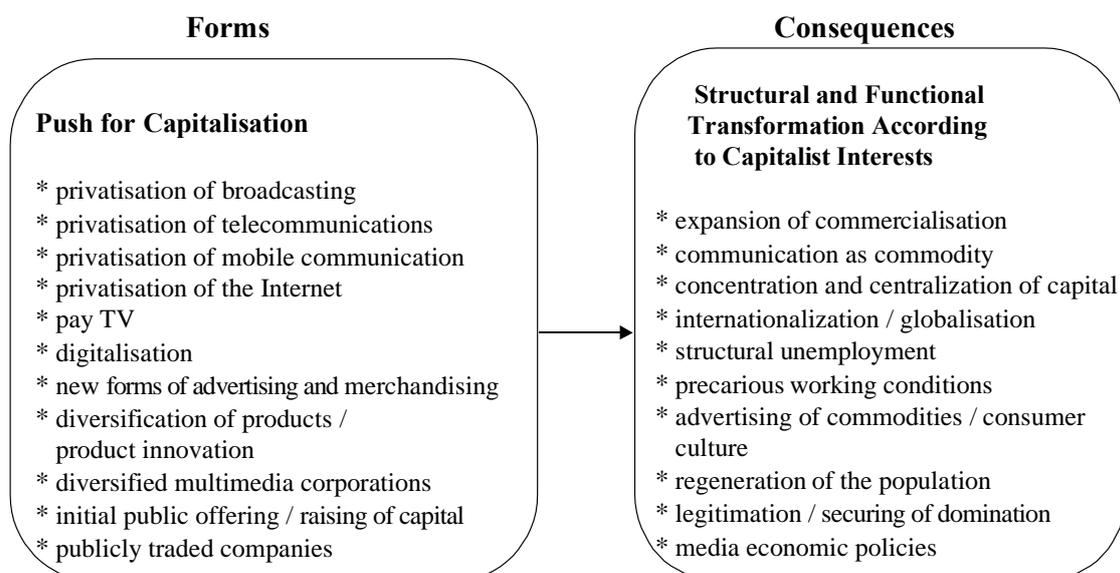


Figure 4: Forms and consequences of the media industry's capitalisation

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

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

5. Conclusion

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

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

capitalisation of the media industry as an irreversible process is hardly a suitable means of promoting the fulfillment of functions in media production that are desirable from a democratic theory perspective.

References

- Altvater, Elmar. 1999. Kapital.doc. In *Kapital.doc: Das Kapital (Bd.1) von Marx in Schaubildern mit Kommentaren*, edited by Elmar Altvater, Rolf Hecker, Michael Heinrich, and Petra Schaper-Rinkel, 12-187 Münster: Westfälisches Dampfboot.
- Altvater, Elmar, Rolf Hecker, Michael Heinrich, and Petra Schaper-Rinkel, eds. 1999. *Kapital.doc: Das Kapital (Bd.1) von Marx in Schaubildern mit Kommentaren*. Münster: Westfälisches Dampfboot.
- Altvater, Elmar and Birgit Mahnkopf. 1999. *Grenzen der Globalisierung: Ökonomie, Ökologie und Politik in der Weltgesellschaft*. Münster: Westfälisches Dampfboot. Fourth edition.
- Altvater, Elmar et al. 1999. *Turbo-Kapitalismus. Gesellschaft im Übergang ins 21. Jahrhundert*. Hamburg: VSA.
- Berliner Autorenkollektiv Presse.1972. *Wie links können Journalisten sein? Pressefreiheit und Profit*. Hamburg: Rowohlt.
- Bischoff, Joachim. 1999. *Der Kapitalismus des 21. Jahrhunderts. Systemkrise oder Rückkehr zur Prosperität?* Hamburg: VSA.
- Bischoff, Joachim et al. 2000. *Die Fusions-Welle. Die Großkapitale und ihre ökonomische Macht*. Hamburg: VSA.
- Bischoff, Joachim, Frank Deppe, and Klaus Peter Kisker, eds. 1998a. *Das Ende des Neoliberalismus? Wie die Republik verändert wurde*. Hamburg: VSA.
- Bischoff, Joachim, Frank Deppe, and Klaus Peter Kisker. 1998b Licht am Ende des Tunnels? In *Das Ende des Neoliberalismus? Wie die Republik verändert wurde*, edited by Joachim Bischoff, Frank Deppe, and Klaus Peter Kisker, 225-231. Hamburg: VSA.
- Conert, Hansgeorg. 1997. Zur Aktualität der Marx'schen Kapitalismuskritik. *Zeitschrift Marxistische Erneuerung* 31: 136-147.
- Deppe, Frank and Richard Detje. 1998. Globalisierung und die Folgen. Gewerkschaften unter falschen Sachzwängen. In *Das Ende des Neoliberalismus? Wie die Republik verändert wurde*, edited by Joachim Bischoff, Frank Deppe, and Klaus Peter Kisker, 154-176. Hamburg: VSA .
- Dröge, Franz and Ilse Modelmog. 1972. *Wissen ohne Bewußtsein. Materialien zur Medienanalyse der Bundesrepublik Deutschland*. Frankfurt a.M.: Athenäum Fischer.
- European Communication Council Report. 1999. *Die Internet-Ökonomie. Strategien für die digitale Wirtschaft*. Berlin: Springer.
- Ganßmann, Heiner. 1998. Soziologische Theorie im Anschluß an Marx. In *Globalisierung und Perspektiven linker Politik. Festschrift für Elmar Altvater zum 60. Geburtstag*, edited by Michael Heinrich and Dirk Messner, 22-36. Münster: Westfälisches Dampfboot.
- Golding, Peter and Graham Murdock, eds. 1997. *The Political Economy of the Media. Volume 1 + 2*. Cheltenham/Brookfield: Elgar Reference Collection.
- Heinrich, Michael. 1999. Kommentierte Literaturliste zur Kritik der politischen Ökonomie. In *Kapital.doc: Das Kapital (Bd.1) von Marx in Schaubildern mit Kommentaren*, edited by Elmar Altvater, Rolf Hecker, Michael Heinrich, and Petra Schaper-Rinkel, 188-220. Münster: Westfälisches Dampfboot.
- Heinrich, Michael and Dirk Messner, eds. 1998. *Globalisierung und Perspektiven linker Politik. Festschrift für Elmar Altvater zum 60. Geburtstag*. Münster: Westfälisches Dampfboot.
- Herman, Edward S. and Robert W. McChesney. 1997. *The Global Media. The New Missionaries of Corporate Capitalism*. London/Washington: Cassell.
- Hickel, Rudolf. 1998. *Standort-Wahn und Euro-Angst. Die sieben Irrtümer der deutschen Wirtschaftspolitik*. Hamburg: Rowohlt.

- Hickel, Rudolf, Klaus Peter Kisker, Harald Mattfeldt, and Axel Troost, eds. 2000. *Politik des Kapitals – heute. Festschrift zum 60. Geburtstag von Jörg Huffs Schmid*. Hamburg: VSA.
- Hirsch, Joachim. 1998. *Vom Sicherheits- zum nationalen Wettbewerbsstaat*. Berlin: ID Verlag.
- Hirsch, Joachim. 1990. *Kapitalismus ohne Alternative? Materialistische Gesellschaftstheorie und Möglichkeiten einer sozialistischen Politik heute*. Hamburg: VSA.
- Holzer, Horst. 1994. *Medienkommunikation. Einführung in handlungs- und gesellschaftstheoretische Konzeptionen*. Opladen: Westdeutscher Verlag.
- Holzer, Horst. 1973. *Kommunikationssoziologie*. Reinbek: Rowohlt.
- Huffs Schmid, Jörg. 1994. *Wem gehört Europa? Wirtschaftspolitik und Kapitalstrategien. Band 2: Kapitalstrategien in Europa*. Heilbronn: Distel.
- Huffs Schmid, Jörg. 1999. *Politische Ökonomie der Finanzmärkte*. Hamburg: VSA.
- Huffs Schmid, Jörg. 2000. Megafusionen und „neue Ökonomie“. In *Die Fusions-Welle. Die Großkapitale und ihre ökonomische Macht*, edited by Joachim Bischoff et al., 57-74. Hamburg: VSA.
- Hund, Wulf D. 1976. *Ware Nachricht und Informationsfetisch. Zur Theorie der gesellschaftlichen Kommunikation*. Darmstadt: Luchterhand.
- Jakobs, Hans-Jürgen. 2001. „Der Deal unseres Lebens“. *Der Spiegel* 2001 (7): 110-112.
- Kade, Gerhard. 1977. Politische Ökonomie – heute. In *Seminar: Politische Ökonomie. Zur Kritik der herrschenden Nationalökonomie*, edited by Winfried Vogt, 149-168. Frankfurt a.M.: Suhrkamp. Second edition.
- Kiefer, Marie Luise. 2001. *Medienökonomik. Einführung in eine ökonomische Theorie der Medien*. München/Wien: Oldenbourg.
- Kiefer, Marie Luise. 1999. Privatisierung und Kommerzialisierung der Medienwirtschaft als zeitgeschichtlicher Prozeß. In *Massenmedien und Zeitgeschichte*, edited by Jürgen Wilke, 705-717. Konstanz: UVK Medien.
- Kisker, Klaus Peter. 2000a. Empörung der modernen Produktivkräfte gegen die modernen Produktionsverhältnisse im Zeitalter der „Globalisierung“. In *Politik des Kapitals – heute. Festschrift zum 60. Geburtstag von Jörg Huffs Schmid*, edited by Rudolf Hickel, Klaus Peter Kisker, Harald Mattfeldt, and Axel Troost, 65-73. Hamburg: VSA.
- Kisker, Klaus Peter. 2000b. Kapitalkonzentration und die Rolle des Staates im Zeitalter der Globalisierung. In *Die Fusions-Welle. Die Großkapitale und ihre ökonomische Macht*, edited by Joachim Bischoff et al., 75-99. Hamburg: VSA.
- Kisker, Klaus Peter. 1998. Der Neoliberalismus ist die Verschärfung, nicht die Lösung von Krisen. In *Das Ende des Neoliberalismus? Wie die Republik verändert wurde*, edited by Joachim Bischoff, Frank Deppe, and Klaus Peter Kisker, 81-91. Hamburg: VSA.
- Knoche, Manfred. 2016. The Media Industry's Structural Transformation in Capitalism and the Role of the State: Media Economics in the Age of Digital Communications. *tripleC: Communication, Capitalism & Critique* 14 (1): 18-47. DOI: <https://doi.org/10.31269/triplec.v14i1.730>
- Knoche, Manfred. 2001. Die Folgen globaler Multimedia-Unternehmens-Allianzen. In *Forschungsgegenstand Öffentliche Kommunikation. Funktionen, Aufgaben und Strukturen der Medienforschung*, edited by Uwe Hasebrink and Christiane Matzen, 81-97.
- Knoche, Manfred. 1999a. Das Kapital als Strukturwandler der Medienindustrie - und der Staat als sein Agent? Lehrstücke der Medienökonomie im Zeitalter digitaler Kommunikation. In *Strukturwandel der Medienwirtschaft im Zeitalter digitaler Kommunikation*, edited by Manfred Knoche and Gabriele Siegert, 149-193. München: R. Fischer.
- Knoche, Manfred. 1999b. Media Economics as a Subdiscipline of Communication Science. In *The German Communication Yearbook*, edited by Hans-Bernd Brosius and Christina Holtz-Bacha, 69-100. Cresskill/NJ: Hampton Press.
- Knoche, Manfred. 1996. Konzentrationsförderung statt Konzentrationskontrolle. Die Konkordanz von Medienpolitik und Medienwirtschaft. In *Markt – Macht – Medien. Publizistik im Spannungsfeld zwischen gesellschaftlicher Verantwortung und ökonomischen Zielen*, edited by Claudia Mast, 105-117. Konstanz: UVK Medien.
- Langenbacher, Wolfgang R. 2000. Im Gedenken an Horst Holzer. *Publizistik* 45 (4): 500-501.

- McChesney, Robert W. 2000. The Political Economy of Communication and the Future of the Field. *Media, Culture & Society* 22 (1): 109-116.
- Marx, Karl. 1894. *Capital: A Critique of Political Economy. Volume III*. London: Penguin.
- Marx, Karl. 1885. *Capital: A Critique of Political Economy. Volume II*. London: Penguin.
- Marx, Karl. 1867. *Capital: A Critique of Political Economy. Volume I*. London: Penguin.
- Marx, Karl. 1857/1858. *Grundrisse. Foundations of the Critique of Political Economy (Rough Draft)*. London: Penguin.
- Meier, Werner A. 1997. Zwischen traditioneller Medienökonomie und politischer Ökonomie gesellschaftlicher Kommunikation. In *Publizistikwissenschaftliche Basistheorien und ihre Praxistauglichkeit*, edited by Heinz Bonfadelli and Jürg Rathgeb, 173-183. Zürich: Universität Zürich.
- Meier, Werner A. 1996/1997. Globaler Medienwandel aus politökonomischer Perspektive. *Medienwissenschaft Schweiz* 1996 (2) & 1997 (1): 70-85.
- Mosco, Vincent. 1996. *The Political Economy of Communication. Rethinking and Renewal*. London/Thousand Oaks, CA: Sage.
- Negt, Oskar. 1997. Neuzugänge zum Marx'schen Denken. *Zeitschrift Marxistische Erneuerung* 30: 38-46.
- Negt, Oskar and Alexander Kluge. 1972. *Öffentlichkeit und Erfahrung. Zur Organisationsanalyse von bürgerlicher und proletarischer Öffentlichkeit*. Frankfurt a.M.: Suhrkamp.
- Nutzinger, Hans G. 1977. Wirtschaftstheorie aus der Sicht der Politischen Ökonomie. In *Seminar: Politische Ökonomie. Zur Kritik der herrschenden Nationalökonomie*, edited by Winfried Vogt, 206-235. Frankfurt a.M.: Suhrkamp. Second edition.
- Prokop, Dieter. 2000. *Der Medien-Kapitalismus. Das Lexikon der neuen kritischen Medienforschung*. Hamburg: VSA.
- Prokop, Dieter. 1974. *Massenkultur und Spontaneität. Zur veränderten Warenform der Massenkommunikation im Spätkapitalismus*. Frankfurt a.M.: Suhrkamp.
- Robes, Jochen. 1990. *Die vergessene Theorie. Historischer Materialismus und gesellschaftliche Kommunikation. Zur Rekonstruktion des theoretischen Gehalts und der historischen Entwicklung eines kommunikationswissenschaftlichen Ansatzes*. Stuttgart: Silberburg.
- Röttger, Bernd. 1997. *Neoliberale Globalisierung und eurokapitalistische Regulation. Die politische Konstitution des Marktes*. Münster: Westfälisches Dampfboot.
- Schikora, Andreas. 1992. Politische Ökonomie. In *Politische Ökonomie im Wandel. Festschrift für Klaus Peter Kisker*, edited by Andres Schikora, Angela Fiedler, and Eckhard Hein, 11-21. Marburg: Metropolis.
- Schui, Herbert. 2000. Neoliberalismus – Die Rechtfertigungslehre für die Konzentration von Einkommen und Vermögen. In *Geld ist genug da. Reichtum in Deutschland*, edited by Herbert Schui and Eckart Spoo, 71-88. Heilbronn: Distel. Third edition.
- Steininger, Christian. 2000. *Zur politischen Ökonomie der Medien. Eine Untersuchung am Beispiel des dualen Rundfunksystems*. Wien: WUV.
- Sussman, Gerald, ed. 1999. Special Issue on the Political Economy of Communications. *The Journal of Media Economics* 12 (2).
- Zinn, Karl Georg. 1998. *Jenseits der Markt-Mythen. Wirtschaftskrisen: Ursachen und Auswege*. Hamburg: VSA.

About the Author

Manfred Knoche is professor emeritus of media economics at the University of Salzburg in Austria. He studied journalism, sociology, political science and economics at the University of Mainz and the Free University of Berlin. He obtained his PhD (1978) and defended his habilitation (1981) at the Free University of Berlin. He was research assistant in the years 1974-1979 and assistant professor for communications politics in Berlin in the years 1979-1983. From 1983-1994, he was professor of media and communication studies at the Vrije Universiteit Brussel in Belgium, where he was also the director of the Centre for Mass

Communications Research. From 1994-2009 he held the chair professorship for journalism and communication studies with special focus on media economics at the Institute for journalism and communication studies at the University of Salzburg in Austria, where he was the head of the department for media economics and empirical communication research. He chaired the German Association for Media and Communication Studies' (DGPuK) media economics-section. He is author of many publications on the critique of the political economy of the media. His work has especially focused on the critique of the political economy of media concentration and the media industry's structural transformations.

<http://www.medienoekonomie.at>,

<https://kowi.uni-salzburg.at/ma/knoche-manfred/>

Twitter: [@Medoek](https://twitter.com/Medoek)

Wikipedia: https://de.wikipedia.org/wiki/Manfred_Knoche