

RETHINKING GLOBAL MEDIA: CREATIVE DIVERSITY AND MEDIA DISPERSAL

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Introduction

Communications media have been central to globalizing processes in modern societies. As *technological forms*, communication media have long extended the transmission of messages across space in ways that challenge the socio-cultural dimensions of the nation-state and national cultures, and the global communications infrastructure that has developed rapidly since the 1980s has further promoted global information flows and cross-border commercial activity. As *institutional and organisational forms* through which information and content is produced and distributed, media corporations have been at the forefront of international expansion of their market reach and the development of new sites of production and distribution, and media industries are highly dynamic on a global scale. Finally, as *cultural forms*,

or providers of the informational and symbolic content that is received and used by consumers/audiences/users, global media constitute a core means through which people make sense of events in distant places, and the information and images that they carry are central to the existence of common systems of meaning and understanding across nations, regions and cultures.

Media globalization challenges some long-standing assumptions about the relationship between territory, identity and culture, as well as presenting new and distinct challenge to those agencies that seek to manage and regulate media flows, media power and media control. Digital media technologies have of course further disrupted these relationships by promoting the borderless flow of media content, enabling users to become producers through the new tools of digital content creation and networked distribution, and disrupting long-established media hierarchies between producers and audience. New media promotes the convergence and hybridization of media forms, generating media content that is increasingly less able to be seen as identifiably produced and regulated within specific nation-states and national cultures. While these are not unique products of the development and popularization of the Internet, as the rise of cable and satellite broadcasting and ‘big media from small nations’ such as the Qatar-based *Al-Jazeera* indicate, they nonetheless point to media that is considerably more deterritorialized in the early 21st century than was the case for the 20th century, where one-to-many broadcast communications (the mass communications model) was in many respects hegemonic.

My purpose in this paper is not to understand global media through the prisms of ‘old’ and ‘new’ media. There is little doubt that the rapidly transforming technical

infrastructure of communication that enables media globalization is of vital importance, as are the falling barriers to entry for prospective media content producers and distributors that challenge the traditional ‘hourglass’ shape of media and creative industries (i.e. many current and would-be producers and many more consumers, but a concentration of control over the means of distribution by a small number of powerful distributors). My purpose is rather to consider the nature of the dominant ways of thinking about global media, and their adequacy for understanding the trends in global media development that we see in the early 21st century. In particular, I wish to argue that the intersection of argue that new ways of thinking about communications media as creative industries, combined with the rise of the global knowledge economy, require a rethink of some key assumptions about the nature of global media in the 21st century. In particular, they point towards a more matrix-like structure of media production centres and what Michael Curtin terms ‘media capitals’ than was the case with 20th century models of global media, which tended towards the centre-periphery model, with flows between a small number of metropolitan centres and the rest of the world dominating global media production and distribution, replicating on an international scale the unequal power relations between producers and consumers in models of mass communications.

The dominant models for understanding global media in recent times have derived from critical political economy and globalization theories.

Critical Political Economy

The *critical political economy* perspective has been the most long established and arguably the most influential. Drawing upon both the Marxist-derived political economy of communication approach and the pioneering critiques of U.S. cultural imperialism of Herbert Schiller, this approach identifies growing concentration of media ownership on a global scale, as the media-cultural industries (or what Schiller termed the Entertainment-Information-Communication (ECI) complex) become increasingly central to the global economy. This is linked to various economic and foreign policy priorities of the U.S. and other major Western governments, and the broader influence of Western news media and popular culture upon values, ideas and structures in those nations that are economically dependent upon these information flows, leading to cultural domination or *cultural imperialism*. In his famous early statement of this concept, Schiller argued that:

The concept of cultural imperialism ... describes the sum of processes by which a society is brought into the modern world system and how its dominating stratum is attracted, pressured, forced, and sometimes bribed into shaping social institutions to correspond to, or even promote, the values and structures of the dominant centre of the system. (Schiller, 1976, p. 9)

Recent work in critical political economy draws upon three interrelated propositions:

1. The tendency towards concentration and centralization of media ownership and control now operates globally, and not simply on a national scale. As Herman and McChesney describe this, 'The ... global media system is dominated by three or four dozen large transnational corporations (TNCs) with fewer than ten mostly

U.S.-based media conglomerates towering over the global market' (Herman and McChesney, 1997, p. 1);

2. This is part of a wider tendency of globalization to shift the balance of political and economic power from nationally based institutions, such as governments and trade unions, towards geographically mobile multinational corporations (MNCs). This in turn leads to policies that further integrate nations into global cultural flows, such as the privatisation and deregulation of communications industries, as supported by supra-national entities such as the World Trade Organisation and the International Telecommunications Union, as part of the relaxation of controls associated with the 'race to the bottom' for foreign investment, whereby 'capital will increasingly be able to play off workers, communities and nations against one another' (Crotty *et al.*, 1998, p. 118);
3. The globalization of media production, as with foreign investment in other sectors, is reinforcing relations of economic and cultural dependency, as seen in theories of the *new international division of labour* (NIDL) and Miller *et. al.*'s (2001) extension of this into the media and cultural sphere with their concept of the *new international division of cultural labour* (NICL).

Globalisation Theories and the Specificities of Culture

Globalisation theory, as developed by Giddens (1990), differs from the critical political economy approach, in that economic relations are seen as one of four axes of power in modern societies, with others including political power, coercive power and symbolic power (c.f. Thompson 1995). It therefore looks for disjunctures as well as alignments between these four, as seen on a global scale with the operation of

multinational corporations, the structure of relations between nation-states, global and regional geo-political conflicts and military alliances, and, most importantly in this instance, developments in relation to the production, distribution, and use of the means of information and communications. The work of Arjun Appadurai (1990, 1996) has also been important in this context, as it has provided conceptual underpinnings for theories of globalization and global culture that point to *cultural hybridization*, rather than cultural domination, as being its *raison d'être*. Drawing upon a five-fold categorization of forces that governed global cultural flows (ethnoscapes, technoscapes, finanscapes, mediascapes and ideoscapes) Appadurai (1990) argued that the global cultural economy was based upon a tension between forces promoting a common global culture (cultural homogenization) and those promoting cultural difference and diversification (cultural heterogenization).

Globalisation theories have been drawn upon by cultural studies researchers as providing the basis for a corrective for understanding that global distribution of cultural or symbolic content as being synonymous with cultural domination, as theories of active audiences or interpretative cultures have always thrown into question the simple equation of distributional hegemony with the simple transmission of dominant meanings. Drawing upon reception studies of local uses of imported media content, Thompson (1995) argued that the cultural imperialism thesis remained too closely tied to mass society approaches to media reception, and that 'the composition, the global flow and the uses of media products are far more complex' than a simple equation of US media content and the promotion of Western or consumerist values allows (Thompson, 1995, p. 169). In a similar vein, and drawing upon cross-cultural ethnographic research and reception studies, Ien Ang argued that

there was a need for closer analysis of how global media content is ‘actively and differentially responded to and negotiated in concrete local contexts and conditions’ (Ang, 1996a, p. 153). Tomlinson (1991) interrogated the implicit assumption in theories of cultural domination through global media that, in the absence of such global media flows, there would be greater congruity between nation-states and a distinctive national or local culture. He observed that such analyses conflate the local with the national, seeing national cultures as existing prior to their constitution through social processes such as media consumption, rather than as being in ongoing construction. This problem becomes increasingly significant as globalization develops further since, as Straubhaar observed:

Very few nations are ethnically homogeneous ... Most have fairly large minorities. If language is a primary characteristic of culture, then most nations are multilingual and not homogeneous nation-states. This opens up a large area of interest in media ... which address media audiences of smaller than national scope. (Straubhaar 1997, p. 286).

Beyond the Political Economy/Cultural Studies Impasse: Alternative Perspectives

What has existed subsequently has been something of an impasse in global media studies between the political economists and the cultural studies theorists, with the political economists perceiving cultural studies as being naïve about the nature of global capital and financial flows, and cultural studies authors finding political

economists being too reductive in their understanding of the relative autonomy of culture and of media audiences. While authors such as Miller *et. al.* (2001) have sought to shift the debate between these two polarities by focusing upon cultural labor and global production systems rather than questions of consumption, ideology and influence, it nonetheless remains the case that economic and cultural perspectives on global media continue to be highly polarised.

In this paper, I seek to redress that impasse by considering some of the contributions to knowledge of global media that can arise from adopting a more eclectic theoretical framework. In particular, I argue that insights from other areas of social theory can advance debate about the economics of global media beyond the core-periphery models derived from neo-Marxist political economy, and that this in turn draws attention to a greater degree of diversity in both global media flows and patterns of global production and investment in the media sector that has thus far been assumed by critical political economists.

There are three alternative approaches that I wish to focus upon. The first is *institutionalism*. Institutionalism in the social sciences has emphasised the importance of understanding the complexities of organizational form within large-scale institutions such as corporations and government agencies. Institutionalism gives a central role to the interplay between technology and organizations, the exercise of power in shaping market outcomes, the social embeddedness of market relations, questions of ownership and control within large and complex organizations, and transformations in institutional behaviour and social organization over historical time (Hodgson, 1988; Stilwell, 2002). Within this framework, Institutions exist both as

formal legal entities (such as corporations) and more informal mechanisms for combining individuals and organizing their relationships with others. Scott (1995) has defined institutions as ‘cognitive, normative and regulative structures and activities that provide stability and meaning to social behaviour. Institutions are transported by various carriers – cultures, structures, and routines – and they operate at multiple levels of jurisdiction’ (Scott, 1995, p. 33). Pontusson (1995) has observed that institutionalism is commonly understood as a *middle-range theory*, problematising relationships between agency and structure, or between methodological individualism and various forms of structuralism (c.f. Hindess 1987). Its scope ranges from the ‘new economics of organization’ that emphasises the importance of property rights, rent-seeking behaviour and transaction costs to the development of institutions (Williamson, 1985; Hall and Taylor, 1996; Caves, 2000), to regulation theories arising from the critical political economy tradition, that focus upon ‘the different kinds of social embedding of macro-economic processes under capitalism (Sayer, 1995, p. 24), and the role played by institutions as ‘carriers of history’, whose decisions generate a path dependency in social development over time (Coriat and Dosi, 2002).

The second analytical lens that I have applied to global media comes from *cultural policy studies*. Institutional approaches to state theory have emphasised the importance of recognizing the role played by state agencies and the development of state capacities to avoiding what has been termed the *cipher image of public policy*, where policy outcomes are largely seen as the consequence of structural relations derived independently of government (Skocpol, 1985; Johnston, 1986; Dunleavy and O’Leary, 1987). Cultural policy studies has brought such a perspective to bear upon

questions of media and cultural policy. Tony Bennett, one of the leading theorists of cultural policy studies, has argued the need for a more institutionally grounded approach to understanding cultural forms and practices, which can identify opportunities for cultural politics that can impact upon the conduct of identifiable government agents and institutions (Bennett, 1992). Bennett's call for a cultural studies that is *useful*, in the sense that it can connect to the discourses and institutional structures of cultural policy formation, has been echoed by cultural studies theorists such as McRobbie (1996), who identified cultural policy as the 'missing agenda' of cultural studies. At the same time, we need to be alert to the fact that the focus of cultural policy studies has remained resolutely national, reflecting both its roots in cultural studies traditions that have tended to be national, and the focus of policy studies upon the nation-state as the primary locus of decision-making. The rise of global media raises the question of the extent to which access to and use of cultural resources associated with the formation of citizen identities is increasingly drawn from transnational rather than national sources, through global audiovisual media and the Internet in particular (Canclini, 2000).

The third analytical lens to be deployed is that of *cultural and economic geography*. Insights from economic geography will be explored in more detail in the next section, but we can note the two 'turns' in geography that have been central to understanding contemporary debates about global media. The first was the rise of critical geography, moving it from being a 'science of the spatial' (Massey, 1985, p. 11), towards an understanding of spatial relations under capitalism, and how these intersected with other dynamics of political economy (Castells, 1978; Harvey, 1982, 1989; Massey, 1984, 1985; Storper and Walker, 1989; Smith, 1990). While this linking to critical

political economy was highly productive in the geographical field, its reciprocal implication was that ‘{if} that it is impossible to conceptualise social processes and structures outside their spatial form and spatial implications, then the latter must also be incorporated into our initial formulations and definitions’ (Massey, 1985, p. 11). The second major development was the ‘cultural turn’, that drew upon both post-structuralist critiques of systems of representation and upon Michel Foucault’s observation that ‘space is fundamental in any form of communal life; space is fundamental in any exercise of power’ (Foucault, 1984, p. 252). This goes beyond the proposition that space matters in understanding social relations and the operations of power, to the argument that it is impossible to conceive of social relations independently of their spatial dimensions:

The present epoch will perhaps be above all the epoch of space. We are in the epoch of simultaneity; we are in the epoch of juxtaposition, the epoch of the side-by-side, of the dispersed. We are at a moment, I believe, when our experience of the world is less that of a long life developing through time, than that of a network that connects points and intersects with its own skin. (Foucault, 1986, p. 22)

The rise of cultural geography has been linked to discourses surrounding the ‘culturalization of the economy’, or the degree to which the ‘cultural turn’ in economic geography has meant that ‘we can never look at “the economic” in quite the same way’ (Gertler, 2003a, p. 132). The extent to which the contemporary global capitalist economy has been ‘culturalized’ has been a widely debated proposition (Lash and Urry, 1994; Thrift, 2000; Amin and Thrift, 2004). Gertler (2003a) has

proposed that a cultural economic geography of production draws upon three 'big ideas' that have gained common currency over the 1990s and 2000s:

1. the 'rediscovery of the social' in production, and the associated relationship between organizational culture and economic performance (cf. Clegg *et al.*, 2005);
2. the realization that knowledge and learning are interrelated, and that the most advanced forms of learning in relation to product forms are embedded in geographically specific urban and regional cultures;
3. the evolutionary dynamics of local production systems and the cumulative advantages that derive from the combination of institutional 'lock-in' and 'first mover' advantage (cf. Arthur, 1999).

Du Gay and Pryke (2002) have identified the 'cultural economy' as arising from:

1. arguments that the management of culture has become the key to improving organizational performance, particularly when it can align organizational goals to feelings of self-realization among those working within it;
2. the relationship between economic processes and their cultural dimension, particularly in the services sector, where economic transactions are more directly related to interpersonal relations and communicative practices;
3. the rise of the cultural or creative industries, and the adoption of practices throughout the economy that have their genesis in these industries, such as the role of cultural intermediaries in articulating design and production to the

desires and values of consumers, or the role of networks in time-based and project-based forms of production.

Globalization and Global Media Corporations: How Global are they?

Economic Globalization and the Media

Although globalization is a multi-faceted and multi-dimensional phenomenon, it has typically been at the economic level that the strongest claims are made. It is commonly argued that markets are increasingly operating on a global scale and that transnational corporations (TNCs), as the dominant players in the global capitalist economy, now organize their activities on a global scale, progressively less constrained by the countervailing power of nation-states and nationally based institutions. Moreover, the 21st century experience of globalization is historically unprecedented, for while capitalism has been an international system since its inception, it is only now that global networks of communication and information technologies enable it to function as a fully integrated, 'real time' global system. For its critics, globalization can lead to a 'race to the bottom', where 'capital will increasingly be able to play off workers, communities and nations against one another' (Crotty *et. al.*, 1998, p. 118).

Evidence of economic globalization is not hard to find, although the implications of the available data are debated. The period from the late 1970s to the 2000s has seen an intensification of trends promoting greater global economic integration. Led by the rapid globalization of financial markets in the 1970s, (Held *et al.*, 1999, pp. 199–205), growth in foreign trade, foreign investment and foreign exchange transactions has substantially exceeded growth in world GDP from the early 1970s on (see Table 1). These globalization trends were particularly marked in the 1990s, as growth rates in foreign direct investment (FDI), cross-border mergers and acquisitions (M&As), and the sales, output, assets and employment rates of foreign affiliates considerably exceeding overall growth in global Gross Domestic Product (GDP), fixed capital formation and exports. In the 2000s, there has been greater parity between rates of cross-border activity (FDI, sales and exports of foreign affiliates) and indicators of growth overall such as GDP, gross fixed capital formation and exports.

Insert Table 1

The economic geographer John Dunning (2001) has argued that the current phase of capitalism is best understood as a global one since:

1. cross-border transactions are deeper, more extensive and more interconnected;
2. resources, capabilities, goods and services are more spatially mobile;
3. multinational corporations (MNCs) have become more central to wealth creation and distribution, and they originate from, and produce in, a wider range of countries;

4. there is a much greater volume of transactions, and resulting volatility, in global capital and financial markets;
5. ICTs and electronic commerce have transformed the nature of cross-border transactions, particularly in services.

Dunning identifies a series of attracting, enabling, and threatening factors that have promoted an expansion of global capitalism (Table 2):

Insert Table 2

Critical political economists have argued that media globalization is connected to the growing concentration of media ownership, reduced competition, and increasing global homogenization of media content. Edward Herman and Robert McChesney have argued that ‘The ... global media system is dominated by three or four dozen large transnational corporations (TNCs) with fewer than ten mostly U.S.-based media conglomerates towering over the global market’ (Herman and McChesney, 1997, p. 1). It is argued that the media industries have an innate tendency towards concentration of ownership and control, and that this tendency has been extended since the 1980s from the national to the global scale. The principal consequence of such developments has been, as McChesney and Schiller argue, that ‘a transnational corporate commercial communication began to be crafted and a new structural logic put in place ... [as] communications ... became subject to transnational corporate commercial development’ (McChesney and Schiller, 2003, p. 6). Moreover, media globalization has a catalytic impact through global capitalism as a whole, since ‘global media giants are the quintessential multinational firms, with shareholders, headquarters, and operations scattered across the globe’ (McChesney, 2001a, p. 16).

As such, they are in the front line of advocacy for globalization, and implacably opposed to interests or values that are at odds with global corporate and commercial interests. Such trends are seen as being reinforced rather than counteracted by developments associated with new media technologies such as the Internet, with mergers between media, telecommunications and computing firms pointing towards a colonization of the Internet space by traditional media giants, to the point where 'to the extent that the Internet becomes part of the commercially viable media system, it seems to be under the thumb of the usual corporate suspects' (McChesney and Schiller, 2003, p 15;).

Questioning Media Globalization

One of the issues raised in debates about media globalization and its relationship to the concentration of media ownership has been the tendency to appeal to aggregate data as *prima facie* evidence of trends, whereas the data itself can be read in different ways. This issue was raised by Compaine (2001), who contested McChesney's claim that 'there are now fewer and fewer companies controlling more and more' (McChesney 2001b). Compaine instead argued that the share of the top 50 media companies in the US media market in 1999 was comparable to that of 1986, that competition had increased in US and European media markets, and that the Internet introduced new forms of competition to traditional media giants.

It is also worth noting that figures of the extent of mergers and acquisitions in these sectors can be deceptive. McChesney (2001a) observed that the level of mergers and acquisitions in the global media, Internet, and telecommunications industries totalled

US\$300 billion in the first half of 2000, which was three times the value of mergers and acquisitions (M&As) in 1999, presenting this as evidence of the accelerating trend towards global media conglomerates and the concentration of global media ownership. Yet if we probe this figure in more detail, we can identify contextual factors which, at the very least, qualify the strong conclusions attached to this data. First, the overall value of M&As in 1999 was US\$2.3 trillion in 1999, meaning that M&As in the media, Internet and telecommunications industries were part of a worldwide trend that saw M&As increase from 0.3 per cent of global GDP in 1980 to 2 per cent in 1990, and 8 per cent in 1999 (UNCTAD, 2000, p. 106). Second, there are problems in connecting the media, Internet and telecommunications industries, for while they are all part of a broadly defined and increasingly convergent communications sector, M&As in each do not have the same implications. Two of the largest mergers in this period involved Vodafone merging with the US Air-Touch Communications group and the German Mannesmann Group, which served to consolidate Vodafone's position as a global telecommunications giant, but do not in themselves have a significant impact upon the circulation of media content. Finally, the trebling of the value of media-related M&As in 2000 was significantly driven by the America OnLine (AOL)-Time Warner merger, valued at US\$128 billion in that year. The general point is that growth in the size and revenue of enterprises in the media sector always needs to be considered alongside overall market growth and the entry of new competitors; if an is growing in a growing market, where there are not significant barriers to entry for new competitors, then that does not in itself provide evidence of greater concentration of ownership and control in that market.

When talking about media globalization, there is an important distinction to be made between media corporations which operate on a truly global scale, and those nationally based corporations with overseas operations. Forms of media globalization that revolve around the sale of media and creative products and services in many markets have existed at least since the expansionary strategies of the Hollywood majors into Europe and Latin America in the 1920s. They are not synonymous with the development of a geographically dispersed global assets base, arising from foreign direct investment, strategic partnerships, and mergers and acquisitions. Dunning (2001) has argued that it is the accumulation of a geographically dispersed assets base in order to develop competitive advantage in multiple national and regional markets through foreign investment that enables us to speak of the current era as one of an emerging global capitalism, rather than simply marketing products and services on an international scale. Dicken has defined a global corporation as ‘a firm that has the power to co-ordinate and control operations in a large number of countries (even if it does not own them), but whose *geographically-dispersed operations are functionally integrated*, and not merely a diverse portfolio of activities’ (Dicken, (2003b, p. 30). Dicken contrasts this definition of a global corporation is contrasted to that of ‘national corporations with international operations (i.e. foreign subsidiaries)’ (Dicken, 2003a, p. 225).

One useful measure of the ‘transnationality’ of corporations on the basis of such definitions is the *transnationality index* developed by the United Nations Commission for Trade, Aid and Development (UNCTAD). The Transnationality Index (TNI) identifies the degree of transnationality of the world’s largest non-financial corporations, measured as a percentage of a company’s assets, sales and employees

that are outside of the country's home base, dividing the aggregate of these three indices by three. One feature of the TNI is that it does not rely upon a single measure of transnationality, such as foreign sales, but aligns this to other indicators of the globalization of corporate operations, such as the international deployment of assets and the percentage of staff employed outside of the national home base.

On the basis of the UNCTAD TNI, the media industries are not particularly transnational. UNCTAD data for 2003 found that four media or media-related corporations were in the top 100 – Vivendi Universal (20), News Corporation (22), Thomson Corporation (65) and Bertelsmann (98). UNCTAD's 2004 data saw Vivendi Universal and News Corporation disappear from this list. In the case of Vivendi, this reflected its declining corporate fortunes, and in the case of News Corporation this was because it had relocated its corporate head office from Australia to the United States (UNCTAD, 2006, pp. 280–2). At a general level, UNCTAD data tells us two things. One is that the degree of transnationality of corporations elates less to their overall size than to the size of their home market. Corporations from countries such as Switzerland, Sweden, Belgium, Canada, Australia and The Netherlands tend to be more transnational than those from the United States and Japan, reflecting their smaller home markets and their need to expand overseas operations. The other is that media industries, and service-related industries generally, tend to be considerably less transnational than sectors such as mining, electronics, petrochemicals, motor vehicles, utilities, pharmaceuticals and other companies in the manufacturing or resource-related industries. Such findings would support the arguments of 'globalization sceptics' such as Glyn and Sutcliffe (1999), who argue that barriers to the international tradeability of services remain significant, and this

generates a problem for 'strong globalization' arguments as it is services industries that are growing most rapidly in the world economy. Insofar as convergent communications industries have been becoming more transnational in recent years, the major growth has been in telecommunications rather than the media and entertainment sectors.

If we take the world's four largest media corporations in 2004 – Time Warner, Disney, Viacom and News Corporation – only one of these (News Corporation) could be said to have approached the status of a global corporation. By contrast, companies such as Time Warner, Disney and Viacom have a small share of their overall asset base outside of North America. Indeed, Time Warner does not list its assets located outside of the United States in its *Annual Report*, since the overwhelming bulk of its international revenues are derived from the sale of US copyrighted products abroad, and therefore constitute intangible assets based upon the commercial value of product titles. globalization strategy marked by the significant role played by joint ventures and strategic partnerships in acquiring assets outside of its three 'home bases' of the United States, Australia and Britain, its transnationality comes in part from its having been listed until 2004 as an Australian company, as noted above. If we analyse international activity in terms of revenues acquired outside of the home country, and if we approach News Corporation as a US company, we find that Time Warner, Disney and Viacom have a comparable pattern of operations, deriving 20–25 per cent of their total operating revenues from outside of North America, with News Corporation being the significant outlier, deriving 44 per cent of its been expanding their international operations since the 1990s, and will no doubt continue to do so,

only News Corporation can lay claim to being a global corporation on the criteria used by economic geographers such as Dunning and Dicken.

Insert Table 3

The UNCTAD data reinforces the point that the globalization of the media and entertainment industries is moving more slowly than is commonly assumed, and that News Corporation is the only major media corporation with claims to be truly global, rather than a national corporation that operates in international markets, and this claim was in turn partly conditional upon its 'home base' status being in Australia rather than in the US prior to 2004.

New Theories of Globalization and Foreign Investment: Perspectives from Economic Geography

Approaches to global media derived from critical political economy have made much use of dependency theory in their understanding of the drivers of global media flows and their consequences for source and host nations. Dependency theory, as developed by developed by writers such as Immanuel Wallerstein, Andre Gunder Frank and Samir Amin, understands global capitalism as a system driven by the 'development of underdevelopment', whereby the nations of the 'Third World' are subject to systematic exploitation by the metropolitan 'core'. In a recent restatement of this position, Samir Amin (2004, p. 26) has argued that 'the "globalization" thesis ... is nothing but a new way in which the inherently imperialist nature of the system asserts

itself'. Links to dependency theory were explicit in the work of Herbert Schiller in the 1970s and 1980s, who argued that the global media and communications system had as its primary driver the expansionary dynamic of the predominantly US-based *entertainment-communication-information* (ECI) industries, and that the consequence of this expansion was the imposition of cultural domination, or cultural imperialism, upon the developing world:

The concept of cultural imperialism ... describes the sum of processes by which a society is brought into the modern world system and how its dominating stratum is attracted, pressured, forced, and sometimes bribed into shaping social institutions to correspond to, or even promote, the values and structures of the dominant centre of the system. (Schiller, 1976, p. 9)

More recently, Miller *et al.* (2001) have proposed that the global media production system is structured around what they term the *New International Division of Cultural Labour* (NICL). For Miller *et al.*, what is distinctive about the current phase of globalization of predominantly US-based audiovisual media industries is that they have been structurally separating the 'activities of the hand' – the production of films and television programmes as material artefacts – from the 'activities of the mind', or the development of ideas, concepts, genres and programme forms. In a mode of thought that is derived from Adam Smith as well as Karl Marx, Miller *et al.* argue that production processes ('activities of the hand') are being progressively globalized in search of lower labour costs and other costs of production, while the generation and

ownership of intellectual property ('activities of the mind') that are associated with these new product concepts remain highly centralized. Evidence of this is seen, for example, in the global concentration of ownership of intellectual property such as copyright, patents, trademarks and designs.

Miller *et al.*'s analysis draws explicitly upon the concept of a *new international division of labor* (NIDL). The concept of an NIDL was proposed by the German economists Fröbel, Heinrichs and Kreye in the late 1970s to explain the rise of foreign investment by multinational corporations in a context of stagnation in the Western industrialized economies. The theory proposed that there was a process of deindustrialization in Western Europe and the US, and a partial industrialization of the Third World, as MNCs exploited the opportunities provided by low wage labour, advances in transport and communications technologies, and the development of 'free production zones' with minimal tax and labour regulations by the governments of various developing countries (Fröbel *et al.*, 1980). The potential outcome of such an NIDL would include a global 'race to the bottom' in labour and environmental standards (Crotty *et al.*, 1998) and a threat to democracy worldwide, as the capacity of large MNCs to rapidly shift capital and transfer production facilities around the globe could lead to wholesale shifts of production to those countries which had more 'compliant' governments and labour unions, thereby endangering democratic principles, workers' rights, environmental safeguards and human rights more generally. In their application of this framework for the NICL, Miller *et al.* argue that the Hollywood majors are engineering a new international distribution of labour tasks and production processes, in order both to attract talent from other national media systems into their orbit (which Hollywood has done since the 1920s), but also

to redistribute work globally in order both to reduce costs and ‘discipline’ US cultural labour by demonstrating their capacity to shift large-scale media production around the globe. In such a strategy, as argued by critics of economic globalization, ‘MNCs can discipline both labour and the state, such that the latter is reluctant to impose new taxes, constraints or pro-worker policies in the face of possible declining investment’ (Miller *et al.*, 2001, p. 52).

There was an important intersection in the 1970s between neo-Marxist dependency theory and theories of foreign investment and MNC expansion which formed the basis of theories such as the New International Division of Labour (Fröbel *et al.*, 1980). At this time, the dominant theories of MNC investment activity focused upon the interrelationship between the ownership advantages of vertically integrated firms, and the cost-reducing or market expanding opportunities presented by particular locations (Barnet and Müller, 1974; Hymer, 1975). *Ownership* advantages are those which derive from being multinational and vertically integrated across the supply chain, particularly in economies where the competition is largely nationally based. They could include the ability to produce at lower costs due to the international nature of corporate activities, superior access to financial resources, control over scarce or unique resources (both physical and human), or the uniqueness and global recognition of a particular product or brand (for example, the ability to exploit the global recognition of Coca-Cola as a brand of soft drink). It follows that the world’s largest firms become MNCs, and their dominance is further extended through their decision to go global, as they can out compete more locally based enterprises in particular national markets, and will be able to exercise power over national governments in the countries in which they invest. *Locational* advantages have been seen as in many

ways complementary to ownership-based advantages, as they address the question of *where* foreign direct investment (FDI) takes place as well as *why*. Locational theory has traditionally focused upon either the availability of particular primary resources in certain markets, or access to new markets, availability of low-cost labour, or incentives offered by governments – particularly in developing countries – such as tax incentives or ‘free production zones’ without the usual standards of labour or environmental regulation. The implication of these theories of the rise of the multinational corporation is that it can structure its activities in ways that disadvantage governments and workers in both its home country and in those host countries in which it invests.

This model of foreign direct investment could potentially explain patterns of *horizontal* specialization, where MNCs produce and market similar products in different countries on the basis of ownership-based advantages such as global marketing and branding, as well as *vertical* specialization, where a global value chain is developed that exploits the different locational advantages of particular nations and regions. What it could not explain was *why* corporations with global ambitions would undertake foreign direct investment in other countries, with the associated risks of locating large amounts of physical assets in countries where the market was less well understood, the political risks were greater, and the capacity to recruit skilled local labour was less apparent. The benefits of new markets and/or unique resources could be accessed by other means that did not involve the investment of physical capital, such as equity investment in local producers, import/export arrangements with local distributors, or other forms of strategic partnership.

In his influential OLI or 'eclectic' paradigm, John Dunning (2001) proposes that the missing element from these theories of foreign investment was an understanding of *internalization* advantages. Whereas ownership advantages (O) and location advantages (L) had been well rehearsed in theories of the MNC, Dunning argued that internalization (I) theories best explained how and why MNCs participated in foreign direct investment on the basis of advantages associated with the ability to capture more localized sources of knowledge and apply them across global markets. Such advantages included: organizational learning; cultural awareness; innovation opportunities; and opportunities to augment existing intellectual assets that arise from a direct presence as a producer and/or distributor in multiple nations.

Dunning has proposed that the principal goal of MNCs has been evolving from one focused primarily upon advancing the opportunities to exploit profit from existing assets, by reducing costs through offshore production or selling into new markets, to strategies which focus upon 'the creation, as well as the use, of resources and capabilities', and the resulting need for MNCs to 'organize their activities in order to create future assets' (Dunning, 2001, p. 100). In such a context, MNCs have an interest in being able to tap into a diverse range of knowledge and innovation systems. The drive to acquire knowledge capital from multiple sources, as well as the problem of *cultural distance* that arises from operating in multiple countries (that is, the cultural differences between nations that make it difficult to develop homogeneous 'global products'), mean that:

Multinational enterprises are engaging in foreign direct investment specifically to tap into, and harness, country- and firm-specific resources, capabilities, and learning experiences ... MNEs may use their foreign affiliates or partners as vehicles for seeking out and monitoring new knowledge and learning experiences; and as a means of tapping into national innovatory or investment systems more conducive to their dynamic competitive advantages. (Dunning, 2000, p. 20)

The relevance of access to knowledge-based assets as primary drivers of the investment decisions of MNCs today is further enhanced by four major features of the contemporary dynamics of global capitalism. The first is the rise of a *knowledge economy*, or one where there is a 'growing relative importance of intangible capital in total productive wealth, and a rising relative share of GDP attributable to intangible capital' (David and Foray, 2002, p. 1). The knowledge economy places a new emphasis upon the importance of intangible assets, such as knowledge, information and creativity, that are embodied in people, organizations and processes, as compared to natural assets (land, resources, low-cost labour) and tangible physical assets (buildings, machinery, fixed infrastructure).

The second major factor is the rise of *new competition*, which is associated with the knowledge economy and is based upon the growing importance of innovation and the development of new products, services and processes, many of which involve new applications of 'borderless' ICTs and broadband networks (cf. Hodgson, 2000; OECD, 2001a; Flew, 2005a). Best (1990; c.f. Schilling 2006) has argued that new competition requires a dual focus on the relationship between product and service innovation on the one hand, and organizational flexibility and commitment to

continuous improvement in internal processes on the other. In order for innovation to lead to sustainable competitive advantage, Best argued that this can only take place if it is complemented by the capacity of the firm or corporation itself to engage in entrepreneurship and collective learning within its own organizational structures, and to engage in knowledge-sharing, collaborative learning and inter-firm networking, in order to capture emergent knowledge forms and further develop dynamic forms of competitive advantage.

Third, there is the rise of what Dunning terms *alliance capitalism*, and Manuel Castells termed *the networked enterprise model* (Castells, 1996, pp. 162–6, 170–2; cf. Castells, 2001, pp. 67–8). Alliance capitalism refers to the increased significance attached to inter-corporate and other alliances (for example, with competitors, suppliers, customers, and governments) as means of achieving access to synergistic or complementary knowledge-intensive assets, learning and organizational capabilities, and markets. Networked forms of organization have been particularly significant in the media and creative industries. Davis and Scase (2000) have argued that the growth of networked forms of organization is one of the strongest trends in the creative industries, since it best balances the dynamic interplay between explicit, formal control mechanisms which characterize bureaucratic forms, with the need in creative organizations for informal and collegial processes which facilitate creative autonomy, acknowledge flexibility and work productively with non-conformity. They identify the ascendancy of the network form as a response to the limits of bureaucratic forms of organization, as the focus upon tacit mechanisms of co-ordination and informal and collegial modes of control addresses the problems of risk aversion and inflexibility

seen to arise from the formal, hierarchical and explicit modes of co-ordination and control characteristic of large-scale cultural organizations.

Fourth, the concept of *clusters* has drawn attention to the relationship between the spatial agglomeration of particular activities, evidence of innovation and economic dynamism in particular cities and regions, and the importance of territorial proximity to collective learning process in increasingly knowledge-based economies. Cluster theories aim to capture the correlation between agglomerations of related firms and industries and sectors and the success of particular geographical places in the global economy, and it has been argued that such clustering arrangements become more, not less, relevant in the context of economic globalization. Storper (1997a) has argued that the interaction between new digital technologies, organizational changes such as networking, and competition among cities and regions to capture economic rents produces a global economy where:

Certain key regions are at the heart of generating important kinds of economic rents in contemporary capitalism ... [and] the image of the global economy as a sort of delocalized 'space of flows' of human, physical and financial capital controlled from major corporate headquarters manifestly fails to grasp the nature of the new competition. (Storper, 1997a, p. 218)

In a similar vein, Allen Scott has argued that economic globalization is pointing to 'the rise of a global capitalist economy characterized by ... super-clusters of producers [that] come into being in the shape of dense agglomerations ... tied functionally together in a global division of labour' (Scott, 1999, pp. 89, 90). Scott has argued that

the creative industries (or what he terms the *cultural-products industries*) demonstrate particularly strong tendencies towards both network organization and location-based clustering since:

1. The importance of specific forms of labour input, and the importance of the quality of such specialized labour and associated forms of tacit knowledge (which exists independently of the level of technology applied), requires access to particular forms of labour in particular locations at specified times;
2. Production is frequently organized in dense networks of small-to-medium sized enterprises (SMEs), which are strongly dependent upon each other for the provision of specialized inputs and services;
3. The employment relation in creative industries is frequently characterized by intermittent, project-based work, leading to recurring job-search costs, which can be minimized for both employers and workers through co-location in particular areas;
4. Locational agglomeration (clustering) generates direct benefits in bringing labour, capital and enterprise together in ways that minimize transaction costs and search costs. At the same time, it generates indirect, synergistic benefits, which result from the considerably enhanced ability to realize the benefits of individual creativity in an environment characterized by mutual learning, strong bases of tacit knowledge and historical memory, and multiple stimuli from the co-existence of many people and enterprises engaged in interrelated activities. This is what Charles Landry has termed

soft infrastructure, or ‘the system of associative structures and social networks, connections and human interactions, that underpins and encourages the flow of ideas between individuals and institutions’ (Landry, 2000, p. 133);

5. Locational agglomeration also promotes the development of associated services and institutional infrastructure which prioritizes the relevant industry sectors in the thinking of local policy-making authorities, and generates the accelerated development of critical related services, or what Landry (2000) terms *hard infrastructure*.

Global Production Networks

Markusen (1996) has argued that two of the most internationally prominent forms of clustering – the ‘hub-and-spoke’ industrial district and the satellite platform – are unlikely to generate significant knowledge transfers to the host city or region if they are based around foreign direct investment. The *‘hub-and-spoke’ industrial district* is one where the ‘head office’ has simply outsourced aspects of its operations to external suppliers or other service providers, who remain in fundamentally unequal and dependent relationships to the core provider of knowledge capital. The *satellite platform* model is even less likely to achieve effective technology transfer and knowledge capture. As the satellite platform model emerged in both developed and developing countries through science and technology parks, enterprise zones, free-trade zones, or export production zones, it typically rested upon high levels of government incentives for large firms to invest in the city or region (tax incentives, more relaxed labour conditions and so on), combined with measures to attract locally

based suppliers and others with complementary activities to co-locate within this state-derived new industry cluster. Miller *et. al.*'s (2001) critique of attempts by governments around the world to attract foreign investment in film and television production on the basis of tax incentives and lower labour costs marks a case study in the limitations of the satellite platform model as a means of generating sustainable and globally competitive clusters. It remains highly reliant upon the incentives as such, and the costs of withdrawing from a region when fixed capital investments have already been made, and is thus unlikely to promote the forms of embedded interpersonal ties, enhanced local entrepreneurship, and supportive institutional development that have characterized successful industry cluster development and new forms of product, service and process innovation (cf. Markusen, 1996, pp. 304–5).

While the hub-and-spoke and satellite platform models represent traditional models for the relationship between multinational corporations' head offices and their offshore branch operations, a very different understanding of such relationships arises with the development of *global production networks*. Ernst and Kim (2002) have argued that global production networks constitute the major organizational innovation in global corporate operations, enabling new strategies for international knowledge diffusion across national boundaries, and creating new opportunities for knowledge capture and local capability formation in hitherto lower-cost locations outside of the head office heartlands of North America, Western Europe and Japan. They argue that:

A transition is underway from 'multinational corporations', with their focus on

stand-alone overseas investment projects, to ‘global network flagships’ that integrate their dispersed supply, knowledge and customer bases into global (and regional) production networks. (Ernst and Kim, 2002, p. 1418)

Importantly, the benefits of global production networks for developing countries are not the result of strategic concessions from international investors. Rather, Ernst and Kim argue that they have emerged out of a highly favourable climate for foreign direct investment, which reduces the costs and risks of international transactions substantially, and hence promotes Locational specialization, outsourcing and spatial mobility. The ICT revolution has increased both the opportunities and the need for international expansion, as it enables firms to disperse their resources and capabilities across national boundaries, while at the same time integrating their operations into a wider network of specialized industrial districts and industry clusters. The ability to remain globally competitive compels the largest corporations to operate in a wider range of international markets, while at the same time requiring them to more explicitly integrate and co-ordinate activities across different geographical locations and market segments. Since no firm can possess all of the resources and knowledge capabilities required for such global competitive advantage from within its own organization, ‘competitive success thus critically depends on a capacity to selectively source specialised capabilities *outside* the firm ... This requires a shift from individual to increasingly collective forms of organization, from the functional hierarchy of “multinational corporations” to the networked global flagship model’ (Ernst and Kim, 2002, p. 1420).

For those countries that receive these new forms of foreign direct investment, the ability to capture new forms of knowledge-based value is vitally dependent upon the capacity of local suppliers integrated into these global production networks to meet the expectations of the global flagships, while at the same time continuously upgrading their *absorptive capacity*. Absorptive capacity refers to the combination of the existing knowledge base and the intensity of commitment to acquiring new knowledge. Flagships are in a much more powerful bargaining position than local suppliers, and have considerable capacity to move activities elsewhere if not satisfied with performance. At the same time, local suppliers can capture knowledge from the flagships through processes described by Ernst and Kim as: (1) *externalization* (conversion of tacit knowledge from the flagship into explicit knowledge by the local supplier); (2) *internalization* (conversion of explicit knowledge from the flagship into tacit knowledge on the part of the supplier); and (3) *socialization* (sharing of tacit knowledge through joint training, relocation of key personnel, and so on). Ernst and Kim use this framework to explain how Asian economies such as those of Singapore, Taiwan and South Korea moved up the value chain from being relatively low-cost suppliers to Western MNCs in the 1970s and 1980s to having their own leading global firms and being relatively high-wage, knowledge-intensive economies with high levels of localized innovation (cf. Yusuf, 2003). Similar thinking lies behind the strategy in China to develop ‘national champions’ in key economic sectors, whose capacity for innovation ‘piggy-backs’ off the knowledge acquired through partnerships with foreign investors (Nolan, 2004).

Henderson *et al.* (2002, p. 445) have identified global production networks as providing a framework that is ‘capable of grasping the global, regional and local

economic and social dimensions of ... globalization'. They have noted a paradox in these production networks in that, while the networks themselves are not territorially defined, they work through social, political and institutional contexts that are territorially specific, principally – although not exclusively – at the level of the nation-state. This means that the actions of local firms, governments and other economic actors, such as trade unions, 'potentially have significant implications for the economic and social outcomes of the networks in the locations they incorporate' (Henderson *et al.*, 2002, p. 446). Global production networks are thus partly deterritorialized in the sense used by Storper (1997), as they are not territorially 'bound' in the manner of firms operating primarily at the level of the national economy. They are, nonetheless, spatially embedded in multiple respects. The activities of MNCs in local environments are embedded in: interpersonal networks (for example, key decision-makers in the MNC need to interact with key decision-makers in the host nation, in which there will be pre-existing social networks); the ways in which they are 'anchored' in particular national forms of governance (taxation systems, educational frameworks and so on); and institutional and cultural *milieux*, from which they can derive new forms of knowledge and draw upon distinctive well-springs of innovation. The circumstances under which host nations can enhance and capture value through FDI embedded in global production networks will depend upon factors such as: the nature and extent of technology and knowledge transfer; the sophistication and adaptive capacity of local suppliers; whether skill demands increase over time (enabling a move from low-wage, low-skill 'generic' labour to higher-skill, more specialist work); and whether local firms can begin to develop their own organizational, relational and brand 'rents', or unique profit-generating attributes (Henderson *et al.*, 2002, p. 449). In all of these areas, the roles

played by national institutional influences, particularly those arising from government policy, are critical.

Two Types of Product, Two Forms of Globalization

As a result, we need to see processes of economic globalization driven by MNC expansion as a multidimensional process, of which the shift of low value-added activities to low-wage economies in order to minimize costs across the global production value chain is only one of a range of possible strategies. Michael Storper has argued that globalization can no longer be understood simply as a process of *detritorialization*, through offshore production, the development of a global value chain or NIDL, or 'winner-take-all' global expansion of successful products, services or brands. Storper instead argues that there is a need to recognize globalization that results from the 'local, path-dependent, and highly embedded technological change' that has emerged in particular dynamic cities and regions, which is 'a strong and positive driver of globalization, ... because it supplies scarce resources to the global economy in the form of temporarily unique knowledge embedded in products or services' (Storper, 2000, p. 49). Storper argues that, in contrast to the belief that globalization of trade, communications and access to technologies would lead to product standardization, there is rather a dualistic development of technology, geographies, organization and innovation in globalizing economies, with an increased premium placed upon that which is specialized and non-standardized:

It now appears that development ... depends, at least in part, on destandardization and the generation of variety. The increasing spatial integration of markets for standardized products bids away monopolistic rents, while automation takes away employment, and advantage accrues to low-wage, low-cost areas. The only way out of this dilemma is to recreate imperfect competition through destandardization, the source of scarcity. (Storper, 1997b, pp. 32–3)

The path from restricted local and national markets to global markets does not, therefore, mean the demise of national capitalisms, but rather a two-track relationship between globalization of specialized and standardized products and services. Whether an activity becomes geographically dispersed on a world scale, or concentrated in specialized industrial districts, depends upon the extent to which the resources required for that activity are geographically concentrated or dispersed, or based upon territories or flows. A purely *flow-based production model* is one where resources are perfectly substitutable across territories, and assets can therefore be distributed across multiple locations. The NIDL model, discussed earlier, is premised upon the assumption that with the rise of MNCs as the central players in the global economy, combined with improvements in transport and communication, a flow-based model of global production will become increasingly prominent, particularly when combined with global standardization of consumer tastes, product standardization and routinization of production processes. By contrast, *territorialized economic development* is defined as ‘economic activity that is dependent on territorially specific resources’ (Storper, 1997a, p. 170), which include specific practices, routines and relationships that have evolved over time in particular locations. These form a part of what Storper has termed *untraded interdependencies*, or ‘conventions, informal rules,

and habits that coordinate economic actors under conditions of uncertainty ... [and] constitute region-specific assets ... in contemporary capitalism' (Storper, 1997a, pp. 4–5).

With economic globalization and rising levels of foreign investment, what is occurring is not simply a shift from local to global production systems but differentiation within and between systems. It has been the transfer of jobs and investment associated with highly standardized, flow-based forms that has most concerned activists and critics of globalization, and which underpins the NIDL thesis. This is, however, only one of four possible scenarios, of which another is the rise of specialized and territorially based production systems, whose significance does not diminish with globalization. Figure 3.1 outlines the nature of these systems. The significant point is that economic globalization does not simply entail a shift from zone 3 to zone 2, but rather the simultaneous development of zones 1 and 2, and the 'ongoing reinvention of relational assets in the context of high levels of geographical openness in trade and communications' (Storper, 1997a, p. 184).

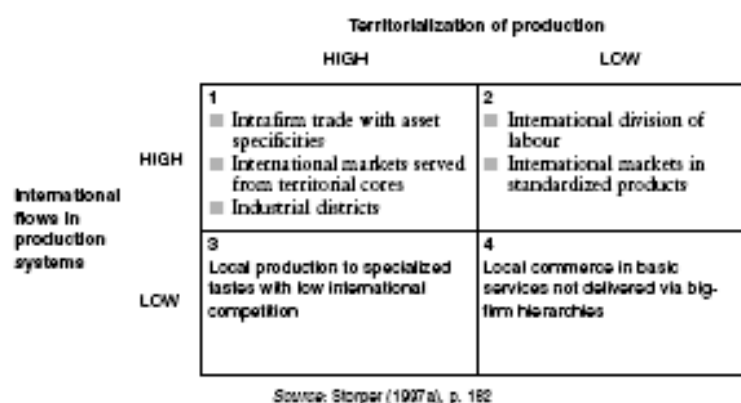


Figure 3.1 Flows and territories in global production systems

The proposition that globalization involves a 'race to the bottom' as geographically mobile capital relocates to low-wage economies, forcing governments around the

world to ‘ratchet downwards’ wages, employment conditions, environmental standards and other form of regulation in order to remain globally competitive, rests upon assumptions that are open to question. First, as Glyn and Sutcliffe (1999) observe, it is far more common in the case of manufacturing than in most service industries, where the international tradeability of goods and services is often less marked (for example, education is internationally traded, but less so than motor vehicles or children’s clothing). Second, economic geographers such as Storper (1997a, 1997b) have drawn attention to the extent to which such assumptions, which are central to ‘New International Division of Labour’ (NIDL) and related dependency theories, rest upon some particular further assumptions about the nature of the product itself, the labour inputs required, the relevance of territory to its production, and the nature of consumer demand for that product. Globalization can be seen as generating two tendencies, one of which promotes cost-driven relocation of production. This is to be found in the industries and sectors where global mobility is greatly enhanced by advances in communications technology, and production has been relocating to lower-wage economies, particularly China which has arguably become the ‘world’s factory’ from 1980 to the present (Deloitte Research, 2003). By contrast, there are other industries and sectors, and sub-branches within industries and sectors, where a range of factors related to the quality and uniqueness of both inputs and outputs sets limits to cost-driven globalization; we will refer to this as quality-driven globalization.

Factor	Cost-driven globalization	Quality-driven globalization
Nature of product	Generic and substitutable; highly price-sensitive demand	De-standardization and variety as drivers of non-price-driven demand
Labour inputs	Generic; unskilled and semi-skilled labour	Skilled and specialist; unique bundle of skills often sought
Significance of territory	Low; few location-specific resource or knowledge requirements	High; tendency for specialist knowledge to cluster in particular regions
Consumer demand	More sensitivity to price than other factors	Rising consumer expectations about product/service quality; rising average consumer incomes

At the level of the products and services generated by the media and creative industries, there are both factors which may accentuate a new international division of cultural labour (NICL) (Miller *et al.*, 2001, pp. 49–58), and factors which promote diffusion and diversification of the global sites of cultural production. Drawing upon Storper's analysis, the extent to which an NICL will form in the global media is linked to the extent to which its products are generic, standardized, and subject to relatively low levels of 'cultural discount' in their transfer from one market to another (cf. Hoskins *et al.*, 1997). For Miller *et al.*, the capacity to transfer audiovisual media production to a range of global sites is high, but this transfer of jobs does not in any way translate into a transfer of knowledge or control. Thus, 'Global Hollywood' appears as a cost-driven process, where the compliance of local authorities in other countries enables 'runaway production' to occur.

By contrast, according to the extent to which the products and services of the media industries are unique, specialized and subject to a degree of cultural discount, and insofar as their distinctive textual and other properties derive from the unique forms of knowledge and creativity that exist in particular cultural *milieux*, there will be limits to the capacity to impose the NICL beyond the national boundaries of (mostly

US-based) media MNCs. In their study of the recent global boom in studio complexes, Goldsmith and O'Regan (2003) question the extent to which both international production can be conflated with Hollywood, and the US can be seen as the natural home for audiovisual production. They point out that the term 'runaway production' and the argument that underpins it are misleading, since they continue to define production ecologies in implicitly national terms. By contrast, film production is increasingly international to the extent that it is difficult to determine the nationality of many films, as indicated by sources of finance, creative personnel both in front of and behind the camera, the location of post-production activities, and distribution strategies. Moreover, this is characteristic not only of the Hollywood blockbusters, but is being utilized as a strategy by a range of global producers such as, for example, film producers in Japan, Korea and Hong Kong producing for pan-Asian markets (cf. Curtin, 2003). The distinction between 'creative' and 'economic' reasons for determining production locations is also problematic, and assumes that workers in 'below-the-line' roles are not making creative contributions, and are largely interchangeable across global production sites. Goldsmith and O'Regan find this not to be the case, suggesting that it rests upon a limited view of creativity (Goldsmith and O'Regan, 2003, p. 12).

Drawing upon the new theories of globalization and foreign investment outlined above, we can see that, at its simplest, media globalization involves a movement from primarily locally or nationally based media systems to ones where international flows have come to be of increasing significance. At the same time, however, empirical evidence on the actual extent of 'globalization' of media corporations needs to be qualified. There is neither a strong trend towards media corporations being more

internationally oriented than other branches of industry, nor is it clear that they operate as global corporations in the sense that Dicken and Dunning define them, as institutions whose geographically dispersed operations are functionally integrated into a singular global entity. Moreover, it is indicated that an increased internationalization of flows in global media is not synonymous with deterritorialization of media production or with the standardization of media products and the homogenization of media markets. This is indeed one possibility, but the other possibility arises from the extent to which global media products and services are unique, specialized, subject to cultural discount, and have textual properties and bases of appeal which emerge from particular (non-global) forms of cultural resonance. In these instances, there may be a link between the production of non-standardized media commodities, the demand of increasingly affluent and sophisticated media consumers for variety, and the local bases of competitive advantage in a global cultural economy, which generate quite different stories to the bleak scenarios presented in radical critiques of global media and theories of global media as drivers of economic exploitation and cultural dependency.

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