Continental Order?

Integrating North America for Cybercapitalism

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Contents

4

Globalization, Cultural Industries, and Free Trade: The Mexican Audiovisual Sector in the NAFTA Age

Enrique E. Sánchez-Ruiz

This chapter presents a historical-structural analysis of the Mexican audiovisual sector's asymmetric articulation to the new global order, especially during the "neoliberal era," which has as a special high point the signature and implementation of the North American Free Trade Agreement (NAFTA) among Canada, the United States, and Mexico. The starting point of view is the differential insertion of nation-states into the so-called globalization process, which to some appears to be an overpowering, inexorable process that apparently leaves no alternatives or options, but only one way to assume it. Being the current phase of capitalism, globalization is a form of unequal and asymmetric articulation, but it seems that there is more than one way for nations to link to it. This means that globalization has not (yet?) completely substituted or deleted *national* realities, and *national states.* As a country and as a complex national reality, Mexico has not (yet?) disappeared from the map: neither from geopolitics, neither from geoeconomics, nor from "geoculture." So, Mexico (with its institutional arrangements, government, and so on), just as many other nations of the world, continues to exist and to act upon the international arena. This remains the case, in spite of the wishes and projections of postmodern vanguards, as well as from the transnational entities that are hegemons of global economics, politics, and culture (Beck 1998; Castells 1999a; Saxe-Fernández 1999). Therefore, it is still quite useful to analyze how the cultural industries behave as a *national* economic sector, but which has significant political and cultural implications, for example, in terms of competition and competitiveness, within the nation-state as well as in the international terrain. Likewise, it is valid and important to explore whether or not, and how, the state intervenes to contribute to the national and international performance of domestic firms and sectors (as well as the nationally based transnational corporations).[1]

Cultural industries produce and circulate commodities that do not simply "realize," when consumed, but which have wider cultural and political consequences. For example, they may contribute to the democratic processes, to the development of certain forms of political culture, including the "symbolic design" or social representation of the nation itself as an "imagined community" (Anderson 1992). Therefore, it is important to assure that within as well as between countries the cultural industries operate in an environment of competition and plurality. One might guarantee the other.

GLOBALIZATION, REGIONALIZATION, AND FREE TRADE

It is necessary to single out the new traits of the contemporary world that imply globalization as a real historical novelty, setting aside myths, fashions, and the "fetishization" of the phenomenon (Bolaño 1995). And we should differentiate what is actually new from what comes from previous long historical processes (Sánchez-Ruiz 1996a; Ferguson 1992; Ianni 1996; Ortiz 1994). It is referred to as a "fetishized" notion especially as a main component of the dominant "neoliberal ideology," which pretends "that the developing countries must insert swiftly, precisely the neoliberal way (with unflinchingly commercial opening, liberalization of foreign investment and the withdrawal of the state from its economic functions as investor, regulator, planner and promoter of economic growth and social welfare), under penalty of staying at the margins of progress and of the passage to the First World" (Calva 1995a, 13). Here, I am interested in emphasizing that, although globalization certainly can be considered descriptively a real and to a great extent inexorable process, it does not take place linearly, in only one way. History is multidimensional and open, not linear and predetermined. There are multiple possible ways for history to unfold (Castells 1999b). Hence, it is still a function of nation-states to decide (within limits) the ways that they shall articulate to the complex historical processes, in economic and political terms, as well as regarding some of their cultural exchanges.

Despite its naturalization in everyday discourse, globalization seems to be a novelty for many people, although some others think that it is the contemporary stage of a process that has been occurring along with the expansion of Western civilization and the world capitalist system. U.S. scholar Marjorie Ferguson seems to think likewise:

> My first point is that questions about power and influence and trading in cultural products call for an historical as well as a critical perspective. For instance, if the globalization process began with the fifteenth and sixteenth-century explorers and discoverers, they foreshadowed their twentieth-century counterparts by exporting the technology, goods and cultural industry of their day. True, then it was Christianity rather than Madonna, but . . . it is important

to recall that exporting influence via economic and cultural goods has characterized international power relations over the centuries. (1993, 3)

Thus, from a long-term, or *long durée*, perspective, in the sense of Fernand Braudel (1980), the insertion of Latin America to the world system did not begin with television, the "new communication technologies," or the Internet (Ferrer 1999). The end of the "long fourteenth century," in the words of Immanuel Wallerstein (1976), departing from the expansion of commercial capitalism, foreshadowed (and configured) historically what is known today as the "modern world system." From this long-term point of view, then, the globalizing process is actually the result of the contemporary acceleration of historical movements, whose principal engine has been the internationalization of capital (Pallois 1977a), although it does not exhaust itself in economic factors (Ortiz 1994). In cultural terms, the constitution of the modern world system has meant the Westernization of cultures and civilizations; sometimes through armed conquest, sometimes by influence and imitation, but most of the time by the mediation of economic domination (Fossaert 1994; Braudel 1991; Wallerstein 1990; Ianni 1974, 1993). But continental, regional, national, and local cultures have always resisted, or at least have always been creative, so that throughout the world, in different historical moments, there have arisen new hybrid versions of the diverse dominant forms that Western civilization has adopted. Located in different moments in diverse historical centers of dissemination (hegemonic centers), Western civilization has been influenced, modified, and enriched by other cultures and civilizations. Thus, we are not referring to an unchanged, essentially pure "monolith," imposing itself historically, totally obliterating what existed before, notwithstanding its domination in the last instance (García Canclini 1989; Mattelart 1993; Ochoa 1995).

The latter part of the twentieth century witnessed the acceleration of historical time, in terms of the internationalization-transnationalization-globalization of economies, politics, and cultures.[2] This has happened through the emergence and development of the large transnational corporations that do not know of frontiers, other than profitability on a global scale, through the advent of the third technological-industrial revolution, and of the information society (Sunkel and Fuenzalida 1979; Lacroix and Tremblay 1997; Castells 1999a). This long historical process has brought about changes and reaccommodations in the international division of labor. They have consisted of the gradual articulation and (unequal) interdependence of nation-states to the modern capitalist world system. Unequal interconnectedness is the sign of cybercapitalism.

Thus, from an economic point of view, we understand by globalization the contemporary process of ever greater—and accelerated—articulation and unequal interdependence between countries and world regions because of the intensification of the functional articulations, in diverse territories of the earth, among the phases of the circuit of capital: financing, purchase of inputs—raw materials, labor force, production, distribution, and consumption—realization of the value thus generated, and conversion to new financial capital.[3]

For the sake of clarity, let me explain that in this use of "globalization" I refer to the result of such articulations among whole economies. "Globalization" is the configuration of the world economy. Seen from below, it is a whole national economy, not just one company, that "globalizes." In the case of so-called global corporations, maybe we should continue to call them "transnational corporations" (or "multinational corporations" as they are called in the English-speaking world). So, one can say that a company internationalizes when it begins to connect to the external markets, by exporting/importing, or through foreign investments.[4] It becomes a transnational enterprise when operating preferentially not in its own country of origin, but across several countries simultaneously (i.e., preferentially in the international markets), which consolidates by strategic alliances and associations, fusions and acquisitions, and so on, between companies and corporations from several different nations. Finally, the expansion of this form of international/transnational operation, intensified by the mobility of financial capital and of strategic information fostered by technological advancement, constitutes the process of globalization proper, as the configuration of the contemporary world economy.[5] The observations of the intensification of all kinds of economic connections (international trade, flows of direct and indirect foreign investment, and so on) are but partial indicators of globalization.

This global process, economic in principle, is accompanied by new political configurations of the world map. These redefine the roles of national actors (states, governments, corporations, social classes, and social movements) as well as non- or extranational actors (old and new international organizations, transnational corporations, nongovernment organizations, and so on) in the world scenario. The larger and faster (although still asymmetric) contacts among the multiple cultures that populate the planet constitute another fundamental feature of the new map of the world (Scarlatto et al. 1994).[6] Anthropologist Néstor García Canclini illustrates with some examples of "global articulation":

> we purchase a Ford car assembled in Spain, with windshields made in Canada, Italian carburetor, Austrian radiator, English cylinders and battery, and French transmission axis. I turn on my TV, manufactured in Japan, and what I see is a world-film, produced in Hollywood, directed by a Polish filmmaker with French assistants, actors and actresses of ten nationalities, and scenes shot in the four countries that financed it. The big enterprises that supply food and clothing, make us travel and jam in identical freeways throughout the whole planet; they fragment the production process, manufacturing every part of the goods where the cost is smallest. Objects lose the fidelity relationship to their original territories. Culture is a process of multinational assembly, a flexible articulation of parts; an assembly of features that any citizen of any country, religion or ideology can read and use. (1995, 15–16)

García Canclini seems to present in the quoted paragraph a process of equalization whereby everyone, everywhere, has access to the "democratic" consumption of such wonders of the world economic cultural integration. However, he has commented elsewhere that: "In spite of the diversity and intensity of the globalization processes, they do not imply either the undifferentiated unification or the simultaneous establishment of relationships of all societies amongst themselves. Countries access in an unequal and conflictive way to economic and symbolic international markets" (1996, 17). Globalization, then, does not imply the horizontal and egalitarian articulation of all (one possible image of the "global village"). As I said before, the expansive process of the world capitalist system and of Western civilization has never been able to avoid hegemonies and inequalities.

Contrary to what has been claimed, the world has not reached the "end of history" or the reign of Utopia after the fall of the Berlin Wall. Actually, it seems that polarization between rich and poor countries is growing. The UN 1999 *Human Development Report* indicates that two-thirds of humanity have not benefited from the new economic model and they are excluded from participation in the information society. In the 1997 *World Economic Outlook*, the International Monetary Fund concluded that:

> To put it simply, during the last thirty years, most developing countries—84 of 108 (with figures available)—have remained in the lowest fifth in terms of income or have fallen into this bracket from a relatively higher position. Moreover, there are less middle income developing countries now and their upward mobility seems to have declined over time. During the period 1965–1975 there was a certain tendency for countries to move towards higher levels and make progress with respect to the advanced economies, but since the beginning of the 1980's, the forces of polarization seem to have become stronger. (78)

On the one hand, a 1997 report of the Sistema Económico Latinoamericano (SELA; Latin American Economic System)[7] indicates that in the Western Hemisphere the situation is just a little less dramatic. We have two countries with very advanced economies, the United States and Canada, that in 1995 had a gross national product (GNP) per capita of $26,890 and $19,380, respectively. And on the other hand, there are Latin American countries with an average per capita GNP of $3,320. If the extremes are considered, the United States has a per capita GNP 108 times larger than that of Haiti ($250).

Within countries also inequalities have ensued and increased. For example, the Comisión Económica para América Latina y el Caribe (CEPAL; UN Economic Commission for Latin America and the Caribbean) estimates that in 1997, 36 percent of Latin American homes were under the poverty line (54 percent in rural areas). The range goes from Uruguay, with only 6 percent, Costa Rica and Chile with 20 percent, to Honduras with 74 percent, El Salvador with 48 percent, Bolivia with 47 percent, and Mexico with 43 percent (1998).

Today, we are witnessing the constitution of large political-economic blocks that are in their turn articulated to the world system (Varis 1993; González Casanova and Saxe-Fernández 1996). Paradoxically, "globalization" is taking the form of a process of regionalization of the world political economy (Oman 1994; Calva 1995b). Part of this relatively recent process is the signing and enforcement since 1994 of NAFTA among Canada, the United States, and Mexico. By virtue of this trilateral agreement, a combined market of nearly four hundred million consumers is being constituted, with an economic product that is similar or larger than that of the European Union (Calva Mercado 1998; Randall and Konrad 1995). However, some sectors of the three countries' populations have been concerned from the beginning with NAFTA's consequences and implications for justice and equity, both within the nations and especially regarding their multiple links (MacEwan 1996; Cardero 1996). The following description of NAFTA clearly states that it constitutes a form of asymmetric articulation:

> Because of the size of the United States' market, this grouping is a trading block of global scope.
>
> For this very same reason differences are observed between the free trade members themselves. The GDP of the USA (in 1996 it was US$7,342 billion) is twelve times larger than Canada's GDP (US$579 billion) and twenty-two times greater than Mexico's (US$335 billion). Their levels of development are also significant. While GNP per capita in 1996 was US$28,020 for the United States and US$19,020 for Canada, in Mexico it was only US$3,670. And yet another trait of this group is that prior to joining this trade agreement, its members already had a high level of trade with each other. (Sistema Económico Latinoamericano 1999)

In the case of Mexico, NAFTA constituted a sort of corollary of a process that had begun in the previous decade, with the implementation of so-called neoliberal economic policies. This process consisted of the reduction of the government apparatus and the privatization of state and parastate companies, liberalization and deregulation of diverse economic sectors, swift commercial opening to external markets, and so on (Calva 1995a; Meyer 1995). The previous inward-oriented development model, based mainly on protectionist import substitution policies, had entered into crisis in the 1970s, so it began to be substituted by an "outward-oriented" free market development model, by the Miguel de la Madrid administration (1982–1988). Mexico's neoliberal way to globalization was called "authoritarian liberalism" (Meyer 1995). Although immediate effects were expected from NAFTA's implementation, regarding diverse economic sectors in the three countries, in Mexico many processes that have unfolded recently have simply been the consequence of such previous trends, a result of the prevailing neoliberal policies (Sánchez-Ruiz 1996a).

Canada had the previous experience of a bilateral agreement with the United States, signed in 1989, of which there is still not consensus on whether or not it was beneficial for that country (Thompson and Randall 1994; Randall and Konrad 1995). In particular, Canada has shown resistance to include the cultural industries sector in this kind of negotiation, under the same conditions as any other economic area, because the Canadian government thinks that the cultural industries have important consequences for their national identity and sovereignty: "For almost a century, Canadian governments have attempted to assert this cultural sovereignty, and to control the allegedly deleterious effects of U.S. newspapers, popular fiction, magazines, comic books, motion pictures (and now videotapes), radio, and eventually television and the associated recording industry" (Thompson 1995, 394).

In Mexico, there are still concerns about whether the greater and faster economic integration that is happening will translate into a larger economic, political, and cultural subordination, with regard to the neighboring country to the north (Calva 1995b; Cardero 1996; Dietrich 1997; Sánchez-Ruiz 2000). The NAFTA signature is but one of many bilateral and multilateral agreements that Mexico has signed since 1986, when it joined the General Agreement on Tariffs and Trade and more recently a free trade agreement with the European Union. By June 2000, Mexico had twenty-seven free trade agreements signed with all types and sizes of nations ("México en el Mundo" 2000). It appears that the Mexican government has sought to diversify the country's international economic links. However, CEPAL, for example, observes that: "Actually, the growing connection of Mexico with the international market is equal to a greater integration of its economy to the North American bloc, especially to the United States. . . . Between 1990 and 1998 the importance of North America in Mexico's total trade increased from 69% to 82%, and over two thirds of foreign direct investment in Mexico had its origin in United States and Canada" (2000, 104).

Those "over two thirds" break down to 60 percent from the United States and 2.7 percent from Canada. What repercussions are all these recent facts and processes having on Mexico's cultural industries, in particular on the audiovisual sector? In the case of the cinema industry, for example, it seems that "market forces" are reducing a country that came to be an important film producer and exporter, to a mere consumer of imports from abroad. In any event, NAFTA accelerated tendencies that were already taking place, in terms of "asymmetric interdependence" (Straubhaar 1993) between the Mexican and U.S. markets.

NAFTA AND THE MEXICAN AUDIOVISUAL SECTOR

As I mentioned before, Canada refused to include the cultural industries in the negotiations of the agreement, as it had already done before with its previous bilateral agreement with the United States. Even though the Mexican government did not oppose to negotiate the cultural industries, they were not included in NAFTA, although there were some aspects of them, such as copyright issues or telecommunications, that related to the audiovisual sector.[8] So, because of this exemption much of what has happened in this area has been due, more than directly to NAFTA proper, to the acceleration and reinforcement of previous tendencies, and because of economic policies that already were being implemented, of which NAFTA itself was one of many consequences, and the motor, after its implementation (Sánchez-Ruiz 1996a). For example, regarding the audiovisual cultural industries, we should add some other changes to privatization, liberalization, and opening of markets that already had begun to happen: the modernization, adoption, and generalization of new technologies for signal distribution that did not begin, but simply accelerated with the NAFTA environment. So for instance, pay television (pay–TV; e.g., cable, satellite, and multichannel multipoint distribution service [MMDS]) expanded rapidly worldwide during the 1990s, and therefore it has developed in Mexico just as everywhere else, although hastened by the wider effects of Mexico's economic globalization. Thus, we see a process of technological modernization beginning to occur before NAFTA, accelerating and producing further changes. In the case of cinema, the new multiplex halls have produced a significant recovery for the exhibition business (just as throughout the world). It is also pertinent to add that movies have become the paramount program form in pay–TV, and that they rank second in the supply on broadcast television. So we find a considerable increase in film imports, caused by growing demand not necessarily directly related to NAFTA.

In any event, some actions were not taken in preparation for NAFTA's signature, but rather asystematically. For example, the federal 1992 Law of Cinematography broke with the long protectionist tradition of the 1941 law, which reserved 50 percent of screen time to the national cinema.[9] The new act reduced the Mexican movie quota in cinema halls to 30 percent in 1993, decreasing 5 percent every year until 10 percent on December 31, 1997. The corresponding federal Law of Radio and Television was not modified, but the cable television regulation was modified so as to allow 49 percent foreign ownership. Another important action, which took place during the NAFTA negotiations, was the privatization of Televisión Azteca (TV Azteca), the former parastate company. The deal included a national network (Channel 13) and a seminational network (Channel 7), along with a "media package" that included COTSA, then the largest chain of cinema outlets (Sánchez-Ruiz 1999a). As I suggested before, the NAFTA negotiation, as well as this series of measures, can be thought of as a result of the sequence of neoliberal changes that began to occur in Mexico since the early 1980s, in tune with dominant world trends.

Based on the analysis of such previous tendencies, I maintained a rather "gloomy" hypothesis regarding the Mexican audiovisual space and its exchanges with the NAFTA partners—especially the United States—before the enactment of the agreement (Sánchez-Ruiz 1992; De María y Campos 1992). Even being aware, as I was, that the most important Mexican media group, Televisa Group, was (and still is) the main producer and exporter of television programs in the Spanish-speaking world, my doubts and critique were based on the highly oligopolistic structure that has characterized the Mexican television system as well as the film industry. Since the 1970s, Televisa went through processes of horizontal and vertical integration that translated into too few other alternatives for television content production, which the big Mexican corporation did for distribution by its own networks, and for export. However, Televisa did not have practically any experience in actual, full competition, in a competitive market, either in Mexico, or in the United States, where it had expanded during the 1970s until the mid-1980s. During that time, the Spanish International Network, later on renamed Univisión Network, constituted the monopoly of Spanish-language television in the United States. My concern referred also to the already existing unequal flows and exchanges in the audiovisual market of the North American area, regarding the competition for *all* of the linguistic-cultural markets of the area (including the Anglo-Saxon market, which is a majority in the United States and Canada) (Sánchez-Ruiz 1986).[10] Finally, such skepticism was based on the knowledge of the production and export strength in the audiovisual sector of NAFTA's major partner: the United States. Pay–TV modalities (cable, MMDS, and satellite), which had begun to expand in the beginning of the 1990s, brought about new needs for programming, both for generalist television as well as for specialty television, that just one single Mexican corporation, huge as it could be, would not be able to solve. There were too few audiovisual production companies, either for cinema or television, and barriers to entry of the size of Televisa itself. The result would be that new possible actors in the Mexican audiovisual space, for example, new independent pay–TV stations, would have to resort mainly to imports for programming, which in turn would increase the deficit in the audiovisual trade balance with the United States (Sánchez-Ruiz 1992, 1993).

On the other hand, the Mexican film industry was in a sort of "eternal crisis" since the 1960s after having been a strong and creative cultural business in the 1940s and 1950s. With one-third of the current population, during the 1940s Mexico produced an average of almost eighty films per year. In the 1970s and 1980s, Mexican cinema had a production average of nearly one hundred long films a year, and a high proportion were exported to Latin America and to the Hispanic market of the United States. According to available data, from 1976 to 1979, Mexico had an average surplus of $6.5 million per year in its "cinematographic trade balance." By the late 1980s, it became a chronic deficit: for example, during the years 1984–1988, there was an average deficit of $2.5 million (Ugalde 1998). Therefore, there was pessimism about the destiny of the Mexican cinema as an industry (Ugalde and Reygadas 1994). The video rental and sale sector showed a structure in its supply (with a corresponding almost identical demand) in which U.S. movies prevailed (80 percent) over those from Mexico (10 percent) and "foreign cinema" (10 percent) (García Canclini 1994).

Finally, my concern departed from the hypothesis that cultural products are not simple commodities that can be left adrift at the mercy of blind market forces. Cultural products, especially those of the audiovisual sector—and this is a hypothesis that I could not substantiate in one single research—have cumulative and long-term consequences in the cultural realm and in terms of their contribution to the construction of sociocultural identities (Sánchez-Ruiz 1995a). Since then, I have been exploring empirically the concrete forms of the internationalization of the audiovisual cultural industries. In general terms, the hypotheses regarding the unequal flows and exchanges will be sustained later in this chapter (Sánchez-Ruiz 1996b, 1998a).

THE MEXICAN AUDIOVISUAL SECTOR: A BRIEF EXAMINATION OF UNEQUAL FLOWS

Television

Mexican television at the end of the twentieth century was highly concentrated and centralized. Even though there are optimistic viewpoints that see the coming end of monopolies in Mexico (Wilkinson, Hernández, and Cerda 2000), the cultural industries sector still shows a very concentrated market structure. Besides, in consonance with the prevailing economic and political centralism, most of the industry is controlled in Mexico City. For example, Televisa controls almost half the broadcast television stations in the country (see table 4.1).

However, according to its own account, Televisa had a 78 percent share of the television audience during 1999: "Additionally the company's networks broadcast 187 of the 200 most popular programs during 1999" (Televisa 2000, 1). It is estimated that around 80 percent of television ad expenditure goes to Televisa (while 70 percent of media ad expenditure goes to broadcast television) (Sánchez-Ruiz 1999a).

Table 4.1 Distribution of Broadcast Television Stations in Mexico, 1999

Company/Institution	*Number of Stations*	*Percentage*
Televisa	326	46.2
Televisión Azteca	251	35.6
Government	91	12.9
Other	37	5.3
Total	705	100.0

Source: Televisa website at: <www.televisa.com.mx/gts/CENTROpart.HTM> [last accessed: 10 August 1999].

Broadcast television has a 98 percent penetration in the Mexican population, while pay–TV reaches only 15 percent (see table 4.2). Even though in cable television there seems to a be greater competition than in broadcast television, according to data from the Chamber of Cable Television eight companies control 70 percent of the market. The largest share of wired homes is for Cablevisión, the cable division of Televisa (around six hundred thousand subscribers) in which Teléfonos de México (Telmex), the giant monopoly of local telephony, holds 49 percent interest. Likewise, in MMDS the largest share is for Multivisión (MVS), which owns five of the nineteen operating systems, and is still expanding throughout the country. One of the two direct-to-home (DTH) outlets, Sky Latin America, belongs to Televisa in partnership with Rupert Murdoch's News Corporation and the Brazilian Globo company; the other, DirecTV, belongs to MVS in partnership with Hughes Communications International, the Brazilian Abril, and the Venezuelan Cisneros Group. Sky leads the DTH race with "more than 410 thousand active subscribers" (Televisa 2000), while DirecTV had only 150,000 by the end of 1999 (Cacho López 2000). Thus, we see that Televisa still controls a large part of the Mexican television system overall.

Table 4.3 describes the evolution of the distribution in terms of origin of the programs broadcast by Mexican broadcast television during the 1980s and 1990s. There is a clear trend towards "Mexicanization" of programming during the 1980s, which reverses in 1995 and then makes a slight recovery in 1997. Partially, the increase of imports in the early 1990s was due to the competition that was energizing the newly privatized TV Azteca against Televisa. However, in 1995 TV Azteca also imported a good portion of Latin American *telenovelas* (soap operas), besides the U.S. fare. Before TV Azteca began producing some successful soap operas, its main competitive weapons were imports, such as *The Nanny* or *The Simpsons.* It should be noted that for all of the years included in the sample, in prime time the proportion of programming imported from the United States increases, while the Mexican part decreases correspondingly, although remaining the largest portion.[11]

Although it is true that in general terms the programs preferred by the Mexican audiences are of national origin, especially soccer broadcasts, soap operas, news, and feature films, I should differentiate between what they like from what they actually see. For example, in a survey that I conducted

Table 4.2 Distribution of Pay–TV Stations in Mexico, 1999

	Systems in Operation	*Subscribers*
Cable Television	310	1,900,000
MMDS	19	700,000
DTH	2	529,000
Total	331	3,129,000

Source: National Chamber of Cable Television, several reports and interviews with Chamber staff, 2000.

Table 4.3 Origin of Samples of Mexican TV Programming, Selected Years (percentages)

Year	*Mexico*	*United States*	*Latin America*	*Europe*	*Canada*	*Other*	*Total*
			Total Time				
1983[a]	65.58	29.42	N/A	N/A	N/A	5.00	100.00
1984[a]	68.63	24.02	N/A	N/A	N/A	7.35	100.00
1990[a]	69.49	22.96	1.88	N/A	N/A	5.67	100.00
1995[b]	52.79	36.65	5.24	3.64	0.16	1.52	100.00
1997[a]	60.41	35.18	2.09	0.97	0.15	1.20	100.00
			Prime Time				
1983[a]	54.00	44.35	N/A	N/A	N/A	1.65	100.00
1984[a]	54.32	39.67	N/A	N/A	N/A	6.01	100.00
1990[a]	54.22	33.92	1.58	N/A	N/A	10.28	100.00
1995[b]	47.72	41.88	6.22	2.90	0.21	1.07	100.00
1997[a]	57.78	38.76	1.79	0.33	0.33	1.01	100.00

[a]Mexico City and Guadalajara.
[b]Mexico City, Guadalajara, León, and Uruapan.
Note: The category "Other" is different for the years 1983 and 1984 than for the following years.
Sources: Sánchez-Ruiz (1986, 1996b).

in 1993, most people said that they preferred to watch the movies in the cinema halls; however, of these, only 39 percent actually did so, and the rest used videocassette recorders (VCRs) (28 percent) or regular television (34 percent) (Sánchez-Ruiz 1994).[12] Something similar but more relevant arises from a survey performed by Jorge González in several Mexican cities.[13] Although, for example, only 31.4 percent of his respondents indicated that the foreign miniseries were their favorite programs, 59.4 percent stated that they used to watch them regularly.[14] Foreign movies were reportedly the favorite of 51.4 percent of the total, but 77 percent viewed them frequently.[15] Thus, for the case of television, I have found that although national programming prevails in the supply as well as in the demand, it is clear that in both cases there is a significant component of imported programs, mainly U.S. movies (which I have realized are a central television genre).

Let me illustrate the rank and role of foreign feature films for Mexican television audiences. In 1996, the competition for the Mexican broadcast television market reached an unusual high, so that other media called it the "TV broadcasters war." As part of such "war," Televisa published in local and national newspapers a series of ad inserts, one of which showed the "100 most viewed programs in Mexican TV during 1996."[16] Of the first ten in the list, seven were national soccer games and two Mexican soap operas; there was only one "program" from the United States: the *Karate Kid II* movie. But from the total of one hundred programs, forty-six were U.S. movies, broadcast by Televisa's national network of Channel 5, which specializes in imported programming. In the list corresponding to the one hundred weekend programs with highest ratings,[17] I find exactly the same number of forty-six U.S. films, all broadcast by Channel 5. According to Televisa's own published data,[18] then, almost half of the most popular "TV programs" in 1996 were Hollywood films. This tells me that to observe only the list of ten or twenty most popular programs is not enough to have an adequate image of the actual tastes and consumption patterns of television viewers. It is necessary to consider, for example, the diverse television genres and their relationships to sociographic and cultural variables.

As a matter of fact, Televisa's programming is also present in the United States, especially through its participation with Univisión, which is the one with greater coverage and highest audience ratings in the Spanish-speaking community (around 11 percent of the total U.S. population) (Sinclair 1999). However, in the "big market," which is the Anglo-Saxon majority, neither Televisa, nor practically any other company from anywhere else in the world, can penetrate. According to multiple measurements spanning the 1970s to the 1990s, on average foreign programs constituted around 2 percent of the total television programming in the United States (Straubhaar, Campbell, and Cahoon 1998). From these data and from my own measurements of Mexican programming throughout the years, I have maintained that the television trade balance has systematically favored the United States. This unequal exchange becomes still more uneven if I take into account pay–TV (cable, MMDS, and DTH satellite), video, and long films in cinema halls.

Cinema

The Mexican cinema industry, as I have suggested before, has been sinking in its worst crisis yet, even though there has been a handful of critical and box office successes during the past few years. My conclusion from the analysis of the sector is that, although differentially in its three subsectors, it is going through a process of contraction, concentration, and transnationalization (Sánchez-Ruiz 1999b). The recent evolution of feature film production in Mexico can be observed in figure 4.1.

Although during the 1980s there was an average of about 84 films per year, and the following decade began with a high 104, production fell to 36, tumbling and decreasing to around 10 in 1998, with a slight recovery in 1999. Correspondingly, many producers have closed down, especially the small independents. For example, in 1985 there were 152 production companies in Mexico registered by the National Chamber of the Cinema Industry; by 1994, there were 128. In the Mexican Institute for Cinematography, the federal government's cinema authority, there were eighty-nine registered production companies in 1997; by 2000 I found only fifty-four (Sánchez-Ruiz 1999b). The grand winner was the most important production company: Televicine, the cinema division of Televisa, which also has its own distribution company, Videocine. For example, in 1995 Videocine was the distributor that premiered

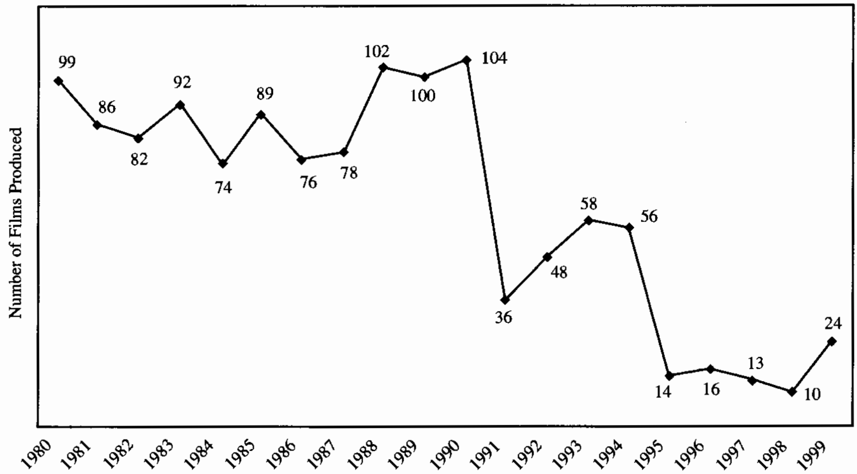

Figure 4.1 Feature Film Production in Mexico, 1980–1999. ***Source:*** **National Chamber of the Cinema Industry, several reports and interviews with Chamber staff, 2000.**

the most films (forty-five, or 20 percent of the total). Videocine and two other distributors (Columbia Pictures and United International Pictures) accounted for 53 percent of premiers that same year. These same three companies accounted for 91.7 percent of the revenues produced by the "one hundred blockbusters" in 1995 (Sánchez-Ruiz 1998a). Distribution has turned out to be such a good business for Televisa that its production activities have recently slowed down and it has devoted more efforts to the distribution activity. In its 1997 *Annual Report*, regarding its cinematographic activities, one can read:

> Grupo Televisa is the exclusive distributor in Mexico of the films produced by Warner Brothers, and of some of the New Line Cinema and Polygram productions. In 1997, the company distributed a total of 46 feature films, most of them from the United States of North America. The most successful films in box office distributed by the company include *Space Jam*, *Batman and Robin*, *The Plot*, *Selena*, *Contact*, *Mortal Kombat 2* and the *Devil's Advocate*. (Televisa 1998)[19]

Data about the distribution, attendance, and revenues of the one hundred most popular films in Mexico in 1998 are shown in table 4.4. Ninety-five percent of the revenues earned by the one hundred most successful films in Mexico corresponded to Televisa plus the three U.S. majors. There were only three Mexican movies, while eighty-seven were from the United States and the rest from Europe.

The contraction of the sector has been followed by concentration in a few companies and a rapid transnationalization process, even in the exhibition subsector, which had traditionally been owned by Mexican capital. Table 4.5 eloquently shows the decrease in exhibition and premiers of Mexican films and the corresponding growth of Hollywood movies.

I have already indicated that in the case of video stores, their stock is predominantly from the United States (80 percent). I have also indicated that cinema is by its own right an important television genre. In the measurements that I have done, cinema has occupied one of the top places in the television supply, with an average of 20 percent of total time, as well as in prime time. For example, in my 1995 sample, of the total time dedicated to movies, 61 percent corresponded to U.S. films, while 37.2 percent were Mexican. However, in prime time the U.S. share increased to 75.8 percent. Table 4.6 shows the Chamber of the Cinema Industry's estimate for Mexico City's free and pay–TV.

Cablevisión is the cable division of Televisa, and Multivisión the most important MMDS operator. Pay–TV is expanding in its several modalities throughout the Mexican social space, beginning nowadays with the upper and upper-middle classes, but at a pace that will probably surpass the speed of the diffusion of VCRs since 1985. With their expansion, these alternatives to broadcast television are demanding ever more audiovisual programs for specialty television, as well as for more generalist options. Such potential de-

Table 4.4 Results of the Top One Hundred Blockbusters in Mexico, 1998

Distributor	*Number of Films*	*Spectators*		*Revenues*[a]	
Columbia	31	14,301,849	33.51%	314,614,507	33.56%
Videocine	30	8,923,305	20.91%	202,292,409	21.59%
UIP	17	8,894,217	20.84%	195,076,198	20.81%
Fox	14	8,768,141	20.55%	186,242,857	19.87%
Gussi	6	1,380,645	3.24%	29,826,618	3.18%
Quimera F.	2	406,185	0.95%	9,308,865	0.99%
Total	100	42,674,342	100.00%	937,361,454	100.00%

[a]Mexican pesos.
Source: Telemundo (1999).

Table 4.5 Mexican and U.S. Feature Films Shown in Mexico, 1980–1993 (percentages)

Years	*United States*	*Mexico*	*Other*
1980	34.04	54.01	12
1981	35.28	53.45	11
1982	35.36	52.02	13
1983	38.29	48.64	13
1984	40.46	46.82	13
1985	40.17	48.11	12
1986	40.97	48.34	11
1987	40.2	47.40	12
1988	46.78	46.87	6
1989	48.53	46.55	5
1990	49.90	45.62	4
1991	53.02	42.73	4
1992	61.27	34.62	4
1993	62.86	32.09	5

Source: Estadísticas de Cultura (1995).

mand comprises all types of formats and genres, including feature films. Given the information about the Mexican audiovisual sector, I believe that such a production capacity has not yet been developed, other than by Televisa and incipiently by TV Azteca and MVS.[20]

In table 4.7, I confirm that the audiovisual trade balance between Latin America and the United States is negative for the former and highly positive for the latter.

Table 4.6 Feature Films Transmitted through TV in Mexico City, 1996

Company	*Mexican Films*		*Foreign Films*	
Televisa	1,136	43.63%	1,468	56.37%
Televisión Azteca	351	33.69%	691	66.31%
Cablevisión	4,618	16.94%	22,649	83.06%
Multivisión	2,192	11.65%	16,623	88.35%
Channel 22	17	7.36%	214	92.64%
Channel 11	0	0.00%	1,065	100.00%

Source: National Chamber of the Cinema Industry, several reports and interviews with Chamber staff, 2000.

Table 4.7 Mexican Audiovisual Sector, Foreign Trade Balance, 1997 (in U.S. millions of dollars)

	United States	*Latin America*	*Europe*	*Other*	*Total*
		Exports, Television			
Signals	2.0	4.0	0.0	0.0	6.0
Programs	43.9	43.0	8.1	17.5	112.5
Total	45.9	47.0	8.1	17.5	118.5
		Imports, Television			
Signals	84.0	2.8	2.4	2.0	91.2
Programs	45.0	3.0	1.0	1.0	50.0
Total	129.0	5.8	3.4	3.0	141.2
		Exports, Long Films			
	0.1	0.2	0.0	0.0	0.3
		Imports, Long Films			
	37.2	0.3	2.4	0.6	40.5
		Total Audiovisual Exports			
	46.0	47.2	8.1	17.5	118.8
		Total Audiovisual Imports			
	166.2	6.1	5.8	3.6	181.7
		Difference, Exports – Imports			
Television	–83.1	41.2	4.7	14.5	–22.7
Cinema	–37.1	–0.1	–2.4	–0.6	–40.2
Total	–120.2	41.1	2.3	13.9	–62.9

Source: Cámara de Diputados, "Iniciativa de Reforma y Adiciones a la Ley Federal de Cinematografía," April 1998, in Toussaint (1999).

Again, it is evident that Mexico's deficit is larger in cinema than from the exchange of television programs. But regarding television, the deficit is much larger when I consider only the exchanges with the United States than for example with Latin America (where the balance is positive for Mexico). It is important to emphasize that in spite of the fact of Televisa's exports, Mexico is still a *net importer* in this field.

Table 4.7 shows that the greatest part of Mexico's deficit in its audiovisual exchanges is explained by those corresponding with the United States, especially with regards to television programs. According to a Spanish analysis of the Ibero-American market (i.e., Latin America, plus Spain and Portugal), Mexico appeared as the largest audiovisual exporter of the region. According to the data, in 1997 Mexico controlled 50 percent of the overall audiovisual exports of the area. However, it imported much more than it exported, so according to that analysis it had a deficit of $117 million (Media Research and Consultancy–Spain 1998). Ibero-America and the "rest of the world" produced a surplus of $40.6 million and $13.4 million, respectively, but the exchanges with the United States generated a deficit of $170.8 million (and $700,000 with Europe). In 1996, Mexico's audiovisual deficit appeared still larger: $158 million (Media Research and Consultancy–Spain 1997). Because of the exports and worldwide presence of Televisa's programs, many people, including scholars and politicians, have thought that Mexico is a net exporter, but there are more grounds to cast doubt on such a "certainty."

The outcomes of the so-called neoliberal policies that have been implemented in Mexico do not seem to favor the development of competitiveness *in the sector as a whole*. By virtue of the instrumentation of an "imperfect neoliberalism," which hinders competition and favors concentration, the Mexican government has advanced in several sectors, the formation and operation of highly oligopolistic and monopolistic market structures.

Televisa is a "global" giant of the industry and is Mexico's transnational corporation in the cultural industry, which maintains an important presence in many countries of the world as an exporter and foreign investor. Actually, Televisa exports even beyond the Spanish-speaking cultural-linguistic markets (Sinclair 1999). However, *one* successful, quasi-monopolistic enterprise does not necessarily make an economic sector. Neither monopoly nor duopoly—which characterizes Mexican broadcast television—are market structures that allow the development of competitive diversity in the production and distribution of cultural goods.[21] The main competition of Televisa in Mexico, TV Azteca, has incipiently developed some production and export capacity, and has manifested very ambitious plans of international expansion, including the project for establishing its own film division. However, in order for a country to build up a strong audiovisual sector, a competitive environment is required. Barriers to entry should be set aside, allowing the establishment of a good number of independent enterprises to compete with each other and with the major players, for the different segments of the market (production, distribution, and exhibition/retail). This in turn guarantees a greater diversity of expression and of choices for the audience. For example, in the United States the seven major producers of audiovisual cultural products, associated in the Motion Picture Association of America (MPAA), compete for national and international markets with the more than 130 "independent" companies grouped in the American Film Marketing Association (AFMA). Although there is a certain greater inclination of the majors for the production of feature films, both produce a good proportion of the series and movies that are shown in television in practically all the world (Bedore 1997). A recent report performed by a consulting firm for AFMA shows that over 60 percent of the feature films produced in the United States are made by so-called independent companies, which generate almost $1.6 billion for the North American economy (Arthur Anderson Economic Consulting 1998).

However, I believe that Televisa's exports are sometimes exaggerated a bit. Of its net sales in 1997, 18 percent originated abroad (which, however, almost duplicated the corresponding proportion in 1990), and 82 percent from Mexico. In terms of the operating profit, the foreign portion was slightly smaller: 15 percent (85 percent from Mexico). Of the revenues in foreign currency that Televisa reports to have obtained in 1997, $1.33 billion, only $364.5 million (less than one-third) are said to have originated from exports (Televisa 1998). Now, even though Televisa has boasted of the diversification of its sales abroad, at least in terms of monetary value, there is one predominant market: According to Televisa's 1997 *Annual Report*, 75.3 percent of the value of the firm's exports, and 97 percent of its imports in 1997 took place with the United States. The predominance of the high value of Televisa's exports to the United States is explained by the way that prices are set in the international markets. For lack of more recent data, table 4.8 shows the distribution of Televisa's sales abroad during 1990.

There is in table 4.8 a reflection of the differential ways of setting prices in the international markets of television programs (richer countries pay more for the same program, and vice versa) that affects Televisa's form of operation. For example, Central and South America appear as the main buy-

Table 4.8 Televisa, Program Exports by Region, 1990

Country/Region	*In Millions of U.S. Dollars*		*Programming Hours Sold*	
United States	35.4	52.3%	2,645	9%
Central and South America	25.0	37.0%	21,040	71%
Europe	2.1	3.1%	1,775	6%
Asia and Australia	1.6	2.4%	1,340	4%
Other	3.6	5.2%	3,042	10%
Total	67.7	100%	29,842	100%

Source: Morgan (1992).

ers of programs, with 71 percent of the hours sold. However, the actual best market for Televisa's exports, with a little more than half the value in U.S. dollars, is the United States, which buys only 9 percent of the programming hours. Thus, the great presence of Televisa's programs in the southern part of the continent may translate into some form of cultural influence, but it does not necessarily translate into spectacular revenues. It was shown before—and here I corroborate it—that the most important market for the Mexican audiovisual industry is the United States: 11 percent of its population is of Hispanic origin.

The main source of income for Televisa is still the sale of television advertising in the Mexican domestic market. For example, according to Televisa's 1997 *Annual Report:* "Net sales of television derive mainly from the sale of advertising time in the Company's channels. The principal source of income from television advertising comes from national sales. . . . The percentage of the net sales of television derived from advertising sales was 87%, 85% and 88% in 1995, 1996 and 1997, respectively; the remaining is generated mainly by the sale of programming rights" (Televisa 1998, 45).

This allows Televisa's own cultural products to have recovered most of the initial investment in the domestic market by the time they are offered to the world market. Again, Televisa's capacity to produce and export audiovisual cultural goods is not in question, but rather the possibility of the emergence and consolidation of a diversified, plural, and competitive Mexican audiovisual sector, in principle larger than one or two companies.

The advent of digitization and the convergence of telecommunications, information technologies, and the traditional media, especially the audiovisual, are already producing a vast new demand for all sorts of programs. A solid and diversified "content industry" has not developed yet because of the highly concentrated structure of the market, particularly in the production subsector. In the case of cinema, it seems that the "new international division of labor" is reducing a country that used to be an important producer and exporter to a mere consumer of imported feature films. Is that what Mexico's current "comparative advantage" allows for the national audiovisual sector? I believe that a more active government policy in Mexico may help the audiovisual sector to become more plural, competitive, and diversified. More options have to emerge so that the audiovisual media can contribute to a more democratic order, to Mexico's more active insertion to the new stage of cybercapitalism, and to build its own cultural identity based on its rich and plural cultural diversity.

IS THERE A "NEOPROTECTIONIST" ALTERNATIVE TO NEOLIBERAL POLICY?

The inward-oriented, protectionist, and import substitution development model—with a great deal of state intervention—which practically all of Latin

American nations implemented during the 1960s and 1970s, entered into crisis in Mexico since around 1968.[22] The crisis actually lasted—with short periods of recovery—for the following three decades (Levy and Székely 1983; Oppenheimer 1996). It was not until the 1980s that a new "technocratic" elite took power in Mexico, during the De la Madrid administration, and a policy shift began to take place. In what political scientist Lorenzo Meyer (1995) called "authoritarian liberalism," the new administration began transferring most economic and social issues from the control of the previously interventionist state to market forces, thereby reorienting the development strategy from reliance on the internal market to the opening to external markets. The evolution of the world system of capitalism, which brought about the new global order, made the old kind of inward-oriented development style obsolete, even for countries that could have seemed almost self-sufficient, such as China (Fossaert 1994). But it was clear: The old development model was actually a variant of capitalism, although not corresponding to the "ideal" image of capitalism offered by neoclassical economics (Blaug 1982).

The seeming real alternative to capitalism, socialism, collapsed with the Berlin Wall by the end of the 1980s. The world was freed from the excesses of socialist totalitarian statism and left to the "benefits" of the market forces (Fossaert 1994). But the market does not seem to be delivering the goods that neoliberalism has promised. I have corroborated before that even an institution like the International Monetary Fund, which can hardly be suspect of anticapitalism, recognizes that the new global order is producing and enlarging inequalities. One can read in its most recent *World Economic Outlook:*

> A core issue in this regard—and perhaps the most striking exception to the otherwise remarkable economic achievements of the twentieth century—has been the persistent failure to break the cycle of stagnation and poverty in the poorest countries. The global income distribution across countries is somewhat less skewed today than 25 years ago when weighted by population, largely on account of rapid growth in China, as well as in India. But this is no consolation for the large number of very poor (living on a dollar or less per day) that has remained stubbornly high in the range of 1.2 to 1.3 billion—about one-fifth of the world's population. Moreover, per capita incomes have been regressing in absolute terms in a large number of countries during the past 25–30 years. As a result, the world is entering the twenty-first century with the largest divergence ever recorded between rich and poor. The widening income gaps within many countries and the gulf between the most affluent and most impoverished nations are, in the words of the then Managing Director of the IMF, morally outrageous, economically wasteful, and potentially socially explosive. (2000, 36)

The market utopia of full employment and relative income equalization seems to be far from becoming a reality. Very often, the state has to take actions to solve serious social problems (e.g., environmental or human) generated by blind and insensitive market forces. It is interesting to remember that the communist utopia predicted, just like neoliberalism, the necessary "withering away of the state" (Lenin 1976).[23] The Leninist theory of the state bumped into basically the same historical stubbornness of concrete reality as the neoliberal utopia: the need for government intervention to regulate social processes and issues that just cannot be left adrift to the tide of supply and demand. Social access to health and education, wealth redistribution, protection of biodiversity, protection of cultural diversity, and so on, are issues for which the market does not guarantee any *social* efficiency.[24] It is necessary, then, to stop thinking in simplistic binary terms: It is not a dilemma of "state v. market," but rather some kind of "third way" (Giddens 2000; Castañeda and Mangabeira Unger 1998). In any case, it has to be the coexistence of the market with the *democratic* (therefore, representative, plural, and legitimate) state.

The nation-state that has been the bulwark of the neoliberal model, the United States, based its international competitive strategy, from the 1960s until practically the present, on selective "neoprotectionism" and intensive state intervention (e.g., recall Ronald Reagan's administration's enormous deficits). Writing about two of the most conservative governments in recent history (Reagan's and Margaret Thatcher's), Brazilian scholar Theotonio dos Santos comments that:

> However, they still present themselves as movers of a colossal neoliberal wave. It is therefore the neoliberalism of state monopoly capitalism, which consists of the increase of state intervention to guarantee the survival of capital, above all of the great monopolies and financial capital. When it is about these interests, the market economy is sent to fry potatoes, for it does not combine with the world of monopolies, oligopolies and transnational corporations that dominates the economic life of our day. (1992, 12)

Thus, even if sometimes disguised by ecological concerns, or by apparent social considerations, the advanced industrial nations do exert oftentimes neoprotectionist measures that hinder free trade, in order to gain extra benefits or maintain positions of market power (García Menéndez 1996). The Economic Commission for Latin America and the Caribbean (ECLAC) makes a yearly assessment, the *Barriers to Latin American and Caribbean Exports in the U.S. Market* (1999), perhaps in response to the Office of the U.S. Trade Representative's annual *National Trade Estimate Report on Foreign Trade Barriers* (2000). Of course, overt and covert neoprotectionist measures and other barriers to trade are found every year by the ECLAC report. In the case of the cultural industries, I know of a couple of reports that analyze measures that affect trade with the United States. One, by the Strategic Research and Analysis unit of the Department of Canadian Heritage, concludes with regards to the United States:

> The image of a free and open market environment projected by the United States is clearly not the case in the cultural sector. The US maintains a system of

measures which have real or potentially adverse effects on cultural trade with Canada. The majority of these measures can be categorized as foreign investment restrictions, although the US affects cultural trade by restricting the movement of persons, border measures and licensing practices among other measures. (Cowl and De Santis 1996, 2)[25]

Another study conducted for the European Union is a bit more comprehensive, in the sense that it includes barriers that originate from market factors, as well as those that derive from government policy. The United States is found to present these barriers to trade and investment in the audiovisual industry:

Sector	**Barrier**
General	Unilateralism as a feature of U.S. trade policy, and the use of Special 301 can lead to bilateral trade agreements that can have negative effects on EU trade with target countries.
Copyright	U.S. copyright law does not recognize the "moral rights" of the author.
Cinema	Vertical integration of the production and distribution chain by the major studios leads to control of resources and market access.
Cinema	Net profit accounting practices by the major studios obscure profits, limiting profit shares for non–U.S. major organizations from U.S. distributors.
Cinema	Cultural barriers in the form of censorship limit market access of European productions.
Cinema	Language barriers require the use of dubbing technologies that are prohibitively expensive.
Cinema	Video piracy is increasing, with New York as the center of illegal operations in the United States.
TV and radio	Differences in technical standards cause additional expenses for European exports.
TV and radio	Foreign ownership of television and radio broadcasting is limited under the Communications Act to 25 percent.
Sound recordings	Restaurants and retail establishments are exempted from obtaining licenses to play background music at their premises.
Sound recordings	Piracy of sound recordings is growing, particularly over the Internet.

(Solon Consultants 1998, 6)

Actually, it is very well documented that the U.S. audiovisual media developed and expanded throughout the world, from the beginning of the twentieth century, but especially during the world war periods, aided by direct government intervention, support, and protection: "contrary to official rhetoric, the history of international trade of American cultural goods in the twentieth century is not founded on the values of freedom and formal equality nor on the principles of trade liberalization, reciprocity or transparency.

These values and principles were promoted in the cultural sector only once the American domination of world markets had become firmly established" (Gingras 2000, 3).

So I realized that even the United States, which seems to be the world "watchdog" of free trade, has been historically found to erect barriers for its realization (Schiller 1976, 1992). However, nowadays the U.S. government is very persistent in its yearly assessment of foreign trade barriers (U.S. Trade Representative 2000). In this report, Mexico appears in general terms as a "very well behaved" country, particularly in relation to the cultural industries. For example, in the 1999 edition Mexico appeared as presenting "a troublesome restriction against film dubbing" (U.S. Trade Representative 1999, 309). Even if the new 1999 Law of Cinematography was not modified so as to eliminate such a restriction, it seems to have been negotiated informally at the highest level.[26] In the following year's edition, such complaints had disappeared (2000). But the United States' best client for audiovisual commodities and services, the European Union, appears with lots of problems, barriers, and protectionist measures. So does Canada.

What is relevant here is to recall the fact that there exist alternative policy options, other than the alleged sheer reliance on the market forces, without denying some role and function to supply and demand (Sánchez-Ruiz 1998b). For example, the Canadian government exerts actions that to an extent not only protect, but also—and mainly—*promote* the development of the cultural industries (Thompson 1995). Even though there are recent negative assessments of the results of Canada's neoprotectionist policies (Acheson and Maule 1999), and cultural nationalism is said to be in crisis (Straw 1996), the Canadian government still judges it important to support the production and distribution potential of its domestic cultural industries (Canadian Heritage 1999, 2000; Canadian Radio-Television and Telecommunications Commission 1999; Sectoral Advisory Group on International Trade [SAGIT] 1999). One report for the Department of Foreign Affairs and International Trade begins by synthesizing this belief:

> Culture is the heart of a nation. As countries become more economically integrated, nations need strong domestic cultures and cultural expression to maintain their sovereignty and sense of identity. Indeed some have argued that the worldwide impact of globalization is manifesting itself in the reaffirmation of local cultures.
>
> Canadian books, magazines, songs, films, new media, radio and television programs reflect who we are as a people. Cultural industries shape our society, develop our understanding of one another and give us a sense of pride in who we are as a nation. Canada's cultural industries fulfill an essential and vital role in Canadian society. . . .
>
> The Canadian government uses a combination of financial incentives, Canadian content requirements, tax measures, rules on foreign investments and intel-

> lectual property tools to promote Canadian culture. Working together, government and the cultural sector have been able to develop a policy and regulatory environment that ensures that Canadians have access to the best the world has to offer while preserving a space for Canadian culture. (SAGIT 1999, 1)

The European Union has also enforced policies to foster a European presence in television and on cinema screens. The point of departure is that: "The audiovisual industry is therefore not an industry like any other and does not simply produce goods to be sold on the market like other goods. It is in fact a cultural industry *par excellence.* It has a major influence on what citizens know, believe and feel and plays a crucial role in the transmission, development and even construction of cultural identities" (Commission of the European Communities 1999a, 8).

Thus, during the last decade, the European Union has developed a series of tools to enable it "to guarantee the creation and operation of a European area for audiovisual services, to contribute to the strengthening of the European programme industry and to promote cultural diversity and take societal aspects into account" (European Union 1998b, 5). The support policies have a legal basis in the "Television without Frontiers Directive," which was "modernized" in 1997. Among other measures, article 4 of the directive stipulates that "Member states shall ensure, where practicable and by appropriate means, that broadcasters reserve for European works . . . a majority proportion of their transmission time" (European Union 1998a, 11). Article 5 complements this with the requirement to reserve "at least 10% of their programming budget, for European works created by producers who are independent of broadcasters" (11). Furthermore, the MEDIA Program provides the means to encourage "and supports the development of projects and undertakings, the transnational distribution of productions and the training of highly-qualified professionals, thus boosting the structures of the industry" (European Union 1998b, 5). In 2001, a second revision of the five-year program will enter into effect with the title "MEDIA Plus" (Commission of the European Communities 1999b).

None of these types of policies and programs is perfect, just as neither are the workings of the market by itself. However, there are some positive results already. For example, it seems that at least at the local level European fiction productions are regaining television screens, especially in prime time (Vilches, Berciano, and Lacalle 1999; European Audiovisual Observatory 2000a, 2000b). European cinemas are also reversing gradually the dominance of U.S. films in their multiplexes (European Audiovisual Observatory 2000c). Even though Canada has not been able to make a spectacular advance in the Canadian presence in its own television and movies, its audiovisual exports have been gradually increasing during the last decade (Attallah 1996; Canadian Film and Television Production Association 1999). There are some other cases of relative success of active policies toward cultural industries. For example, the Argentinean and Brazilian cinematographic industries are showing signs of fast recovery as a consequence of the implementation of new legislative and fiscal support mechanisms (Bonet 2000). Even the Chilean government, which has implemented market-oriented economic policies, is analyzing possible ways to aid its television system and increase its production and export capacity (Secretaría de Comunicación y Cultura 1999).

The times of "statism" and authoritarian interventionism are fortunately long gone. But again, that does not mean that nation-states and governments have disappeared or lost meaning in the global order of cybercapitalism. There is still much room for legitimate, democratically elected governments to exert active promotion of their own nations' cultural industries. They are too socially important to be left adrift in the "invisible" (but blind and insensitive) hands of market forces. This does not mean the return to the authoritarian state interventionism of the past, but rather that the state, as the legitimate representative of the diverse (and multiple) classes and sectors, be able to regulate and guide the blind forces of the market in the direction of the fulfillment of social needs and aspirations. It is not then a matter of "betting" for the state *or* for the market. To be sure, supply and demand *do* exert structural constraints on the production, distribution, and consumption cycles of any kind of commodities. But neither supply nor demand possess intelligence or consciousness, or human sensibility, or ethnic identity, and so on. As I have pointed out before, cultural goods are, besides commodities, sense proposals about the surrounding world; they constitute proposals of social definitions of who we are (and who we are not). The symbolic contents of the cultural products propose—and sometimes impose—socially aesthetic patterns (i.e., what and who is beautiful, and what and who is not); and they propose ethical and moral standards (i.e., what is correct/incorrect, normal/abnormal, proper/improper, and so on). The media propose social representations of possible "imaginary communities," from the closest (local) to the farthest (global). They may be symbolic carriers of new sociohistoric utopias. But also and principally, they are devices that can potentially show us the enormous diversity, plurality, and richness of the cultural manifestations that exist in one's own nation as well as in the several regions of the world. That deserves more than "neoliberal" jungle laws.

NOTES

In 2000, Mexico elected a new president from the rightist opposition party Partido Acción Nacional, after seventy-one years of hegemony of the Partido Revolucionario Institucional. The new president, Vicente Fox, was a former Coca-Cola executive and governor of the state of Guanajuato, and is described as a "right wing populist." But it is too early to speculate whether the issues and policies dealt with in this chapter might suffer any changes. Also note that unless stated otherwise, all dollar amounts are in U.S. currency.

1. For example, the U.S. Department of Commerce advocates against barriers to trade in favor of all U.S.–based film companies, which includes some foreign-owned transnational corporations, such as Sony (U.S. Trade Representative 2000; U.S. International Trade Commission 1999).

2. However, a fundamental point to keep in mind in order to read this work appropriately is that the economic-financial and technological movements and mutations are much quicker than cultural changes. That is to say that the domain of production and circulation-consumption, or of supply and demand, or of transnational cultural products, does not have an immediate and direct correlate with the cultural affectations of the reception processes, especially regarding mid- and long-range cultural transformations in space and time.

3. Among others, during the 1970s Christian Pallois (1977a, 1977b) theorized this process from the viewpoint of Marxist economics, calling it "the internationalization of capital."

4. This mode of operation, most probably, contributes in principle to the "globalization" of the wider economy. But not because one firm imports or exports one kind of commodity—for example, some *telenovelas*—has it "gone global."

5. Néstor García Canclini (1999) recently proposed the "internationalization-transnationalization-globalization" flow in terms of historical stages of capitalism. Both uses are in principle compatible.

6. I should make clear that, although I consider that the economic processes constitute a fundamental motor of the globalization process, the historical flows do not necessarily follow the causal order that could be inferred from the order of presentation of the three main dimensions (economic, political, and cultural).

7. SELA is a regional intergovernmental organization that groups twenty-eight Latin American and Caribbean countries. Its headquarters are in Caracas, Venezuela.

8. To be precise, actually the cultural industries were included, but in the annexes in the chapter on exceptions, as requested by Canada.

9. That unfortunately was almost never quite fulfilled, especially since Mexican film production began to decline.

10. Actually, the exchanges between Mexico and Canada were practically nonexistent. An interesting view of the NAFTA television market, that sees it in terms of five "television cultures," with their respective programming markets, can be found in Straubhaar, Campbell, and Cahoon (1998). The problem is that this view gives the impression of a very clear-cut, ordered, symmetric, and respectful "linguistic-cultural division of labor," which I think has to be problematized. However, the existence of the several linguistic television markets in the area is a fact.

11. Similar findings for Mexico City, Monterrey, and Guadalajara can be found in Crovi and Vilar (1995), Lozano and García (1995), and Sánchez-Ruiz (1995b), respectively.

12. Incidentally, in this research I corroborated that currently the main medium that people use to watch movies is regular, broadcast television.

13. In this case, I had access to the database thanks to the kindness of Jorge González and María Guadalupe Chávez. Some other findings can be found in González and Chávez (1996).

14. The differentials by social class are: 68 percent of the higher stratum regularly watched foreign series, while 61 percent of the middle class did so, and 57 percent of the lower echelon.

15. That is, 86 percent of the higher class, 79 percent of the middle, and 73 percent of the lower.

16. *Siglo 21*, 20 October, 1996.
17. *Siglo 21*, 30 October, 1996.
18. The reported source of the data is Ibope, the most important Latin American firm in ratings research.
19. This is my free translation of the titles in Spanish. Some of them may not correspond exactly to the original title in English, because they are often changed for marketing reasons.
20. MVS is the operator of Multivisión and partner of Hughes in the DirecTV DTH service.
21. At least, those are the teachings of neoclassical economics, which is the economic theory behind so-called neoliberalism, and for which the market is more imperfect as it gets closer to the monopolistic structure. For example, see Samuelson (1973).
22. Actually, in order to be congruent with my open conception of history, I should use the plural: "What are the *alternatives* to neoliberalism?" But here I want to discuss a "neoprotectionist" option, which consists of government intervention to breed plurality and competition for its domestic strategic sectors, *in order to succeed later on in the market itself.*
23. For example, see Lenin (1976, chapter 5).
24. The problem in so-called real socialism was exactly that it went from the Leninist call to the "withering away of the state" to its excessive—and even oppressive—presence in society.
25. There is another report on some Latin American countries (De Santis 1998). The Chilean government made an extensive comparative market analysis of the NAFTA countries' cultural industries (Secretaría de Comunicación y Cultura 1995).
26. One newspaper note reads: "Ernesto Zedillo to receive Hollywood ambassador. State visit of Jack Valenti, President of the MPAA" (*El Financiero*, 20 July 1999, 28).

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