

## **Neoliberal Media Making the Public Interest and Public Choice Theory Obsolete: Need for a New Theory**

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This discussion paper argues for the need of a new theory, moving away from the binary applications of public interest or Pigouvian theory and public choice theory. The growth of media is outlined, and the complexity of the Indian mediascape is presented as part of the discussion. The cross-media ownership patterns, political ownership or affiliation and access to capital are making it imperative to consider critical questions on regulation and media ethics. The need for a new theory and practice may be the need of the hour. However, this deliberation hints how it may not be formulated effectively with the arrangement within the geopolitical context being abrasive. It calls for initiating dialogues in public spaces, particularly among the scholars and practitioners. It also questions if bridging the gaps between public administrators' potential and action could make a difference, as it is a challenge in itself.

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The public interest or Pigouvian theory states that information is a public good, dissemination of information has high fixed costs but once established the marginal costs of information comes down and private media is prohibited from entering the sphere as they could pollute the gullible population with biased information being propagated (Lenin, Djankov, Nenova, McLiesh, & Shleifer, 2003). This theory was put forth by Vladimir Lenin in 1925, makes us conscious of the spatial and temporal milieu under which it was propounded, it sheds light on the Government's logic of positioning themselves as benevolent, unbiased welfare states.

Djankov et al. (2003) highlight that, "the public choice theory holds that a Government-owned media outlet would distort and manipulate information to entrench the incumbent politicians, preclude voters and consumers from making informed decisions, and ultimately undermine both democracy and markets" (Djankov, Nenova, McLiesh, & Shleifer, 2003). Theoretically, the claim is justifiable. The politicians' in office will aim at using the media for their propaganda. Post-Independence, media ownership patterns in India, witnessed a clear domination of the State with an exception to only possibly the print and film industries. However, India's mediascape was highly regulated.

The glorification of the idealistic benevolent positioning of the State however, raised questions about their credibility claims and intention behind hegemonic dominance of the media sphere. As cited by the authors in 'Who owns the media,' "even Pigouvian

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economists, who advocate regulation or even nationalization by a benevolent government when considering other industries, support the free and private media" (Djankov, Nenova, McLiesh, & Shleifer, 2003). India was no exception. Though the Government wanted to dominate the broadcasting channels and keep them as their propaganda instruments, the Indian constitution never curtailed the freedom of expression for its citizens, and this standpoint has always been a strength that the fourth estate consistently focused and built on. At some point, public choice theory seemed to accommodate the aphorisms of democracy, often upheld as an ideal approach that embraces our precept of 'freedom of expression'.

### **Has Public Choice Theory Replaced Public Interest Theory?**

Media ownership pattern could be determined or viewed from a profit-making angle, the role of advertisers, dominant ideology of the owners, the political affiliations, the cross-ownership patterns, and the capital power the owners possess. Cross-media ownership, mergers, acquisitions, and affiliations between the media giants, is not a new trend. Even as early as, in the early 2000's, taking into account the print media, the top ten newspapers in India controlled almost fifty percent of daily circulations in all languages (Jeffrey, 2003). Contemporary media in India is increasingly characteristic of market capitalism and strong cross-media ownership pattern.

Thussu (2007), pointed out that, he has characterized 'Murdochization of media' as "a process which involves the shift of media power from the public to privately owned, transnational, multimedia corporations controlling both delivery systems and content of global information networks" (Thussu, 2007). It is also perceptible that the public choice theory has replaced the public interest theory in contemporary India.

The advent of privatization has left our public broadcaster, Prasar Bharati struggling to compete with the media barons for whom the profit orientation is usually of prime significance. A cap on Foreign Direct Investments (FDI) in the print media sector in India, perhaps helped in mushrooming of Indian enterprises, however it yet again seemed to have benefitted those who have the privilege of capital at their disposal, enabling their dominance in the media sphere. Is private ownership an answer to botched State ownership? Would not the private owners also use the instruments for their benefit? Would not the private owners advocate paid news or media net notions, like Times of India, positioning it to be like any other business with the only motive being maximizing profits? After witnessing what had happened to the Murdoch Empire and the News of the World scandal, it has only reiterated that, it's critical to map, who owns and controls the media. It is the ownership that needs to be considered and questioned, rather than merely advocating for or against a Pigouvian or a public choice theory.

### **Public Choice Theory's Triumph**

The opening up of India's mediascape, especially in the broadcast segment, over the past two decades has been witness to the advent of privatization and globalization forces that has resulted in a huge spurt of new channels. Investors saw this as an opportunity and capitalized on it. As a result, we have a number of English and non-English channels like, NDTV 24X7, CNN IBN, CNBC India, Times Now, Republic, Aaj Tak, Headlines Today, Star News, Sahara Samay, Zee News, Puthiya Thalamurai, Udaya news, to name a few from the long list of channels that have mushroomed ever since early 2000, in both English and regional languages.

The NDTV network pioneered by Prannoy Roy was launched with a big bang in 2003. The potential of this space in the broadcast sphere was recognized by many media houses, they eventually sprang into the fray, the trend etched new growth stories in 2005 with the launch of two English channels, CNN IBN (TV 18 Group) by Rajdeep Sardesai and Times Now (Times of India Group) by Arnab Goswami. Twelve years later, the face of Times Now, Arnab Goswami cited editorial clash, lack of freedom and politics amongst other reasons and founded Republic TV in 2017 with ARG Outlier Media and Asianet News Service. Rajdeep Sardesai too, who had bought stakes in the CNN IBN channel, eventually resigned from the network in 2014 and joined India Today, an English news channel as a consulting editor. The politics and slant of these media organizations are a different debate altogether, although it's pertinent to consider such constructs when we consider the economics of media or the ownership intent and structure. However, these instances, further reiterate how journalistic ideologies and orientations, political slant or affiliations, access to capital and infrastructure, the growth of media conglomerates and barons are all abysmally intertwined making policy formulation and its implementation, an extremely perplexing terrain.

Not every media house or popular journalist could break into the broadcast industry. The trend has become such that, only those privileged with the sanction of capital, most likely with a political or industrial connection could enter the field. Groups like The Hindu have still not made a huge mark in the broadcast space. They would never have, if not for the cross-pollination and cross-ownership patterns. They have been generally known for their consistency rather than insistence in growth. With the new generation of owners taking up the control, we saw even The Hindu entering into a pact with NDTV. The result was their presence in the broadcast space as NDTV Hindu, with a Southern focus. However, this had to be shut down in 2011. The key reason was the failure to capitalize on a lucrative distribution strategy. This, however, is not the case with regional media thriving and perhaps, NDTV Hindu as an English news channel with a regional focus didn't have many takers then, or perhaps it's a case of ineffectual media management.

The funding or capital resource crisis is not new. It is a global quandary. The recent manifestation can be drawn from Sjøvaag et al. (2018)'s work. It gives us an insight into the 'State involvement in media markets', particularly Norwegian Broadcasting Corporation (NBC). They note how the "policy implications of the 'crisis' in journalism's commercial funding, extends beyond the public service realm, possibly towards expanding government support for private media" (Sjøvaag, Pedersen, & Owren, 2018). In their work, there is a complete inversion of power dichotomies in comparison to India when they question if public broadcasting is a threat to commercial media? In India, while such a scenario used to be prevalent, we find ourselves in a complacent terrain concerning public service broadcasting and an indeed problematic scenario with the private media and cross-media ownership patterns. While the lobbying in the corridors of Europe or the US may have become a tendency, in India, we are still caught up between the dialectics of public service broadcasting and private media. Arguably the debate or advocacy for public service broadcasting has lost its vigor; they tend to co-exist yet in a reticent frame, making it difficult to draw parallels, especially when we consider the revenue or subscription model, its relevance or economic sustenance. We also tend to dismiss such debates, as it is allegedly an oversaturated discussion.

## Cross-Media Ownership and Ethics

The *Time of India* (TOI) has been particularly aggressive in its marketing approach and would be a typical case to consider while assessing the impetus for growth directive of private conglomerates. TOI which is owned and controlled by the Bennett Coleman & Co. Ltd., has a powerful Jain family steering the wheels like Indu Jain, Samir Jain, Vineet Jain, and Sahu Jain, to name a few. Their group is one of the largest conglomerate in India. This is not the only example one can quote; there are several media organizations with forceful and competitive growth strategies. The legal and political environment is conducive for the growth of such huge corporations, making it justifiable to reconsider the value of promoting public interest theory. However, given the geo-political roots of media, it is also not plausible for making room for transversal amendments. There is hence heuristic value in seeking for a new theory given these circumstances.

The concept of media net, which means selling the space on the front page, tabloidization, and page 3 approach also began with TOI (Kumar, 2012). Veteran journalists and media practitioners would take high offense to the TOI strategies like media net, paid news, and newspaper in education. Nevertheless the owners have no problem in admitting that their strategy is to make a profit and hence this would be their orientation. The owner's ideology and orientation dictate the way the media house functions. Cross-media ownership and emerging trends such as these, questions the rationale of public choice theory.

Indian mediascape has become an environment that is both complex and perplexing. Under the guise of media ownership, we see a wide spectrum of patterns, such as political or ideological ownership, corporate ownership, cultural or religious ownership, and so on. There are also instances when the ownership pattern comes across as enigmatic and guarded. Cathcart (2016) notes how the Black Entertainment Television (BET)'s ownership is characteristic of a "white corporation is used as a mechanism of white imperialistic ideological domination" (Cathcart, 2016). There is an interesting trend about the diversity in the number of political apparatuses functioning in tandem within Tamil Nadu and how it is perhaps the first of its kinds; there is also evidence of the normalization of the 'paid news' phenomenon (Srikrishna, 2014). The study findings further point out that political apparatus no longer refers to the incumbent party or the State and does not refer to government machinery like Doordarshan earlier (Srikrishna, 2014). These trajectories, make it pertinent to question the ownership arrangement, particularly that of political ownership.

It puts forth the question, if capital alone is the prerequisite in today's neo-liberal environment and if influencing action within the constitutional or legal framework of the democracy or through advocacy has been ruled out? The press has perhaps settled down comfortably in the profit-oriented bedrock of media corporatization. The academia also seems to disregard such debates, perhaps with the notion that it's done and dusted or perhaps it reflects an acceptance of capital dominance and an inability to do anything about it.

Trans-nationalization of ownership is also an established trend. All the media houses look for an international association. The Economic Times has a tie-up with the Financial Times. Similarly, Times now television channel has a tie-up with the Reuters news agency. If we look closely, it again has to do with the ownership patterns and strategies. These developments defeat the basic premise on which a public choice theory was glorified as a coherent alternative to the public interest theory. The market economy principles

seemed to entice better as the result of socialism slackening, with bureaucratic control also not meeting expectation, it has resulted in disappointments, inefficiencies, and lack of profitability. On the contrary, so has the opening up of the media sphere allowing market monopolies to control the space; media ethics and principles have gone wayward.

## Regulating Cross-Media Ownership

The media industry in India has been evolving relatively autonomously in a quasi-federal political set up. So the Government's role in curbing cross-media ownership has been a huge area of distress. The Indian Government was not prepared to tackle the high spurt of growth in the media industry. It cannot be denied that the Government did attempt. They had proposed the Broadcasting Bill 2006, to restrict and prevent formation of media monopolies through cross-media ownership. If they had successfully tabled the bill, India would have joined the league of democracies like the United Kingdom, Australia, and France, to name a few (Gaur, 2006). However, the Broadcasting bill was never tabled, as its clauses highlighted the potential of the ruling party to censor the media. This also spells out that administrations cannot arbitrarily decide what is good and bad, in the name of public interest. Omnisciently or perhaps farsightedly, the Indian constitution has guaranteed freedom of speech and expression as fundamental rights of individuals. In Article 19 (1) (a) of the Indian Constitution, it is stated: "All citizens shall have the right to freedom of speech and expression".

The constitution does manage to provide a platform to nurture a vibrant judiciary and a vigilant press. However, it cannot be denied that the deregulation and liberalization of financial activity have resulted in surplus capital, increasing the chances of media monopolies thriving and controlling a dominant part of the media sphere in contemporary India.

The values and ethics have often been determined only by who controls the media, what are their motives, propaganda agenda and the newspapers who told the truth, it appears that they couldn't make money (Chomsky & Herman, 2002). This brings back a basic question, about the sustenance of media houses? Is the News of the World's manufacturing of consent justified at all? While Rupert Murdoch as a media baron could at one level explicitly state that this remains the way media houses will have to work, but he cannot. The public or the political sphere; however, strongly entrenched they may be with profit orientation, condemn sharply when encountering compromise of ethics for the sake of profit. However it all stops with condemnation, it seems increasingly complex to initiate policy changes or actionable reforms.

The Public interest theory or the public choice theory may not be relevant any longer in the Indian context. Public service broadcasting, from being used as a propaganda device, has also been glorified as with a service intent, ignoring the revenue sustenance of it. While in countries like Norway, public service broadcasting is a massive success, in India, the funding for Doordarshan has become a norm to ensure its mere existence, once highly relevant, its position now has trickled down steadily. As, Ninan (2011), a media critic questions, "Media corruption is not an issue that the State wants to tackle seriously for the same reason that corporate corruption is not an issue for the media until it becomes impossible to ignore. You need each other. Where would a politician be without the publicity of any kind, where would a media house be without corporate advertising?" (Ninan, 2011). Massive integration globally is the new mantra that clicks in the world of media, and the trend is here to stay, but the onus of balancing profitability and social responsibility

depends not only on governmental policies but on the ethics of journalism and media ownership. However, privatization need not always mean ruining of ethics. Regulation or deregulation or advocating a public choice or public interest theory is not a solution, as Thussu (2007) opines, 'there is a strong need for transparency, accountability and media diversity' (Thussu, 2007). The aggressive competitiveness, incessant focus on high returns, and the revenue generating potential of media organizations are becoming a celebrated norm, among the private media owners. This is neither tackled in its entirety by the legal framework of the economy; neither do we see the urgency in bringing media ownership to the forefront of scholarly debate again. In a way, it appears as if, these deliberations have indeed been done and dusted. Soloski (2018) draws our attention to this upsetting trend, by noting how "Most of the new players in the industry are not steeped in journalism but rates of return" (Soloski, 2019). Economics is inevitable, but economics taking over the underlying values and ethics of journalism makes it a 'murky ownership' scenario, as Soloski (2018) calls it.

### **Need for a New Theory**

Neoliberal media has made both the public interest and public choice theory obsolete. Regulation should be progressive and must take into account the complexities of the current scenario with the skyrocketing advances in satellite communication technologies, making it imperative for reforms in broadcasting policies (Mehta, 1998). Having moved beyond airwaves regulation and politics, there is still a lack of clarity about the balance that could be perceived as ideal. A recent study points out that media freedom promoted greater human development and governance, but this was not linked to the credibility of the media (Soon & Tan, 2016). Credibility often goes back to analyzing the media ownership pattern, bringing us back to where the discussion began. Neoliberalism is seen as something that has essentially complicated the turf where binary solutions could have worked. It has led to governance that is becoming recurrently authoritative (Ayers & Saad-Filho, 2014). Does the onus of making an impact rest with policy reforms alone? This question will pave the way to raising more questions in continuation to the cases described, and theories discussed, however, it will be critical to at least ask how informed, capable and free is or are the public administrator(s) or policy formulator(s) to make a difference? There are inevitable dangers cited, like administrator being targeted or manipulated (Box, 2015).

The critical theory of media seems inevitable in the search for common ground, yet it threatens to contribute to the discursiveness between power, politics, governance, and ownership. Can public participation, discourse, engagement with scholars and practitioners pave a way forward, irrespective of whether these deliberations will ever find a place in the policy building effort of the Indian mediascape or will it be dismissed as a cliché having been in the forefront of debate many times? The complacency is rooted and securely inhabiting the socio-economic and geo-political rubric of the democracy, threatening to rewrite media governance standards, the ethical norms and values that once the Fourth Estate stood for. This complacency has decimated scholarly deliberations and silenced policy vanguards. The deliberations, dialogues or policies need to evolve, there is no repudiation that there is a need to develop a theory and practice of a new order that balances the public interest and public choice theory that essentially permeates into policy formulation epicenters, taking into the fold the manifold layers of complexities.

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