

ACCESS TO THE WORLDWIDE MARKET IN NEWS:
IMPLICATIONS FOR THE NEW INTERNATIONAL INFORMATION ORDER DEBATE

by

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ABSTRACT

This study examines the question of access to the worldwide market in news by a Third World-based transnational news agency (TNA.) This question is one that arises naturally out of the debate over news flows and news agencies between the Third World and the West. Third World countries have expressed deep dissatisfaction over the dominance over worldwide news flows by five TNAs, four of them Western controlled. They have proposed and, in limited ways, tried to establish news exchange mechanisms responsive to their needs. Western governments and media representatives have perceived in the Third World initiatives a threat to the existing Western TNAs, and voiced absolute opposition to any intervention that could affect their activities. Whether a Third World TNA mechanism or mechanisms could succeed without any changes in the market structure thus becomes a question of fundamental importance.

The conditions of entry for a Third World TNA are investigated through a study of the market in world "spot" news reports and the five firms that operate in it. Significant barriers to entry by a Third World-based TNA, in the form of high overhead and start-up costs, certain economies of size, dumping practices, market control, vertical integration and diversification into specialized news, are found to exist.

The implications of this finding for the Western position are discussed. The contradictions between the premises of the free-flow and free-press doctrines and the closed oligopoly in the worldwide market in news are identified. Inconsistencies between the Western countries' position and their domestic media policies and international trade practices are also discussed. The outlines of a strategy for restructuring the market and

creating the conditions for the successful operation of Third World TNA mechanisms are briefly sketched. The ability to grant or deny access for news production purposes is identified as a key Third World bargaining counter. It is suggested that unhindered access be granted on the basis of reciprocity agreements which would ensure equivalent facilities for Third World news agencies. The need to protect nascent agencies from predatory practices such as dumping are discussed. Establishing control over the marketing of specialized news originating in the Third World is also recommended.

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The origins of this study lie in the newsroom of the Sri Lanka Broadcasting Corporation in Colombo. I am grateful to Mr. Nimal Karunatileke and other journalists who introduced me to the world of news. The decision to study the news agencies whose copy I was editing and study them in a manner not too far removed from the realities of the newsroom was a result of that introduction.

The Communication Documentation Centre of UNESCO's Division of Free Flow of Information and Communication Policies in Paris, Reuters Limited of London, and The Associated Press and United Press International of New York were helpful in providing research data. The Department of Communication, Simon Fraser University, assisted in that task and also in many other ways. The intellectual environment created by the faculty and the graduate and undergraduate students was always challenging. This thesis owes a lot to them. Suzie Szekeres did the typing and Fakrul Alam helped with the proof-reading. I thank them and the many others who helped along the way.

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Chapter I: Introduction

News and the mechanisms for its worldwide production and distribution have in recent times become objects of contention between the Third World and the West.¹ The Third World dissatisfaction stems from the domination of worldwide news flows by a handful of news agencies, almost all based in the West. This, it is alleged, results in an unbalanced flow of news: a flood of Western value-loaded news into the Third World, and a trickle of distorted Third World news into the developed countries. Dissatisfaction with this state of affairs has led Third World countries to call for remedial measures at international, regional and national levels, including the setting up of new Third World-based news exchange arrangements and proposals for regulation of existing mechanisms. Most of these initiatives have been opposed by Western governments and news organizations on the ground that governmental intervention in whatever form would violate the principles of free flow of information across borders and freedom of the press.

This study will examine the worldwide market in news with a view to discovering what barriers to entry, if any, exist to preclude the successful operation of a Third World-based transnational news agency. Organization of the study around this central question serves several purposes. One is that it necessitates a thorough analysis of the market and the dominant firms. This approach also makes possible the formulation of policy proposals for the successful operation of Third World-based news exchange mechanisms. Finally, the answer to the central question raises fundamental issues on the applicability of the free-flow doctrine.

Context

The news-flow issue in its present form was raised by Third World countries. This was done by the Non-Aligned Movement, which is the political organization of the Third World, at its own meetings and at those of the United Nations Educational, Scientific and Cultural Organization (UNESCO.) The news-flow issue now forms part of the Third World's information and communication platform, the News International Information Order (NIIIO) programme which, in turn, is linked to the New International Economic Order (NIEO) programme. These various elements provide the wider context of the news flow controversy.

A preliminary clarification may be necessary in relation to the use of the concepts, "the Third World" and "the West." Both terms are broad generalizations and share the weaknesses of all generalizations. However, they are not without objective bases, not only within the framework of the New International Information Order debate but also in other areas. In the NIIIO debate, the countries described as the Third World and the West have in general adopted different and identifiable common positions. The negotiation processes within UNESCO on the news-flow issue demonstrate this. A further consideration, namely that of the political nature of the questioning of the objective basis of the Third World must be kept in mind. The denial of the existence of a Third World identity while trying to break up the "tyranny of the majority" is an important element of the U.S. led attempt to maintain the status quo in international affairs. This study is a contribution to the challenge to the status quo. Therefore it cannot but adopt the political position of recognizing the objective basis of the Third World.

The period following the Second World War was marked by a powerful

process of decolonization resulting in the emergence of a large number of new nation states. These new states inherited from their colonial overlords impoverished populations, inappropriate infrastructures and dependent economies. Their cultural development had been stunted by the colonial presence and their societies rent by racial, cultural and class divisions. In the international sphere the new nations did not carry much weight despite their formal sovereignty being treated instead as pawns on the cold war chessboard. This was the background for the emergence of a process of consultation and collective action amongst these nations. This process began with the 1955 Asian-African Conference in Bandung, Indonesia, and continued through the activities of the Non-Aligned Movement since its founding in 1961. In the first phase, lasting to around 1970, the main emphasis was placed on political issues such as decolonization and disarmament.²

The 1960s saw the dimming of hope in the possibilities of achieving economic development in Third World countries through internal efforts supplemented by "aid" from developed countries. The operation of external factors such as adverse terms of international trade were beginning to be felt more acutely. Attempts to establish some sort of control over these external factors resulted in the setting up of the United Nations Conference on Trade and Development (UNCTAD,) and the Group of 77 as a Third World pressure group within it. Here the alliance was even broader than in the Non-Aligned Movement, bringing in Latin American countries and other non-members such as the Philippines. The economic concerns formulated in the Group of 77 were incorporated in the Declaration of the 1970 Lusaka Non-Aligned Summit. The 1973 Algiers Summit, which followed the historic OPEC oil price increase, addressed economic issues in even greater detail.

This Summit drafted the basic programme for a New International Economic Order (NIEO,) which was then approved by the United Nations General Assembly. The NIEO programme called for the restructuring of world economic relationships in a manner that would be equitable to the Third World. The core of the programme consisted of measures to assure fair prices for the Third World's raw material exports. Other elements included improved access to developed country markets, debt cancellation or rescheduling, reforms in world monetary arrangements, and the regulation of technology transfers and the conduct of transnational corporations. The programme also stressed the need for national and collective self-reliance on the part of Third World countries.

The Non-Aligned Movement, in the 1973 Algiers Declaration, called for "concerted action in the fields of mass communication".³ The common programme of the Non-Aligned countries which, by 1973, had expanded to seventy-five nations, had been broadened to cover political, economic and communication issues. The period between the Algiers Summit and 1976 Colombo Summit was marked by considerable activity in the communication field. The Non-Aligned News Agencies Pool was established during this period and several meetings were convened specifically to address communication issues.

These developments in the Non-Aligned Movement were paralleled by changes at UNESCO, the U.N. organization mandated to deal with communication issues. UNESCO's activities in this sphere had been governed by Article 1 of its constitution, which states that the Organization will:

collaborate in the work of advancing the mutual knowledge and understanding of peoples, through all means of mass communication and to that end, recommend such international agreements as may be necessary to promote the free flow of ideas by word or image.⁴

The strong Western influence that marked the early period of UNESCO resulted in the Organization adopting policies that promoted the free flow of information and the building of communication infrastructures. UNESCO's widely disseminated list of recommended minima of receiving equipment -- ten newspapers, two television sets, five radios, etc. for every one hundred people⁵ -- is indicative of the thrust of this policy. Receiving technology was promoted but little thought was given to what would be received through them. Adherence to the Western concept of the free flow meant that no action was taken to control the outpouring of cultural products from the developed countries which was swamping the Third World.

The free-flow doctrine is the extrapolation to the international sphere of some of the core ideas of the Western concept of a free marketplace of ideas. The domestic theory holds that in a democracy everyone is free to express ideas and that the most popular ideas dominate. The principal threat is seen as the government, and it is considered adequate to ensure non-interference by government for the satisfactory working of the marketplace. In the free-flow doctrine too, the only villains are governments which could intervene to hinder movement of "ideas" or cultural products across borders. The marketplace, which rewards producers of "popular" cultural products and bankrupts others, is considered the ideal regulator of cross-cultural communication.⁶

The entry of new nations to UNESCO membership, which resulted in a Third World majority, led to a questioning of the Organization's earlier policies. Free flow of information which looked so good to the United States in 1946, equipped as it was with established news agencies, Hollywood film companies and the like, did not look as attractive to Third World countries in the 1960s and 1970s, struggling to protect their identities

from the Western deluge. The changes in UNESCO's membership composition were also reflected in the Organization's bureaucracy. Concurrent with these changes, the then prevalent communication theories which envisaged "development" arising out of the better and more efficient communication of "modernizing" (i.e., Western) information began to come under attack. The combination of all these factors made the UNESCO of the 1970s a far more receptive forum for viewpoints critical of existing communication structures.

The tension between Western free flow proponents who wanted UNESCO to continue promoting technology and the Third World critics who wanted UNESCO to address the imbalances and inequities of the existing communication order even if it meant extra-market intervention, came to a head in the long drawn-out debate over a resolution introduced by the Soviet Union in 1972. This resolution called for the adoption of a declaration on fundamental principles governing the contribution of the mass media to strengthening peace and international understanding and to combating war propaganda, racism, and apartheid. To its Western opponents, the very idea of a declaration on the responsibilities of the media was abhorrent.⁷ To the sponsors of the resolution, and their Socialist bloc and Third World allies who felt that the existing order in the mass media worked against their interests, the adoption of a declaration laying down fairly rigorous guidelines on rights and responsibilities was a necessary corrective. The end-result was a compromise that pleased neither party, but the debate had considerable impact on the Organization and its direction. As part of the compromise involved in approving the mass media declaration, the Secretary-General appointed an International Commission for the Study of Communication Problems (the MacBride Commission.) This Commission's report, which itself was a negotiated document, made a large number of

recommendations and also identified several areas for further study. Also as a result of the mass media declaration debate, a new organization, the International Programme for Development of Communication (IPDC) was established within UNESCO.

Communication issues affecting Third World countries came up for discussion in several other UN bodies. The United Nations Committee on the Peaceful Uses of Outer Space debated the formulation of rules governing satellites, and the International Telecommunications Union (ITU) has become the forum of coordinated Third World action on fair and equitable allocation of the radio spectrum and satellite orbital positions. These and other related developments resulted in the original idea of restructuring news flow mechanisms being subsumed in a programme for a New International Information Order (NIIO) encompassing all information and communication issues. Though there is no formal definition of what the NIIO programme includes, the following elements may be identified:

- strengthening of national communication capacities, especially in the Third World, and carrying out structural reforms to ensure balance in international communication, including but not limited to news. This implies a commitment to international information exchange based on the equality of national cultures and socio-political systems;
- as a prerequisite of the above, a fair allocation of communication resources such as the radio frequency spectrum, satellite orbital positions, communication equipment, newsprint, etc.;
- a redefinition, or at least reforms, of dominant news values in a manner that would place developments in proper context and would in some way be unbiased. The same type of change in educational and

entertainment products;

- national control of transborder data flows;
- the easing of technology transfers, including re-examination of intellectual property laws.

Proponents of the NIIO recognize its relationship with the New International Economic Order. As the then President of Venezuela, Carlos Andres Perez, phrased it, "There will never be a new international economic order without the liberation of the information order,"⁸ and one might extrapolate, no new information order without the liberation of the economic order. This connection has not been missed by Western observers:

The West had failed [earlier] to understand fully that the [NIIO] demands were part of a broad drive to increase the developing countries' share of all resources. They seek a new economic order that would rewrite the rules of international trade and finance in their favour, the West fears. 'It's not about information. It's about politics, high politics,' said Peter Blaker, British Minister for United Nations affairs.

...Western news organizations will no longer be perceived as fighting alone in the name of press freedom and democracy. Now they will be allied with powerful businesses whose interests in maintaining the status quo are unabashedly materialistic.⁹

News Flow and News Agencies

The specific phenomenon that formed the original focus of Third World complaints, and which is the subject matter of this study, is the worldwide flow of news in "print" form, or, to put it another way, the activities of the five transnational news agencies (TNAs): Associated Press (AP,) United Press International (UPI,) Reuters, Agence France-Press (AFP) and Telegrafnoye Agenstvo Sovetskovo Soyuz (TASS.) Terminology and the definition of what falls within the scope of this study will be discussed in greater

detail in Chapter II.

The TNAs are the only sources of basic foreign news for national news agencies, newspapers and broadcasting organizations, as well as business and government entities all over the world. Buyers dissatisfied with their products have little or no immediate alternatives to turn to. It is in this context that Third World countries have called for the setting up of news-flow mechanisms and/or the regulation of TNA activities. Western news media and governments have voiced absolute opposition to the idea of regulation in whatever form. On the question of new news-flow mechanisms, there has been no similar absolute rejection. Their position is that additional news-flow mechanisms are unobjectionable as long as the existing ones are left untouched. In fact, the U.S. strategy at UNESCO is built around the theme of improving communication capabilities in the Third World. This was how Ambassador John E. Reinhardt, the U.S. delegation leader at the Nairobi UNESCO Conference, expressed it:

We believe that the United States and other nations in which are found highly developed mass media facilities and capabilities should endeavor to make available, through bilateral and multilateral channels, both private and governmental, assistance to other states in helping to develop their mass media. Furthermore, it is the strong conviction of the United States that UNESCO itself, in its future planning, must accord a high priority to expanding and strengthening, through its regular program and budget, assistance to member states in helping them further develop their communication capacities.¹⁰

The position of the U.S. media group most active on news-flow issues is similar:

Certainly we in the World Press Freedom Committee are most willing to work within the United Nations framework (as well as through other avenues) to help developing countries build stronger communication systems, so long as these efforts do not compromise our most fundamental principles; i.e., our belief in freedom of the press and free access to all sources of news.¹¹

On the part of the Third World countries, the call for new news-flow mechanisms has been stronger than that for regulation of the existing TNAs. The establishment of the Non-Aligned News Agencies Pool (NANAP) provides the clearest evidence. NANAP came into operation in 1975. It works on the simple principle of each member news agency contributing some national reports and drawing from the common pool of contributed reports. The Yugoslav news agency TANJUG was originally responsible for coordination, translation and transmission functions, but these have now been regionalized. The preamble of the Pool's constitution states that NANAP

...is intended to achieve the broad and free circulation among themselves [Non-Aligned Countries] of news, informative reports, features and photographs about each other, and also provide objective and authentic information relating to Non-Aligned Countries to the rest of the world.¹²

Its complementary nature may be implied from the fact that its reports are provided gratis to interested organizations, including other news agencies.

Thus, despite the rhetoric, there appears to be a common meeting point between the Western and Third World positions. Though Western spokespersons have not expressly supported the Third World conception of new news-flow mechanisms, their general statements imply a toleration, if not an acceptance. The disagreement is over the production and distribution environment of the existing TNAs and other Western media that operate transnationally. The West wishes to see the status quo preserved, if not made even more secure, for its media enterprises. The Third World position on restructuring the world news-flow environment has not been spelt out, but no guarantee of preserving the existing rights and freedoms of Western media enterprises is offered. From the general statements made so far, it may be inferred that changes will be proposed and that they will not be to the benefit of

the existing enterprises.

The Research Problem

This study will take as its starting point the above discussed common ground between the West and the Third World. The specific question that will be addressed is whether a Third World TNA can successfully enter the worldwide market in news as presently constituted, and operate as a viable entity. For this purpose, the present market and the firms that operate within it will be examined with a view to discovering what barriers to entry, if any, exist. This will necessitate an approach that will see TNAs primarily as firms operating in economic markets. News will be treated primarily as a commodity. This is necessary in order to delineate market characteristics. However, news is more than an ordinary economic commodity. Its impact on Third World cultures, political processes and development merits more concern than would be called for in relation to problems of entry to a worldwide market in any other commodity.

If a Third World based TNA can enter the market as presently constituted, the Western position at UNESCO will be vindicated. The discovery of significant barriers to entry, on the other hand, can be used as a powerful support for the Third World position in the debate. It will make possible the refutation of the Western position on the basis of the West's own free flow doctrine. The economic analysis will in any event prove useful in drawing up policies pertaining to news. These may be aimed at achieving economic objectives such as creating conditions for entry, but they need not be so limited, given the special nature of the commodity under consideration.

Outline of Chapters

This chapter, the introduction, sets out the research problem and describes the wider context in which it is set. It also includes a brief review of the relevant literature.

Chapter II consists of a fairly detailed description of the existing TNAs, emphasizing economic data. This will be preceded by a discussion of the particular information market under consideration and some definitions.

The structure of the worldwide market in news will be analyzed in Chapter III. Identification of barriers to entry, if any, will be part of this analysis.

Chapter IV will discuss the implications of the above findings for the debate in UNESCO, especially for the free-flow doctrine and non-intervention in the news market.

The concluding chapter will summarize and draw together the preceding analysis and will also discuss, in outline, policy implications for Third World based news-flow mechanisms.

Literature Survey

The literature on news flow and news agencies has undergone a rapid expansion in recent times as a result of the Non-Aligned initiatives and the UNESCO controversy. A considerable portion deals with news flow and news agencies as evidence or illustrations of propositions on cross-cultural communication or cultural imperialism, rather than as subjects of study in their own right.¹³ This latter literature has informed this study, and it is hoped that the conclusions of this study will in turn contribute to that area of inquiry. However, it will be excluded from this survey in view of its distant relevance.

Even amongst the studies that take news flows and news agencies as their direct subjects, this study has few forerunners. This is because the mode of analysis adopted here, that of viewing news agencies primarily as firms operating in economic markets, is not commonly used in news agency studies. Consequently, the literature using different approaches will be dealt with in terms of genres, and not in terms of specific works. The two works that do view news agencies as economic entities will be examined in relatively more detail.

Descriptive studies of news agency operations, stressing the technological aspects of producing and transmitting large quantities of news around the world, appeared early in the post World War II period. The UNESCO publication, News Agencies: Their Structure and Operation¹⁴ is a good example. Writings of this type now appear in Journalism/Mass Communication introductory texts. News flow quantification studies based on content analysis techniques form a large and prolific genre.¹⁵ The possibilities of research are limitless in this area. News agency reports can be analyzed for topics, sources, direction, bias, etc., etc.; the use of TNA reports by national news agencies and media end-users can be analyzed in many different ways; these analyses can be combined with "gate-keeper" studies,¹⁶ another genre, to provide data on how news moves from one level to another; and so on. Though easy to do, especially with the assistance of computers, these studies pose difficult problems both in formulating useful research problems and in translating end results from the specific plane to the general. A different approach is adopted in "organizational" studies.¹⁷ Here a single news agency is analysed as an organization, giving consideration to historical and other contextual factors. These studies provide raw data for industry-wide studies like the present one, but are of little direct

relevance in terms of approach. Official or semi-official histories of news agencies and biographies of news agency personalities form a separate category.¹⁸ Together with histories of news production and distribution in general,¹⁹ the above accounts provided a historical backdrop to the present study.

William H. Read's America's Mass Media Merchants²⁰ is one of the two works that examines news agencies as economic entities. It is a study, not of news agencies in particular, but of a number of transnational U.S. based mass media enterprises. The central question that is posed is, "why did these American media enterprises expand transnationally?" In attempting to answer this question, Read constructs a four-stage development model for media enterprises. The starting point is the national firm. In the first stage the firm engages in random exporting. The second level, that of a national exporter, is reached when significant income is being generated by gradually increased random exports, and the firm begins to actively seek foreign markets. Yet the product is essentially the same and it is spin-offs that are sold abroad. Then comes the stage of the multinational media organization, when either foreign employees are recruited, or material tailored for foreign audiences, or both. Finally there is the stage characterized by international control, where essential responsibility is shared by representatives of two or more countries. Of Read's sample of American media enterprises, only the Hollywood film companies are said to have gone through all four stages and reached the international control stage.²¹ The news agencies, AP and UPI, are said to be at the multinational media organization stage.

Though Read's expectations that adding a few foreign employees or tailoring products for foreign markets will lead to qualitative changes

that eventually translate into international control seem wishful thinking and nothing more, the first two stages of his model do fit a number of media industries. However, Read fails to explore these two stages fully. His treatment does not take into account the pricing advantages and other factors that propel media enterprises abroad and allow them to undercut competition. A further weakness is that the model has been developed taking into consideration only the marketing aspect of transnational expansion. It fails to explain or properly analyze media transnationals which have ventured abroad primarily for production. TNAs, which engage in transnational production as well as marketing, are a case in point.

Another process that Read describes as occurring in transnational media expansion is of more value. He identifies two phases in this process -- access and success. Access to foreign markets must be gained; this involves the overcoming of various geographical and political barriers (nation states) that divide the single world market perceived by the transnational firms. Access must be followed by success in selling the media products; there must be potential customers with both the taste for what is offered and the ability to pay an adequate price.²² It is in pressing home this point, and defining market segments identified by income and other such characteristics, that Read makes a contribution.

The other work that will be discussed, Oliver Boyd-Barrett's The International News Agencies,²³ is closest to the present study in approach. It is also the most comprehensive of the books written on news agencies so far. Boyd-Barrett takes the entirety of world news agency operations as his subject matter - the "Big Four": AP, UPI, Reuters, and AFP, are the main focus, but national news agencies, supplementary news services and telenews-film agencies all come under discussion, at least in terms of their

relations with the "Big Four." The study covers not only the marketing aspect but also production: for example, national news agencies are analyzed not only as consumers of TNA products but also as sources of TNA news products. History is not ignored; the development processes of news agency operations are traced back over the years.

Boyd-Barrett's treatment of the market and of ownership and control factors is of special interest to the present study. Considerable weight is given to these factors and most of the conclusions appear to have been based on them. Among these conclusions are the finding that the so-called world news agencies are overwhelmingly governed by domestic market considerations,²⁴ and the discovery of an underlying natural trend in favour of monopoly.²⁵ These conclusions are extremely significant. A minor criticism is that they are not established with a great deal of rigour, but stated almost as though they were obvious. The major criticism has to do with what Boyd-Barrett does with these conclusions in terms of policy recommendations. Here he turns apologist, and begins preaching the "advantages" of monopolistic Western news agencies:

The sources of imbalance are at least clearly visible... It would seem desirable that the world-wide news agencies should at least be based on domestic markets sufficiently affluent to generate the wealth needed to sustain world-wide operations...Such markets generate competitive resources; and competition...sharpen professionalism...²⁶

In addition, he proposes cartelization of the economic news market and, as the answer to the Third World demands, a paternalistic adoption of the entire Third World by the least disliked TNA, Agence France-Press.²⁷

The real problem with Boyd-Barrett's policy recommendations is not their "goodness" or "badness;" it is that they fly in the face of his own research findings. The core problem giving rise to this contradiction

appears to be a belief that market forces are all-powerful and immutable, and that all that can be done is to learn to live with them the best one can. Despite these shortcomings, The International News Agencies represents a real advance in news agency studies.

In conclusion, the particular approach adopted in this study, that of examining TNAs as firms operating in the worldwide market in news, has little precedent. The only previous writers who have adopted related approaches are Read and Boyd-Barrett. Read's contribution is in establishing the transnational media firms' perception of the world market in terms of supranational market segments based on buying power. Boyd-Barrett's work provided a wealth of data but the diffuseness of his analysis precludes an identification of specific elements that contributed to the present study.

NOTES

1. The term "Third World" denotes the group of countries also known as "the developing countries," "the under-developed countries," etc. For an analysis of the concept, see Ismail Sabri-Abdalla, "Heterogeneity and Differentiation: The End for the Third World?", in Khadija Huq (ed.), Dialogue for a New Order (New York: Pergamon, 1980) pp.22-24. The term "The West" describes countries with developed market-based economies -- U.S.A., Canada, EEC, Japan, Australia, New Zealand, the Scandinavian countries, etc. It is always difficult to impose categories upon large, heterogeneous groups. In this case, where the constituent elements are sovereign states, the categorization is even more problematic. However, these categories can be justified in relation to the common positions adopted within the U.N. system on New International Information Order issues. In relation to the New International Economic Order, common positions as well as negotiation through caucuses has been noted -- see Jock Finlayson and Mark W. Zacher, "International Trade Institutions and the North-South Dialogue," International Journal, Vol.36, No.4 (Autumn 1981) pp.732-65.
2. For a more detailed treatment, see A.W. Singham (ed.), The Non-Aligned Movement in World Politics (Westport, Conn.: Lawrence Hill, 1977); Odette Jankowitsch and Karl P. Sauvant (eds.), The Third World Without Superpowers: The Collected Documents of the Non-Aligned Countries, 4 vols. (Dobbs Ferry, N.Y.: Oceana, 1977.)
3. Quoted in Tran Van Dinh, "Non-Alignment and Cultural Imperialism," in Singham (ed.), The Non-Aligned Movement in World Politics, p.76.
4. Yearbook of the United Nations: 1946-47 (Lake Success, New York: U.N. Department of Public Information, 1947) p.713.
5. UNESCO, Mass Media in the Developing Countries: A UNESCO Report to the United Nations (Paris: UNESCO, 1961?) p.16.
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Chapter II: The Market and the Firms

The Market

Worldwide news flows comprise, at one level, "spot" news (immediate and factual) reports in "print" (words and numbers) and photographic form, and audio reports (voice casts) of "spot" news for radio. Then there are video reports for television, and the more detailed reports that follow and expand upon "spot" news reports for all types of users. At still another level, news flows comprise "finished" media products such as newspapers, radio and television broadcasts and tapes, news magazines, news reels, etc. The first level, "spot" news reports in "print" and photographic form, and to a certain extent, audio reports of "spot" news, is the most basic of all. It is at this level that events are made into news; events that do not become news at this stage rarely if ever constitute news at the other levels. The first level provides the frame; the second fills the details within that frame -- television crews are sent out to get footage of already known events, and research is started for analytical reports of "think pieces" after the alert has been given by a "spot" news report. The third level, that of finished products, obviously rests upon the first two.

This study is about the first level of news flows, "spot" news flows. The production, transmission and marketing of "spot" news over large distances is a specialized activity done predominantly by news agencies. Newspapers and broadcasting organizations deploy their own correspondents regionally and internationally, but these networks are so thinly spread that they are no substitutes for news agencies.¹ These correspondents perform a supplementary function, expanding upon and analyzing the events first reported by news agencies. Governments and businesses have their own

information networks in the form of embassies, intelligence services, subsidiaries, agents, etc. But even here, "spot" news supplied by news agencies form the base.² News agencies play important roles in both national and worldwide "spot" news flows. However, their position in worldwide flows is of a different order. At this level, the few agencies that have worldwide news production capabilities generate a qualitatively higher proportion of news flows. The present study is primarily concerned with this level, though domestic news flows will be discussed as and where relevant to worldwide flows.

"Spot" news reports are bought and sold; a market in this commodity exists. News agencies are firms that mobilize resources to produce and sell "spot" news. Other news agencies, newspapers, broadcasting organizations, governments, and business enterprises buy this commodity. Purchases are not made on a news item by news item basis; what is bought, and sold, is a generalized supply of news of certain agreed specifications, over time. The commodity purchased must also satisfy certain other subsidiary characteristics such as accuracy, reliability and speed of delivery.³

There are approximately one hundred and thirty news agencies in the world.⁴ Of these, five transnational news agencies -- Associated Press (AP), United Press International (UPI), Reuters, Agence France-Presse (AFP) and Telegrafnoye Agenstvo Sovetskovo Soyuzo (TASS) -- operate in the worldwide market in news. By this, it is meant that each of these agencies produces a world news report based almost entirely on its news production network. This differentiates them from agencies such as Kyodo Tsu Dhinsha (KYODO), Deutsche Presse Agentur (DPA), Telegrafska Agencija Novo Jugoslavija (TANJUG) and XINHUA which maintain quite extensive news production networks. All these agencies buy world news reports from one or more of the above five

TNAs. Of the five, reciprocal buying arrangements exist only between TASS and the other four.⁵ On this ground, a case may be made for excluding TASS from the TNA category. However, the size of TASS' worldwide production network and the limited use made of the world reports of the Western TNAs (backgrounding, and possibly for specialized reports) justifies its retention. TNAs are also characterized by large numbers of buyers in many countries. They maintain extensive worldwide communication systems to move news reports from the outer points of their news production networks to processing centres, and out again to buyers all over the world. They also have high revenues, employ large numbers of employees, and move large quantities of news reports daily. These characteristics are however not unique to the TNAs. For example, Canadian Press (CP), a national news agency which maintains only three foreign bureaus staffed by five correspondents, had a budget of \$22.7 million, an editorial staff of two hundred and ninety-nine, and handled a quarter of a million words a day in 1981.⁶

This study uses the term "transnational news agencies" to describe the agencies active in the worldwide news market. This usage follows that of the MacBride Commission,⁷ in preference to terms such as "international news agencies,"⁸ "global news agencies,"⁹ and "world news agencies."¹⁰ "Transnational" is considered more appropriate since the agencies in question are communication transnational corporations, and all the arguments for using the term TNC instead of international corporations, global corporations, world corporations or even multinational corporations are applicable in this case too.

What follows are descriptions of the five firms in the worldwide market in news. News agencies, though in the business of disseminating information, are quite reticent when it comes to information about themselves. If not for

the MacBride Commission it would not have been possible to collect even the present data. Information published by the Commission provided the base for collecting and comparing data on the transnationals. Requests for financial data in general and information on pricing policies in particular were directed to the TNAs and met with partial success. Reuters Limited publishes annual reports and accounts and made them available. AP and UPI provided information compiled for the MacBride Commission and some other material. They were less informative on financial matters. In the case of AFP and TASS only secondary sources were available, except for information submitted by them to the MacBride Commission. Editor and Publisher and other trade journals were used to supplement the above sources.

The Firms

The ASSOCIATED PRESS (AP)

Background¹¹

The Associated Press traces its origins back to 1848 and the founding in New York City of the Harbor News Association by six newspaper publishers. The agency expanded its activities in the next fifty years, undergoing changes in organizational form and name several times. In 1900 it assumed its present corporate identity, being incorporated as The Associated Press under the Membership Corporations Law of the State of New York.

AP's organizational character was strongly influenced by the fact that it was owned jointly by its buyer newspapers from the very beginning. In the early period AP's news reports were produced not only by its own employees but also by employees of the owner-buyer newspapers. AP was reluctant to sell news reports to broadcasting organizations at the start, and even

now broadcast stations occupy a secondary position. The agency's by-laws, at least up to 1945, were specifically designed to increase the profitability of the owner-buyer newspapers, not that of the agency itself.

From the beginning, foreign news formed part of AP's stock in trade. But AP did not produce its own world news report in the early years, being content to buy it from the European news agencies that then dominated the field. The European agencies were organized into a cartel and AP's exclusive contract with the cartel meant that it had tremendous advantages over its local competitors. It was able to obtain a comprehensive world news report at a lesser financial and organizational cost, and at the same time shut out its competitors from the main sources of foreign news.

However, with the agency's and the United States' growth in power and affluence, its worldwide news production and distribution activities expanded. A contract signed with the cartel in 1893 allowed AP to distribute news reports, including those provided by cartel members, in Canada, Alaska, and Hawaii. It was also given a share of the Mexican and Central American market. Beginning with the Spanish-American War of 1898, AP launched into foreign news production. Yet it was not until 1934, and the final break-up of the cartel, that AP began to produce a world news report in its own right. The Second World War saw the agency emerge as a full-fledged TNA. AP representatives, following hard on the heels of victorious American troops, established bureaus and signed up buyers. The AP World Service was established in 1944 with an initial allocation of one million dollars.

Finances, Ownership and Control:

Though small in comparison with other communication transnationals, or even some of its newspaper and broadcast buyers, AP is one of the two largest news agencies in the world. In 1979, its turnover amounted to

U.S. \$121 million.¹² Growth between 1978 and 1979 was U.S. \$21 million, a twenty-one per cent increase on the U.S. \$100 million turnover of 1978. This high growth is likely to have continued since 1979, or even increased, given the recent heavy expenditures on satellite and computer equipment. A current figure on AP's assets is not available but growth at a similar rate is to be expected.

AP does not declare profits or dividends; it cannot, under the terms of incorporation. What profit it makes as an economic entity in its own right is ploughed back into investments such as the satellite delivery system for U.S. buyers, estimated to cost over four million U.S. dollars.¹³ Some of it also goes into a reserve fund that has been maintained since 1911.¹⁴

AP has a complex pricing policy. First there are the two categories of charges, "assessments" from members and rates from others. It is not possible to draw a clear distinction between the two, at least where U.S. newspapers are concerned. The U.S. courts, in AP v Taft-Ingalls Corporation, treated the "assessments" on the Cincinnati Times-Star (a member) and the rates quoted to E.W. Scripps Company (a non-member) as directly comparable.¹⁵ Where the other two media market segments are concerned, the differentiation does not apply: U.S. broadcast stations are not members and are charged rates; foreign buyers are also not members and in any case are charged rates on an entirely different basis.

A general principle in news agency pricing policy is that of computing prices on the basis of circulation (or audience in the case of broadcast buyers.) This means that essentially the same product is sold to different buyers at different prices. AP applies this principle:

The board apportions to members their individual shares

of the costs of AP's operations under a formula based on population in the newspaper or broadcaster's area of opportunity.¹⁶

Schwarzlose, in his 1965 study, identified circulation, transmission distance (in general, and from trunk point cities,) and existence of several newspapers in close proximity as factors that enter into the pricing formula.¹⁷ However it is unlikely that transmission distance related factors play a significant role now, given the current state of telecommunication technology. In any case, transmission costs to an individual buyer appear to constitute but a small portion of the price charged -- transmission costs to the Cincinnati Times-Star were U.S. \$43 per week in 1958, a mere 2.7 per cent of the weekly "assessment."¹⁸

In the case of foreign buyers, the general principle applies, but is overlaid by several other factors: the foreign country's economic status which defines the client's "buying power" (i.e., media in a country with a currency that exchanges unfavourably vis-a-vis the U.S. dollar and/or has no significant buying public for Western consumer goods on which advertising revenues could be based, would have very low "buying power"); prices offered by competing news agencies; and the usefulness of selling a news report in gaining access for news production.

So many different figures have been given on the breakdown of revenue and expenditure by market segment (U.S. newspapers, broadcasters and foreign buyers) that they must all be treated with care. In actual fact AP's accounting system,¹⁹ and the very nature of world-wide news production and distribution precludes an accurate breakdown, especially of costs.²⁰

Righter quotes Stan Swinton, AP's director of world services, as saying that the agency:

...derives less than one per cent of its total income

[from the Third World]...and spends five times that sum in covering events there. We are far from profiting.²¹

The same man is quoted by Boyd-Barrett as saying that it costs AP fifteen times more to cover the Third World than it receives in revenue from the Third World.²² Boyd-Barrett further quotes AP president Keith Fuller as saying in 1978 that:

...AP's total gross revenue from the lesser developed countries is less than one per cent of our income. Our coverage costs in those areas exceed our revenues many times over.²³

Read describes the broadcast and foreign buyers as each accounting for about twenty per cent of AP's 1974 budget. He also quotes "reliable sources" as saying that both operations are profit-makers: "...a few million dollars, but...a financial cushion."²⁴ Righter also states that AP makes a small profit on sales to broadcasters and foreign buyers (all, including Third World.)²⁵ The Economist states that twenty per cent of AP's budget was derived from outside the United States.²⁶

Under the terms of its incorporation AP cannot have stock. The stock held by newspaper publishers in the old Associated Press of Illinois was converted into bonds in 1900. These bonds carry additional voting power. The U.S. courts found in 1942 that ninety-nine members out of a total of 1,247 controlled more than fifty per cent of the outstanding bonds.²⁷ There is no evidence that this concentration has lessened in any way during the past forty years. In fact the substantial growth of chain ownership in the U.S. newspaper industry would have increased this concentration.²⁸

In 1980 AP had 1,376 members, the highest in its history.²⁹ The number of broadcast buyers was 3,681 in June 1980.³⁰ The 1,376 regular members are represented by eighteen directors on the twenty-one member board.

Three directors represent broadcast interests.³¹ There is an executive committee of not less than five members. The board elects from among its number a Chairman and First and Second Vice-Chairmen. It also appoints the senior management personnel: the President and General Manager who is the chief operating officer; the Vice-Presidents; a Secretary and an Assistant Secretary; and a Treasurer and an Assistant Treasurer.³² The other major task of the board is the fixing of the assessments for news reports supplied to members.

A major conclusion in the only academic study of AP was that management personnel have been assuming greater power and responsibility over the years.³³ AP's internal organization comprises seven major divisions headed by the Vice-Presidents, the Secretary and the Treasurer. They are News (including photos,) Membership, World Services, Broadcast, Personnel, Communications and Treasury. The production network comprises one hundred and twenty U.S. bureaus, sixty-three foreign bureaus, individual correspondents and stringers. There are 1,032 full-time U.S. news and photo staff, with four hundred and ninety-eight full-time personnel engaged in foreign news production. The total number of employees stood at 2,554 (1979 figures.)³⁴ General news products are sold to 1,376 member newspapers, the 3,681 broadcast subscribers, and 7,000 foreign buyers. There may be additional U.S. non-member buyers. The 7,000 foreign buyers are from around one hundred and ten countries.³⁵

Communications, Research and Development

The worldwide AP communication system involves computers, leased satellite and cable channels, and radio transmissions. The world communication centre is New York. London and Tokyo are the two major regional centres. New York is also the hub of the U.S. network.³⁶ The heavy use of

AT&T land lines in this network is now in the process of being replaced by satellite transmissions to receive-only earth dishes located on newspaper premises.³⁷ The plan is to locate the dishes in different AT&T pricing zones and to connect other buyers within the different zones via land lines.³⁸ Seventy-five cities had been equipped with dishes by November 1980, with nine hundred being set as the target for the second quarter of 1981.³⁹ The satellite transponder is to be sub-leased to several other organizations -- RKO Radio Network, Dow Jones Financial Report, Satellink (a common carrier) and Enterprise Radio. AP had proposed that UPI also join in the sub-leasing arrangement but this was, at the end of 1980, at the centre of a controversy involving AP, UPI, and the American Newspaper Publishers Association (ANPA).⁴⁰ The proposed satellite delivery system also envisages the transmission of national advertising to receiving newspapers.⁴¹ The scheme is expected to cost AP upward of four million U.S. dollars.⁴² However, the AP director of communications estimates substantial savings in transmission costs paid to AT&T -- U.S. \$900,000 in 1981 and an additional U.S. \$2.6 million in 1982.⁴³ These changes might result in a reduction of the proportion of the agency's budget spent on communication. In 1977 this stood at twelve per cent.

New York is also the centre of Latin American operations. The Latin American Desk draws from the main World News Desk to prepare the Latin American report in Spanish. This is the only non-English transmission from New York. It is transmitted to major Latin American cities via satellite. Montevideo is the centre for radio-teletype transmissions to other cities. The Spanish language report is translated into Portuguese for Brazilian use by AP's Brazilian collaborator.⁴⁵

London serves as the communication centre for all Europe, Africa, West Asia and South Asia. It also regulates, together with the New York centre,

the news flow between Europe and the United States. London is not only the location of the regional computer but also the origination point for radio-teletype transmission to Africa, West Asia and South Asia.⁴⁶ An additional computer has been installed in Frankfurt to handle news in English and German.⁴⁷

Tokyo is the control centre for Asia. Material transmitted from the World Service Desk in New York and news from various points in Asia are blended in Tokyo into the Asian Report. Tokyo decides what Asian stories go to the World Service Desk in New York.⁴⁸

AP has been active in research and development, at least since the time of Kent Cooper, General Manager from 1925 to 1948. He is said to have prodded AT&T to develop equipment for the transmission of photographs by wire and also set up experimental laboratories in 1935.⁴⁹ In recent times AP has been funding research at the Massachusetts Institute of Technology. The two major innovations to come out of this programme are Laserphoto (also known as Laserfax) and the "Electronic Darkroom."⁵⁰ Computerization, multiplexing, and satellite delivery have also been AP's research and development priorities.

Products and Activities

On a broad classification AP's activities may be placed in three categories: general news, specialized news, and miscellaneous.

The base of the general news product cluster is the print news report. This is sold in many regional packages. On the world level there are the main regional reports such as the Asian Report and the Latin American Report. The world news that is switched through the various country bureaus and London and Tokyo, or sent directly to New York, constitutes raw material for the common world news component. This is incorporated into the various

regional reports as well as into the main U.S. "A" trunk circuit together with selected U.S. domestic news. This world news core also goes into products such as the high speed "AP Datastream" and "AP Datastream IB." These nationally distributed products are supplemented by regional reports at various levels. In the available example (heavily outdated, but still useful as an illustration,) the "A" wire was distributed to one hundred and three large cities; the "D" wire (financial and business) to fifty-six cities; the "S" or Ohio Big Cities wire to ten cities in Ohio and West Virginia.⁵¹ There is also mention of another state wire, the Kentucky Regional.⁵² However, all buyers of AP's general news product, be they in Cincinnati or Colombo, get a common core of stories defined to be of world interest. This core, supplemented by regional reports varying with region, constitutes the basic general news report. In addition, there are ancillary reports such as sports, newpicture, features, syndicated material, etc. Some of these products are available only in the U.S. market. Broadcast buyers get a shorter and differently written version of the basic print report. This has been supplemented with audio reports since 1974.

The general news product cluster is used as a producer's good by the media industry. The news agencies do not generally supply their product direct to the public. In contrast, specialized news is supplied direct to the end-users of the product. They are not "the public" as understood in the context of mass media. They are bankers, stock brokers, corporations, and sometimes governments.

Historically, AP has concentrated on the general news market. However, it entered the specialized news field in a major way in 1967 by going into partnership with Dow Jones and Company, the publishers of The Wall Street Journal. The joint venture was a specialized financial and economic news

service by the name of AP-DJ. The precipitating factor may have been Reuters' termination of its long-standing contractual relationship with AP, in order to expand operations in the lucrative U.S. market, especially in the specialized news sector.⁵³

The number of buyers for AP-DJ is not available. Most estimates suggest that AP-DJ still has primacy in the U.S. market, though Reuters is clearly ahead worldwide. In 1977, AP-DJ was being sold in thirty-one countries. Though AP-DJ lagged behind Reuters in communications technology,⁵⁴ its relationship with Telerate, a leading U.S. information provider, may have narrowed the gap.⁵⁵ AP-DJ also got a toehold in the West German market through a contract signed in 1977 with Vereinigte Wirtschaftsdienste GmbH (VWD), a major financial information company. The AP-DJ contract replaced one VWD had with Reuters.⁵⁶ Reuters disposed of its one-third share in VWD last year, and now operates in competition with the VWD-AP-DJ combination in the Federal Republic.⁵⁷ Nicholas Colchester, writing in 1977, speculated on the possibility of the formation of an anti-Reuters consortium in Europe made up of AP-DJ, Telerate, VWD, Telekurs (a Swiss financial information agency) and Bunker Ramo,⁵⁸ but that has not been realized.

The activities of the AP subsidiary, Wide World, which sells material from AP's photo library and handles sales of specialized photo services, the Educational Services Division which produces and sells educational film strips, and the Book Division which produces the AP Sports Almanacs and other publications, fall within the miscellaneous category.⁵⁹ The sub-leasing of communications channels and facilities (i.e., the sub-leasing of the transponder and earth dishes to RKO and other companies under the satellite delivery programme) may be placed within this category. The proposed satellite delivery of national advertising to buyer newspapers

would also be of this type.

AP has two basic types of contracts with other news agencies. One is where the other news agency distributes AP news reports and/or newsphotos. In exchange AP gets access to its news and/or photos. It would also pay AP a cash differential. The other case is where there is no redistribution agreement. AP merely buys the news and/or photo report of another agency. There are not too many of these contracts. AP's contract with Italy's Agenzia Nazionale Stampa Associata (ANSA) is an example.⁶⁰ In three countries AP operated domestic news agencies, but it was forced to close down its subsidiary in Argentina in 1973. The other two countries are France and the Federal Republic of Germany.

UNITED PRESS INTERNATIONAL (UPI)

Background⁶¹

The year 1897 saw a bitter contest for the U.S. newspaper market between the Associated Press of Illinois and the New York based United Press, ending in victory for API and bankruptcy for UP. Soon afterwards, API's restrictive sales policies were successfully challenged in court, but the agency sidestepped the ruling by changing its incorporation and emerging as the present Associated Press. This was the background for the founding of United Press Associations by E.W. Scripps. Scripps was unhappy with AP for two reasons: his newspapers were mostly afternoon papers and he felt that the AP report was tailored for morning newspapers; secondly, he had plans to expand the Scripps-McRae newspaper chain to several markets where competition with established AP buyers would be involved and under AP by-laws these newspapers would not be able to get AP service. Therefore Scripps proceeded to organize the Scripps-McRae Press Association in the American Middle West

region and the Scripps News Association on the Pacific coast. Following the purchase of the Publishers Press, a small news agency based in the Eastern United States, the three were merged into the United Press Associations in 1907.

Shut out by AP from the news reports produced by members of the news agency cartel, UP was forced to produce news reports on a worldwide basis from the very beginning. This also led to worldwide distribution: by 1909 news reports were being sold to Nippon Dempo Tshushin Sha, a Japanese news agency; in 1915 it commenced sales to Latin America. A Spanish language news service was set up in collaboration with the Argentine newspaper La Nacion, but this lasted only two years. UP was always second to AP in the U.S. market and was always trying to do better than AP. The Latin American projects, the early contacts with the nascent Soviet news agency,⁶² and the pioneering move into broadcast news, were all examples of this drive.

In 1958, International News Service (INS), the news agency owned by the Hearst Organization, merged with UP. INS had been running at a loss for some time and was in trouble, having had its covert pro-rightist publicity activities for some Latin American governments exposed.⁶³ The Hearst Corporation was given a five per cent interest in UP, which changed its name to United Press International (UPI).

Finances, Ownership and Control

UPI's turnover was expected to exceed U.S. \$75 million in 1978.⁶⁴ Considerable investments were made in the past few years and it is likely that the present figure is higher. A figure on total assets is not available but this too is bound to have risen in the past few years. The recently commissioned communications and computer centre cost U.S. \$10 million,⁶⁵ and the satellite delivery system now being put in place is estimated to be in

the range of U.S. \$9 million.⁶⁶

Though proud of its profit orientation, UPI has not returned a profit in twenty years.⁶⁷ In fact, as an accounting unit, it has lost some U.S. \$24 million over the last twenty years.⁶⁸ The 1980 loss alone was expected to be U.S. \$7 million,⁶⁹ with losses projected to continue for the next three years.⁷⁰

UPI's pricing policy follows the general pattern outlined under AP. UPI's prices are heavily influenced by competition and the major responsibility for the agency's current financial problems has been attributed to the offering of discount rates to new buyers.⁷¹ UPI's new "Newspaper Pricing Policy" eliminates the discounts but still gives weight for circulation: "all subscribers will pay the same rates with adjustments for circulation."⁷² The price differentiation range, especially as regards foreign buyers, is clear from its statement submitted to the MacBride Commission:

Rates range from as little as [U.S.] \$100 per month for a small newspaper or radio station in a provincial town in an economically backward area to some thousands of dollars weekly for subscribers in major metropolitan areas and even more for the larger national news services.⁷³

Though UPI claims as a matter of pride that it sells news to anyone prepared to pay, this is not the whole story. Like AP, UPI also discriminated against newcomers entering into competition with existing buyers through "asset value" contracts.⁷⁴ At the U.S. Senate hearings on the Failing Newspaper Act in 1967, evidence appeared of the continuance of such discriminatory practices.⁷⁵ The testimony also gives a clue as to the amount charged (in 1967): a fledgeling Arizona newspaper had to deposit U.S. \$53,000 to "get the wire in the door" -- the first and last years' payments -- an average payment of U.S. \$2,200 a month.⁷⁶ As with AP, there are divergent figures given on the breakdown of revenue and costs by region. Righter gives the

most detailed figures:

In an average week in 1977, the U.S. provided 75 per cent of income and absorbed only 67 per cent of operating costs. Europe (which in the UPI organizational system includes Africa and the Middle East) yielded 12 per cent of income and accounted for 18 per cent of worldwide costs; Latin America almost breaks even, with 4 per cent and 5 per cent respectively; and Asian costs exceed revenue, 4 per cent comes in for an outlay of 7 per cent.⁷⁷

The Economist reports that UPI draws eighty per cent of its revenue from the U.S. and the balance from foreign sales.⁷⁸

Ninety-five per cent of UPI's stocks are held by E.W. Scripps Company, which also owns the Scripps-Howard Newspapers, the United Feature Syndicate, Newspaper Enterprise Association, The World Almanac, and is the principal stockholder in the Scripps-Howard Broadcasting Company. The Hearst Corporation holds a five per cent interest.⁷⁹ There is no mention, in the available literature, of a board of directors in the usual sense. Major corporate statements are made either by top executives of the parent E.W. Scripps Company or UPI itself, or by the Chairman of the UPI Advisory Board (consisting of newspaper and broadcast publishers and owners elected at the UPI sponsored EDICON conferences.) The Advisory Board is a recent innovation and appears to serve more consultative than management purposes.

UPI's organizational structure is headed by the President and Chief Executive Officer. Below him come the Vice-President and General Manager,⁸⁰ Vice-President and Editor-in-Chief, and Senior Vice-President International Operations, all based in New York. The United States is divided into three administrative zones, each under a Marketing Vice-President. There are six international divisions, each headed by a Vice-President and General Manager -- Europe/Africa/West Asia with headquarters in London, Asia with headquarters in Hong Kong, and Latin America, Mexico/Central America, the Caribbean

and Canada with headquarters in Buenos Aires, Mexico City, San Juan, P.R., and Montreal respectively. Other operating and administrative departments are Newspictures, Broadcast Services, Communications, Automatic Data Processing, Domestic Marketing, Marketing Administration, Accounting, Personnel, and the Office of the Superintendent of Bureaus.⁸¹

UPI operates a total of one hundred and seventy-seven bureaus: ninety-six in the United States and eighty-one abroad. Full-time staff strength stood at 1,823 in 1978: 1,245 located in the U.S. and 578 outside.⁸² In addition to these bureaus, full-time commodity bureaus in Sao Paulo, Kuala Lumpur, London, Hong Kong, Kansas City, Brussels, Paris, Frankfurt, Johannesburg, New Delhi, Rotterdam and Tokyo service UNICOM NEWS, UPI's main specialized news product (1980 figures.)⁸³

General news products are sold to 7,079 buyers: 4,833 in the United States and 2,246 outside. Of the U.S. buyers, 1,134 are newspapers and 3,699 are broadcast stations. The foreign buyers include thirty-nine news agencies. The number of countries where sales are made is ninety-two (all 1978 figures.)⁸⁴ The number of buyers for UNICOM NEWS had increased from seventy in January 1979 to two hundred and forty in January 1980. UPI estimates that there are 7,000 direct and indirect recipients of this product.⁸⁵

Communications, Research and Development

The technical core of UPI's worldwide communication network is the new Dallas Technical Systems Center that went on-line in July 1980. However the administrative and operational core will continue to be in New York. The new system is based on two Univac 90-80s and has about double the capacity necessary for normal news operations. UPI gained speeded up information flows and increased data security by its introduction.⁸⁶

The Dallas-New York computer complex is connected to the Hong Kong computer switching centre, the Brussels computer switching centre and the London computer. It is also linked to nine regional news centres within the U.S., which are in turn connected to all the U.S. communication points of the UPI system. The International, Foreign and Latin American Desks operate using the main computer as their data base and the Asia and Europe/Africa/West Asia divisions use the Hong Kong and Brussels computers.

UPI's worldwide communication channels range from satellite circuits to high frequency radio transmissions. Within the United States, heavy reliance on AT&T land lines is being replaced by an ambitious direct satellite delivery system, the progress of which is being hampered by a dispute with AP over shared use of receiving dishes in certain locations. The entire system is expected to cost around \$9 million but UPI hopes to save around \$3 million a year through it.⁸⁷

Information Storage and Retrieval Systems (IS&R), direct satellite delivery and newsphotos have been major areas of UPI research and development activities. UPI has also a manufacturing division for photo equipment. Among its products are the 16-S portable telephoto transmitter and the UNIFAX II GOES photo facsimile equipment. The latter has been adopted, in modified form, as the standard for the U.S. National Weather Service.⁸⁸

Products and Activities

UPI has an extremely broad range of activities. Under the broad heading of general news products, there are the various general news reports, the audio reports, Cable Newswire and NEWSTIME, NewsShare, DataNews, telenews-film, and special news reports to ships at sea. The general news reports sold to newspapers and broadcast stations follow the pattern described under AP with a basic world news core prepared by the International Desk in New

York supplemented with various combinations of regional reports. Products such as DataNews are different not in content but in mode of delivery -- in this case, direct transmission at 1,200 words per minute to newspaper and broadcast station computers. The general news report is usually supplied to newspapers with the additional newspictures service. For broadcast stations the special print report is supplemented with the audio report. However this service is limited to the United States and a few other markets. NEWSTIME is a special product designed for the cable television market, where a slow scan video process is used to display a combination of newspictures and print reports.⁸⁹ There are further innovations such as News-Share, a package that aims for the home computer market.⁹⁰

UPI is also involved in visual news production and distribution through UPITN. UPI now holds twenty-five per cent of the shares of UPITN. Independent Television News (ITN) of Britain is the other shareholder. UPI began with a fifty per cent share but a series of transactions that involved Paramount Pictures Corporation and Global Communication Corporation⁹¹ led to the present ownership balance.⁹²

The number of foreign subsidiaries had gone down to two by the end of the seventies -- United Press International (U.K.) Ltd. and United Press Canada (UPC). The latter went through a corporate reorganization in 1979, ownership being originally shared sixty per cent, twenty per cent and twenty per cent by Toronto Sun Publishing Company, Sterling Newspapers and UPI, respectively. Some months later Sterling backed out and now Toronto Sun holds eighty per cent of the shares. Though ownership is predominantly Canadian, the actual operations are reported to differ little from a UPI domestic bureau.⁹³

The main product in the specialized news category is UNICOM NEWS, the

commodity and economic newswire operated jointly by UPI and Commodity News Services, a subsidiary of Knight-Ridder Newspapers Inc. The Special Washington Wire that serves government offices, executives, correspondents and business firms would also fall within this category.

The UPI Compix Department that undertakes photographic assignments for business firms could be classified under the miscellaneous heading. So could the sales and leasing activities of the photographic equipment manufacturing division. The future use of UPI satellite distribution facilities for the transmission of advertising material would also be of this type.

UPI had contractual relations with thirty-nine news agencies at the end of 1977. While the agency is willing to sell its reports to other agencies, it refuses to enter into barter arrangements where it would get a national or regional report in exchange for its world report and where no money would change hands. It also refuses to enter into agreements where it would have to rely exclusively on the other agency's report, without sending in its own personnel.⁹⁴

REUTERS

Background⁹⁵

The Reuters news agency was founded in London in 1851, the year the cross-channel cable became operational, by Julius Reuter. Prior to that, Julius Reuter had worked as a translator for Charles-Louis Havas, the news agency pioneer, and had also tried to set up his own news agency first in Paris, and then in Aachen. The "Telegraphic Office" that Reuter established in London dealt only in specialized news for the first seven years of its existence. Its clients were brokers and merchants frequenting the nearby London Stock Exchange. The news it supplied was of commercial and financial

interest, including pertinent political and other information.

It was in 1858, after the abolition of newspaper taxes and the emergence of the penny press that Reuter began sales to newspapers. Prior to a telegraphic cable laying venture in 1865, Reuter incorporated his business under the name of Reuter's Telegram Company. The relationship with the Press Association (PA), the domestic British news agency, began in 1870 assuring Reuters a fairly stable market in the British and Irish provincial press, as well as a reliable source of domestic news. The first of the many news contracts Reuters was to enter into was signed with Havas and Wolff, the other two major news agencies of the time. But it was not until 1870 that the first of the cartel agreements between the three was signed. Under the agreement Wolff received exclusive rights to "exploit" Austria, the Scandinavian countries and Russia; Reuters had to get out of Germany but was assigned the entirety of the vast British empire and East Asia; Havas got the French empire, the Latin countries of the Mediterranean and South America.

Julius Reuter's activities were not limited to the news agency business: he made tremendous profits out of cable laying and was involved in an ambitious railway concession in Iran that did not quite get off the ground. But as a consequence, he was able to establish the Imperial Bank of Persia. The news agency itself was involved in outside business: telegraphic money transfers between London and India, and London and Australia, and even banking. The agency set up a banking department in 1910 and two years later, the Reuters Bank. There were also several forays into advertising, but none of them lasted very long.

Following the death of Julius Reuter's son and the ending of family control, the ownership structure of the company underwent a change. The new Managing Director, Roderick Jones, became the major shareholder and the name

was changed to Reuters Limited, the present one. Nine years later, the Press Association became the majority shareholder of the company. Further changes were effected in 1941 with the Newspaper Publishers Association, representing the Fleet Street newspapers, and the Press Association agreeing to hold fifty per cent of the shares each, with equal representation on the board. A trust document was signed and a board of trustees appointed to ensure adherence to its terms. Following the Second World War, Australian, New Zealand and Indian newspaper organizations became co-owners, though with much smaller shares than their British counterparts. The Indian participation ended in 1953. A new trust agreement was signed in 1953 and remains in force at present.

Finances, Ownership and Control

Reuters' 1980 turnover was £90 million. This makes it the largest news agency in terms of turnover. There has been a doubling of turnover within the last five years. Fixed assets amounted to £20 million in 1980, an increase of £12 million within the past five years. Operating profits for 1980 amounted to over £4 million, 4.5 percent of the year's turnover.⁹⁶ Dividends have not been declared since the first trust agreement was signed in 1941. As a rule, all profits are re-invested in the company.

Reuters draws the bulk of its revenue from specialized news activities: in 1976, this amounted to eighty-two per cent of its revenue of £41 million. In comparison, less than twenty per cent of Reuters' 1963 revenue of £1.6 million came from specialized news.⁹⁷ In 1980, eighty-two per cent of total revenue was earned outside Britain.⁹⁸ In 1976, forty-six per cent of the company's total revenues came from Europe, eighteen per cent from North America, and another eighteen per cent from Britain itself.⁹⁹

Reuters' pricing policies with regard to specialized news are not well

documented. However, in the U.S., Reuters prices are determined by the number of receiving machines the buyer has.¹⁰⁰ Another feature that has been noted is the manner in which Reuters "bundles" specialized news services making it attractive for buyers to purchase the whole spectrum of specialized news products instead of one or two.¹⁰¹ With regard to general news products it may be assumed that the usual news agency pricing system, discussed under AP, is used by Reuters too.

Reuters is a limited liability company incorporated under the British Companies Acts. The share capital is owned by the Press Association and the Newspaper Publishers Association, both of Britain (41.7 per cent each,) the Australian Associated Press (13.9 per cent,) and the New Zealand Press Association (2.7 per cent.) In addition to the memorandum and articles of association, the Reuters shareholders have also signed a deed of trust which sets out its objectives. Ten trustees, four appointed by the Press Association, four by the Newspaper Publishers Association, and one each by the Australian Associated Press and the New Zealand Press Association, meet at least once a year to consider whether the terms of the trust have been met.¹⁰²

The board of directors consists of a chairman, three executive directors, and seven non-executive directors with one alternate. The executive directors are the agency's top executives -- the managing director, the deputy managing director who is also the general manager, and the finance director and secretary. The other directors represent the four shareholding organizations, three each from the Press Association and the Newspaper Publishers Association, and one representing the Australian and New Zealand organizations. There is also an executive committee made up of the three executive directors, the assistant general manager responsible for staff

policy, and the editor-in-chief.

In the 1968-74 period there were two main operational divisions -- the General News Division (GND), and Reuters Economic Services (RES).¹⁰³ In 1974, a further reorganization took place with Reuters North America, Media Services and Economic Services being set up as individual divisions and "profit centres," and Reuters World Services, the general news production division being designated a "cost centre."¹⁰⁴

No reliable figures are available on the Reuters news production network. The MacBride Commission staff estimated that there were over sixty bureaus in 1977.¹⁰⁵ While the total number of employees is available -- 2,894 as at 31 December, 1980¹⁰⁶ -- estimates on the number of full-time journalists vary from three hundred and fifty¹⁰⁷ to five hundred and twenty-nine.¹⁰⁸ Some indication of the ratio of general news employees to specialized news employees may be found in the fact that in the early seventies, GND accepted six graduate trainees a year while RES accepted only three.¹⁰⁹ However, such inferences must be drawn with extreme care as major changes have occurred since then.

Reuters sells general news products in around one hundred and fifty countries.¹¹⁰ Boyd-Barrett quotes a Reuters newsletter which gives 3,154 as the number of newspapers served directly or indirectly (through national or regional news agencies) with Reuters news reports.¹¹¹ The number of buyers for Reuter Monitor, a major specialized news product, reached 13,600 in 1980.¹¹² This is a tremendous increase from 1977 when The Economist reported a total of 1,547 buyers.¹¹³ Figures for the other specialized news products are not available.

Communications, Research and Development

The worldwide Reuters communications network now includes one

hundred and sixty-eight international point-to-point circuits connecting eighty-one countries. In addition, multidestinational radio teletype transmissions reach almost the entirety of the African continent and West Asia up to Kabul. The network is based on leased dedicated circuits, to which Reuters usually attaches its own specialized equipment. The centre of the international network is the new London Technical Centre. Back-up facilities for the London computers are presently located in Zurich but the Geneva Technical Centre that is now under construction is expected to take over all back-up functions when completed. Great emphasis is being placed on reserve systems and security, perhaps because of the 1970 fire that gutted a part of the Reuters head office and interrupted services.¹¹⁴ Reuters has been using a satellite transponder to move data at extremely high speeds in the high density U.S. market. Direct delivery to buyers was also being considered, but the emphasis was on direct delivery to business houses and not media organizations as with AP and UPI.¹¹⁵

The production networks of the World Service Division and the Economic Services Division were merged in early 1980 under a single editor. This was preceded by the moving of the Asian general news centre from Singapore to Hong Kong where the RES centre was located. A similar consolidation was affected in West Germany too. The main World Desk of the World Services Division, as well as the seven regional desks (Europe, West Asia, Africa, Asia, Pacific, North America and South America,) continues to operate from London. However, where languages other than English are used, the processing is done at other centres; for example, the Arabic news report is prepared in Beirut, and the German language reports come out of Bonn. In the case of certain specialized news products such as the Monitor, processing centres are not of much importance given the fact that the buyers themselves supply

the information, and do their own retrieving. In the case of other products such as the Money News Service, the international report is coordinated from London, and the regional reports are processed at the various regional centres. Domestic money and commodity services have been launched in several European countries, including a German language service for the German market.

Reuters research and development and manufacturing activities are done through IDR Inc., a subsidiary located in Farmingdale, New York. IDR develops and manufactures subscriber equipment for both ultra high speed and conventional applications. In addition to traditional areas such as telecommunications, Reuters is quite strong in computer technology, both software and hardware. Since 1964 when it entered into a contractual relationship with Ultronic Systems Corporation, a member of the General Telephones and Electronics (GTE) group, Reuters has been in the forefront of computer applications technology in the information storage and retrieval area. Where it does not actually design or manufacture equipment, it obtains equipment from companies such as Ultronics or Digital Equipment Corporation and modifies them to suit its particular needs.¹¹⁶

Products and Activities

Reuters prepares general news reports in six languages. These follow the usual pattern of a world news core overlaid by different regional reports for various regions. Some language reports, like the Arabic, are shorter than the English ones. Reuters does not have a worldwide news-pictures service like the U.S. agencies. From 1944 it had a presence, at least within Britain, in photo journalism through the PA-Reuter photo company but dropped out of the arrangement in 1965.¹¹⁷ Reuters provides audio services but only in limited areas. Among the associated companies in which Reuters has an interest is Agencia Latinoamericana de Informacion Latin SA

of Uruguay. This is LATIN, a news agency formed by a group of newspaper publishers in Latin America. Reuters holds a forty-nine per cent interest in the company and had a lot of influence in the formative stages of the new agency.

Another Reuters associated company is Visnews Ltd., the world's largest visual agency. Reuters holds 33.1 per cent of equity, with the British Broadcasting Corporation holding another one third, and the Canadian, Australian and New Zealand broadcasting corporations holding the balance.¹¹⁸

The products in the specialized news cluster are numerous. They range from economic news reports that clatter out from ordinary teleprinters to the new Reuter Money Dealing Service where banks can actually buy and sell money instruments through Reuters systems. The highly successful Monitor concept, where information is provided and retrieved by the buyers themselves, has now been extended from foreign exchange to money, securities, commodities and, most recently, to shipping information.

The manufacturing, marketing and leasing of information retrieval equipment would fall within the miscellaneous activities category. Sub-leasing of telecommunications channels, a recent example being the sub-leasing of the Reuters transponder on a U.S. domestic satellite for television use at night and on weekends, is another activity of this type.

AGENCE FRANCE-PRESSE (AFP)

Background¹¹⁹

The history of AFP can be directly traced back only to the Second World War and three news agencies operated by French anti-Nazi forces. However, the agency claims lineage from the first news agency of the modern type, Agence Havas. Since some of the characteristics of AFP cannot be

understood outside the context of what Agence Havas was and was not, the history of Agence Havas forms a necessary part of AFP's background.

Charles-Louis Havas established a rudimentary news agency under the name of Bureau Havas in Paris in 1832. Here news items from foreign newspapers and periodicals were selected, translated, and copies made for distribution to buyers -- businessmen, government officials, and even some newspapers. Following a period of growth through acquisitions and expansions, the agency was renamed the Agence Havas in 1835. Early in its existence, the agency gained a subsidy from the French government, a practice that was to be followed throughout its history. Havas did not rely entirely on foreign publications for news, but deployed a large number of correspondents throughout Europe. News was moved over distance by mail, semaphore telegraph and carrier pigeons. The reports delivered to buyers were first copied through a gelatine or hectographic process and, later, set in type and printed. In 1845 the agency began using the telegraph.

A crucial change took place in 1852, when the agency entered the business of advertising. The arrangement, arrived at in collaboration with a potential competitor, was for Havas news reports to be provided free to newspapers on condition that they appointed the Havas collaborator as their advertising representative. He would thus be able to buy advertising space at low rates and resell them at monopoly prices. Havas was to get a percentage of the profit. This arrangement was accepted not only by French newspapers but also by some newspapers in Italy and Spain.

Agence Havas, together with Wolff's Telegraphisches Buro, was invited by Julius Reuter in 1869 to form a cartel that came to be known as the Ring Combination. This arrangement continued, with many vicissitudes, until 1934. The 1930s also saw the agency coming under increasing attack for its adver-

tising and propaganda activities. Agence Havas was taken over by the Vichy government early in the Second World War and disappeared in its debris.

When AFP came into being in 1944, considerable efforts were made to prevent it from becoming another Agence Havas. These concerns were also reflected in the AFP constitution that was enacted by the French legislature in 1957. The agency's activities were limited to news, precluding involvement in advertising and such activities. The new constitution also set up a system of elaborate checks and balances to ensure the agency's autonomy from the government it received funds from. Government funds were a necessity from the very beginning because the French newspaper market was not big enough, and because AFP had to compete against the low rates offered by the U.S. and British agencies.

Finances, Ownership and Control

AFP's turnover was U.S. \$43 million in 1976.¹²⁰ Large investments in computers made in recent years are likely to have pushed both annual turnover and value of fixed assets up. The agency has no provisions for declaration of dividend or distribution of profits. Whatever income it earns goes back into the agency itself.

AFP has three classes of buyers: domestic media buyers, foreign buyers, and French government agencies. The availability of cheap news reports from other TNAs and the possibility of the French media setting up its own cooperative ventures such as Agence Centrale Parisienne de Presse (ACP) tends to keep prices to the domestic media buyers relatively low. The complexity of factors influencing the setting of these prices is illustrated by this excerpt from Boyd-Barrett:

The relative importance of domestic markets...reflects, amongst many factors, domestic client willingness and ability to pay for services which combine national and

international news, which they regard as sympathetic to their news interests. In Paris in 1974, for instance, the 360,000 circulation paper Le Monde was charged a monthly fee of 42,000 French francs for the AFP national and international service, but for the world services of the other global agencies it paid only 4,200 for UPI, 6,700 for AP and 7,840 for Reuters...An average 260,000 circulation paper in the U.S. would have paid approximately U.S. \$200,000 for the whole year in 1974 for one of the American wire services, roughly ten times as much as the world service of AP cost Le Monde.¹²¹

Within these broad constraints, domestic media are charged rates proportional to their circulation/audience.¹²²

Given its relatively small domestic market base, the foreign market is of some importance to AFP. It is reported that this sector contributed some 17-18 per cent of revenue in the early 1970s, with a slight decrease being registered in the late 1970s.¹²³ With foreign buyers, the policy would be one of charging what the market could bear.

French government agencies contribute the largest portion of AFP's revenue. In 1978 this amounted to 65 per cent.¹²⁴ However, Boyd-Barrett's calculation appears to include the state broadcasting organization, which would better be classified under domestic media. According to the original agreement signed by the French government and AFP in 1958 the rates had been fixed on the same basis as those charged from "French publishing houses which publish daily newspapers." Under this arrangement government rates would go up automatically with domestic media rates.¹²⁵ This provision however does not clarify how the circulation based criteria of domestic media rates could apply to government agencies.

The AFP constitution lays down a complex structure of control: an Administrative Council, chaired by a chairman-managing director "invested with the widest possible authority" in charge of administration; a Superior Council to safeguard the "fundamental binding agreement" defined in the

constitution which has to do with the agency's autonomy, objectivity and goals; and a Financial Commission. The Administrative Council comprises eight representatives of the French daily press, two members from the broadcasting organization, three representing the public service, and two the agency's own staff. These fifteen members elect the chairman-managing director with a four-fifths majority. The Superior Council consists of a member of the Council of State, a judge of the Court of Appeal, two newspaper directors, one professional journalist, a broadcast representative and two others. This council has investigation and injunction rights over the Administrative Council in cases of alleged violations of the constitution. The Financial Commission comprises appointees of the Auditor-General and the Ministry of Finance.¹²⁶

The chairman-managing director is the chief executive. Under him, there is a deputy director-general and three directors responsible for Information, Administration, and Technical Services and Telecommunications. Two members of the directorate take responsibility for the thirteen provincial bureaus and the one hundred and eight foreign bureaus respectively. The 1977 figures for employees were 803 journalists, 171 correspondents, 293 technical service staff, and 723 administrative service staff.¹²⁷ In 1978, AFP had 345 non-government buyers in France, and 1,300 foreign buyers -- a significant increase from the 550 in 1972.¹²⁸ These buyers were located in 129 countries.¹²⁹

Communications, Research and Development

AFP operations were computerized in 1976.¹³⁰ The four main computers in Paris are linked via satellite, cable, microwave and high frequency radio to points all over the world. There do not appear to be major regional centres as with the U.S. agencies.

News reports are compiled at nine desks in the Paris headquarters: the "France" desk, preparing copy for France, the "Foreign" desk, preparing copy in French for Europe, Canada and West Asia (translated into Arabic in Cairo,) the "North Africa" desk, preparing copy for Algeria, Morocco and Tunisia, the "Africa" desk, preparing copy in French for francophone Africa, the "English" desk, preparing copy for (a) Northern Europe, Britain, U.S., and Canada, (b) Asia, and (c) anglophone Africa; the "Latin America" desk, preparing copy in Spanish (translated into Portuguese in Sao Paulo,) the "German" desk, the "Sports" desk, which supplies sports news to the other desks, and the "Economies" desk, which prepares copy for the economic service (SET).¹³¹

The available literature does not indicate the existence of specific research or manufacturing activities. However the usual day-to-day expertise on communication and computer equipment may be assumed.

Products and Activities

Compared to the earlier discussed TNAs, AFP has a very limited range of activities. There are no specialized news products (the SET economic service appears to be a supplementary to the general media report,) nor are there miscellaneous activities. In the general news field too, the range is limited, the only non-print product being a photo service, available in France only.

AFP has exchange agreements with fifty-four agencies, where it receives a cash differential from the other agency. It sells its news report, without an exchange arrangement, to fifteen agencies. In most countries, the agreements between AFP and the national agencies are exclusive agreements. In some (Belgium, Switzerland,) the agency may, with the consent of the national agency, sell its service directly to customers, the revenues being shared

between the two agencies.¹³²

TELEGRAFNOYE AGENSTVO SOVETSKOVO SOYUZA (TASS)

Background¹³³

Pre-revolutionary Russia was part of the territory assigned to Wolff's Telegraphisches Buro by the Ring Combination. The Russian client agency was the Russian Telegraph Agency (ROSTA), and from 1904, the St. Petersburg Telegraph Agency. Following the revolution, a new agency, again named the Russian Telegraph Agency (ROSTA), was established. In 1925, with the creation of the Union of Soviet Socialist Republics, ROSTA was replaced by TASS.

The first agreement the new ROSTA made was with United Press -- ROSTA purchased a 1,000 word daily report for U.S. \$1,200 a week and UP got permission to station a correspondent in Moscow.¹³⁴ In 1923, one year later, Britain and France recognized the Soviet republic and as a consequence ROSTA was admitted to the news agency cartel, this time as a member with standing equivalent to that of AP. But this was temporary and in 1933, TASS announced that it would renew the old UP contract and also that it was prepared to sign separate contracts with the cartel agencies. The U.S.S.R. was by now an important news source, and the price of stationing correspondents there was signing on TASS' terms. The cartel was under pressure from AP in any case, and TASS got what it wanted. The result was the end of the cartel.

The Second World War, which saw a dramatic increase of power on the part of the Soviet Union, resulted in further expansion by TASS. Strong relationships were forged with East European news agencies and the TASS network of correspondents expanded with the establishment of diplomatic relations between the Soviet Union and the newly independent countries. TASS became a

transnational news agency.

Finances, Ownership and Control

Conventional financial data on TASS is not available and, even if available, would not be of much use. Little is known about TASS' pricing policies, except that its revenue consists of payments by Soviet media.

Kruglak quotes Article 9 of the TASS decree of 1935:

The Telegraph Agency of the Soviet Union and the telegraph agencies of the union republics operate on the principle of non-financing by the state. 135

Kruglak also suggests that the media payments may be on the basis of circulation. It is not known whether revenue is derived from the supply of TASS reports to foreign media. However the available evidence suggests that reports are given free except in a few cases such as the supply of the TASS "closed wire" to the New York Times.¹³⁶ It is also possible that the cash differential principle is applied to some contracts with COMECON news agencies. There is no suggestion in the literature of prices being charged for the TASS reports supplied to Soviet government agencies.

Kruglak found the TASS decree of 1935 to be the operative statute in his 1962 study.¹³⁷ Some changes to this appear to have been made at the 24th Congress of the Communist Party of the Soviet Union. Here, TASS had been "transformed into an information organ of All-Union status and all republican news agencies subordinated to it."¹³⁸ The end-result appears to have been the confirmation of TASS and the republican news agencies as a single information system.

TASS is responsible to the Council of Ministers of the U.S.S.R. It is headed by a director-general assisted by five deputies. The highest policy making body is the Collegium which, besides the director-general and the five deputies, includes the heads of the editorial departments and technical

services. The main departments are the Domestic News Service, the Foreign News Service, the World Distribution Service, the Photo Service, the Socialist Countries Service, and the Economic Service. Other major departments are the Main Secretariat, the Sports Desk, the Publications Department, the Reference Department and the Communications Department. In 1977, TASS had forty bureaus and sixty-one correspondents in its worldwide production network.¹³⁹ Within the Soviet Union, news flows to TASS headquarters from fourteen republican news agencies, six bureaus and seventy-two correspondents. The total number of TASS journalists within the Soviet Union is estimated at over five hundred. TASS reports are supplied to three hundred and twenty-five foreign agencies, ministries of information, newspapers, magazines and broadcast organizations in around eighty countries. The domestic market is huge, with a total of 13,000 subscribers. Of these, 3,880 are newspapers.¹⁴⁰

Communications, Research and Development

The TASS communication system encompasses a wide range of modes of delivery: it uses computers and satellites like all other UNAs; it also uses mail delivery for non-urgent materials. The computer system went on-line at the time of the Moscow Olympics. TASS had originally wished to obtain a computer system from the U.S. firm, Sperry-Univac, but later ordered from the French consortium of CII-Honeywell Bull-Steria-Thomson CSF-Sodeteg. The package, though untested as a whole in news agency use, was reported to be more advanced than what the U.S. companies were prepared to offer. However, the U.S. system had the advantage of being UPI's operational system. Only the software-peripherals supplier of the French consortium had news agency experience, being AFP's software supplier. The entire contract was valued at \$17.5 million. The deal also included video display terminals.¹⁴¹

Most of the channels in the TASS worldwide network are relatively low

capacity telegraphic circuits. In 1977, two-way teleprinter lines linked TASS headquarters with twenty-eight foreign countries and three hundred domestic points. Radio teletype was used to communicate with fifty countries. Maintaining an early TASS tradition,¹⁴² twenty-five radio transmitters broadcast TASS news in six languages for a total of five hundred and fifty hours a day.¹⁴³ Domestic news flows into the Domestic News Service in TASS headquarters from the republican news agencies, bureaus and correspondents. Foreign news, from TASS personnel and from other news agencies, flows into the Foreign News Service. The Domestic News Service handles distribution of world and domestic news reports to domestic buyers while the World Distribution Service handles reports destined for foreign subscribers. The World Distribution Service consists of an Urgent News Desk, an Information for Foreign Tourists Desk, and five foreign language desks (English, Arabic, Spanish, German, and French.) The outgoing reports are said to be tailored regionally.¹⁴⁴

Little is known of TASS' research and development activities but it may be assumed that there is an R&D component in an agency with a communications network of world scale.

Products and Activities

TASS operates on a set of principles explicitly different from those professed by the First World TNAs. They are:

...information must serve the interests of the Soviet state, the interests of the entire people, information must be precise and truthful, based on actual facts; information must be prompt, topical, socially meaningful; information must be brief, interesting and meet high professional standards. 145

Thus the news agency is not seen as a "neutral" conveyor of information; it is a tool of education; it is a weapon for ideological combat; it is an

information source for the state. It is in this context that the activities of TASS must be understood.

TASS is the primary general news supplier to Soviet media. In the case of foreign news reports, it is the only source for most media. There is no mention in the literature of an audio service, but the photo service appears to be quite large, and growing. TASS distributes commentaries and "think pieces" in addition to the basic news reports.

TASS places importance on its economic service. The Economic Service in Moscow prepares news reports as well as commentaries for the Soviet media. It also issues a daily bulletin of economic and commercial information for foreign subscribers in Moscow, and the "ECOTASS" weekly bulletin in English, German and French for subscribers abroad. The Economic Service has specialized personnel located outside the country. Kruglak reports that an economics specialist was working at the New York office of TASS in the early 1960s, where a special commercial wire carried prices of grains, furs, hides, bristles, and other commodities as well as articles and commentaries on the state of the U.S. economy, to TASS headquarters.¹⁴⁶

These special reports are mostly for use by Soviet government officials. The entire training of Soviet journalists and their work practices are oriented towards analysis,¹⁴⁷ useful not only for media, but even more for economic and political decision-making bodies. In the Soviet Union these bodies are all state agencies. The type of special reports TASS supplies its domestic subscribers, such as the "Bulletin of Foreign Scientific and Technical News", are also of this type.

Summary

This chapter identified the particular worldwide market in information that is the subject of this study. It also surveyed the five firms that operate in this worldwide market in "spot" news. These are not large firms in comparison with other communication TNCs. Reuters, the largest firm in terms of revenue, had a turnover of £68 million (U.S. \$130 million) in 1978. This was less than one per cent of International Business Machine Corporation's data processing revenues for that year -- U.S. \$17,072 million.¹⁴⁹ The TNAs are also small in comparison with the media companies they serve. Southam Inc. of Toronto, one of Canada's two major newspaper chains, had sales of \$501 million in 1979,¹⁵⁰ three times that of Reuters' turnover (\$170 million) for that year. The leading U.S. chains are of course much larger.

The TNAs, taken as independent accounting units, are not profit-makers. Three of the five -- AP, AFP, and TASS -- are in fact organized on a non-profit showing basis. UPI has not returned a profit to its owners in twenty years. Reuters has shown a decline in operating profit as a percentage of turnover over the past five years.¹⁵¹ In any case, Reuters does not normally return profits to shareholders.

None of the TNAs are economic entities in their own right. AP and Reuters are owned by newspaper companies. UPI is part of a newspaper dominated media conglomerate. AFP and TASS are in a different category being statutory entities and not private companies, but even they are not independent economic entities.

Despite extensive transnational operations, the TNAs draw the bulk of their revenues from their respective domestic markets. Reuters is the exception, drawing most of its revenue (82 per cent in 1980) from outside

Britain, and performing no domestic news agency functions. However, all five agencies control their domestic markets, four directly as domestic news agencies and Reuters through its majority owners, Press Association and Newspaper Publishers Association. Reuters is also the exception with regard to proportion of revenue drawn from general news operations. It drew only 18 per cent of annual turnover from this sector in 1977. AP and UPI, though involved in this sector, still draw the bulk of their revenues from media buyers. AFP has no specialized news operations. TASS draws almost all its revenues from Soviet media enterprises.

The TNAs charge prices based primarily on buying power. Within a category such as domestic newspaper buyers, TNAs sell substantially the same product at different prices determined by circulation, audience or a similar buying power indicator. Similar considerations define pricing policies across categories too. For example, a U.S. newspaper pays more than a European newspaper for news reports from a U.S. agency. They both pay substantially more than a Third World newspaper.

There are other conclusions that may be drawn, relating, for example, to the similarities and differences in organizational structures and government involvement. However, these conclusions would be less pertinent to the central question of Third World access to the worldwide market in news than to the formulation of new Third World TNA structures, and are thus not pursued.

Table I: Transnational News AgenciesComparative Data 148I. Financial: (millions of U.S. \$)

	<u>Turnover</u>					<u>Profits</u>				
	1980	1979	1978	1977	1976	1980	1979	1978	1977	1976
AP	n/a	121	100	n/a	n/a	--	--	--	--	--
UPI	n/a	n/a	75	n/a	n/a	(-)7*	n/a	n/a	n/a	n/a
Reuters	171	144	129	101	80	7.8	6.8	6.5	5.5	5.1
AFP	n/a	n/a	n/a	n/a	43	--	--	--	--	--
TASS	n/a	n/a	n/a	n/a	n/a	--	--	--	--	--

Assets

	1980	1979	1978	1977	1976
AP	n/a	n/a	n/a	n/a	n/a
UPI	n/a	n/a	n/a	n/a	n/a
Reuters	39	32	30	26	18
AFP	n/a	n/a	n/a	n/a	n/a
TASS	n/a	n/a	n/a	n/a	n/a

N.B. 'n/a': not available ;

* estimate

II. General:

		General News Buyers				
Established		Domestic			Foreign	
		Newspapers	B'cast orgs.	Other	Buyers	Countries
AP	1900(1848)	1,376('80)	3,681('80)	n/a	7,000('80)	110('80)
UPI	1907	1,134('78)	3,699('78)	n/a	2,246('77)	92('78)
Reuters	1851	--	--	--	3,154('69)	150('77)
AFP	1944(1832)		345('78)	n/a	1,300('78)	129('78)
TASS	1925(1917)	3,800('77)		9,200('77)	325('77)	80('77)

N.B. 'n/a': not available

	Specialized News		Bureaus		Full-Time Employees				Subsidiaries/ Assoc. Cos.	
	Buyers	Countries	Domestic	Foreign	Journalists	Others	Domestic	Foreign	News Agencies	Other
AP	n/a	31('77)	120('79)	63('79)	1,530('79)	n/a	1,032('79)	498('79)	2('77)	1('77)
UPI	240('80)	n/a	96('78)	81('78)	1,823('78)	n/a	1,245('78)	578('78)	2('78)	1('78)
Reuters	13,600('80)	n/a	--	60('77)		2,894('80)	n/a	n/a	1('80)	13('80)
AFP	--	--	13('77)	108('77)	974('77)	1,016('77)	n/a	n/a	--	--
TASS	--	--	6('77)	40('77)	500	n/a	72('77)	61('77)	14('77)	--

N.B. 'n/a': not available

NOTES

1. For a review of studies on this point, see Oliver Boyd-Barrett, The International News Agencies (London/Beverly Hills, Calif.: Constable/Sage, 1980) pp.15-22.
2. For some examples of government use of news agency reports, see Ibid. p.22.
3. The first-hand account of the negotiations over the first Reuters news contract in 1858, quoted in Graham Storey, Reuters: The Story of a Century of Newsgathering (New York: Greenwood, 1969) pp.20-24, provides a graphic illustration of this point.
4. UNESCO, International Commission for the Study of Communication Problems (ICSCP), Document #19 (Infrastructures of News Collection and Dissemination in the World), (Paris: UNESCO, 1978), annexe II.
5. Boyd-Barrett, The International News Agencies, p.14.
6. Tom Kent et al. Royal Commission on Newspapers: Report (Ottawa: Supply and Services Canada, 1981) pp.120-24.
7. Sean MacBride, et al. Many Voices, One World (London/New York/Paris: Kogan Page/Unipub/UNESCO, 1980) p.163.
8. Boyd-Barrett, The International News Agencies.
9. Gertrude J. Robinson, News Agencies and World News (Fribourg, Switzerland: University Press of Fribourg, 1980.)
10. Rosemary Righter, Whose News? Politics, the Press and the Third World (London: Burnett, 1978.)
11. The main references for this section are Associated Press, The History of AP (New York: AP, 1977, mimeo); R.W. Desmond, The Press and World Affairs (New York: Arno, 1972); R.W. Desmond, The Information Process (Iowa City, Iowa University Press, 1978); R.W. Desmond, Windows on the World (Iowa City, Iowa University Press, 1980); Oliver Gramling, AP: The Story of News (New York: Farrar and Rinehart, 1940); William H. Read, America's Mass Media Merchants (Baltimore and London: Johns Hopkins, 1976); Victor Rosewater, History of Cooperative News-Gathering in the United States (New York: Appleton, 1930); Richard A. Schwarzlose, The American Wire Services: A Study of Their Development as a Social Institution (New York: Arno, 1979); Graham Storey, Reuters: The Story of a Century of Newsgathering (New York: Greenwood, 1969); and UNESCO, ICSCP Document #13 (Paris: UNESCO, 1978).
12. "When is Biggest Best?" an AP promotional handout prepared for News/News, a one-time magazine about journalism, November 1979.
13. "AP Picks WU Satellites, Calif. Micro Earth Stations," Electronic News, May 28, 1979, p.s6.

14. Schwarzlose, American Wire Services, p.173.
15. Associated Press v Taft-Ingalls Corporation 340 F. 2d, (1965) 753, 758.
16. UNESCO, ICSCP Document #13, p.23.
17. Schwarzlose, American Wire Services, pp.171-173.
18. AP v Taft-Ingalls Corporation 340 F. 2d, (1965), 753, 756.
19. See: Schwarzlose, American Wire Services, chapter 5; and AP v Taft-Ingalls Corp, 763, and especially 771 (dissenting opinion.)
20. To be discussed in Chapter III, section on 'Dumping.'
21. Righter, Whose News? p.63.
22. Boyd-Barrett, The International News Agencies, p.38.
23. Ibid. p.37
24. Read, Media Merchants, p.108.
25. Righter, Whose News? p.63.
26. "The News from Reuters," The Economist, October 29, 1977.
27. Associated Press v United States 326 U.S. 1,8 (1945).
28. This may be why Armand Mattelart, in his otherwise excellent book, Multinational Corporations and the Control of Culture (Sussex/New Jersey: Harvester/Humanities, 1979), makes the error of stating on p.219 that AP is owned by Gannett, the largest U.S. newspaper chain.
29. "AP Progressing on Satellite Network," Editor & Publisher (hereafter E&P) April 26, 1980, p.10.
30. "AP and 11 Newspapers in News Retrieval Test," E&P, June 7, 1980, p.13.
31. Boyd-Barrett, The International News Agencies, p.32.
32. UNESCO, ICSCP Document #13, p.23.
33. Schwarzlose, American Wire Services, pp.134-63.
34. "When is Biggest Best?", News/News, November 1979.
35. Data from "When is Biggest Best?"; "AP Progressing on Satellite Network," E&P, April 26, 1980, p.10; and "AP and 11 Newspapers in News Retrieval Test," E&P, June 7, 1980, p.13.
36. Claude E. Erbsen, The Associated Press World Service (New York: AP, 1978, mimeo,) p.1.

37. I. William Hill, "AP to Send News by Satellite in Dec.," E&P, November 22, 1980, p.5.
38. "AP Progressing on Satellite Network," E&P, April 26, 1980, p.10.
39. I. William Hill, "AP to Send News by Satellite in Dec.," E&P, November 22, 1980, p.5.
40. "AP-UPI Continue Dialogue on Satellite Dilemma," E&P, October 18, 1980, p.26.
41. "AP Progressing on Satellite Network," E&P, April 26, 1980, p.10.
42. "AP Picks WU Satellites, Calif. Micro Earth Stations," Electronic News, May 28, 1979, p.s6.
43. I. William Hill, "AP to Send News by Satellite in Dec.," E&P, November 22, 1980, p.5.
44. UNESCO, ICSCP Document #13, p.25.
45. Erbsen, AP World Service, pp.2-3.
46. Ibid.
47. Associated Press, The Associated Press (New York: AP, 1978, mimeo.)
48. Erbsen, AP Wire Services, pp.2-3.
49. Schwarzlose, American Wire Service, p.87.
50. UNESCO, ICSCP Document #13, pp.24-25.
51. AP v Taft-Ingalls Corp. 763.
52. Ibid., 757.
53. Anthony Robinson, "Metamorphosis in the Media," Financial Times, November 18, 1977, p.17.
54. William J. Slattery, "Who Now, Dow Jones?" Esquire, October, 1970.
55. Nicholas Colchester, "The News Agency Battle for the Marketplace," Financial Times, September 13, 1978, p.19.
56. Ibid.
57. Reuters Report and Accounts 1980, p.35.
58. Nicholas Colchester, "The News Agency Battle for the Marketplace," Financial Times, September 13, 1978, p.19.
59. UNESCO, ICSCP Document #13, p.22.

60. Read, Media Merchants, p.105.
61. The main references for this section are: R.W. Desmond, The Press and World Affairs (New York: Arno, 1972); R.W. Desmond, The Information Process (Iowa City: Iowa University Press, 1978); R.W. Desmond, Windows on the World (Iowa City: Iowa University Press, 1980); Oliver Knight (ed.), Scripps I Protest (Madison: University of Wisconsin Press, 1966); Joe Alex Morris, Deadline Every Minute: The Story of UP (Garden City, N.Y.: Doubleday, 1957); Richard A. Schwarzlose, The American Wire Services (New York: Arno, 1979); Frank Tremain, United Press International: Origin, Organization and Operations (New York: UPI, 1978, mimeo); UNESCO, ICSCP Document #15 (Paris; UNESCO, 1978.)
62. Theodore E. Kruglak, The Two Faces of TASS (Minneapolis: University of Minnesota Press, 1962) Chapter 5.
63. Schwarzlose, American Wire Services, p.91.
64. UNESCO, ICSCP Document #15, p.158.
65. "UPI Converts to New Computer System in Dallas," E&P, July 12, 1980, p.14.
66. "UPI: A News Seller Tries to Sell Itself," Business Week, February 18, 1980, pp.67-68.
67. UNESCO, ICSCP Document #15, p.158.
68. "UPI: A News Seller Tries to Sell Itself," Business Week, February 18, 1980, p.67-68.
69. "E.W. Scripps Co. Seeks Buyer for UPI," E&P, October 11, 1980, p.10.
70. "UPI: A News Seller Tries to Sell Itself," Business Week, February 18, 1980, p.67-68.
71. Ibid.
72. "E.W. Scripps Co. Seeks Buyer for UPI," E&P, October 11, 1980, p.10.
73. UNESCO, ICSCP Document #15, p.157.
74. AP v United States 326 U.S. 1, 13.
75. Testimony of Evan Meham: Hearings before the Subcommittee on Antitrust and Monopoly of the Committee on the Judiciary, U.S. Senate, 90th Congress, First Session, on s. 1312. (Washington: U.S. Govt. Printing Office, 1968.)
76. Ibid.
77. Righter, Whose News? p.64.

78. "The News From Reuters," The Economist, October 29, 1977.
79. UNESCO, ICSCP Document #15, p.150.
80. This post was left vacant in July 1980 when Robert E. Page resigned ("Page Leaves UPI to Join Hearst Paper," E&P, July 12, 1980, p.14.) This appears to be connected with the uncertain conditions facing UPI.
81. UNESCO, ICSCP Document #15, p.150.
82. Ibid., p.153
83. UPI, 1980 Progress Report.
84. UNESCO, ICSCP Document #15, p.149 and p.158.
85. UPI, 1980 Progress Report.
86. "UPI Converts to New Computer System in Dallas," E&P, July 12, 1980, p.14; and John DePrez and Ernest Price, "UPI Building New Technical Systems Center," Communications News, September 1979, pp.30-31.
87. "UPI: A News Seller Tries to Sell Itself," Business Week, February 18, 1980, pp.67-68.
88. UPI, 1980 Progress Report.
89. For details see: James Harrison, "NEWSTIME: A New Concept in Television Journalism," Telecommunications, November 1980, pp.51-53.
90. Leah Rozen, "UPI Plugs News, Ads into Home Computer," Advertising Age, June 11, 1979, p.4.
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92. Boyd-Barrett, The International News Agencies, p.240.
93. Bob Carr, "All Roads Lead to Dallas," Content, November 1979, pp.29-30.
94. UNESCO, ICSCP Document #15, p.159.
95. The main references for this section are: R.W. Desmond, The Press and World Affairs, The Information Process, and Windows on the World; George Scott, Reporter Anonymous: The Story of the Press Association (London: Hutchinson, 1968); Graham Storey, Reuters: The Story of a Century of News-Gathering (New York: Greenwood, 1969.)
96. Reuters Report and Accounts 1980, p.3, p.18.
97. Anthony Robinson, "Metamorphosis in the Media," Financial Times,

November 18, 1977, p.17.

98. Reuters Report and Accounts 1980, p.18.
99. Anthony Robinson, "Metamorphosis in the Media," Financial Times, November 18, 1977, p.17.
100. William J. Slattery, "Who Now, Dow Jones?", Esquire, October 1970.
101. Nicholas Colchester, "The News Agency Battle for the Marketplace," Financial Times, September 13, 1978, p.19.
102. Reuters Report and Accounts 1980, p.20.
103. "Sir William Barnetson on Reuters," (interview by A.G. McBain,) The Accountant's Magazine, June 1973, pp.287-91.
104. UNESCO, ICSCP Document #15, p.120.
105. Ibid., p.116.
106. Reuters Report and Accounts 1980, p.18.
107. UNESCO, ICSCP Doeument #15, p.116.
108. Righter, Whose News? p.66.
109. "Sir William Barnetson on Reuters," (interview by A.G. McBain,) The Accountant's Magazine, June 1973, pp.287-91.
110. UNESCO, ICSCP Document #15, p.117.
111. Boyd-Barrett, The International News Agencies, p.42.
112. Reuters Report and Accounts 1980, p.6.
113. "The News From Reuters," The Economist, October 29, 1977.
114. "Sir William Barnetson on Reuters," (interview by A.G. McBain,) The Accountant's Magazine, June 1973, pp.287-91.
115. For technical details see: Anthony J. Cornish, "The Reuter Network: System Reliability Aspects," in Multinational Telecommunications (Amsterdam 9-11 December, 1975, ONLINE Conferences Ltd., Cleveland Rd., Uxbridge, Middlesex, U.K.); and Reuters Report and Accounts 1980, p.12.
116. William J. Slattery, "Who Now, Dow Jones?" Esquire, October 1970.
117. Scott, Reporter Anonymous, pp.241-46.
118. For further details see: Peter Marshall, "Improving the Flow of Visual News," Intermedia, July 1979, pp.14-16; and Charles E. Sherman and John Ruby, "The Eurovision News Exchange," Journalism Quarterly,

Vol.51, No.3, Autumn 1974, pp.478-85.

119. The main references are: Claude Bellanger, "L'Agence France-Presse Since the Reorganization of 1957," Gazette, Vol.8, No.2, 1962, pp.147-54; R.W. Desmond, The Press and World Affairs, The Information Process, and Windows on the World; Graham Storey, Reuters: The Story of a Century of Newsgathering. UNESCO, ICSCP Document #13.
120. Boyd-Barrett, The International News Agencies, p.39. Boyd-Barrett is quoted extensively since he is the first to report in English some recent research on AFP done in France.
121. Ibid., p.40.
122. UNESCO, ICSCP Document #13, p.7.
123. Boyd-Barrett, The International News Agencies, p.39-40.
124. Ibid., p.40.
125. Bellanger, "L'Agence France-Presse Since the Reorganization of 1957," p.150.
126. Ibid., pp.148-49.
127. UNESCO, ICSCP Document #13, p.6.
128. Boyd-Barrett, The International News Agencies, p.42.
129. UNESCO, ICSCP Document #13, p.6.
130. Jean-Michel Caroit, "Computerization of a News Agency: The Example of AFP," in Armand Mattelart and Seth Siegelaub (eds.), Communication and Class Struggle (New York: International General, 1979,) pp.326-27.
131. UNESCO, ICSCP Document #13, p.4.
132. Ibid., p.8.
133. The main references are: R.W. Desmond, The Press and World Affairs, The Information Process, and Windows on the World; and Theofore E. Kruglak, The Two Faces of TASS (Minneapolis: University of Minnesota Press, 1962); UNESCO, ICSCP Document #15.
134. Kruglak, Two Faces, p.64.
135. Ibid., p.50.
136. Ibid., p.67.
137. Ibid., p.40.
138. UNESCO, ICSCP Document #15, p.139.

139. UNESCO, ICSCP Document #14, p.142.
140. Ibid., p.141-42.
141. Eugene di Maria, "French Pre-empt Sperry Bid for TASS Computer System," Electronic News, April 2, 1979, p.1; and Jack Robertson, "Univac, CII-HB Face-Off on TASS Pact," Electronic News, April 9, 1979, p.19.
142. In use since 1926, and described by Desmond (Press and World Affairs, pp.130-131) as "one of the things that helped the Russian press to develop as rapidly as it did."
143. UNESCO, ICSCP Document #15, p.146.
144. Ibid., pp.143-44.
145. Ibid., p.140.
146. Kruglak, Two Faces, p.101.
147. Kruglak states that it is easier to draw parallels between TASS correspondents and the Washington correspondents of specialized trade publications, than with the typical Western news agency correspondent (p.46 and p.221.)
148. Data tabulated from footnoted sources including: "When Is Biggest Best?" New/News, November 1979; "AP Progressing on Satellite Network," E&P, April 26, 1980, p.10; and other articles from Editor and Publisher; Nicholas Colchester, "The News Agency Battle for the Marketplace," Financial Times, September 13, 1978, p.19; UNESCO, ICSCP Documents 13, 14 and 15; UPI, 1980 Progress Report; Reuters Report and Accounts 1980; and Boyd-Barrett, The International News Agencies.
149. United Nations Centre on Transnational Corporations, Transnational Corporations and Transborder Data Flows: A Technical Paper (New York: United Nations, 1981) p.87.
150. Financial Post, 4 October 1980, p.s3
151. Reuters Report and Accounts 1980, p.3.

Chapter III: Market Structure and Conditions of Entry

The analysis in this chapter rests on considerations of market behaviour -- profit seeking and market control. It will seek to examine the worldwide market in "spot" news and the firms active in it, with a view to discovering the conditions of entry for a Third World-based TNA. This hypothetical competitor is assumed to be broadly similar in internal organization to the existing TNAs. The only difference is that it is clearly identifiable as a Third World agency -- its personnel are from the Third World, its head-office is located in a Third World country, its financial resources correspond to its Third World origins, and its primary objective is that of serving Third World buyers with a product specifically tailored to their demands but which is comparable in all other aspects to that of the existing TNAs. This hypothetical TNA bears no resemblance to the Non-Aligned News Agencies Pool (NANAP.) NANAP is by definition a complementary news exchange arrangement and is not intended to compete head-on with the TNAs. Its role as a provider of world news has been quite marginal so far.

The product under consideration is the regular supply of world "spot" news reports. For convenience, this will be abbreviated to world news reports. Chapter II showed that this product can be sold in many forms and combinations. However, for the present, undifferentiated world news reports will suffice. What is meant by this, in short, is a continuing and comprehensive supply of foreign news satisfying criteria such as speed of delivery, reliability and accuracy.

Overhead Costs

High overhead costs generally indicate barriers to entry. The product-

ion and distribution activities of the existing TNAs will be examined in this section with a view to determining whether the overhead costs involved are high in reference to a Third World based TNA entering the market. The hallmark of a TNA is its worldwide news production capability. A TNA must also be able to distribute its product with speed, accuracy and reliability to buyers all over the world. Both necessitate a worldwide telecommunication network under agency control. In the production phase, what is required is point-to-point links connecting correspondents and bureaus to the processing centre(s). In the distribution phase, the core world news report must be moved from the processing centre to the many buyers. This is essentially a point-to-multipoint transmission.

The telecommunication network of a typical TNA comprises heavy traffic "trunk" lines between processing points and lines carrying a lesser volume of traffic connecting processing points to major bureaus and news centres. "Raw" information fed in by correspondents travels up the network through low traffic lines (in some cases this means public telex or press telegrams) to bureaus, from where it flows along leased lines of increasing traffic density to the main data base. Of course, not all the information that is filed goes the full distance; some of it is discarded or rerouted for use in regional reports at the various intermediate points. The finished product, the core world news report, flows from the head office along "trunk" lines to regional centres where it is supplemented with regional reports and delivered to buyers. This delivery may take different forms. In some cases leased lines connect the buyer to the centre, and the delivery is on a point-to-point basis. In other cases, a point-to-multipoint transmission mode is used, either through terrestrial radio broadcasts or through satellite. In the latter case it may be directly delivered to earth

terminals located in the buyers' premises or beamed to central earth terminals and then routed on to conventional leased lines.

It is rarely that a TNA owns the telecommunication channels it uses. Mostly they are leased, on an exclusive use basis, from national PTTs, international record carriers (IRCs,) or satellite operators. However TNAs usually own the multiplexing equipment attached to the leased lines.¹ Multiplexing "packs" a line more densely, increasing its carrying capacity several fold. This does not affect the cost since leased line rates are volume insensitive. Similar considerations apply to leased satellite channels.

The other component of present day TNA telecommunication networks is computers. Computers are to be found not only at the processing centres but also at buyers' terminals. In fact, communication over distance is carried out at such high speeds, especially in high density market segments, that it is possible only between computers. Humans interact with computers at both ends, retrieving or feeding information. The bulk of processing, which includes editing, routing, assigning of priority, etc., is computer mediated. In the affluent North American and European market segments news agency computers are usually directly connected to newspaper computers.

A TNA's worldwide news production network is made up of trained news personnel stationed all over the globe, connected by the agency's telecommunication network. News bureaus staffed by journalists, translators and other personnel, roving reporters, and part-time reporters known as "stringers" constitute the first level of news production. Various editors who change, route, and assign priority to a news item as it goes up the network, constitute the second. Then there are the administrative and marketing personnel who keep the organization and its relations with buyers

in order, and the maintenance personnel responsible for the upkeep of equipment and trouble-shooting on the leased lines. Most of the existing TNAs also appear to have research and development divisions.

Clearly, buildings and equipment such as computers constitute overhead costs. UPI's communication and computer centre which went on-line in July 1980 cost U.S. \$10 million. This was UPI's fourth generation of computers since the mid-1960s.² The TASS system that became operational the same year had a price tag of U.S. \$17.5 million.³ Some of the new satellite delivery systems now going into operation may also be considered as fixed costs. AP's system is expected to cost over U.S. \$4 million.⁴ The leasing costs of transponders and dedicated lines may also be included in overheads since they are long-term commitments. No figures are available but news agencies enjoy concessionary rates (Press Bulletin Services) on leased lines.⁵ TNAs also appear to be achieving savings through the lease of large capacities on satellites and sub-lease of portions. Reuters, for example, sub-leases its transponder serving the North American market segment for television use.⁶ AP sub-leases its satellite delivery facilities to five other companies.⁷ All in all, communication costs appear to constitute ten to fifteen per cent of a TNA's total costs; AP's amounted to twelve per cent in 1977.⁸

Though the inclusion of employee costs under overheads is problematic, it will be discussed here since it constitutes a major cost (£32 million in 1980 for Reuters, one-third of annual turnover.) It may also be argued that employee cost is indeed an overhead in the case of news agencies, since assembling and maintaining a worldwide reporter network represents a long-term commitment.

As stated in the concluding paragraphs of Chapter II, TNAs are quite

small firms compared to major communication transnationals. If compared with them, overheads in TNAs -- U.S. \$10-15 million each for a computer system and annual telecommunication costs, U.S. \$30-40 million on employee payments, and so on -- would appear insignificant. However, these costs must not be looked at in the abstract but in relation to a Third World based TNA attempting to enter the market.

The first factor that must be considered is that for an agency to be considered a TNA, and to compete with the existing firms in selling world news reports, it must achieve worldwide news production operations. Thus, to even begin to compete, the new-comer must reach a minimum size. However, sales are not likely to reach corresponding levels for several years. This means, first, a large single investment to achieve TNA status and, second, a readiness to sustain losses for a considerable period following.

In establishing a telecommunication network, it may be argued that a new TNA need not immediately go in for leased lines, satellite delivery systems, etc. While that is true, smaller scale telecommunication channels and delivery modes are not necessarily cheaper. For an agency that does not have a large enough volume, leased lines are uneconomical. For such an agency, the option in delivering correspondents' reports is public telex. This, however, means paying commercial rates since there is no concessionary rate offered on this service.⁹ On the distribution side, the broadcast mode of delivery is an attractive option for a news agency wishing to reach large numbers of dispersed buyers. This economical mode has been very successfully used in the past, particularly by TASS.¹⁰ There is also a concessionary press rate approved by the International Telecommunications Union (ITU) for this service.¹¹ The problem here is that broadcast mode transmissions have become uneconomical to PTTs and IRCs and are being phased out. The

reason is that other users such as business firms have now switched to less noisy, more secure modes such as private lines and public telex.¹² Even if this problem is solved, a TNA using this mode, especially in tropical areas, will have to contend with garbled copy, occasional blank-outs and general unreliability, all of which would be accentuated against the clear copy delivered via satellite by established TNAs. This problem currently affects the TANJUG transmissions of NANAP copy.

The problem with computers also follows similar lines. The technology that has been developed is for the processing of large volumes of data. Thus the available technology will not be economical for a TNA that is just starting out. Yet to do without computers in competing against computer-equipped TNAs would be suicidal, since speed of delivery is of paramount importance in the news agency business as presently constituted. An agency that is even slightly behind the others in delivering its reports will have most of its "stories" "killed."

A further problem for a Third World based TNA will be language. If it is to be true to its Third World orientation, such an agency will have to deliver copy in several languages and also hire reporters, as well as translators, from various language groups in the Third World. The existing TNAs deliver reports in a very limited number of languages and only abbreviated reports in some. Their production activities are in one language only. The new agency, on the other hand, will have to work and deliver full reports in at least four languages. This will not only mean additional costs but also delays caused by translation time. This delay being unavoidable, the Third World TNA may have to invest in processing and transmission technology that is faster than that of the existing TNAs, merely to keep pace with them.

Even if the Third World TNA could mobilize enough trained personnel for its worldwide news production network, it will have to contend with a problem in maintaining news personnel in developed countries. This will be an extremely costly operation since the existing foreign exchange structures take away much buying power from Third World currencies. These rates which work to the advantage of developed country TNAs placing correspondents in the Third World would work against a Third World agency trying to cover the developed countries.

Finally, the costs involved in setting up a TNA that can compete on even terms with the existing TNAs must be seen in relation to Third World governments' financial priorities. News agencies, however important, will always rank behind debt repayments, employment creation, food production, etc. At that level of priority, the U.S. \$50-60 million minimum required to get the TNA in place and the additional millions necessary to sustain losses for several years, would appear extremely high.

In conclusion, the overheads involved in operating a TNA do not appear, in themselves, to be very high in relation to Western corporation standards. However, given the necessity of starting from a worldwide scale, the operation of several economies of size in favour of existing TNAs, and the relative spending power of Third World countries, the amount needed appears extremely high.

Dumping

The necessity of achieving worldwide news production capability immediately while having to wait for several years to build up corresponding sales was mentioned in the earlier section. In this and the following sections some factors that may preclude the generation of adequate revenues

even after several years will be discussed.

News agencies sell information. A characteristic of information that has been produced at some cost is its replicability at a minimal cost relative to the original cost of production.¹³ This characteristic makes possible the type of flexible pricing policy described in some detail in the Associated Press section in Chapter II. Briefly, news agencies sell the same product to different buyers at different prices. Prices are determined by the respective "buying powers" of the buyers. In the case of buyers in one category such as domestic newspapers, prices would be proportional to circulation which is an indicator of "buying power." Across categories such as domestic newspapers, domestic broadcast organizations, European media, Third World media, etc., the same considerations would apply though not clearly pegged to one indicator such as circulation. The economics of information make it advantageous for a news agency to sell its product to the largest number of buyers at any price higher than cost of replication. Therefore, news agency prices range from high (U.S. \$200,000 per year for an average U.S. newspaper in 1974 for AP reports,) through medium (approximately U.S. \$20,000 for Le Monde, a top European newspaper,)¹⁴ to the lowest end of the scale for a Third World newspaper (an annual figure of U.S. \$2,000 or less.) While revenue from home buyers, to whose needs the product has been tailored, constitutes a considerable portion of total revenues, the accumulated smaller payments of the large number of outside buyers would not be insignificant.

This flexible pricing policy has many advantages for TNAs. First, the low prices offered to outside buyers is not a loss since the product is designed to meet home buyer requirements, and the outside sales are spin-offs. Second, what a TNA gets from outside buyers is what the market will

bear; if the prices were to be raised those buyers would not and, in some cases, could not buy at all. But their accumulated payments swell the TNAs' revenues. Third, these low priced sales serve to shut out present or potential competition. In the normal economic sense, this is dumping, an illegal act in the case of many commodities and in many countries. The lower price cannot be matched by any other agency unless it too has a secure market base yielding higher prices, i.e., one dumper's price can be matched only by another. A market segment that is subject to dumping cannot be used by another firm as its principal market base. All existing TNAs dump their product in the Third World. The American and British agencies also dump in France, AFP's market base.¹⁵ AFP manages to survive only because of continuing government subsidies and the limited protection offered by the French language and culture. But whether a TNA based in the Third World can be subsidized continuously to offset the effects of dumping is highly doubtful. In any case the amounts involved would be much higher. The Third World, which would be the new agency's base, is in any case low in buying power. And AFP can at least recoup by dumping in the Third World, an option closed to the Third World news agency.

The very real problems posed by TNA dumping, even to regional and national news agencies, is described thus in a brief submitted by the Latin American regional news agency, LATIN, to the MacBride Commission:

The Latin American media...are used to a very low level of subscriptions for world news services. This has been the result...of the competitions among international agencies in a market...never considered important in terms of total turnover...Major world news agencies have been...preoccupied with the number of subscribers they secured in Latin America than with maintaining rate structures. This led in many cases to virtual dumping practices...which made the media used to unrealistically low rates.¹⁶

Market Control and Vertical Integration

World news reports, the product of the TNAs, is sold throughout the world. This worldwide market however is not homogeneous. One of the most important factors differentiating market segments is "buying power." Media firms derive revenue from advertisers and subscribers. In general, advertising receipts constitute the bulk of media revenues, outside the Socialist Bloc. In developed market-based economies advertising expenditures are very high. Therefore, media firms in developed countries are capable of far higher outlays on world news reports than their Third World counterparts. This difference is further magnified by the existing foreign exchange structures which greatly diminish the purchasing abilities of Third World currencies. The worldwide market in news may be roughly divided into three main segments based on "buying power" -- the developed market-based economies, the plan-based economies of the Socialist Bloc, and the Third World.

The product under consideration has a universal aspect, i.e., news that the Pope has been shot or that a new U.N. Secretary-General elected, is of interest all over the world. However it is not without what may be called a national orientation or bias. Certain "stories" are of higher importance in certain countries than in others. Different countries demand different "angles" to identical "stories." A crash of an airliner carrying pilgrims to Mecca illustrates both points. To the non-Islamic world, it is one crash among many; if a large enough number of people have been killed it will be reported as an ordinary item in the world news report. But for Islamic countries it is of major importance and the "story" will be reported prominently and in great detail. For these countries the details on whether the pilgrims had completed the hajj or not, etc., will also be of importance. The worldwide market thus exhibits a certain degree of national

or regional differentiation. Language also serves as a differentiating factor.

These political-cultural-linguistic market differentiations are superimposed upon and, on occasion, cut across the earlier described divisions based on "buying power." The result is privileged access to different market segments by different news agencies. A TNA, whatever the scale of its worldwide operations, always has a privileged position in its home market. This is one of the reasons why Reuters and AFP can both ask for and get higher prices from their domestic buyers than the competing American TNAs. Privileged access is not limited to home markets but extend to third countries where TNAs compete. Quebec thus offers AFP a relatively good market position despite its North American location. Another example is the privileged access Reuters has to former British colonies. Marlene Cuthbert quotes the General Manager of CANA, the Caribbean new agency, to the effect that extensive cricket reporting, which only Reuters does, was a major factor in choosing that agency as CANA's world news source.¹⁷

The worldwide market as exists is thus characterized by AP and UPI established in dominant positions in the most affluent market segment, the United States; Reuters and AFP entrenched in similar positions in their affluent home markets; TASS in a monopoly position in the large Soviet market; and the other sub-markets dominated in varying degrees by the different TNAs. Of the high buying power segments, Reuters enjoys a good position in Australia, New Zealand and South Africa; the Associated Press and, to a certain extent, UPI, a similar position in Canada; TASS in Eastern Europe; and all Western TNAs in Western Europe. The American agencies are strong in Japan. Of the low buying power segments, Reuters and AFP generally have privileged positions in former colonial territories

while the American agencies control the Latin American market.

It would follow from the above discussion that the same factors that give the existing TNAs controlling positions in their home markets would also apply to the new agency's relationship with the Third World market. However, the market segment it would thus get control of would be the one with the lowest buying power. This however will not excuse the new agency from providing a product of comparable quality to that of the existing TNAs. Further, the extreme heterogeneity of its home market will impose additional burdens on its modest resources. If this heterogeneity is not catered to, the new TNA will lose whatever hold it has on its own base. On top of all this, it will have to cope with the effects of dumping.

The situation, it appears, is heavily biased against a new Third World based TNA. But this is not all. If the scenario of a Third World based TNA competing against the existing TNAs in a free market is to be pursued further, it may be argued that the new agency could supplement its revenues by selling in the affluent market segments even at lower rates. This possibility is however not very strong. The most obvious problem will be the Western media's great sensitivity to "biased" news. Believing as they do that their news agencies are supplying perfectly objective reports of what is going on in the Third World, they will immediately suspect a Third World news agency operating on a contrary premise. The unavoidable government involvement that the new agency will have -- unavoidable because private capital is a rare commodity in the Third World -- will provide a further reason for boycotting the new-comer's product.

But there exists a more compelling structural factor -- vertical integration. The existing TNAs are to a greater or lesser extent, all vertically integrated with their home buyers. AP is owned by its buyer

newspapers. UPI is owned by the E.W. Scripps Company, a media conglomerate which controls a major U.S. newspaper chain. Newspaper organizations in Britain, Australia and New Zealand own Reuters. AFP, though not owned by the French press, has media owners on its governing body. It is an integral component of the French government's subsidy scheme for newspapers.¹⁸ The French press thus has a stake in its continued well-being. The Soviet market is closed in any case since TASS, though not formally integrated with Soviet media enterprises, has a statutory monopoly within the country.

Any purchases of the Third World agency's product by affluent market segment buyers would thus go against their interests as part owners of the TNAs the new agency is competing against. Western and Eastern Europe, Japan, Canada, and a few other places like South Africa, would be the only affluent market segments where the direct economic barrier constituted by vertical integration will not be present.

Specialized News

Chapter II showed that three (four, if TASS is included) TNAs are heavily involved in selling specialized news reports to non-media buyers. Though produced by the same mechanism that produces general news -- Reuters formally merged its specialized and general news reporting networks at the beginning of 1980, specialized news is sold to a different market. Here the emphasis is not on entertainment and political discourse, but on providing "intelligence" -- the original term for news -- necessary for business transactions. This is not a function that is new to the TNAs though it is only in the past two decades that it has undergone a highly visible expansion. Proto news agencies such as the information networks organized by the Fuggers of Augsburg and the famed coffee-houses of London

and Boston dealt only in commercial intelligence or specialized news.¹⁹

Reuters and AFP's precursor, Agence Havas, were both specialized news agencies prior to entering the general news business.²⁰

Specialized news has two elements. The first is general news "stories" that are specially "angled" for the business user. Here political unrest, natural disasters and other such staples of general news are reported with reference to their implications for trade and investment. An example given by Rosemary Righter describes how Reuters scooped the decision to set up the Paris Peace Talks over Indochina, wrote it up differently for the two "wires" and transmitted it so that "those with that information were able to profit from the rise on Wall Street when the news became general knowledge."²¹ The second element is information that is of interest only to business users. The detailed and up-to-the-minute money market rates, commodity prices, and other such information provided by Reuters, AP-DJ and UNICOM NEWS fall into this category. This aspect of specialized news operations has dramatically expanded in recent times with the innovation of computer-based techniques of information production, storage and retrieval. In Reuters' Monitor products, for example, each individual user "produces" the information offered by the Monitor service by feeding data into the Reuters computer from the user terminals. Other users retrieve the information they desire through their terminals. More recently Reuters has introduced a "Money Dealing Service" which is a further step along the road to completing entire transactions on Reuters systems.²² These developments have been described as the creation of "electronic market floors."

The importance of the specialized news business for the present discussion is that it provides the major Western TNAs with an additional and extremely lucrative source of revenue. This source, moreover, is one

that will for the most part be closed to a Third World based TNA. As stated earlier, the specialized news business does not require major additional expenditures in news production. Link-ups with various stock and commodity exchanges are necessary but this is not a major cost. The distribution phase, especially at the present stage, needs considerable investment in computer hardware and software. But the main telecommunication system and the news production structure for specialized news is the same as that used for the general news product. Thus when taken as a whole, general news and specialized news operations represent a very cost-efficient use of news agency infrastructures. It has the further advantage that potential specialized news buyers have very high buying powers, and are concentrated in large numbers in North America, Europe and Japan.

A Third World TNA can of course venture into the specialized news field itself. It will be in a fairly good position to supply specialized news originating in the Third World. But this alone will not constitute an adequate report even for Third World buyers, since most of the key decisions on the world economy are taken in the developed market-based economies. Direct access to this information, especially in view of the already well established positions of the Western TNAs, will not be easy. A further difficulty will be posed by interactive systems such as the Reuter Monitor where the sources of information have been "tied up" by the TNA providing the system; not only will a new-comer not get those buyers, it will be shut out from that information too. The major problem the Third World based TNA will face will be in getting buyers. Third World buyers, who will in any case be few in number, will be difficult to attract because of the better developed-country information offered by the Western TNAs. Developed-country buyers will be almost impossible to attract for the same reason and

further because what Third World specialized news the new agency can offer will also be offered by the established agencies.

Conclusions

The examination of overhead costs and certain economies of size, TNA pricing policies and dumping practices, market control, vertical integration, and the specialized news business in relation to a new Third World based news agency seeking entry under free market conditions has revealed that such an agency cannot enter the market, let alone operate at a break-even level without a readiness on the part of its sponsors to incur large and continuing losses. There is, in short, no possibility, even if such a TNA were set up, of it ever becoming an economically viable entity. The only way such an agency can operate, even on a break-even or moderate loss basis, thus appears to be with extra-market state intervention to restructure market conditions.

This of course goes to the very core of the UNESCO debate. Whatever acquiescence the West has shown to ideas of developing Third World communication structures, has been expressly qualified by warnings that existing structures, specifically the free flow of information through Western news agencies, be left untouched. The findings of this chapter prove that it is impossible for the Third World to set up a world news production and distribution capability responsive to its needs while the existing structures remain unchanged. The question that is raised is therefore on the nature of changes that are required in the existing structures. Though the examination in this chapter presupposed a Third World based TNA basically similar to the existing ones, and no radical differences in the concept of news it would adopt, a discussion of change must also address the possibility of

another kind of news, and another kind of news agency. It is these questions that will be discussed in the next two chapters, following an examination of the free flow issues that underly the UNESCO debate.

NOTES

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2. "UPI Converts to New Computer System in Dallas," Editor and Publisher, 12 July 1980, p.14.
3. Eugene di Maria, "French Pre-empt Sperry Bid for TASS Computer System," Electronic News, 2 April 1979, p.1.
4. "AP Picks WU Satellites, Calif. Micro Earth Stations," Electronic News, 28 May 1979, p.47.
5. Ithiel de Sola Pool and Stephen Dizard, "International Telecommunications and the Requirements of News Services," Murrow Reports (Medford, Mass: Tufts University, 1978) p.5.
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7. "AP-UPI Continue Dialogue on Satellite Dilemma," Editor and Publisher, 18 October 1980, p.26.
8. UNESCO, International Commission for the Study of Communication Problems, Document #13 (Paris: UNESCO, 1978) p.25.
9. Pool and Dizard, "International Telecommunications and the Requirements of News Services," p.9.
10. R.W. Desmond, The Press and World Affairs (New York: Arno, 1972, pp.130-131.)
11. Pool and Dizard, "International Telecommunications and the Requirements of News Services," p.6.
12. Ibid., p.11.
13. For a more detailed treatment see: William H. Melody, "The Economics of Information as Resource and Product," Proceedings, Pacific Telecommunications Conference, Honolulu, Hawaii, January 1981.
14. Calculated from figures in Boyd-Barrett, The International News Agencies, p.40.
15. Ibid., p.40.
16. UNESCO, ICSCP, Document #14 (Paris: UNESCO, 1978), p.100.
17. Marlene Cuthbert, "The Caribbean News Agency: Genesis of an Indigenous News Agency in a Developing Region," unpublished Ph.D. dissertation, Syracuse University, 1979, p.126.

18. Anthony Smith, "Subsidies and the Press in Europe," Political and Economic Planning, Vol.32, No.569, June 1977.
19. For details see: R.W. Desmond, The Information Process (Iowa City: Iowa University Press, 1978,) especially pp.23-24, 27, and 87-88.
20. See Desmond, pp.142-49; and also Graham Storey, Reuters: The Story of a Century of News-Gathering (New York: Greenwood, 1969).
21. Whose News? (London: Burnett, 1978) p.66.
22. Reuters Report and Accounts 1979, p.6. See also: Anthony Robinson, "Metamorphosis in the Media," Financial Times, 18 November 1977, p.17; and Nicholas Colchester, "The News Agency Battle for the Marketplace," Financial Times, 13 September 1978, p.19.

Chapter IV: Implications for the Free-Flow Doctrine

The doctrine of free flow of information across borders has been, and continues to be, an important element of the New International Information Order debate. The first criticisms of the existing order were worded in relation to the doctrine, in phrases such as "a free and balanced flow," or "a freer and multidimensional flow." The West's arguments, both official and unofficial, have all been premised on the principle of free flow. Even UNESCO, the main international organization active in communication issues, defines its activities in relation to the doctrine, though its interpretation has changed over time.¹ The only group which has consistently maintained some distance from the doctrine has been the Socialist Bloc.²

This chapter is an attempt to identify the implications of the findings of Chapter III for the free-flow doctrine. In the first part of the chapter, the free-flow doctrine and the related concepts of free press and free marketplace of ideas will be examined with reference to both theory and practice. Emphasis will be placed on identifying the premises upon which the doctrine rests. This will be followed by an evaluation vis-a-vis the findings on conditions of entry to the worldwide market in news.

The Free-Flow Doctrine

The free-flow doctrine, though regularly cited by Western spokespersons in relation to communication issues, is of relatively recent origin. While the related free-press doctrine may be traced back at least to the adoption of the U.S. Bill of Rights in 1791, and the freedom of expression concept even further back, the free-flow doctrine is essentially a creature of post-World-War II era. Being by definition of supranational application,

it shares all the uncertainties and weaknesses of other international law principles.

Most proponents of the doctrine quote Article 19 of the Universal Declaration of Human Rights, adopted by the U.N. General Assembly in 1948, as the basis of its legitimacy.

Everyone has the right to freedom of opinion and expression; this right includes freedom to hold opinions without interference and to seek, receive and impart information and ideas through any media and regardless of frontiers.³

But it has been pointed out that this particular article must be read in the context of the entire declaration -- especially Article 29,⁴ other international documents related to national sovereignty⁵ and also the prevailing international political climate at that time.⁶ It may even be argued that in terms of international legal standing, Articles 19 and 20 of the Civil and Political Rights Covenant which was unanimously adopted (this was not the case with the Declaration) by the U.N. General Assembly in 1966, provide a better reference point. This covenant, which is technically a convention had been ratified by 44 states (not including the U.S.A. but including the U.S.S.R.) by August 1977.⁷ The relevant Articles are:

Article 19

1. Everyone shall have the right to hold opinions without interference.
2. Everyone shall have the right to freedom of expression; this right shall include freedom to seek, receive and impart information and ideas of all kinds, regardless of frontiers, either orally, in writing or in print, in the form of art, or through any other media of his choice.
3. The exercise of the rights provided for in paragraph 2 of this Article carries with it special duties and responsibilities. It may therefore be subject to certain restrictions, but these shall only be such as are provided by law and are necessary:
 - (a) For respect of the rights and reputations of others;
 - (b) For the protection of national security or of public order (ordre public), or of public health or morals.

Article 20

1. Any propaganda for war shall be prohibited by law.
2. Any advocacy of national, racial or religious hatred that constitutes incitement to discrimination, hostility or violence shall be prohibited by law.⁸

But even here, the interaction of these articles with other international legal provisions regarding national sovereignty and such issues, defies an unequivocal interpretation. In any case, pursuit of a clear legal statement on free flow may be futile in view of the absence of enforceability. Therefore, what will be attempted in this section is a political more than a legal treatment of the free-flow doctrine.

Herbert Schiller, in his analysis of the genesis of the free-flow doctrine, sees the free flow of information integrally connected to the free flow of capital and resources. The free flow of information, he argues, was in the narrow sense a tool and a justification for the post-war expansion of American communication firms. It helped them break the grip of old colonial communication interests. In the broader sense, he sees the free-flow doctrine which legitimized the transnational dissemination of American cultural products as a necessary pre-condition of "the imperial ascendancy of the United States" in a world where formal colonial relations could no longer be sustained. The free flow of information under U.S. domination, Schiller argues, was seen as a vital element in opening up the world economy -- especially the Socialist Bloc and Third World regions -- and keeping the channels of trade and investment open.⁹

This analysis, which Schiller supports with numerous quotes and references, has merit but calls for a politico-economic treatment too lengthy for the purposes of this study. Therefore a different approach, that of seeing the free-flow doctrine as an extension of the free-press doctrine in its most highly developed form in the United States, will be adopted.

Free Press, Free Marketplace

The free-press doctrine emerged in 17th and 18th century Europe and North America. This was also the milieu from which capitalism emerged replacing earlier feudal relations. The feudal order based on the hegemony of the lay and religious aristocracy did not leave room for uncontrolled freedom of press. The first publishers, like all other merchants and manufacturers of the time, were heavily under the supervision of the state. It was in this climate that John Milton wrote his famous tract Areopagitica: A Speech for the Liberty of Unlicensed Printing (1644,) widely regarded as the first plea for a free press. This did not specifically refer to newspapers but more generally to the entire publishing industry. In this time, and in the following two centuries, the publishing industry was characterized by a large number of small competitive entrepreneurs and relative ease of entry.

Milton's call for freedom to publish and non-intervention by the state was worded in the language of truth and falsehood. But in essence, his plea was no different from that of the entire bourgeoisie class, which was demanding that the state restrict itself to the maintenance of law and order and let them act -- laissez faire.

The most eloquent plea for laissez faire, Adam Smith's The Wealth of Nations, was published in 1776. In the period immediately following, the U.S. Bill of Rights was formulated and adopted as a series of amendments to the Constitution in 1791. The First Amendment is now considered to be one of the most important statements on the free-press doctrine.

Congress shall make no law respecting an establishment of religion, or prohibiting the free exercise thereof; or abridging the freedom of speech, or of the press; or the right of the people peaceably to assemble, and to petition the Government for a redress of grievances.¹⁰

This formulation, perhaps for the first time, made possible an interpretation giving the press as an institution rights distinct from the broader freedom of speech. However, there is still no unanimity among scholars that an explicit doctrine of press freedom had been formulated at this time.¹¹ The passage of the First Amendment did little to affect the status of the press at that time. The main weapons of the state in controlling the press, the laws of sedition and libel, continued to be used for several more decades.¹²

In Britain, the leading capitalist country of the time, licensing was ended in 1695. Yet newspapers were expensive and catered mainly to a limited circle of readers, mostly merchants. The Times became the dominant newspaper and a power in its own right. It was the editor of The Times, John Delane, who set down this formulation of the free-press doctrine:

We cannot admit that a newspaper's purpose is to share the labours of statesmanship or that it is bound by the same limitations, the same duties and the same liabilities as the Ministers of the Crown. The purpose and duties of the two powers are constantly separate, generally independent, sometimes diametrically opposite. The dignity and freedom of the press are trammelled from the moment that it accepts an ancillary position. To perform its duties with entire independence, and consequently to the utmost public advantage, the press can enter into no close and binding alliances with the statesmen of the day.¹³

This credo was published in 1852, just before the removal of newspaper taxes and the emergence of the penny press in England. In the preceding period newspapers generally functioned as mouthpieces for various political parties and perceived the reading public as their primary market. However, by the time John Delane proclaimed the independence of the press from political party mechanisms, a new trend was emerging. This was the industry's change of focus from reader-as-buyer to advertiser-as-buyer. With the emergence of the penny press this became the dominant feature of the newspaper industry. By the turn of the century most newspapers on both

sides of the Atlantic were financially independent from political parties. The objective at this stage was the development of a mass readership which could then be sold to advertisers. One of the best ways of developing this readership was harsh criticism of governments and sensationalism. The first method however required defensive mechanisms for protection from enraged governments. This was the context in which the press-freedom doctrine rapidly gained prominence. Newspapers outbid each other to criticize governments and also to flaunt the power of their massive circulations. The concept of the press acting as some form of political opposition -- in the U.S., as the fourth branch of government -- began to gain currency. The free-press doctrine was in full flight.¹⁴

By the 1920s the U.S. Supreme Court had begun elaborating the legal basis of the press-freedom doctrine, using the vague terminology of the Fourteenth Amendment of the Constitution as a means of extending First Amendment protection of speech and the press.¹⁵ The irony however was that by the time the press-freedom doctrine was finally being elaborated, the underlying premises which first justified it had all but disappeared. The newspaper industry had lost what competitive character it had, and was rapidly moving in the direction of oligopoly; it was becoming more and more difficult to enter the newspaper market; the newspaper's function of fostering political debate was being eclipsed by its advertising functions. Yet, the grand ideas of truth and falsity clashing in battle retained their place in the social psyche.

In 1919, U.S. Supreme Court Justice Oliver Wendell Holmes, Jr., formulated the theory of a free marketplace of ideas:

But when men have realized that time has upset many fighting faiths, they may come to believe even more than they believe the very foundations of their own conduct

that the ultimate good desired is better reached by free trade in ideas -- that the best test of truth is the power of the thought to get itself accepted in the competition of the market, and that truth is the only ground upon which their wishes safely can be carried out. That, at any rate, is the theory of our Constitution. It is an experiment, as all life is an experiment. Abrams v United States 250 U.S. 616, 40S.Ct.17, 63 L.Ed. 1173 (1919)

This became the theoretical underpinning of the free-press doctrine in the United States as well as in other Western countries.

According to this theory, the free-press doctrine is analogous to laissez faire capitalism. Anyone can gain entry into the marketplace of ideas and sell his/her ideas; if there are enough buyers willing to choose this particular set of ideas in preference to others, the seller will survive; if not, he/she will go out of the market; the different sellers will be in perfect competition, succeeding or failing on the basis of buyer preference and not on monopoly power, inadequate knowledge on the part of buyers and other such imperfections; the market, through its impersonal forces, regulates ideas much better than any government or other agency could.

This model would not have fitted even the small-scale artisanal newspaper publishers of the 17th and 18th centuries. But at least an approximation could have been attempted. The twentieth century media industries with their capital intensive technology and monopoly positions have no relation at all to this ideal free marketplace.

Though the theory is hardly, if ever, questioned in terms of its basic premises, in actual practice media firms in the U.S. and other Western countries are not left completely to the regulation of the market. The age-old limitations on media content in the form of defamation, blasphemy and obscenity laws are still enforced by courts. Electronic media are subject to further governmental direction in terms of content by reason of their

use of scarce radio spectrum. In most European countries the state is directly involved in electronic media. In the U.S. and Canada, regulatory power is exercised through the Federal Communications Commission (FCC) and the Canadian Radio-Television and Telecommunications Commission (CRTC.) An example of government involvement in the regulation of content in the U.S. is the "Fairness Doctrine," which is an attempt to ensure that both sides of an issue are presented to the public by a licensee.¹⁶ Some U.S. state authorities and courts have also sought to enforce right-of-reply regulations for media firms, though this has not yet been accepted by the U.S. Supreme Court -- see Miami Herald Publishing Co. v Tornillo 418 U.S. 241 (1974.) However, reservations have been expressed by the same court on corporations' free speech rights -- see First National Bank of Boston v Bellotti 98 S.Ct. 1426 (1978.)

The courts have also held that the business activities of media firms are subject to the ordinary laws of the land. A landmark case in this regard is Associated Press v National Labor Relations Board 301 U.S. 103 (1937.) The judgement states:

The business of the Associated Press is not immune from regulation because it is an agency of the press. The publisher of a newspaper has no special immunity from the application of general laws. He has no special privileges to invade the rights and liberties of others. He must answer for libel. He may be punished for contempt of court. He is subject to the anti-trust laws. Like others he must pay equitable and non-discriminatory taxes on his business.¹⁷

Free Flow, Free Marketplace

In the same manner that free trade is the international extension of laissez faire in domestic economic affairs, free flow is the international extension of the free-press doctrine. The difference however is that in

practice free trade has at least a semblance of a regulatory structure in the form of the General Agreement on Tariffs and Trade (GATT,) bilateral trade agreements, anti-dumping tribunals, etc. Free flow, in its practical application so far, has not had any such regulatory mechanisms. And, if its Western proponents have their way, it will not have any in the future either.

The free-flow doctrine, like its domestic counterpart, is premised on the presence of a multitude of voices competing freely in a market. The presence of a large number of competing firms or, at least, a relative ease of entry to the market is essential to the validity of the doctrine on its own terms. In the specific case under study, the worldwide market in news, there are only five firms active in the marketplace. Even they rarely compete head-on, being generally content to dominate various market segments. But the most significant finding of Chapter III is that the barriers to entry to this market are quite extensive. Overhead costs, dumping, and vertical integration have all been identified as factors precluding successful competition by a Third World based news agency. In this situation the Western position at UNESCO, which calls for the strengthening of Third World communication capabilities while expressly avoiding any restructuring of the market environment, appears untenable.

The unacceptability of the Western position is further accentuated when it is seen in the context of the Western countries' positions on domestic media and international trade. In the case of domestic media, Western nations adhere to the free-press doctrine in theory, but subject that free press to a variety of regulatory controls in practice. Some of these measures are designed to protect the privacy and rights of individuals from the activities of the media. Some are to protect the state in instances of "clear and present danger." Aside from these regulations, Western govern-

ments also intervene in the domestic media markets to maintain at least a semblance of competition and fair dealing. Antitrust enforcement, restrictions on takeovers, and subsidies are but a few of these measures. And yet, even intervention of this type designed to introduce some "market characteristics" to the worldwide market in news, would be denounced as censorship by Western government and media representatives.

In the sphere of international trade, all governments, even the ones most committed to free trade, take steps to protect their domestic industries from unfair competition. Dumping is a case in point. The U.S. government is extremely sensitive to dumping practices and has a monitoring and adjudicatory mechanism in place to prevent them. Yet, in the communication field, its own media firms widely engage in these practices. Protection of nascent industries, though not within the strict interpretation of the free-trade doctrine, is a widely tolerated practice. But any analogous measures in the news agency field are bound to raise the ire of the Western countries.

Summary

This chapter examined the free-flow doctrine and its domestic counterpart, the free-press doctrine, in relation to their common underlying premises. The existence of competition and, at a minimum, the absence of barriers to entry were identified as fundamental to the applicability of the free-flow doctrine. Yet Chapter III demonstrates that the worldwide market in news which is dominated by five firms is characterized by almost insurmountable barriers to entry by a Third World based TNA.

The free-flow doctrine as proposed by Western government and media representatives was also contrasted with the domestic media policies and international trade practices of those countries. It was demonstrated that

their advocacy of a totally unfettered free flow of information across borders is at variance with the actual practices of the Western countries in relation to domestic media and international trade. It was shown that, in fact, the rights of domestic media are circumscribed by considerations of individual and state rights and also by policies designed to preserve at least some competitive market behaviour. The end conclusion to be drawn from this discussion is that the Western position at UNESCO which advocates technological enhancement of Third World communication capabilities while leaving the existing worldwide communication market structures unchanged is at best impractical and, at worst, hypocritical.

NOTES

1. The UNESCO Constitution states that the Organization will strive "to promote the free flow of ideas by word and image" (Article 1, 2.) One of UNESCO's organizational units is the Division of Free Flow of Information and Communication Policies.
2. See: Herbert Schiller, Communication and Cultural Domination (White Plains, N.Y.: International Arts and Sciences, 1976,) Chapter Two for early positions; and Kaarle Nordenstreng and Herbert Schiller, "Helsinki: The New Equation," in Nordenstreng and Schiller (eds.), National Sovereignty and International Communication (Norwood, N.J.: Ablex, 1979) pp.238-43, for recent positions. See also General Comment No.7 of Sergei Losev in Appendix I, Sean MacBride et al., Many Voices, One World (London/New York/Paris: Kogan Page/Unipub/UNESCO, 1980) p.279.
3. Hilding Eek, "Principles Governing the Use of the Mass Media as Defined by the United Nations and UNESCO," in Nordenstreng and Schiller (eds.), National Sovereignty, p.176.
4. Leo Gross, "Some International Law Aspects of the Freedom of Information and the Right to Communicate," in Nordenstreng and Schiller (eds.), National Sovereignty, p.201.
5. For a detailed analysis see: Hilding Eek, "Principles Governing Mass Media," and Leo Gross, "International Law Aspects."
6. See: Schiller, Cultural Domination, Chapter Two.
7. Eek, "Principles Governing Mass Media," p.177; and Gross, "International Law Aspects," p.205.
8. Gross, "International Law Aspects," p.205.
9. Schiller, Cultural Domination, Chapter Two.
10. William A. Hachten, The Supreme Court on Freedom of the Press (Ames, Iowa: Iowa State University Press, 1968) p.3.
11. See, for example, Leonard Levy, Legacy of Suppression (Cambridge: Harvard University Press, 1960) pp.vii-viii.
12. Leon Whipple, The Story of Civil Liberties in the United States (New York: Vanguard, 1927) and other sources quoted in Albert Szymanski, "A General Theory of Civil Liberties," (Red Feather, Colorado: Red Feather Institute, 1980, mimeo.)
13. Quoted in MacBride, Many Voices, p.9.
14. General historical background is from R.W. Desmond, The Information Process and Windows on the World (Iowa City: Iowa University Press, 1978 and 1980.)

15. See: Donald M. Gillmore and Jerome A. Barron, Mass Communication Law, Second Edition (St. Paul, Minn.: West Publishing, 1979 Chapter One.
16. Red Lion Broadcasting Co. Inc. v FCC 395 U.S. 367. See also: Gillmore and Barron, Mass Communication Law, pp.801-69.
17. Quoted in Gillmore and Barron, Mass Communication Law, p.673.

Chapter V: Conclusions

The main question addressed in this study was derived from an analysis of Western and Third World positions on a solution to the problem of "imbalanced" TNA mediated worldwide news flows. It was shown that there was no fundamental dispute over the Third World countries' proposals to create new news-exchange mechanisms more responsive to their needs. The essential disagreement lay in the area of restructuring through extra-market measures the present worldwide news market environment. While the Third World position does not detail the specific measures, such extra-market intervention has generally been perceived to be implicit in it. The Western stand on the NIIO debate, especially on news-flow issues, has been formulated with the express intention of forestalling any such intervention. The doctrine of free flow of information across borders has been invoked as the basis of this stand.

The question that was addressed in this study was that a Third World based TNA can successfully enter the worldwide market in news as presently constituted, and operate as a viable entity. The worldwide market in news and the five firms that dominate it were examined with a view to discovering what barriers to entry exist, if any. The study revealed that a Third World based TNA would face almost insurmountable barriers to entry in the form of high overhead and start-up costs, certain economies of size, dumping practices of the existing TNAs, market control and vertical integration and TNA diversification into specialized news. Analysis of the premises of the free-flow doctrine demonstrated its inapplicability to a restricted entry oligopoly market such as that in world news. Inconsistencies between the domestic media policies and international trade policies of the Western

nations and their stand on free flow were also shown.

Policy Implications

The above described findings may be used for different ends and purposes. The basic finding that a Third World based TNA is economically unviable may be used as a justification for "learning to live with" the present TNAs. This is what Oliver Boyd-Barrett proposes.¹ Or it may be interpreted as confirming the correctness of decisions taken by several organizations, including the Non-Aligned Movement and the Press Foundation of Asia, to concentrate on complementary or supplementary news services.² Support may also be derived for strategies which leave the TNAs and the "wholesale" news market untouched, emphasizing the possibilities said to exist in the gate-keeping functions of regional or national news agencies.³ This finding may also be utilized to make the case for the need for a regulatory mechanism for TNAs enforcing, for example, international right-of-correction rules.⁴

However, these are not the only available options. While each of the above strategies have a degree of validity, they all avoid the central issue. Whatever improvements are achieved through them, the parameters of the world news environment will continue to be defined by the present five oligopolistic firms. The complementary, supplementary or "fine tuning" mechanisms will continue to be imprisoned within that frame, always with the burden of reacting to actions outside their control and never with adequate or secure financial bases. If this is to be avoided, an attempt must be made to change the market environment within which the TNAs operate, and thereby create the conditions for the successful operation of competing, viable TNA mechanisms responsive to Third World interests.

It may of course be argued that viability is not essential if the petroleum-exporting Third World countries can be persuaded to finance, on a continuing basis, the new TNA mechanisms. Even if such subsidization is possible, its political implications may prove to be unpalatable to many Third World countries. While disparate financial contributions from Third World countries of different capabilities may be unavoidable in the setting up of such mechanisms, the key to their stability over time will be self-sustaining financing.

Such a strategy necessarily involves extra-market intervention. This intervention must of necessity come from governments acting individually or collectively. This of course will mean the breaking of the principles of free flow and free marketplace so dear to Western governments and media. This will call for theoretical as well as popular explanations as to why the sanctity of the free marketplace in news is being tampered with. The main theoretical arguments are outlined in Chapter IV. What will be required is a fleshing out of the similarities between the proposed international action with long accepted Western domestic media policies and international trade practices. The Third World position need not be framed in anti-free-flow language but should instead emphasize the role that government action can play in bringing under control non-governmental entities that prevent the emergence of the necessary preconditions for free flow. In the same manner that quotations from Kent Cooper's (General Manager of the Associated Press, 1925-1948) tirades against the pernicious dominance of the Reuters led European news agency cartel made clear to reasonable Westerners the justice in the Third World complaint of bias,⁵ the pronouncements of U.S. and other Western authorities on the evils of monopolization in domestic media should help explain the proposed actions.

One example would be U.S. Supreme Court Justice Hugo Black's oft-quoted statement in Associated Press v United States 326 U.S. 1, at 21 (1944):

Surely a command that the government itself shall not impede the free flow of ideas does not afford non-governmental combinations a refuge if they impose restraints upon that constitutionally guaranteed freedom. Freedom to publish means freedom for all and not for some. Freedom to publish is guaranteed by the Constitution, but freedom to combine to keep others from publishing is not. Freedom of the press from governmental interference under the First Amendment does not sanction repression of that freedom by private interests.

The proposed strategy has two components. One is the imposition of conditions on the activities of the existing TNAs. The other is positive action on the part of Third World based news exchange mechanisms to capitalize upon the breathing space gained by containing the power of the TNAs. The first is not without precedent even in the Western dominated early phase of U.N. history. Resolution 19 of the United Nations Conference on Freedom of Information, held in Geneva in 1948, stated:

With a view to encourage wider and freer flow of information through the development of national news agencies in countries where such agencies are underdeveloped, The United Nations Conference on Freedom of Information Recommends that any foreign news agency operating within the territory of a country where national news agencies are underdeveloped, while it should enjoy full freedom as regards the international transmission of news, should refrain from releasing, at the locality of its operation, news concerning the country's domestic affairs, and further refrain from transmitting such news to any other locality in that country for publication, except by mutual arrangement with the national news agencies or with local newspapers.⁶

Without question, this resolution does not challenge the "freedom" of TNAs to do as they please in the sphere of international news. Yet, it clearly recognizes the need to protect domestic news agencies from predatory competition by TNAs and imposes conditions upon TNA activities in the

the domestic news field. If what is being considered is the encouragement of wider and freer flow of information through the development of transnational news agencies based in countries where such agencies are underdeveloped, the reasoning embodied in the above resolution can logically be extended to cover the imposition of conditions upon TNA activities in the world news field.

The key element in formulating policies to restructure the market must be an awareness of the strengths and weaknesses of the dominant TNAs and the Third World countries that challenge that domination. When a similar exercise is attempted in a domestic market the power of the state, especially through its judicial arm, can be mobilized to coerce the delinquent firms. In this case, however, there is no parallel enforcing mechanism. The U.N. or UNESCO can pass innumerable resolutions but no firm is bound to obey them unless national governments enforce the resolutions as national law. Since the governments with jurisdiction over the firms in question here are most unlikely to enforce U.N. or UNESCO resolutions imposing conditions upon TNAs, such resolution must be framed in a manner that allows enforcement by Third World governments alone. It is here that a grasp of the relative strengths and weaknesses of the two parties becomes of vital importance.

The TNAs operate in the Third World as sellers of news products as well as producers. While it is true that they significantly benefit from sales to the Third World,⁷ the income they derive from this market segment does not constitute a large enough portion of their total revenues for sales alone to be a strong enough point of leverage. As a senior executive of a TNA, quoted by Rosemary Righter, explains, the potential leverage is more in production.

Access is what worries us; not what they do with our copy...Access is our life-blood. If we couldn't reach these countries, sooner or later our standing and credibility as a world agency would be affected in the home markets where we do make money; then we'd be fatally pinched.⁸

This point was also understood by the men who built up ROSTA, and then TASS, into a TNA. The bargaining counter they used to change the position of their agency from that of a vassal of the Wolff agency to that of equivalence with AP within the cartel in the short period of six years (1917-1923) was access.⁹ The fact that post-revolutionary Russia, and later the superpower-to-be Soviet Union, was perceived by Western news agencies as newsworthy undoubtedly helped. Though few Third World countries could repeat what the Soviets did -- Tanzania is one country that tried without much success,¹⁰ -- the same type of leverage may be exercised by the whole of, or a large portion of, the Third World acting in concert.

The aim of this exercise should not be the exclusion of "biased" Western reporters. That could not be easily reconciled with the overall strategy of creating the conditions for free flow. Instead, access for news production purposes -- this will have to be defined broadly to include correspondents, bureaus, as well as stringers -- should be tied to reciprocity: reciprocity not in law, which already exists, but in financial and practical terms which would, for example, require that for every bureau in a Third World country a TNA would have to bear the expenses of a Third World news agency bureau in a designated Western capital. The Third World news agency would be solely responsible for selecting and supervising its staff in the Western capital, a freedom the Western agency would enjoy in the Third World capital. The Third World news agency would of course bear the costs of the TNA bureau located in its territory. Reciprocity may also

be extended to communication channels, thus providing Third World correspondents stationed in the West access to state-of-the-art communication systems.

Another issue that could be addressed in formulating these policies is dumping. The detrimental effects of TNA pricing policies with regard to the operation of Third World news agencies, be they transnational or regional, are clear. However, the sudden elimination of low priced foreign news may not be greeted with enthusiasm by Third World media and non-media buyers. Given the fact that the TNAs are getting as much money as they can out of these buyers, further increases in price would mean in most cases that the contracts would terminate. While this would be good in terms of establishing or expanding Third World based transnational news mechanisms, a hiatus in foreign news supply would have to be avoided. Therefore alternate arrangements will have to be well in place before anti-dumping measures are enforced. In view of the impracticality of getting in place a full-fledged Third World transnational news mechanism prior to action of this type, interim arrangements such as monitoring stations for foreign news broadcasts may have to be established. Monitoring stations, though not inexpensive in labour and equipment costs, would still be cheaper than setting up a world-wide news production network under the present market conditions. There would also be the advantage of being able to gradually phase in the monitoring mechanism and of using it even after regular bureaus and communication links are established.

Specialized news could be another area allowing positive action. While it is true that Third World TNA mechanisms could not hope to produce complete specialized news packages for reasons discussed in Chapter III under Specialized News, they may be able to offer a limited number of specialized news products. The objective in this case would be to identify areas in

which Third World countries have natural access to certain types of specialized information (e.g., on raw materials such as petroleum, tin and rubber and also some shipping and market reports) and channel that information exclusively into a Third World news agency mechanism. If the Third World agency has exclusivity, a market for the product will be assured. It will be possible to sell that information not only in the Third World but also in the West and in the Socialist Bloc. Of course, there may be occasions and types of information where a Third World country's interests are better served by withholding certain types of specialized information from foreigners altogether.

Certain of the identified barriers such as high start-up costs and TNA control of high buying power market segments through vertical integration would be difficult to eliminate, at least within the powers of the Third World countries. The tactics of neutralizing these factors will have to be evolved in the course of events. Certain other factors such as telecommunication tariff structures and specialized news flows may have to be dealt with through organizations such as the International Telecommunications Union (ITU) and the Intergovernmental Bureau of Informatics (IBI.) Specialized news may well have to be dealt with in the larger context of transborder data flows. Again, hasty action will have to be avoided since certain Third World countries are too tied into these specialized information networks to agree to abrupt changes. However, these linkages are not likely to stand in the way of the introduction of a limited number of specialized news products of the type described earlier.

Most of the above outlined proposals can be effected within the prevalent framework of news values and practices. However, some of the inequalities of the news market derive more from this framework than from economic

factors. Examples are the emphasis on speed of delivery and the definition of "spot" news. Emphasis on speed of delivery, the insistence that an "event" must be reported as news on the other side of the world within a matter of minutes or, if possible, seconds, gives agencies with the most sophisticated communication systems an edge over all others. This obviously is a factor detrimental to Third World news agencies. It may be that in the long run this factor will be neutralized by changing the news values which stress speed. The utility of speed-delivered news is fairly obvious in the specialized-news sector in relation to stock, financial and commodity market movements. Whether this is also found in the general-news sector is questionable. In any case, part of the blame for many of the ills of general news reporting such as shallowness of coverage, "journalism of the exception," herd reporting, etc., can be laid at the door of this worship of speed. A reporter cannot wait for processes to unfold as a rival may pull an "event" out of the process and scoop him/her. Scared that they will be a minute behind in filing a potential "story," reporters spend most of their time watching each other and hanging around established "news centres." In view of these factors it may well be in the interests of the advocates of the NIIO to take account of news values in formulating international media policies. But changes in news values will, even if undertaken, have to be effected with great circumspection. They may even have to be postponed to a later stage of the restructuring process.

The strategy sketched out above addresses the question of adding a Third World agency or agencies to the worldwide market in news which currently has none. It seeks to provide an opportunity for Third World countries to receive interpretations of the world that are their own. But it does not address all the problems of worldwide news flows. It is

contended, among others, by some Third World leaders and NIIIO proponents, that the general public in Western countries does not get an accurate and fair report of what is going on in the Third World. The strategy proposed here does not even come near rectifying this problem. What Western media choose to print or broadcast cannot be governed by Third World countries. Even what Western TNAs choose to report cannot be practically controlled. Third World governments can shut out Western reporters, which in most cases is counterproductive, but once reporters are let in, no government can dictate what they write. The proposed strategy in fact partly rests on providing unhindered and uncontrolled access on the basis of reciprocity to Western reporters. Therefore this proposal offers no solutions for the problems providing accurate and fair reporting on the Third World to Western media consumers. Those solutions will have to be sought elsewhere.

However, the findings of this study may have applications in non-Third World countries such as Canada which nevertheless suffer from unfavourable information relationships with more powerful nations. The strategies discussed here for establishing Third World TNA capabilities could easily be adapted to end Canadian dependence on the existing non-Canadian TNAs. However, since this does not appear to be a Canadian priority, further discussion will not be undertaken here. The general conclusions regarding the dumping of information products are however of broader significance. Canadian television production, film and publishing industries, among others, are gravely affected by the dumping of U.S. information products. It may be wiser on the part of Canadian cultural nationalists and the Canadian government to take steps to prevent information product dumping than continue to rely on grants and subsidies to keep the local industries alive.

The outlined strategy also does not directly address the question of

government involvement in news. What the new mechanisms of news exchange will be, whether they will be government influenced or "impartial," this strategy cannot predetermine. What it seeks to create are the conditions for the existence of transnational news mechanisms responsive to Third World needs. What form those mechanisms will take will be defined by the internal dynamics of different Third World countries. It will be a problem to be dealt with primarily by the peoples of those countries. The West's fears of having its news desecrated by government interference will hopefully be soothed by providing access, on the basis of reciprocity, to Western reporters. The serious problems may well arise in intra-Third World reporting and in exercising common control over bureaus located in the West and in the Socialist Bloc. Given the ideological heterogeneity of the Third World it would only be realistic to expect disagreements on the biases of such reporting. These problems will have to be ironed out between Third World countries in the course of the restructuring process. It may well be that, while unified action is possible on measures taken against the existing TNAs, two, three, or more new transnational news mechanisms may have to set up grouping countries together on ideological, linguistic or cultural bases. But again, this would be in the province of the peoples and the leaders of the Third World and outside that of the guardians of press freedom in the West.

NOTES

1. The International News Agencies (London/Beverly Hills: Constable/Sage, 1980) pp.247-50.
2. The Non-Aligned news agency is the Non-Aligned News Agencies Pool (NANAP) and the Press Foundation of Asia's in Depthnews. The former deals in "spot" news but sees itself in a complementary role -- see objective 4, NANAP Constitution:

The Pool is intended to fill the gap which exists in the field by providing further information about the Non-Aligned countries and their policies. News items included in the Pool could also be made available to other news agencies, mass communications media and other interested organizations.

Depthnews handles only features, being an example of a supplementary news agency. For other proposals of this type, see: Narinder K. Aggarwala, "News with Third World Perspectives: A Practical Suggestion," in Philip Horton (ed.). The Third World and Press Freedom (New York: Praeger, 1978) pp.197-209; and Roger Tartarian, "News Flow in the Third World: An Overview," ibid., pp.1-54, and "The Multinational News Pool," Murrow Reports (Medford, Mass.: Tufts University, 1978.)
3. For an example that deals with a national news agency, see: Gertrude J. Robinson, "News Agencies in World Reporting: A Clarification of 'Dependencies' Between Globals and Nationals," in Robinson, News Agencies and World News (Fribourg, Switzerland: University Press of Fribourg, 1981) pp.188-214. For a discussion of the role of regional news agencies, see: Marlene Cuthbert, "The Caribbean News Agency: Genesis of an Indigenous News Agency in a Developing Region," unpublished Ph.D. dissertation, Syracuse University, 1979.
4. For examples of this position, see: D.R. Mankekar, One-Way Free Flow: Neo-Colonialism via the News Media (New Delhi: Clarion, 1978); and Mustapha Masmoudi, "General Comments," Appendix 1 to Sean MacBride et al., Many Voices, One World (London/New York/Paris: Kogan Page/Unipub/UNESCO, 1980) pp.280-281.
5. For example, see: Herbert I. Schiller, Communication and Cultural Domination (White Plains, N.Y.: International Arts and Sciences, 1976) pp.26-27.
6. Final Act, p.30, quoted in Maarten Rooy, "Developing Media in Developing Countries: A Historical Review of Policies," Gazette, Vol.24, No.1 (1978), p.5.
7. See Chapter III, section on 'Dumping.'
8. Whose News? (London: Burnett, 1978) p.64.
9. See: Theodore E. Kruglak, The Two Faces of TASS (Minneapolis: University of Minnesota Press, 1962.)

10. SHIHATA, the Tanzanian news agency, was created in 1977 as the sole disseminator of news and news materials to and from Tanzania. Foreign correspondents had to obtain the agency's authorization. The agency got no specific benefit in return for this authorization. In any case, it is doubtful what financial or other concessions could have been wrung out of the TNAs in exchange for access to Tanzania. For details, see: Ludovick Ngatara, "Tanzania's News Agency is Hardly a Rival," Intermedia, Vol.9, No.2 (March 1981) pp.8-9.

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