Globalization Blowback:
Part II: The Challenge of Independent Media

By David Rosen

The Dialectic of Globalization

In a previous ***Provocations***, I presented part I of **Globalization Blowback**, "Globalization & the Culture Industry." It explored some of globalization's impact on the culture industry and, in particular, the movie business. It concluded with an insight into the structure of the globalizing capitalist economy and the destabilizing forces it has let loose:

> History, Hegel said, has its own cunning. It plays jokes on those who seek to control it. Under the radar of apparent conglomerate control, globalization doesn't seem to know how to deal with the enormously rich and varied autonomous arts, culture and media emerging across the nation, let alone throughout the world. Global capitalism requires a "product" to achieve a certain level of financial performance before a conglomerate takes it on. But what happens below that level? Not surprisingly, beneath that level, a new world of creativity is thriving.
>
> However powerful today's giant corporations might appear, they are being undercut by their own ambition. The push to globalize is forcing them to overreach. And this overreaching produces fissures, creates interstices that offer unprecedented opportunities for vigorous, heterogeneous local ethnic and domestic independent media. …

This article looks at the world that operates under the radar of the culture industry. Today, capitalism is hegemonic, a fully integrated world system -- thus, nothing really exists "under the radar," outside possible market appropriation. Whether indie media, pornography or drug dealing, everything expresses the logic of the global market. The discussion that follows examines an important segment operating within – and against – the excess of this market economy. The challenge is significant: Will the growing universe of independent artists, writers, musicians, filmmakers, technologists, policy wonks and activists fashion a movement that -- like the utopian, populist and agrarian movements of the 19th century – suggest a new way to make art, create community and live a better, more humane life?

Digital Disruption

Conglomerate culture is triumphant, driving for ever-greater control over the creation, distribution and presentation of information and entertainment. A half-dozen or so conglomerates have significant control of the world's mass entertainment and information, fostering a common cultural hegemony shared by an increasing number of people across the globe. This power is reinforced by similar industry structures among the underlying technologies of media creation, distribution and experience, whether it be computer chip manufacturing (multiprocessors and DSPs), operating-system providers (PCs and servers) and the communications industry (wired and wireless, narrowband and broadband), to name but three. Oligopoly rules!

New technology developments – what's been dubbed the "digital revolution" – have been one of the most powerful forces facilitating globalization and intensifying media industry restructuring. Yet, technology, following Joseph Schumpter, Clayton Christensen and others, plays a disruptive – and, therefore, modernizing -- role in maturing capitalism.[1] This has had special significance for independent media.

The new digital technologies introduced during the '80s and '90s fueled the development of both conglomerate and alternative culture. Powered by Moore's law, these technologies are characterized by impressive improvements in performance capabilities matched by equally consequential decreases in cost to users. They have helped generate an unprecedented amount of original "content" -- whether "good" or not is another matter. Their adoption shifted the terrain of political engagement from production issues to the growing battle over the control of media distribution; from the few who could own a printing press to the many

---

[1]Joseph Schumpeter, Capitalism, Socialism and Democracy (Harper, 1975) and Clayton Christensen, The Innovator's Dilemma (Harper Business Essential, 2003); see also David Leitner, "Disruptive Technologies," DI-2004 archives.

who can communicate with their fellow citizens in an ever-shrinking public commons.

Breakthrough products like Sony's HD camcorder and Apple's Final Cut Pro non-linear editing program have helped bring down the cost-of-entry for a growing variety of indie film/video creators. The adoption of MP3 and peer-to-peer downloading upended the music industry; the introduction of RSS (for "really simple syndication") technology like BitTorrent portends a similar disruption of video distribution.[2]

The battle over the digital cinema standard is the most significant for the long-term evolution of the movie business. The battle pits the studio-driven, high-end Digital Cinema Initiative (DCI) against, for example, the Landmark theatre chain's use of Microsoft Media Player 9 system – it splits the movie exhibition business between super-HDTV quality blockbusters and standard-quality DV indie fare.[3] These developments have led to the adoption of innovative business models that look more like E.F. Shumacher's Small Is Beautiful than Louis Gerstner's IBM.

The Open System of Production

The independent arts and media sector is the most innovative force in today's culture — in film and video making, videogames, music, software programming, performance art, web design, animation, fashion, graphics, journalism and writing of all kinds as well as media activism. Independents have become a permanent feature of today's cultural landscape. They operate at live venues, through distributed media like books, CDs or games or via a network, whether wired or wireless, one- or two-way like radio and TV/cable vs. the internet and cell phones/PDAs.

Indies play two – often contradictory – roles in society. They serve as conglomerate culture's innovation incubator, often inspiring new aesthetic tastes and opening up new audiences. But they also serve as a creative alternative -- and growing economic challenge -- to a formula-driven, increasingly creatively-bankrupt corporate culture.

For all the boom and bust hysteria of the '90s dot-com phenomenon and the post-9/11-Iraq war political crisis, the emergence and establishment of a vigorous – and increasingly financially self-reliant -- independent media community may be the most significant development. It has been gestating over the last two to three decades.

In the '80s, the leading music labels, following the Hollywood movie studios, abandoned the traditional "closed system" for what the sociologist Paul Lopes calls an "open system" of production. By the '90s, entertainment companies aggressively established or acquired independent production companies or set up distribution agreements with nominally independent production companies. In movies, Disney acquired Miramax and Orion Classics became Sony Classics; in music, MCA bought Motown and TimeWarner gobbled up Rhino.

The open system shifted control from production to distribution. In this shift, independent producers took over – at greater requirements for cost management – more and more of the production process. This helped conglomerates hedge risk. The open system also served a more suspect function, "to incorporate innovation and diversity as an effective strategy in maintaining the viability of the market."[4]

The open system of cultural production was an early foreshadowing of the coming wave of "outsourcing," a distinguishing feature of globalization. Outsourcing has two faces -- one international, the other domestic. A company's reliance on a third-party solutions provider for a movie, a record or game is not all that different than the need for janitorial, customer service or other business functions, let alone the cheapest manufacturing. And now with the web/internet, a contractor down the street or halfway around the world is just a click away.

The push to the open system of cultural production has taken place in tandem with the decline in – and growing restrictions over --

[2] See New York Times, "Copy Culture," March 28, 2005, p. C5.

[3] David Rosen, "Screen Wars: The Digital Cinema Battle Heats Up," Red Herring online, 2004.

[4] Paul D. Lopes, "Innovation and Diversity in the Popular Music Industry, 1969-1990," American Sociological Review, vol. 52, 1992, pp. 56-71, p. 60; Robert Burnett, The Global Jukebox: The International Music Business, Routledge, 1996, p. 115.

government support of the arts. Since the '60s, state subsidies have played a critical role sustaining independent media through federal agencies like the National Endowments for Humanities and Arts and the Corporation for Public Broadcasting (e.g., ITVS and the minority consortium) as well as a host of state and local arts councils. This use of taxpayers' dollars has been an expression of lawmakers' guilty conscience in the face of the enormous tax breaks, depreciation allowances, right-of-way permits, merger & acquisition approvals and other largess that come with corporate America's generous contributions to their election coffers. However, reflecting both a mounting fiscal crisis of the state and ideological polarization, a new climate has taken over, one reflected in the withering of support for art and media, especially with controversial content.

The great high-tech stock market run-up of the '90s ended in what has come to be called the dot-bomb. The collapse of a bubble economy and recession combined with 9/11-Iraq war has fostered a more cautious financial environment. At the time, venture capital had dried up; seed financing had shriveled; risk taking – the hallmark of the much-touted '90s entrepreneurialism – held its breath. Foundations followed suit, redirecting their support to the truly needy and requiring cultural endeavors – especially the riskiest -- to guarantee "sustainability." The space between the non-profit and the for-profit worlds shrunk.

We've entered a period I call "the new sobriety" – one stripped of the fast-buck, get-rich-quick hype that so distorted the '90s. One outcome might just be the fostering of a more mature, smarter self-conscious indie media.

Who Are the Independents?

"Independent" is a very imprecise concept. At once it suggests notions of the struggling bohemian artist, the social activist and the hustling entrepreneur. Jivan Tabibian, a founder of the Sundance Institute, once defined an indie as an undercapitalized business venture, which, like so many start-ups, is driven to innovate due to the lack of cash. Indie makers range from graffiti legend, Revs, who insists, "once money changes hands for art, it becomes a fraudulent activity," to Michael Moore who's made millions off his radical blockbuster, "Fahrenheit 9/11," and now with "Sicko." In today's increasingly polarized, market-driven society, indies integrate elements of each to not merely survive, but make a difference.[5]

Andrew Blau, of the Global Business Network (GBN), came up with a useful definition of independent media: It is "video and film conceived and produced independently of the traditional corporate sponsors for media and made for a wide range of purposes beyond purely commercial considerations."[6] What Blau says of the film and video media can be extended to other forms of creativity, whether electronically based, materially fashioned or performed.

Another way to look at independent media is suggested by the academic Richard Florida. Indie makers – and their supportive audiences -- can be found in cities and college towns across the nation. They gather in small, street-level venues like

> coffee shops, restaurants and bars, some of which offer performance or exhibits along with food and drink; art galleries; bookstores and other stores; small to mid-size theatres for film and live performance or both; and various hybrid spaces – like a bookstore/tearoom/little theatre or gallery/ studio/live music space – often in storefronts or old buildings converted from other purposes.

You've probably been to these places and know these people – in fact, you're probably one of them yourself!

Still another way to define the independent media maker is in terms of their relative share

---

[5] Revs quote, New York Times, April 18, 2005, p. E7.

[6] Andrew Blau, "Deep Focus: A Report on the Future of Independent Media," NAMAC, 2004, p.1. In addition to supporting this study, the Rockefeller Foundation is playing an invaluable role furthering analysis of independent arts and media; see National Research Council, "Beyond Productivity: Information, Technology, Innovation and Creativity," as well as the Urban Institute's Maria-Rosario Jackson, Joaquin Herranz and Florence Kabwasa-Green, "Arts and Culture in Communities: A Framework for Measurement" (2003) and Jackson and Herranz, "Culture Counts in Communities: A Framework for Measurement" (2002). Digital Independence received support from the Rockefeller Foundation for the DI-2001 and DI-2004 conferences.

[7] Richard Florida, The Rise of the Creative Class, Basic Books, 2002, p. 183.

of the entertainment dollar. DI has begun to layout the parameters of this approach in the "Independent Media Topography" – readers are encouraged to check it out, contribute new data to it and send it to others for input.

Among the popular media, indies have the greatest "market share" in music and the smallest in videogames. The indies' share of total revenue in videogames is a modest 5 percent, compared to the music industry at 18 percent for indie labels and 27 percent when combined with "indie" subsidiaries of the majors. [7]

The movie industry paints a revealing picture. Based upon data from Movie City News, "independent" releases in 2005 accounted for just over half – 263 films -- of the 511 releases. However, box office performance tells a very different story.

Total box office ticket sales for 2005 are estimated at $8.8 billion, down from $9.4 billion in 2004. Figure 1 breaks down total 2005 box-office sales by performance of distribution companies. Traditional indies account for 6.6 percent of total box office, or approximately $580 million. One half of this total came from LionsGate, which won this year's Academy Award for best picture, "Crash." Rumors are circulating that the vultures, the major studios, are circleling Lionsgate for the kill.[8] If one adds the "major indies" like Focus ("Brokeback Mountain"), Sony Classics ("Capote"), Warner Independent ("Good Night, and Good Luck") and the other subsidiaries of the majors, this adds another 3.6 percent to a broadly conceived indie-type movie sector, bringing total "indie" box-off to $870 million.

One way to begin to determine the relative size of the indie sector of the entertainment market as a whole is by combining the relative contribution they make. Given this approach, some general parameters can be laid out:

Movies: 2005
- total box office: $8.8 billion
- indie share (w/major indies): $0.9 billion
- indie share (w/out majors): $0.6 billion

Music: 2005
- total sales: $14.4 billion
- indie share (w/major indies): $3.9 billion
- indie share (w/out majors): $2.6 billion

Videogames: 2005
- total sales: $ 9.9 billion
- indie/PC share: $ 0.5 billion

Combing these three media sectors, movies, music and videogames, indies account for approximately $5 billion. However, should "pornography" be part of this mix? Is it an "independent" content genre, particularly now that it appears more than ever outside the control of organized crime. If one Answers "yes," then the indie sector increases to around $15 billion. And this does not include book and magazine publishing, live events, radio and television programming and a host of the other sectors.

[7] For music data, see New York Times, ND.
[8] Financial Times, February 27, 2006.

Figure 1. 2005 Box-Office Market Share*

Sector	Studio	Total Releases	Gross ($/mil)	Market Share (%)	Share of New Releases (%)	Share of Box Office (%)
Majors	Warner Bros	32	$1,486.1	16.9%		
	Fox/News Corp.	21	1,336.6	15.2		
	GE/Universal	24	982.6	11.2		
	Disney/Buena Vista	23	903.4	10.3		
	Sony	27	903.2	10.3		
	Viacom/Paramount	16	831.3	9.5		
	Subtotal	143			27.9%	73.4%
Mini-Majors	DreamWorks (P)**	10	503.5	5.7		
	New Line (TW)	17	425.1	4.8		
	Miramax (D)	22	360.6	4.1		
	MGM (S)	8	182.6	2.1		
	Subtotal	57			11.2%	16.7%
Major-Indies	Focus (U)	11	157.3	1.8		
	Fox Searchlight	10	95.4	1.1		
	Sony Classics	27	62.9	0.7		
	Paramount Classics	na				
	Warner Independent	na				
	Subtotal	48			9.4%	3.6%
Indies	LionsGate	19	284.8	3.3		
	Other	244	266.4	3.0		
	Subtotal	263			51.5%	6.3%
Total#		511	$8,754.8			

* Source: Movie City News**,** January 9, 2006.
# Motion Picture Association of America (MPAA) sets 2005 box-office ticket sales at $8.99 billion and total new film releases at 549. [See MPAA "U.S. Theatrical Market: 2005 Statistics"]
** DreamWorks – acquired by Paramount; New Line – part of TimeWarner; Miramax – part of Disney; includes Dimension; Focus – part of GE/Universal; MGM – Sony has a 20 percent stake.