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2. *Advertising and the Genius of Commercial Propaganda*

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A staple understanding for critical communication research is how an ostensibly free press system in capitalist democracies favors content suited to the needs of elites wielding disproportionate economic and political power. The problematics of private ownership in monopolistic markets is a core focus of this chapter, as is the lax regulatory regime under which corporations work closely with the state to guarantee lucrative privileges and subsidies. Another central feature of the press examined here is the role of advertising and commercialism in gently and not-so-gently guiding media content in particular directions. In the digital era, commercialism has, if anything, increased in prominence. This essay examines media advertising in theoretical and historical context and explains why commercial propaganda is arguably the most powerful and effective form of propaganda in history.

Our goal is to provide a broad introductory sketch of the sales effort under monopoly capital (and more specifically contemporary monopoly-finance capital) based on what we believe to be the most comprehensive foundational work on contemporary advertising: Paul Baran and Paul Sweezy's *Monopoly Capital* (1966). That classic built upon the pioneering economic scholarship on capitalism in the middle of the 20th century. Among the questions we address are:

- The historical connection between the emergence of advertising and the rise of monopoly capital

- The importance of the sales effort in propping up an economy prone to stagnation and arising from a lack of effective demand
- The role of the advertising system in the creation of the dominant corporate media and the shaping of modern journalism
- The social costs of marketing
- The political struggles to arrest commercialism.

Our analysis focuses principally on advertising as the most transparent form of the sales effort. Unlike most analyses of advertising, we are not primarily concerned here with advertising techniques but rather its economic and social functions.

We begin with two simple points. First, any advanced and complex economy needs an information system to allocate goods and services effectively. Contemporary advertising is *not* for the most part dedicated to this function. If it were, the information delivered to consumers would be far more useful and intelligible than what advertising actually provides. Rather, it is aimed principally at fulfilling the profit drive of advertisers themselves. Advertising is symptomatic of the problems of a monopoly capitalist economy. It is, as James Rorty (1934) once described it with regard to business power, "our master's voice." This voice is more dominant in the United States, where the power of capital vis-à-vis labor is stronger than it is in the other advanced market economies. It was not coincidental that when labor power was at its peak in U.S. history, the "master's voice" faced its most serious challenge.

Second, advertising as we know it, or the sales effort more broadly, is actually not the result of free markets or "free enterprise" or even capitalism per se. It is the result of a certain type of capitalism, best exemplified by the United States, one typified by large corporations competing in oligopolistic markets. Indeed, advertising is seen, even in mainstream economics, as embedded in what is called "monopolistic competition" (Chamberlin, 1933).

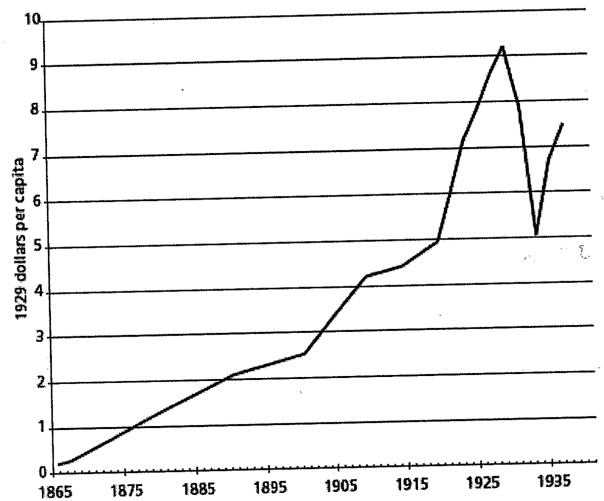
Advertising and Monopoly Capital

In a freely competitive capitalism dominated mostly by small family firms and competitive markets such as those found in the United States through most of the 19th century, advertising played a much smaller role. The advertising that existed at that time was primarily aimed at providing retail price and product information to prospective customers. Under these conditions, there were innumerable firms competing in the economy and within each given market sector. Hence the typical firm in this freely competitive economy was unable to exert significant control over price, output, or investment levels, which were imposed by the market as a whole. Price competition was the key form of competition; output was normally maximized; and the economic surplus generated within production tended to be automatically reinvested, since investment outlets were not a problem.

The main constraints that faced firms with respect to growth in these circumstances were on the supply (cost) side rather than on the demand (sales) side. Advertising, which is aimed at expanding effective demand, made little sense under these conditions and was kept to a minimum. Put another way, under freely competitive capitalism, full-capacity output was the general tendency, and prices normally fell to the point that the market was cleared, i.e., all goods were sold. Hence there was little room for the management of consumption through advertising. Consequently, during the 19th century total expenditures on advertising were a small fraction of what they would become with the rise of big business in the 20th century.

In contrast, under the monopoly capitalism of the 20th century up through the present, the typical economic unit is not the owner-operated small firm but the giant corporation. Here, the playing field is not the mostly local or regional competitive markets of countless small firms, but a national or global oligopolistic market, wherein a handful of dominant firms control output, and barriers to entry limit new competition. In this context the giant corporation is not a price-taker but a price-maker. The industry price tends to gravitate to the optimum point for profitability, closer to what one would find in a monopolistic rather than a freely competitive market. As all the main players tend to be large and do not want to put their sizable investments at risk, serious price competition aimed at driving competitors out of business is irrational and rarely undertaken.

During the transition to the regime of big business in the early decades of the 20th century, it came to be understood that profit maximization was better achieved by indirect collusion, whereby firms—often following a price leader, typically the largest firm in the market—raised prices in tandem. Competition between firms remained intense but shifted away from price competition, which was effectively banned, to competition over production cost and market share. The economy tended to be constrained on the demand side, unable to absorb all the surplus that it was capable of generating. It was therefore plagued by a chronic problem with effective demand, from which the role of advertising in promoting demand became crucial, both for the individual firm and the economy as a whole.



The figures for total U.S. advertising expenditure become most reliable starting in 1935, when complete census data is available. Before this, analysts made estimates based on various industry sources.
Source: Borden (1942, p. 48, table 1).

Figure 1. Print advertising per capita, 1865–1937 (constant 1929 dollars)

Under monopoly capitalism, advertising (and in general the "sales effort") thereby moved front and center as one of the chief ways firms sought to compete. Advertising permitted large corporations in particular to expand or protect their market share without engaging in destructive price competition (Kaldor, 1948, p. 35). It allowed firms to build brand identity and loyalty. Figure 1 illustrates how advertising exploded into prominence between 1865 and 1929, the period in which competition gave way to oligopoly in many industries. The graph measures (in constant 1929 dollars) the per-capita advertising expenditure in newspapers and magazines, the predominant media of this period.

Advertising itself is only one component of the larger sales effort, which has become part of the system's DNA from the firm level through the economy as a whole. Firms today plan and develop new products to meet marketing

criteria. Differentiation of the product from other brands is built into the entire process from production to sales. For this reason, it is much more difficult to determine total marketing costs, as opposed to advertising expenses, which are more transparent.

Taking off from Thorstein Veblen's brilliant early discussion of advertising and marketing in his 1923 book *Absentee Ownership*, Baran and Sweezy (1966) argued that the sales effort often penetrated into the production process, with enormous costs of packaging, cosmetic changes in products, new models and fashions, branding, and product obsolescence—all aimed at increasing the consumer's propensity to buy a particular product. As Veblen (1923, p. 300) himself wrote, "much of what appears on the books as production-cost should properly be charged to the production of saleable appearances." Marketing was built into every product, often comprising a very substantial, in some cases the largest, "cost of production." Advertising (together with sales promotion and direct marketing) is therefore the final commercial-propaganda instrument of a commodity-sales system governing all aspects of production and consumption. The sales effort is a necessary expense for a firm under monopoly capital, though a dubious one from society's vantage point.

The core contradictions of advertising and product differentiation (branding), and their ultimate asininity, are encapsulated in two paradoxes. First, it is often said that the more products are alike and the more the prices are similar, the more the firms must therefore advertise to convince people they are different. Rosser Reeves, the legendary adman who is regarded as an inspiration for the popular *Mad Men* TV series (which looks at life at an advertising agency in the 1960s), was reputed to have repeated the same presentation for years for newly hired copywriters at his Ted Bates advertising agency in that era. He would hold up two identical shiny silver dollars, one in each hand, and would tell his audience in effect: "Never forget that your job is very simple. It is to make people think the silver dollar in my left hand is much more desirable than the silver dollar in my right hand."[1]

The second paradox of advertising is that the more firms advertise to distinguish themselves from their competition, the more commercial "clutter" there is in the media and culture. As a result, firms are forced to increase their advertising that much more to get through the clutter to reach the public. Monopoly capital begets advertising, begets hyper-commercialism.

With the consolidation of the advertising system under monopoly capitalism in the early 20th century, the advertising agency system, Madison Avenue in shorthand, developed. By 1920, advertising accounted for over 2% of GDP and has remained at that level to the present day, growing in tandem with the overall economy. Our research establishes that the average annual share of advertising in GDP from 1920 to 2007 was 2.2%. As Baran and Sweezy (1966, pp. 122, 141) stated, advertising becomes "as much an integral part of the system as the giant corporation itself."

Stagnation and the Sales Effort

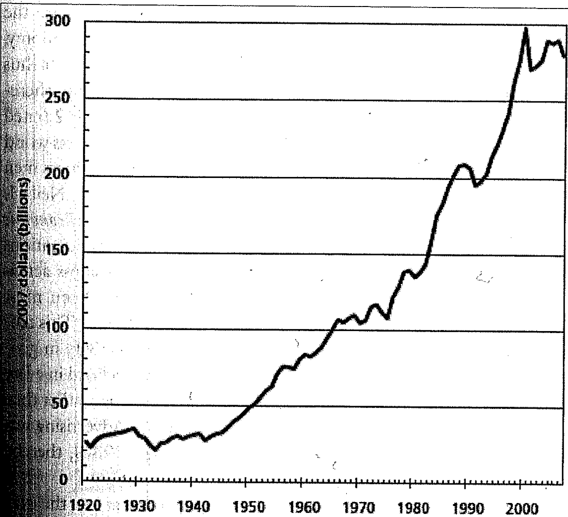
If the microeconomic role of advertising is made clear by the transparent economic necessity of oligopolistic firms, the other core function of advertising at the macroeconomic level under monopoly capital, as described by Baran and Sweezy, is less obvious. The central problem facing monopoly capitalism in the United States is its strong tendency toward stagnation. Unlike orthodox neoclassical economists, who view full employment as natural and stagnation as the exception, Baran and Sweezy argue that stagnation is the normal tendency of contemporary U.S. capitalism. It is the boom periods (and not the bust periods) that are the exceptions that need explanation.

The system has the capacity to produce more gross surplus (or gross savings) than can be absorbed through investment spending. If these surpluses do not find spending outlets, production will stall, leading to rising unemployment and overall crisis. From this vantage point, much of economic policymaking over the past 60 years has been about finding ways to absorb production surplus, so as to stimulate the economy, and then dealing with the side effects and consequences of such policies.

Baran and Sweezy were not alone among mid-century economists, especially those conversant with Keynes, in arguing that advertising was an important weapon in battling stagnation. As K.W. Rothschild (1942, p. 115) explained in *The Economic Journal*, advertising not only stimulated effective demand, providing additional employment and increasing the "propensity to consume for all income receivers," it also had one singular advantage over most other forms of spending: it increased "effective demand without increasing the supply of goods." In this contest, Rothschild compared advertising to Keynes's famous assertion that even digging holes in the ground could help an economy with substantial excess capacity and unemployed labor. Similarly, economist Nicholas Kaldor (1950–1951, pp. 9–10) observed, in discussing "The Economic Aspects of Advertising," that in an economy of chronic underemployment, "'waste' [such as advertising] is economical," as it raises the propensity to consume, while retarding saving and lifting effective demand.

Hence "the function of advertising, perhaps its dominant function today," Baran and Sweezy (1966, p. 128) wrote,

> becomes that of waging, on behalf of the producers and sellers of consumer goods, a relentless war against saving and in favor of consumption. And the principal means of carrying out this task are to induce changes in fashion, create new wants, set new standards of status, enforce new norms of propriety.



The figures for total U.S. advertising expenditure become more reliable in 1935, when complete census data is available. Before this analysts made estimates based on various industry sources. Sources: From 1920 to 1997: Daniel M.G. Raff, "Advertising Expenditures by Medium, 1867–1998," Historical Statistics of the United States (New York: Cambridge University Press, 2006), Table De482-515, data prepared by Robert J. Cohen of Universal McCann. From 1998 to 2007: Universal McCann, "Historical Cross-Media Ad Expenditures." Television Bureau of Advertising: TVB Online.

2 United States advertising expenditures, 1920–2007 in constant 2007 dollars

regarded advertising as an "unquestioned success" in battling monopoly capital's tendency to stagnation.

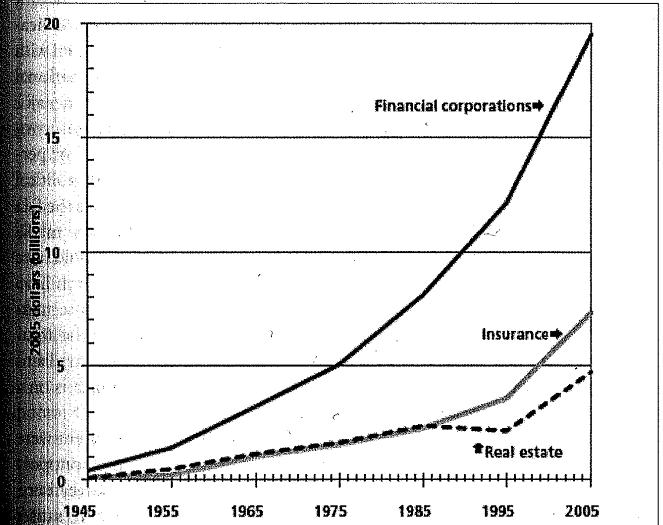
That said, while advertising can limit stagnationist tendencies, it does not eliminate them. The rise of advertising has helped to raise the propensity to consume and even the propensity to borrow, but the limits of consumption are set elsewhere in such factors as real wages, family income, and household debt.

It has long been known that although advertising serves to increase the propensity to consume and thus boost effective demand in the entire economy, it moves almost invariably in the direction of overall economic activity. It thus tends to push demand up in the upswing and down in the downswing, thereby failing to cushion the economy in a fall. As Rothschild noted in 1942 (cited in Baran & Sweeezy, 1966, p. 124), "the advertising habits of the business world tend to accentuate the movements of the trade cycle.... Generally, business men prefer to curtail their advertising expenditure in a slump." Likewise, Neil H. Borden (1942, pp. 734–735) noted in his monumental study *The Economic Effects of Advertising* that advertising "has tended to accentuate fluctuations because expenditures for advertising have varied directly with business activity.... As a stimulant to demand for products and services, it has been most extensively used in boom times and most lightly used in depressions." This tendency of advertising to move in the same direction as business activity in general can be seen in Figure 2. Note that advertising spending has declined in every economic downturn since the Great Depression. Hence advertising, rather than acting as a countercyclical force, follows the cyclical movements. Advertising was expected to decline in 2009 by the largest amount since the 1930s, thereby accentuating the general decline (Coen, 2008).

Over the past three decades—a profound epochal period that saw the evolution of monopoly capital into monopoly finance—the system has addressed deepening stagnation by dramatically expanding debt relative to the real economy of goods and services. The economy thus saw a sharp increase in size and significance of the FIRE sector (financial corporations, insurance, and real estate), reflecting the financialization of the economy (the shift in the center of gravity of the economy from production to finance). Advertising by its logic fits well with this debt-prone "buy now, pay later" ethos. What is noteworthy, too, is how advertising was used to reinforce FIRE by increasing the propensity to borrow and hence accelerate household debt.

Figure 3 highlights these developments. What is striking is that most of the increase in advertising in the FIRE sector actually resulted from the rapid rise in financial corporate advertising as a percentage of total advertising. FIRE advertising accounted for 2% of total ad spending in 1945, 6% in 1965, and 12% in 2005. This sharp upward trend in advertising by financial institu-

tions disguises a considerable difference in the aims of such advertising over the period. In the 1950s and early 1960s, at a time of high consumer liquidity, it was aimed at promoting savings; from the 1980s on, in a period of increasing consumer debt, it was aimed at accelerating debt.



Sources: Internal Revenue Service, Sources of Income, Corporation Income Tax Returns, various issues; Sahr (2008), "Inflation Conversion Factors for Dollars 1774 to Estimated 2018." See sources note to Figure 2.

Figure 3. FIRE advertising expenditures by category, 1945–2005, in constant 2005 dollars (billions)

Advertising and the Media

The most visible manifestation of advertising is in the media system. To begin with, it is one of the principal forms of media *content*. It is ubiquitous. At the same time, it is the primary means of support for much of the commercial media and almost all of the news media—to the extent that the press can be regarded as a critical vehicle of the overall advertising industry. Let's be clear: media would have emerged as major industries in the United States even without the assistance of advertising—motion pictures, recorded music, and book publishing come to mind. In the 19th century, capitalist media existed but were a relatively small component of overall cultural production. But with the coming of the regime of big business and advertising, communication empires began to flourish, first with the great newspaper chains, then with the broadcast networks, and eventually with contemporary transnational media conglomerates. Fueled by advertising, the media sector became a major area of economic activity and a source of tremendous profitability.

Defenders of the commercial media system applaud advertising for permitting the system to prosper without direct state support and with political independence. Behind this veil of "freedom of the press," however, lies the fact that capitalist ownership and advertising support have made the U.S. media system (and U.S. society as a whole) decidedly less democratic than would have been the case under other institutional structures. Volumes of research have demonstrated the nefarious influence of advertising over news, entertainment, and cultural fare. As Baran and Sweezy (1966, p. 121) put it, "the argument sometimes advanced in favor of advertising, that it enables the media to finance the production of high-quality musical and literary programs, is on a level with burning down the house in order to roast the pig."

In the case of journalism, the implications of advertising on content were widely understood as cancerous almost from the beginning of the monopoly capitalist era. If newspaper owners received their revenues from advertisers, there would be tremendous incentive for them to doctor the news to satisfy their benefactors, to the detriment of the public. This is one of the major reasons why professional journalism emerged in the first half of the 20th century as the "solution" to the problem of advertising-supported capitalist news media. The principle behind professional journalism was that it would erect a "Chinese wall" between the editors and reporters on one hand and the owners and the advertisers on the other. Therefore, the public could trust the content of the news and not be concerned by monopoly ownership or the omnipresent advertising in the media. Although professional journalism has its merits, it has hardly been a politically neutral enterprise. It has, instead, tended to internalize the dominant industry values and make journalists oblivious to them as they go about their work. In the media as elsewhere, despite the aura of professionalism, s/he who pays the piper ultimately calls the tune (McChesney, 2008, pp. 25–66).

Nowhere are the contradictions of advertising-supported journalism more pernicious than in coverage of economics and capitalism. As news media rely largely upon advertising for revenues, and as advertisers are primarily interested in affluent consumers, journalism has gravitated to an out-and-out rah-rah attitude toward capitalism with nary a critical bone in its being. Poor people only register as meaningful in the news when they get in the way of rich people.

The problem has only been aggravated over time. As recently as 1950, there were several hundred full-time labor reporters and editors at U.S. daily newspapers; by the end of the 20th century there were barely any. Concurrently, by any estimation, "business news" was arguably the fastest-growing area in the field.

Business news coverage has been pretty much a farce in the field of journalism. U.S. news media missed the most recent corporate scandals entirely, cheering on the debt bubbles in the midst of their mad worship of wealth. Today, journalists are mostly asleep in recognizing the machinations of finance capital in securing the transfer of Treasury and Federal Reserve monies to their coffers, while trivial celebrity stories get widespread attention. The lesson is clear: a privately owned and advertising-supported media system is structurally incapable of providing an honest picture of the economy and is therefore inadequate and unresponsive to the needs of a democratic society.

In the current depression, and with the emergence of the Internet, corporate media, and particularly news media, are floundering as advertising revenues slip into sharp retreat. There are grounds to believe advertising will never return to "old media." But it is unclear how well advertising will adapt to the Internet; there is little reason at present to believe that ad money will ever flood cyberspace to anywhere near the same extent it previously bankrolled newspapers, magazines, radio, and television. To some observers, the traditional sales model no longer works and will be junked. Advertising and media industries will move on to a cleaner and more efficient market model for consumer information. Good-bye Rosser Reeves.

This perspective, in our view, is wrong-headed. Corporations were never wedded to advertising per se; it has simply been the most economically efficient way by far to engage in the sales effort. With the decline of the traditional advertising-media model, the need for the sales effort remains as powerful as ever; it only assumes new forms. What Veblen (1923, p. 300) called the progressive "blurring" of the relationship "between workmanship and salesmanship" characteristic of monopoly capitalism is likely to become even more the case in the era of new communications, as traditional advertising declines. The main tendency in media, traditional and digital, has been toward the elimination of the long-standing barrier between editorial content and advertising. They are increasingly merging, with ignominious implications for media content.

The "infomercial" is an obscene example, as is the now-common corporate sponsorship of once-noncommercial public activities. But the latest developments are far more sophisticated. It is the complete elimination of the barrier between the advertising pitch and the actual sale. CBS founder William Paley once said that television was the ideal selling medium. Left to Madison Avenue, the interactive digital world will be the ideal medium for closing the deal altogether. As media, digital or otherwise, seek revenues from commercial interests, they will adopt whatever standards generate maximum profits. Indications are that the standards for editorial integrity will be low.

Another related tendency has been for explicit advertising to become a smaller portion of the sales effort than it has been in the past. Because non-advertising marketing expenses are not statistically tracked with a uniform standard and are often buried in other categories, this is a difficult argument to make with desired precision. But all evidence we encounter points in the direction of the sales effort continuing to grow while traditional advertising plays a smaller role. Advertising has grown, but now accounts—according to most informed industry estimates (Myers, 2010; Klein, 1999; Dawson, 2003)—for at most 30% of total marketing budgets, and the advertising share continues to diminish.

The huge growth is in what is termed "direct marketing." This refers to telemarketing, e-mail marketing, junk mail, and sundry other methods to sell without affixing the pitch to non-commercial media content of some kind. At current rates, direct marketing, which was minuscule compared to advertising just two decades ago, will account within a few years for more corporate spending than advertising itself. If the assumptions of recent industrial research hold true, the amount of marketing in the economy would account for roughly 5.5 % of GDP in 2007. As the present study uses only quantifiable categories, and does not include the marketing expenses hard-wired into production or other categories, this can be regarded as a conservative estimate.

In this light, we are hardly entering an era in which the contradictions of the sales effort are in remission or decline but, rather, one in which they are spreading like a virus. If anything, the sales effort is ever more desperate to imprint itself on our brains, and ethical standards are in an uphill battle for survival. It is striking that among the fastest-growing sectors of marketing over the past three decades are prescription drug marketing and marketing to children. In the pharmaceutical industry, annual spending on direct-to-consumer

advertising and promotions to health professionals (including free samples) rose from 14.2 % of total sales in 1996 to 18.2% of total sales in 2005. Real expenditures on direct-to-consumer pharmaceutical marketing increased by 330% over the period (Donohue, Cevasco, & Rosenthal, 2007). In 1983, corporations spent $100 million per year marketing to kids. By 2007, this had risen to nearly $17 billion (CBS News, 2007; Schor, 2004, p. 21).

Both of these areas were considered more or less off-limits to advertising for decades, or at least strictly regulated. The notion that pharmaceuticals would be promoted by persuasive advertising campaigns or that an avalanche of advertising would be directed at children was once considered dubious, if not obscene. Today, it is business as usual.

Advertising and Social Costs

We turn now to what are considered the "externalities" of advertising, meaning the social costs of advertising not reflected in the commercial transaction made by the advertiser or the consumer when purchasing the advertised product. What happens, for example, to a generation of children marinated in advertising and commercialism from their waking moments? We do not know exactly, because this is uncharted territory, but the evidence trickling in suggests the range of possible outcomes is all negative and includes issues such as advertising's contribution to the epidemic in childhood obesity. And we know that the advertisers engaged in this practice do not care, as they are out to maximize profit in the here-and-now. That is why it is an "externality."

What are some of the other externalized social costs associated with the sales effort? A large problem—one understood by feminists first and foremost—is that to convince people to purchase a product, an advertiser has to establish that there is a problem that only the purchase of the advertised product can fix. Since serious problems that can be effectively resolved by using advertised products are in short supply, this requires a willingness to create a new reality. Advertising becomes a perpetual omnipresent scoreboard telling people "you have problems, lots of them, and you can purchase the solution here." It is at best a half-truth, often a lie, and is in all cases, as Baran and Sweezy (1966, p. 121) pointed out, a practice "in essence subliminal."

Advertising contributes to two great crises of our times: the environmental crisis, because it encourages a wanton disregard for a sustainable use of resources; and the happiness crisis, because research demonstrates that even people who are successful in our commercial society are not especially happy or satisfied with their lives (Jhally, 2000). Material commodities, once certain core human desires are satiated, have a decreasing relationship to our happiness, especially when they are sold as a way to a more fulfilling life.

Moreover, to satisfy the needs of advertising, some of the brightest and most talented minds in the nation devote their lives to the task of convincing people to purchase a particular beer or pain reliever; this is an irrational use of human talent in a world where the need for it is immense. "The greatest damage done by advertising," Baran and Sweezy (1966, p. 232) wrote,

> is precisely that it incessantly demonstrates the prostitution of men and women who lend their intellects, their voices, their artistic skills to purposes in which they themselves do not believe, and that it teaches "the essential meaninglessness of all creations of the mind: words, images, and ideas." The real danger from advertising is that it helps to shatter and ultimately destroy our most precious non-material possessions: the confidence in the existence of meaningful purposes of human activity and the respect for the integrity of man.

In short, the sales effort is a deeply dubious enterprise that inflicts great damage upon societies. "The trouble," Baran and Sweezy (1966, p. 233) observed nearly 50 years ago, "is that advertising of necessity promotes conformity to norms that, by any rational standard, are worthless or humanly destructive."

There is one other aspect of advertising and culture that is rarely acknowledged, though of pressing import. Advertising is not a neutral form of communication, engaged in by nearly everyone for similar purposes; it is expensive and privileged communication conducted primarily by a small number of corporations to change the behavior of the vast majority of the population. Advertising is, in essence, commercial propaganda, and was understood that way by its pioneers. "Whatever Hitler has done," the trade publication *Printers' Ink* wrote in 1933, "he has depended almost entirely upon slogans made effective by reiteration, made general by American advertising methods" (McChesney, 2009, p. 50). That was not all. "Hitler and his advertising man Goebbels issued slogans which the masses could grasp with their limited intelligence....Adolf has some good lines, of present-day application to American advertisers."

With time, we have learned that commercial propaganda far exceeds the power of state propaganda. As Walton Hale Hamilton (cited in Rorty, 1934, p. 10) put it: "Business succeeds rather better than the state in imposing restraints upon individuals, because its imperatives are disguised as choices."

Baran and Sweezy's (1966, p. 141) assessment of the sales effort acknowledged that "the prodigious volume of resources absorbed in all these activities does in fact constitute necessary costs of capitalist production." But they

were not afraid of drawing the logical conclusion from their analysis: "What should be crystal clear is that an economic system in which such costs are socially necessary has long since ceased to be a socially necessary economic system."

Advertising and Politics

Advertising has been a politically contentious issue since the emergence of monopoly capitalism. As Inger Stole (2006) has chronicled, the consumer movement of the 1930s and early 1940s galvanized around the issue of eliminating or dramatically reforming advertising. The consumer movement wanted to see enforced consumer product standards that would make brand differentiation and most persuasive advertising irrelevant. It wanted strict regulation of advertising content, such that claims had to be verified in advance of publication or broadcast. The movement was a threat to the modus operandi of monopoly capitalism; the very first congressional committee investigation by what became the House Un-American Activities Committee (HUAC) focused in 1939 on Communist Party influences in the Consumers Union. As a result, the Consumers Union gravitated away from its radical origins and became a more respectable organization emphasizing product testing.

In the 1960s and 1970s, consumer activism around advertising returned, though it was less radical in orientation. The great victory was the removal of cigarette advertising from television. The great defeats were the failed efforts to ban television advertising to children and pharmaceutical advertising in the 1970s. In general, consumer activists in all periods discovered that their adversaries were not simply advertisers or big business, but the commercial news media, which were dependent upon advertising for revenue. This made the job of organizing mass support ever more difficult.

By the 1970s the advertising industry had hit on a public relations goldmine. It declared that advertising, or "commercial speech," was entitled to protection by the First Amendment to the Constitution. This bizarre notion, dismissed categorically by the U.S. Supreme Court when it first considered the matter in 1942, has been accepted in part by the courts and largely embraced by liberals. The logic for this adaptation of the First Amendment was a clear recognition of the triumph of advertising: if the First Amendment did not protect commercial activities, there was not much left for it to protect. Once advertising becomes effectively part of the Constitution, it is far more difficult to challenge.

The main political battles over advertising have focused on media policy. One of the overriding aims of media reform activists has been to limit the role of advertising in the media system. In the 1920s and 1930s, the struggle was to have a non-commercial broadcasting sector that would be the dominant element of American broadcasting. This was indeed a popular demand, though the corrupt political process ruled in favor of commercialism. With no sense of irony, the government determined that only advertising-supported radio broadcasting would not be "propagandistic." Any other type of radio station would have an axe to grind, and since there were not enough stations to satisfy all the axes, the entire system should be advertising-supported. By the late 1940s, with the Red Scare and the Cold War, the idea that freedom of the press equals capitalistic, advertising-supported media was a virtual civic religion. Media activists have struggled subsequently to carve out non-commercial niches on the margins, but in doing so they have tended to concede that at its center the U.S. media system is set up to satisfy the needs of Wall Street and Madison Avenue (McChesney, 1993).

In the coming years, as journalism continues to disintegrate and hyper-commercialism extends, media reform activism will press forward and, one hopes, it will radicalize its demands to insist upon independent non-profit and non-commercial media as the centerpiece of the press system. Concurrently, consumer activists need to press forward to abolish advertising to children and advertising for dangerous products. Consumer and media activists together will need to battle to limit commercialism and protect privacy in digital media. The consumer movement, ultimately, needs to return to its roots and devise means to spread necessary product information that serves rather than confuses consumers and makes production efficient and less expensive. Both of these movements will need to generate alliances with progressive forces across society to be effective. Such initiatives will be part of the social movements' agendas of the next generation, and much rides on their success.

What remains to be seen is how much space activists will have to reform advertising within monopoly capitalism. The United States spends considerably more on advertising as a percentage of GDP than any of the other G-7 economies. (Many of these nations, for example in Scandinavia, prohibit television advertising to children.) This suggests that the United States could corral its commercialism to a certain extent without jeopardizing the system. The counter to this argument is that these other nations have been moving toward U.S. levels of hyper-commercialism for decades. The world is vastly more commercial today than it was a generation ago. Moreover, even if rates of growth in media advertising level off or even decline, there is little reason to doubt that the broad area of marketing will continue to play its historic role in monopoly capital, quite possibly in an even more destructive manner.

The logic here is inescapable. Monopoly capital and the sales effort are inseparable. To address one it is necessary to address the other. The dilemma we face is striking: to address the structure and limitations of our political economy, we are forced to go through a media and communication system doused in a system of commercialism that is part and parcel of the larger corporate political economy. The economic system continues to promote propaganda for the status quo at a time when critical discourse is of the utmost importance. This paradox redoubles the importance of media reform as a cornerstone to any movement to extend and deepen democracy in the United States.

Note

1. One of the present authors was told this story by a former advertising professional at Reeves's Ted Bates advertising agency. For somewhat different versions of the story, see FCC chair Reed Hundt (1996), and Richard Tedlow (2003, p. 118). Reeves was an advocate of such deceptive advertising stratagems as presenting as new and unique what was actually old and ordinary in a given product. See also the discussion in Baran & Sweezy (1966, p. 129).

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3. Branded Entertainment and the New Media Economy

Doris Baltruschat

Branded entertainment lies at the core of the new media economy. Closely tied to the increasing commercialization of the cultural industries in North America and Europe—triggered by neoliberal reforms in the 1990s—the growing trend of product placements in feature films, television, and multi-media is also the result of globalized modes of production and distribution. More precisely, challenges to media industries in the form of privatization, deregulation, and trade liberalization laid the basis for global networks of producers, broadcasters, and digital content developers that follow the beat of international commerce. These networked 'media production ecologies,' combined with the development of multi-media platforms and the rise of infotainment, provide the context for the proliferation of branded entertainment across the cultural industries.

Current trends were precipitated by several key developments in global capitalism. Harvey (2007) points toward the long downturn in global capitalist markets, which, after the end of the post-war consumer boom in the late 1960s, experienced a series of crises, from recessions to oil embargos, that led to reforms such as floating exchange rates in 1973, structural adjustment plans by the International Monetary Fund, and other neoliberal measures to revitalize capital accumulation. Concurrently, attacks were made on organized labor (i.e., the miners' strike in the U.K. in 1983–1984), which were ampli-

7. *Corporate Discourse on Climate Change*

Sharon Beder

Politicians in many nations have not been responsive to community concerns about global warming because of a highly successful corporate campaign of misinformation and persuasion. Corporations that would be affected by measures to reduce greenhouse gas emissions set out to confuse and deceive the public and policymakers on the issue. They used corporate front groups, public relations firms, and conservative think tanks to cast doubt on predictions of global warming and its impacts, to imply that governments do not know enough to act, to argue that the cost of reducing greenhouse gases is prohibitively expensive and to promote doubtful solutions such as 'clean' coal.

Since the 1970s, corporations have increasingly set the political and the public agenda of democratic nations through their use of business organizations, public relations, lobbying, and funding of third parties such as media, think tanks, and advocacy groups. This is particularly true of environmental issues. There is an extensive history of PR firms serving energy interests (e.g., Ivy Lee's long involvement with the Rockefellers' Standard Oil Company: see, for example, Ewen, 1996). This chapter seeks to illustrate this using global warming as a case study. It will show how systemic propaganda, including a range of promotional activities and practices, have determined the public policy responses to this ecological threat and in so doing undermined the willingness and ability of governments to take effective measures to prevent it.

Public respect for business was at an all-time low during the 1970s and 'for books and a quarterly journal, *Policy Review*. Its speciality was its 'backgrounders' or 'bulletins,' which are short essays (between 2 and 20 pages) on current issues—'brief enough to read in a limousine ride from National Airport to Capitol Hill' (Weaver, 1989, p. 567). These were provided to government officials, employees, and journalists without charge and usually personally delivered. The Heritage Foundation, like other think tanks, conducted public opinion polls as a means of—as a Foundation employee put it—'influencing public opinion, not just reflecting it' (Abelson, 1995, p. 106; quoted in Katz, 1992, p. 53).

Today, dozens of think tanks with similar corporate-funded agendas influence government by insinuating themselves into the networks of people who are influential in a variety of policy arenas. They do this by organising conferences, seminars, and workshops and by publishing books, briefing papers, school kits, journals, and media releases for policy-makers, journalists, and people able to sway those policymakers. They liaise with bureaucrats, consultants, interest groups, lobbyists, and others. They take advantage of informal social networks—clubs, business, family, school/university. They seek to provide advice directly to the government officials in policy networks and to government agencies and committees, through consultancies or through testimony at hearings. Ultimately, think tank employees become policymakers themselves, having established their credentials as a vital part of the relevant issue network (Beder, 2006b).

Conservative think tanks, having been instrumental in bringing Ronald Reagan to office in the United States and Margaret Thatcher to power in the U.K., turned their attention to environmental issues and the rolling back of environmental regulations in the 1990s. They sought to cast doubt on the very features of the environmental crisis that had heightened public concerns at the end of the 1980s, including ozone depletion, global warming, and industrial pollution (see Beder, 1997, pp. 91–105). They were aided in this by a proliferation of advocacy groups created by public relations firms on behalf of their clients.

Public relations had become a multi-billion dollar industry by the 1990s. The industry employed almost 200,000 people in the U.S., meaning there were more public relations personnel than news reporters. More than 5,400 companies and 500 trade associations had public relations departments, and there are over 5,000 public relations agencies in the U.S. alone (Brody, 1992, p. 351; Carlisle, 1993, p. 22; Montague, 1993; Seitel, 1995, pp. 2, 40; Sherrill, 1990, p. 389). Public relations also boomed elsewhere in the English-speaking world. The public relations industry in the U.K., one of the largest outside the United States, employed more than 48,000 people during the early

1990s, most of them based in London (Josephs & Josephs, 1994, p. 14).

It was during the 1990s that the application of public relations to environmental concerns really came into its own. Environmentalism was labelled 'the life and death PR battle of the 1990s' and 'the issue of the decade' by public relations personnel (Nelson, 1993, p. 27). By 1995, U.S. firms were spending about $1 billion a year on public relations advice on how to green their image and deal with environmental opposition (Stauber & Rampton, 1995, p. 173). Whereas in the past public relations had been mainly about publicity, environmental public relations was increasingly about strategic counselling—shaping public and government perceptions of environmental problems and finding ways to counter environmentalists and environmental regulations (Greenberg, 1994, p. 6).

Think Tanks—Fostering Doubt about Climate Change

Over the past two decades, many corporate-funded think tanks in various parts of the world have sought to undermine the case for global warming preventative measures, initially by portraying global warming as little more than a theory that scientists cannot agree on and subsequently by downplaying the consequences of global warming. They played a key role in providing 'credible experts,' usually not atmospheric or climate scientists, to claim there was 'widespread disagreement within the scientific community' about global warming and, more recently, that any possible future warming would be slight and might even have beneficial effects and so does not justify the proposed international treaties and national regulations.

Fostering doubt is a well-known public relations tactic. Phil Lesly, author of a handbook on public relations and communications, advised corporations that:

> People generally do not favor action on a non-alarming situation when arguments seem to be balanced on both sides and there is a clear doubt. The weight of impressions on the public must be balanced so people will have doubts and lack motivation to take action. Accordingly, means are needed to get balancing information into the stream from sources that the public will find credible. There is no need for a clear-cut 'victory.'...Nurturing public doubts by demonstrating that this is not a clear-cut situation in support of the opponents usually is all that is necessary. (Lesly, 1992, p. 331)

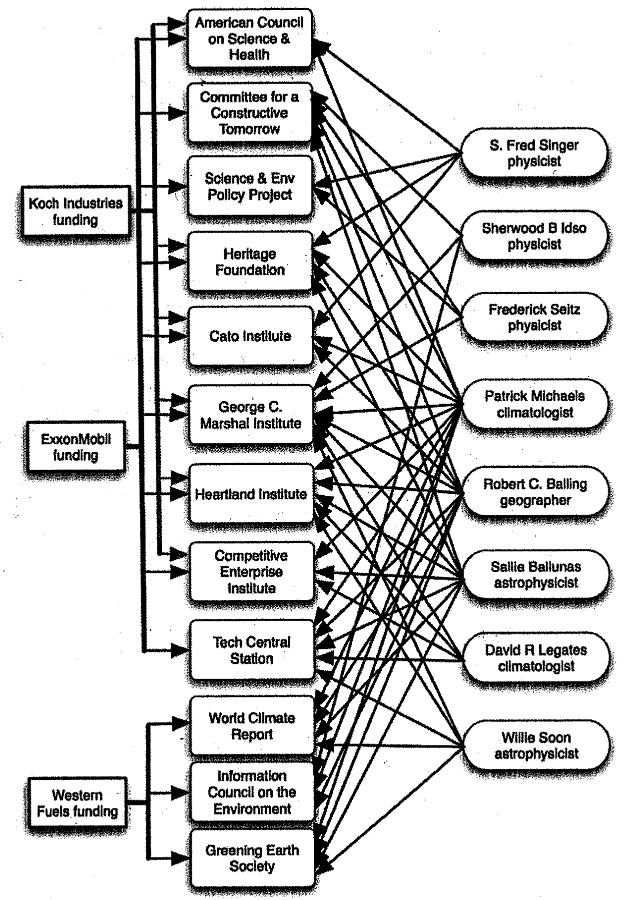
In October 1997, the Heritage Foundation, which receives funding from vestits own name. But it is far more effective to have a group of citizens or a group of experts—preferably a coalition of such groups—who can publicly promote the outcomes desired by the corporation while claiming to represent the public interest. When such groups do not already exist, modern corporations can pay public relations firms to create them (Beder, 1997, chapter 2).

These front groups, like the think tanks, have in turn utilised a handful of dissident scientists to give credibility to their arguments. For example, the Information Council on the Environment was a coal industry front group formed in 1991 to 'reposition global warming as theory (not fact).' Buttressed by a large advertising budget, its media strategy detailed a plan to target 'older, less-educated males from larger households who were not typically active information seekers' and to use scientists as spokespeople, as they are more credible with the public (Ozone Action, 1996, p. 5). It promoted the views of well-known skeptics Patrick Michaels, Robert Balling, and Sherwood Idso in television and radio broadcasts, newspaper opinion pieces, and newspaper interviews.

The diagram below shows how a group of eight scientists served as scientific advisors, fellows, book and report authors, or featured experts for a number of think tanks and corporate front groups that had been funded by ExxonMobil, Koch foundations, or Western Fuels Association. The diagram is by no means exhaustive but only indicative. Many more corporate-funded think tanks and front groups have been involved.

The UCS points out that by funding so many groups with shared staff and scientific advisors, corporations like ExxonMobil are able to 'provide the appearance of a broad platform for a tight-knit group of vocal climate science contrarians.' Their report also argues: 'The seeming diversity of organizations creates an "echo chamber" that amplifies and sustains scientific disinformation' (Shulman, 2007, p. 11).

Once these few science skeptics had become household names, a result of being frequently quoted in the media, the oil industry sought to 'recruit and train a team of five independent scientists to participate in media outreach.' It intended that those recruited would be 'new faces who will add their voices to those recognized scientists who already are vocal' (American Petroleum Institute, 1998). This was part of an American Petroleum Institute (main U.S. trade association for oil and natural gas) plan to raise $5 million over two years to establish a Global Climate Science Data Center as a non-profit 'educational' foundation to help meet their goal of ensuring that the media and the public recognise the uncertainties in climate science. Internal documents stated that 'victory' would be achieved when the media, industry leaders, and aver-



Sources: Shulman (2007, pp. 34–35) and Greenpeace (2010, p. 4).

Figure 1. Links between key corporate funders, climate denial groups, and a few skeptical scientists.

islation and shaping those that were finally agreed and passed. In particular, they sought to promote voluntary actions by presenting themselves as environmentally responsible and committed to finding solutions.

The coal industry has been desperately pushing the idea of clean coal as a way of heading off moves to phase out coal burning because of its carbon dioxide emissions. Clean coal is not a present-day reality but refers to the hope that one day the carbon from burning coal will be able to be captured and stored underground—carbon capture and storage (CCS). However even the most optimistic analysts, for example the MIT authors of the report *The Future of Coal*, admit that such technology would not be available on a commercial scale before 2030 (Pearce, 2008). In 2007, the association for electric power generators, the Edison Electric Institute, told a House Select Committee that CCS on a commercial scale would take 25 years of research and $20 billion in funding.

Even if it could be developed within this time, it is unlikely that the technology could be retrofitted to existing coal-fired power plants without enormous expense: a whole new generation of carbon-capturing, coal-fired power plants would have to be built (Wilkenfeld, Hamilton, & Saddler, 2007, p. 4). In the meantime, coal-fired power stations would be emitting massive amounts of carbon dioxide for decades. Even if carbon could be captured, there is no sure way to store it permanently without possibility of leakage, which would defeat the purpose. Moreover, it would take a significant amount of energy to achieve CCS (up to 40 percent of the power generated by the power plant), and the cost of CCS would make coal more expensive than other fuel sources, including renewables (Rochon, 2008, p. 5).

However, by promoting 'clean coal' as if it were just around the corner, the industry is ensuring that it can continue to thrive and expand. The Australian Coal Association is spending $1.5 million on advertisements and $1 million on a New Generation Coal website to promote the idea of clean coal, which it claims will be commercially viable by 2017 (Colebatch, 2008). In the United States, a number of coal industry front groups have been promoting coal as 'clean' and 'green.' The American Coalition for Clean Coal Electricity (ACCCE) was formed in 2008. Its president, Steven Miller, noted in a memo to the CEO of Peabody Energy in 2004:

> Our belief is that, on climate change like other issues, you must be for something rather than against everything. The combination of carbon sequestration and technology is what we preach and we are looking for more members in the choir. (Miller, 2004)

The ACCCE spent $38 million in 2008 promoting the concept of clean coal, and engaged public relations consultants, The Hawthorn Group, to run an astroturf (artificial grassroots) campaign for that purpose (Davenport, 2009). A Hawthorn newsletter stated: 'Our challenge was to get the candidates, media, and opinion "influencers" to start talking about the importance of American coal to our energy future and the need to fund clean coal technology.' It claimed that the campaign resulted in presidential candidates supporting clean coal technology and increased the percentage of people supporting coal-fired power stations from 46 percent in September 2007 to 72 percent in September 2008, with opposition dropping from 50 percent to 22 percent (Hammelman, 2008).

> Building on our existing 200,000-strong grassroots citizen army, we leveraged the presidential candidates' own supporters, finding advocates for clean coal among the crowd to carry our message. We got these on-the-spot advocates to show strong public support to the candidates and to the media, and enhanced that visibility by integrating online media that created even more of a buzz. We did this by sending 'clean coal' branded teams to hundreds of presidential candidate events, carrying a positive message (we can be part of the solution to climate change) which was reinforced by giving away free t-shirts and hats emblazoned with our branding: Clean Coal. (Hammelman, 2008)

A YouTube channel, under the name Citizens for Clean Coal, as well as a Facebook site, blog and Flickr Photostream, under the name America's Power, were established as part of the campaign.

As part of its PR efforts, the Hawthorn group hired Bonner & Associates in 2009, which was paid $43,000 to identify minority and senior citizen groups who would write to their local representatives opposing the global warming legislation. Bonner & Associates was subsequently caught sending out fake letters to members of Congress, purporting to be from various citizen groups (Fernholz, 2009; Media General News Services, 2009). In 2009, ACCCE again hired the Hawthorne Group to organise attendance at town hall meetings, fairs, and other gatherings in a million-dollar campaign to influence Democratic senators not to pass emissions trading legislation (Mulkern, 2009).

Conclusion

The new neoliberal order saw the rise of new mechanisms of influence: the use of public relations, marketing, and promotional activities to alter public opinion, influence policymakers, and set political agendas. Nations became business-managed democracies, that is, democracies where the politics and cultural

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