Chapitre 2/Chapter 2

Les Temps difficiles : et le capitalisme numérique en 2002/Hard Times: Digital Capitalism 2002

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Even as the world economy spirals down into stagnation, the U.S. military campaign in Central Asia signals U.S. leaders' determination to achieve a new level of global dominance. At stake are the disposition of the erstwhile Soviet Union's enormous natural resource wealth; the opportunity to exert more comprehensive strategic influence throughout Asia and the Middle East; and a new demonstration to the world of U.S. military might. With gathering recession and escalating war comes dramatic confirmation of Eric Hobsbawm's claim: that the collapse of Soviet socialism owed to a world crisis, and a crisis that is not yet passed.**1**

It is not well-enough appreciated that this crisis is profoundly intertwined with the changing communications and information sector. Although "new economy" speculation has careened to a halt, shifting the story from "long boom" to "burst bubble," indeed, the societal reorganization that I call "digital capitalism"**2** continues to hurtle onward. The present essay suggests that, precipitated by and in turn responding to a crisis which, again, goes well beyond the attacks of September 11th, digital capitalism may be shifting into a new phase.

Roughly from 1970 forward, as political-economic elites impressed a refined and expanded capital logic upon a technologically dynamic communications sector, a neoliberal order was erected. This complex initiative required radical institutional metamorphoses. U.S. authorities relaxed or withdrew welfarist regulatory restrictions on communications systems and services, thereby prodding the sector to adopt a more fully corporate-commercial – and, increasingly, a transnational – structure; they expedited a rapid expansion of the system of commercial advertising; and they adumbrated and helped to enforce ever-more draconian intellectual property rights. Efforts by U.S. agencies to deepen and broaden the capital accumulation process by opening up communications and information to market forces engendered widespread but complex supranational ramifications, powerfully resonant with China's embrace of the market and the collapse of Soviet socialism. The state-authorized neoliberal regime that ascended to global dominance in turn generated unprecedented – though still uneven - network system development. However, beginning with the Asian financial crisis of 1997-98, this phase of digital capitalism began to exhibit significant institutional stress. Its difficulties were compounded by the stock market debacle of 2000 and the economic realities that underlay it - but their full extent only became apparent after the attacks of 11 September 2001, when a recrudescent national security state within the chief citadels of Anglo-American neoliberalism sought to reframe the historical project of digital capitalism in prospectively sweeping authoritarian terms. The success of this new initiative remained profoundly uncertain as of late November, 2001.

My review begins with the technological revolution in communications.

The Technological Revolution in Communications.

Consider the much-vaunted technological revolution in communications, itself fueled by two powerful engines of the U.S. political economy – military spending and consumerism: Beginning around 1975, the traditional media (and analog broadcasting in the VHF and UHF bands, in particular) were supplemented in rapid succession by new media systems and distribution channels. Some findings from a Spring 2000 by the Pew Research Center for People and the Press:

79% of Americans had cable or satellite TV
59% had home computers.
53% had mobile phones.
29% logged on to the Internet on a typical day.
16% had DVD players.
7% got financial news from wireless devices.**3**

To these new fixtures, one might add millions of fax machines, MP3 music players, digital assistants, video- and computer-game consoles, and still other devices.
Each of these characteristically privatized new media has been propelled forward by a burst of innovation, but – more fundamentally – each also is linked to a prospectively sweeping technological metamorphosis. A growing portion of human experience may be objectified and represented, with varying verisimilitude, in digital form - "the esperanto of 1s and 0s" as Davis and Stack**4** call the process. Digitization has proved compelling owing to commanding economic and strategic advantages: capaciousness, flexibility, security, and accuracy in processes of signal reproduction, storage and transmission. Digital signal coding also enhances efficiency by accommodating increased reliance on machine perception and handling of information.**5**

Proliferating new media and the evolution toward a versatile but still far from fully formed highspeed, or broadband, digital operating environment massively disrupted and destabilized what had been discrete, and largely oligopolized, media markets. A leading response, examined below, was for corporations both to develop and exploit new advertising platforms, and to push for proprietary controls over increasingly diffuse works of intellectual property. But this dual endeavor itself dovetailed with a more general corporate objective: to gain leverage over the character and pace of the ongoing technical transition, both for digital variants of individual media systems and services, and general-purpose digital delivery infrastructures. Everything from computer operating system software to Internet addresses, and from digital music formats and television broadcasting standards to interconnection rules thus came under intense strategic scrutiny by a suddenly (and unstably) enlarged throng of self-interested actors. Most of the limelight was garnered by discrete corporate alliances and sometimes bitter turf fights over the terms on which digitization would proceed. But the decisive issue was whether this colossal technical transformation would be generally coopted.

The technical skills needed to produce for the emerging digital media were not yet by any means comprehensively monopolized by capital. Indeed, the declining cost of digital audiovisual production and the extraordinary capabilities of the open Internet for rapid, widespread and cheap distribution unfolded novel and important avenues of creative expression to individuals and groups long denied access to production for the corporate-commercial media. Military planners and intelligence analysts thus were quick to take note of the use of network resources by Zapatistas in Mexico, and by anti-globalization advocates mobilizing against the World Trade Organization.**6** As the U.S. undertook to wage war in Central Asia, moreover, access via email and the Web to critical information produced by domestic and international sources continued to frustrate U.S. Government attempts to impose comprehensive information control. (Le Monde diplomatique, probably the world's leading journal of critical opinion, indeed reported a 25% increase in circulation for its English-language Internet edition.**7**)
But we should also remember that the Internet was, first and foremost, a U.S. creation – and that U.S. political-economic interests continue to possess considerable ability to shape, or reshape, the new medium to support their ambitions. Alongside the

integration of Internet systems and services within giant corporations, the rapid build-up of multimedia conglomerates thus signaled big capital's intention to canalize the digitization process on behalf of its own narrow concern for profit.

Bulking Up: Emerging Multimedia Conglomerates.
U.S. media owners – purveyors to the world's single largest national media market, itself a vital stepping-stone to global cultural distribution – faced both challenges and opportunities. On one hand, as audiences migrated away from prevailing free-to-air broadcast services, the predominant mass-market, or "broad-reach," model of media practice eroded. Unless owners could extend their control to a succession of individual new media, and lay prospective claim to key segments of the emerging digital environment, the access to audiences that they afforded to advertisers – and, therefore, also their own profitability – would be endangered. Media owners who successfully amassed control over these new distribution systems, and moved to unite them with existing and new programming assets, on the other hand, would be capable of inflicting punishing new pressures on rivals. Significant cross-media conglomeration, of course, already existed. However, a much-vaunted trend toward "media convergence" supplied rhetorical cover for an industry-wide scramble to amass comprehensive control over what had been more discrete media sub-sectors.

Obstructing this movement toward expanded conglomeration were significant legal and regulatory curbs, a legacy of the earlier 20th century, when an ascendant U.S. liberalism still felt need to make (limited) room for domestic social welfare. A political campaign to eliminate these constraints was therefore required.

Through the 1980s and 1990s, U.S. Government authorities, both Republicans and Democrats, lent full-throated support to this supposed boon to freedom. Continuing "liberalization" of media markets was the result, as existing governmental restrictions on cross-media ownership and concentration of ownership within individual media were swept aside. Capital flooded into the communications industry. In an epic buy-out binge, a torrent of multibillion dollar mergers and acquisitions flowed through the sector.**8**
The size and scope of enterprise were, accordingly, dramatically enlarged. In 1982, the largest U.S. media company was the American Broadcasting Company, claiming (current dollar) revenue of $2.5 billion**9** ; in 2001, the largest U.S. media company was AOL Time Warner, with (current dollar) revenue projected to reach some $38 billion.**10** Passage of the Telecommunications Act of 1996**11** comprised a milestone: During just the first quarter of 1999, for example, $500 billion worth of U.S.-based media, entertainment and telecommunications deals were announced.**12**

The change was not merely quantitative. The assets of the huge conglomerates under construction encompassed everything from television networks, film and television program producers, broadcast station and cable groups, to billboards, satellite services, print publishers, recorded music companies, live-entertainment venues, professional sports teams, video game creators, and theme parks, to – most recently - interactive Web services. As broadcast news organizations were enfolded, while even the largest newspaper chains were forced to give up pride of place within the greater communications industry, already inadequate news coverage – especially of foreign affairs**13** – was slashed, and slashed again. For the general audience, market-driven journalism and celebrity reporting replaced much of what had remained of informed comment.**14**

As a result of further proposed relaxation of ownership restrictions by the Federal Communications Commission, as of this writing (November 2001) yet another round of mega-mergers appeared increasingly likely. A recent study suggested that the Bush Administration was "poised" to authorize key congressional, judicial and regulatory agencies "to unleash sweeping consolidation" across both broadcasting and

telecommunications.**15** Indeed, a well-placed executive and former FCC chief of staff predicted "that practically every major telecommunications restriction will be lifted during the Bush administration."**16** It was not only that the Department of Justice, by settling a major antitrust case on terms highly favorable to Microsoft, licensed the software company to renew its aggressive efforts to develop interactive and other new service markets.**17** Cable system and broadcast station ownership limits and service requirements, restrictions on cross-media ownership of newspapers and television stations, controls over the terms on which major telephone companies may furnish Internet access and services, limits on how much wireless spectrum may be owned by an individual company, barriers to consolidation between local and long-distance telecommunications, and a variety of related constraints likewise were all being renegotiated as, in furtherance of media owners' self-interested objectives, U.S. Government authorities helped enact a grotesque parody of the concept of freedom of expression.

The resulting media conglomerates track consumers across once discrete media frontiers, sell them a range of services directly, and offer major advertisers access to multiple media platforms on which to stage the sales effort. These leaders' revenue streams, in other words, have been diversified, and increasingly embrace not only advertising sales, but also service subscriptions and other direct fees and charges. Viacom, which owns the CBS and UPN television networks, the Infinity radio chain, and MTV, Nickelodeon and other cable networks, still obtains only around half of its revenue from advertising – making it, surprisingly, among the most reliant of the media conglomerates on this income source.**18** AOL Time Warner, in contrast, garners less than one-quarter of its revenues from advertising,**19** while Vivendi-Universal, which owns huge non-media businesses, generates less than five percent of its sales from advertising.**20**

In the aftermath of September 11, this handful of gigantic media conglomerates needed scant urging to place its centralized image-making capability at the disposal of the newly-expanding national security state – and to censor, even to self-censor, with brazen obsequiousness.**21**

The construction of behemoth communications conglomerates concurrently altered prevailing modes of organizational practice.

The Abstraction of "Content".

There was a time, not long ago, when executives spoke of books and films and recordings. The language of the cultural marketplace is, however, now more than likely to abstract from these familiar forms. Today, the preferred jargon speaks of "content," "product," and "software." This altered nomenclature bespeaks a transformed strategy. The aim across today's culture industry is to repackage, or "repurpose," programs across different media. Already in 1987, Rupert Murdoch, then as now CEO of News Corporation, declared that "Our underlying philosophy is that all media are one. The principles and skills involved in discovering and fostering creative talent…are transferable."**22** Deliberately indifferent to genre and text as repositories of a discrete aesthetic, of an author's "moral rights," and of the larger cultural inheritance, today's conglomerate culture industry operates in light of a refined and expanded accumulation strategy.

The signs of this change are palpable. It is not just that the conglomerate media regularly seek to construct cross-media productions and promotions, and to sell advertising in "package deals" combining several inhouse media units.**23** It is that individual media productions unfold from the outset through a concerted and increasingly comprehensive engagement with this new capital logic.

This is true even of the oldest culture industry, and probably the one that was residually most resistant to capital's impositions: book publishing.**24** Readers of Publishers Weekly

were informed in 1995 that major publishers of trade and mass market books " conceive[] of books as only another derivative product."**25** As one business writer declared that same year: "The smartest people in the business understand a basic truth: Books are probably the cheapest way to test an idea or a story. It costs maybe $75,000 to publish a book. You can't make a TV series show for less than several million dollars. Think of book publishing in this way: as an efficient form of market testing for ideas and for stories."**26** Random House, owned by the conglomerate Bertelsmann, was quick to establish a division, RH Entertainment, " to create children's properties that can be licensed for development as books, toys, films or in other formats. "**27**

The most coherent expression of this refined capital logic may be found among the large media conglomerates, who continually probe for possible "synergies" (to use the vacuous business buzzword for cross-promotion) between different subsidiary units. But the change is already more encompassing.

"Licensing 2001" constitutes the most recent enactment of an annual trade show for publishers, film and television producers, "edutainment" companies, and merchandisers. Here, representatives drawn from across and beyond the culture industry meet to "exhibit their intellectual properties to potential licensees."**28** Through deals that fix the legal uses of trademarked images on new products and services, the hard kernel of property rights in creative expression is made to bloom, and to bloom again. In addition to selling exclusive global rights for $150 million to promote the film and its planned sequel to Coca-Cola (which, in exchange for nearly 10% of its total marketing budget, will use the films to pitch to children and adults alike, as it tries to "reinvent[] itself as an all-beverage company"), AOL Time Warner has garnered more than $100 million in advances from some 90 domestic and 200 international licensees of Harry Potter book- and film-themed merchandise, including play sets, video games, trading cards and candy; and the Harry Potter franchise is said to have been limited (no fast-food tie-ins) to keep author J.K. Rowling motivated to churn out additional volumes in the series.**29** We will see below that heightened reliance on licensing likewise contributes to a more general modification of the role played by the U.S. in global television. Though audience reception continues to vary across national cultures, a worldwide trade in licensed television program formats – sets of "invariable elements in a program out of which the variable elements of an individual episode are produced" – thus generates adaptions of "Who Wants to Be a Millionaire?" for deployment in dozens of countries.**30**

Before turning to inspect the changing U.S. role in the transnationalizing media system, it is vital to stress that conglomeration is also deepening two primary paths to accumulation throughout the culture industry, one issuing from the sponsor system and the other from corporate control over intellectual property.

Two Vectors of Development: Sponsor System, Intellectual Property.
On one hand, the continued extension of advertising as a defining practice within the consumer economy is tightening the corporate-commercial media's embrace by the already dominant sponsor system. On the other hand, longstanding attempts to systematize proprietary control over cultural production are intensifying, to accord new primacy to the principle of "pay-per-use" access to media content. The two modes of culture industry development ultimately serve a single master: Each extends and amplifies corporate power over cultural production, even as it also engages, albeit in different ways, the propensity of cultural products to be cheap to copy and easy to share. I now take up each of these apparently contradictory initiatives – one that seeks to distribute sponsored cultural commodities widely, even freely, and a second that rigorously restricts access to cultural commodities to those who are able to pay.

Let us begin with the consumer marketing complex. As it interacts with the newly conglomeratized media, the sponsor system is incorporating new and old media alike and, even as individual cross-media conglomerates seek to decrease their reliance on

advertising revenues, advertising in general paradoxically increases its sway over the terrain of the planet's daily life. Not only has the sponsor system enjoyed an impressive secular surge; global advertising spending increased sevenfold between 1950 and 1996, growing one-third faster than the overall world economy.**31** The sponsor system also is annexing or, at least, parasitizing, whole territories of once autonomous cultural practice. Writer Faye Weldon knows this at first-hand. She salted her latest novel with an estimated 34 references (including one in the book's title) to Bulgari, the Italian jewelry company – which paid her for this literary product placement.**32**

Weldon's action, which drew extraordinary notice, concorded with a pervasive general trend that predictably earned scant public censure. The extraordinary expansion of contemporary global television, for instance, was predicated upon this ever-intensifying sales effort. Too, Internet system development took shape in its shadow; during 2001, the average U.S. consumer will receive 1,466 unsolicited email messages – "spam" – a figure that is projected to double within a few years.**33** As far as the Web goes, indeed, the prize sought by reigning interests is not a liberated zone beyond the market, but only more effective sales channels through which, as Ken Auletta suggests, "to encircle and seduce consumers."**34** Still another vast field of cultural practice that has been brought within the purview of the sponsor system is education; U.S. public schools were awash in a commercial curriculum, as specialized TV and Web services targeted children with advertisements in thousands of schools, and chain stores and oil companies furnished videos on everything from local artists to state history. Company-produced educational materials and teacher training, direct product advertising and sales, and market research were abundant, particularly at the secondary level.**35** In addition, makers of candy bars, breakfast cereals, and baked goods, including such companies as Mars, General Mills, Sun-Maid Raisins, Pepperidge Farm, and Nabisco, introduced "educational books" as marketing media – either as promotions or full-price for-sale items. Two breakfast cereal (Cheerios) books sold more than 1 million copies in the year that followed their 1999 launch.**36** In such a context, it was logical that the response to the attacks of September 11, 2001 should be branded an "Attack on America," and that the resulting"War on Terrorism" should turn to a former advertising executive, expressly to help the U.S. Department of State "make American values as much a brand name as McDonald's hamburgers or Ivory soap."**37**

Entrusting some of the most vital processes of socialization and political decisionmaking to an ever-more invasive sponsor system degrades both culture and democracy, not only because commercial imagery is manipulatively self-serving, but more importantly because systemic dependence on advertising largely preempts culture and politics for business and political elites. And the effects of such reliance on media structure and function are themselves noteworthy; a sharp slowdown in advertising, such as that which is ongoing today, spills over as budget and staff cuts ramify throughout the corporate-commercial media culture. It also disproportionately disadvantages smaller and independent media companies: the Internet Advertising Bureau reports that, during the first half of 2001, the top 10 Internet companies garnered 76% of ad revenue – up from 70% in the comparable period the year before.**38** Not unrelatedly, the number of companies controlling 50% of U.S. user online minutes (combining at-home and at-work logins) shrank from 11 to four between March 1999 and March 2001. Within this group, AOL Time Warner reigned supreme, collecting no less than 32% of total user minutes; Microsoft followed, with 7.5%.**39**

Even as the culture industry worked commercial advertising into new cultural, political, and geographic regions, so it looked to enlarge the purview and privileges of corporate intellectual property owners – because information scarcity, rather than information abundance, in many cases best serves the cause of profitability. Information scarcity is not a natural condition, however; it has to be worked at, indeed, it has to be contrived. Evident, in turn, were literally scores of new restrictions on unpaid access, effected via law, technology, and sheer corporate power.**40**

Enlargement and more-vigilant enforcement of corporate legal rights to intellectual property follow hard on the heels of the formation of media conglomerates that are increasingly dependent on direct and indirect sales of "content." Possessed of tens or even hundreds of thousands of legally defined monopolies to works spread across many media, the big media conglomerates are acutely aware of their property's strategic value. The then-president of Viacom declared in 1995: "Viacom is fundamentally a software and copyright-driven company..."**41** By one tally, the single most heavily lobbied set of issues by media industry lobbyists trying to influence the federal government in Washington over the years 1996-2000 pertained to questions of intellectual property.**42** As a result of such initiatives, the domain of copyright law underwent radical extension, so that it no longer merely seeks to regulate multiplication and distribution of works, but rather – through varied pay-per-use systems - the actual practices of media consumption.**43** So-called "rights-management" software, on the other hand, as a recent study underlines, "enables fine-grained control of access, making works as open or as restricted as the rights holder specifies, with considerable ability to fine-tune who has what kind of access."**44** Secular expansion of the realm of privatized leisure, via not only musical recordings but also mass marketing of home videos, games, software programs and other cultural commodities virtually guaranteed intensified efforts to gain control over the ultimate dispensation of content as property.

The breathtaking scope of this initiative was apparent in the recording industry's success in suppressing access by tens of millions of Web surfers to the free Internet music distribution service Napster, with an eye to supplanting it with their own proprietary online systems. In the wake of this tribute to richblooded entrepreneurship, the industry also waged further legal campaigns against what were, perhaps, more elusive online music services. A related but less wellknown attempt: in the run-up to the telecast of SuperBowl 2001, the biggest TV-viewing day on the U.S. calendar, DirecTV "launched an unprecedented electronic attack on an estimated 100,000 consumers who had been bootlegging its satellite TV service," disabling hardware that had enabled viewers (in the US and abroad) to see programs for which they had not paid.**45**

It is clear that what hangs in the balance is again profoundly important to democratic politics and to processes of cultural construction, as a resource that many believe brings maximum benefits when free is hedged-in with barriers to access.**46** "[C]ontent owners," legal scholar Peter Jaszi sums up, "have successfully promoted their own narrow financial interests over the broader public interest in preserving consumer access to literary, scientific, and other works."**47** A Wall Street Journal writer offers a blunter view : as far as intellectual property goes, he asserts, "monied interests…rule."**48**

And yet, significantly, resistance also persists. Not least, this is because efforts to enlarge corporate control over intellectual property rights involve more than a change in the legal terms of trade with consumers; they are predicated most fundamentally on the expropriation of cultural and information creators. In the U.S., a group of large publishers demanded that free-lance writers sign over future rights to both print and electronic editions of their work before accepting their texts for publication**49**; when they lost the resulting legal challenge before the Supreme Court, they began to expunge the free-lancers' works from their electronic databases. This move, too, is now facing legal challenge. Similarly, concerted resistance by famous artists helped rebuff the extension of so-called "work-for-hire" laws to sound recordings, so that musicians would be stripped of already inadequate rights to the products of their labor.**50** At some of its edges, further, the open-source movement among writers of computer code expresses overlapping anti-corporate affinities.

Still, the expropriation process continues and, beginning in the 1980s, U.S. policymakers turned their attention to the international context. Intellectual property rights, in the

words of one authority, therefore moved "to the forefront of global economic policymaking":

Indeed, the world is witnessing the greatest expansion ever in the international scope of intellectual property rights. In the 1990s, dozens of countries strengthened their intellectual property laws and regulations (often under pressure from the United States); many others are poised to do likewise. Numerous regional trade and investment agreements, such as the North American Free Trade Agreement (NAFTA) and bilateral accords between the European Union and countries in the Middle East and North Africa, have protection of intellectual property at their core. At the multilateral level, the successful conclusion of the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPs) as a founding component of the World Trade Organization (WTO) elevates recognition and enforcement of IPRs to the level of inviolable international commitment. International efforts are also under way to enlarge intellectual property protection for critical new technologies, such as electronic commerce.**51**

Here, too, however, there were important stirrings of opposition. Poor-world authorities, some representing populations stricken by the AIDS pandemic, sought in the name of public health to gain cheaper access to needed medicines, only to find that transnational drug companies, backed by negotiators for the developed market economies, were loathe to relax patent law restrictions. Outraged Indians, Nigerians and Brazilians noted that, even as U.S. negotiators continued to insist on the inviolability of drug patents, the U.S. Secretary of Health and Human Services threatened to break the Bayer patent on Cipro in order to obtain the drug in the quantities ostensibly required after a mere handful of U.S. inhabitants fell victim to anthrax poisoning.**52** Amidst deepening conflict over the issue within the World Trade Organization, alongside kindred fights pitting the developed market economies against the poor world, U.S. and European negotiators ultimately conceded that poor countries indeed had at least a limited right to place public health ahead of drug industry profits. Whether this nominal breakthrough would translate into improved access to medicine remained questionable.**53**

Transnationalization: Generalizing the U.S. Model.

As this last discussion suggests, the culture-and-information industry's expanded accumulation strategy was being rapidly generalized beyond the U.S. domestic market. Indeed, it was already clear by the late 1980s that the creation of a conglomerate communications industry was predicated on "the invention of means to expand the market output to a global scale."**54** Supranational expansion, to be sure, again faced significant structural constraints. While a robust and asymmetrical export trade existed throughout the 20th century, many countries imposed restrictions on foreign and, indeed, also on domestic corporate investment, advertising, and programming within their national cultural space. Culture was widely subjected to norms of public service (however inadequately formulated), and received significant financial support from government and nonprofit agencies. Critical fields – not only many national broadcasting systems, but also museums, government programs, libraries, schools - remained entirely or partially off-limits to market exploitation. In retrospect, it is clear that capital had only begun to acquire direct control of cultural production and distribution and that its control remained far from comprehensive.

Today's global communications industry, whose entertainment segment alone is expected to be worth a trillion dollars annually within the next year or two,**55** has sought to transcend these limits through a dual political-economic accommodation. On one side, a broader field of practice has been thrown open to the accumulation strategies of the corporate-commercial culture industry; on the other, transnationalized investment, -product sourcing, and -distribution patterns are being actively and extensively forged between global media combines and emergent units of local capital. What triggered this momentous, complex, and still-unfinished transformation?

The full story will occupy analysts for years to come. Clearly, however, the buildup of the diversified conglomerates again merits special emphasis. For at this, its epicenter, the culture industry has been opened to distinctly more multipolar ownership. As a publishing executive put it in a 1989 effort to deflect critics of foreign takeovers of U.S.-based culture and information companies, foreign corporations "view the world information-using community as best served by American companies with their know-how and trained work force. Buying into American companies is considered to be a smart and profitable investment…"**56**

This logic proved compelling, and the results were quickly evident : France now hosts Vivendi-Universal,**57** Japan is the base for Sony, Germany for Bertelsmann (which controls much of the U.S. publishing and recording industries) and Australia for News Corporation. AOL Time Warner, Disney, and Viacom remain U.S.-owned but each discerns an overarching need to expand its international revenues and, quite clearly, "Hollywood," "Tin Pan Alley, " even "Madison Avenue," thus no longer constitute domestic economic entities on any count.

This seismic change again may be attributed to a deliberate policy shift. That is, foreign direct investment in the U.S. communications industry, which in turn permitted companies based in other developed market economies to join the latter's topmost ranks, was contingent on acquiescence by U.S. Government authorities.**58**

No doubt, this dramatic policy shift itself may be related to the late-1980s efforts by the U.S. to realign the international monetary system, which in turn prompted a huge infusion of foreign direct investment in the U. S. No doubt, too, it was far from comprehensive: electronic communications systems remain acutely sensitive "national" assets. Nevertheless, grants of limited access by U.S. policymakers to the giant U.S. culture market not only diversified the ownership of "U.S." media, but also must be credited with having helped to effect a profound reciprocal shift abroad: liberalization by trading partners of corporate investment and commercial provision in their own domestic communications.**59** To be sure, pressures on national governments worldwide to liberalize the terms of domestic media market development were also exerted by home-grown media groups, advertising agencies, and consumer product marketers, as well as by U.S. policymakers. The formation outside the U.S. of national capital in culture and communications during the 1980s and 1990s in any case constituted an emergent, and profoundly important, vector of structural change.

National capital in this sector was either enlarged or, often, freshly created, by privatizing state-run operators and cutting back on public-service broadcasters, and by authorizing corporate-commercial investment in terrestrial, cable and satellite broadcasting and in Internet systems and services. By 1996, of some 250 television channels in the European Union, two-thirds were private – a figure that had practically doubled over just six years, and that continued to increase.**60** Barriers to commercial advertising were widely relaxed ; less frequently, foreign program import policies were also loosened.**61** Poor countries such as India, Brazil, and even China**62** joined the wealthy nations of Europe and Japan in this crucial expansion of the market.

Transnational advertisers, program networks and system providers leapt to the challenge of developing stable access to supranational audiences. Discovery Channel made advertising history in 1999 by synchronizing the broadcast of a program about Cleopatra at 9 p.m. across every time zone around the world.**63** Viacom tests the use of its MTV networks as a platform for marketing to a teenage audience domiciled in 350 million households in 139 countries.**64** Rupert Murdoch's News Corporation claimed in 2000 that its transborder DTH satellite systems could reach 60 percent of the world's homes.**65** AOL Time Warner then derived only 18% of its revenues from outside the United States, but hoped to double that proportion within the next decade.**66**

The change went far beyond providing new platforms for U.S. culture industry exports. "Throughout the rise of the media business in the 20th century," as one business writer explains, "the industry's version of globalization [was] simple : the U.S. creates entertainment, and the rest of the world consumes it."**67** Today, in contrast, on one track, blockbuster cultural commodities now emanate from, and ricochet across, a system of cultural production and distribution that itself is increasingly transnational. On a second track, an assortment of co-production strategies and local investments likewise permits these corporate titans to sample the cultural products of numerous local partners and affiliates; those that seem to show a wide profit potential may be accorded regional or even global market circulation. A business writer aptly glosses the political-economic character of the emerging global culture industry:

…while the U.S. still produces many of the latest models, more and more it serves as a kind of cultural chop shop, retooling offerings from afar. It has a lot to choose from, as there has been an explosion in both the quality and volume of entertainment generated abroad. The privatization of the television business in Asia, Europe and Latin America and the advent of cheap production technology has helped spawn a generation of ambitious young artists and producers who believe they can conquer the world…

The big U.S. entertainment conglomerates, and the foreign-owned companies like Sony that run their entertainment operations almost entirely from the U.S., are embracing this phenomenon. The companies found in recent years that it was getting tougher to just jam American-made product down the world's throat – as when MTV learned that it needed to mix in more local acts on its international channels.

So in response, the media giants are increasingly flipping the equation on its head, scouring their overseas operations for talent that can be buffed up for the big U.S. market. Success in the U.S., in turn, can open the door to even greater success in the rest of the world.**68**

Crucially, this new system has not yet stabilized. Representatives of the developed market economies pressed successfully at the recent World Trade Organization talks in Doha, Qatar, to commence a new trade round, among other things, to extend the moratorium on duties on electronic commerce and to bolster already-liberalized corporate-commercial provision of domestic audiovisual and other services. Dozens of poor nations harbored profound reservations about the North's agenda but, confronted by unrelenting U.S. insistence on free-trade as a supposed countermeasure against terrorism, and afforded some substantive concessions, they gave ground on the basic issue.**69** Thus a trading framework that had been disrupted by the earlier WTO debacle in Seattle, and that showed real signs of unraveling in the run-up to Doha, was rescued – if not by any means truly stabilized.**70**

The emergent system exhibited other new fault-lines. The unprecedented array of regional and local producers and distributors that aided in expanding the culture industry's capital-logic is of particular interest here. What, we may ask, is the political and ideological role of these smaller, corporate-commercial (or, at least, quasi-private), organizations? Transnational culture-market development was, as various writers suggest, making new room for local and vernacular forms, and for greatly expanded syncretism. Not all of this effort was or indeed can be subsumed by corporations. In addition, intercorporate rivalries in securing popular programming and the intensification of market experiments themselves made new space for at least some alternative viewpoints, as in the case of CNN's low-budget "World Report."**71** Most significantly, infusions of local, national and regional capital into the capillaries of global communications altered the prior system of state-centered pressure and constraint. One result was apparent in the frenzy of consternation among U.S. policy elites over Al-Jazeera, the pan-Arab television news organization that supplied day-to-day visual documentation for millions of Arab viewers of Israeli behavior in the occupied territories;

hosted meaningful debates over prevailing policies in the Middle East; circulated video statements by Osama bin Laden and associates; and accorded coverage of the U.S. bombardment of Afghanistan – until the U.S. bombing of its facilities in Kabul momentarily curtailed it.**72**

Let us turn now to examine the concurrent transformation in telecommunications, where the consequences of neoliberalism's ascent were positively wrenching.

The New Order in Telecommunications.
The recent expansion of global access to voice telephony has been almost violent; as wireline phone access shot upward over the 1990s, perhaps one billion mobile phones were sold worldwide – as many as the number of main telephone lines in service in 1997, 120 years after the invention of the telephone. Yet, once again, change has been qualitative as well as quantitative.

The dramatically altered political-economic context of the 1990s – not only the continuing enlargement of the defining unit of contemporary enterprise, the transnational corporation, but also the collapse of Soviet socialism, coupled with China's embrace of the capitalist market – created space for a secular increase in overall foreign direct investment. A spectacular surge in cross-border corporate mergers and acquisitions ensued: The value of completed cross-border buyouts rose from less than $100 billion in 1987 to $1.14 trillion (current dollars) in 2000.**73** Underway was a reorganization of ownership that is remaking nationally integrated markets and production systems into "a global market for goods and services and…an international production system, complemented by an increasingly global market for firms."**74** This ongoing transformation both relies on and largely motivates a concurrent process of corporate-led innovation around networks.

Reactionary modernization requiring accelerated network development at the expense of prevailing policies and practices, initially evolved within the postwar U.S. domestic market. By elevating the precepts of liberalization of commercial market entry, and rapid buildouts of specialized systems and services aimed at privileged user-groups, U.S. policymakers empowered a few thousand giant corporations and their affiliated managerial and technical strata, as well as a burgeoning group of high-tech network system and service suppliers.

Because large business users of telecommunications were mostly transnational companies, however, by the 1970s the U.S. model began to be exported. This political intricacies of this transition were deftly handled. Responding to interventions by organizations of business users were U.S. Federal Communications Commission directives altering key groundrules for the conduct of U.S. international telecommunications.**75** Albeit with some internecine jostling, the World Bank, the International Monetary Fund, the International Telecommunication Union, and other organizations each enrolled in the liberalization effort. As U.S. power groups' confidence increased, bilateral negotiations, U.S. trade law, and encompassing multilateral initiatives all were pursued. Ultimately, the institutional basis of world telecommunications was transformed.

As with the culture industry, the promise of access – in this case access to the gigantic U.S. domestic market for corporate network systems and services – functioned explicitly as a strategic weapon; as one Clinton Administration trade official explained, "we boldly offered to open up our market fully, in return for concessions from others."**76** Access to the U.S. market again did not come cheap.

The unremitting focus of U.S. agencies was enhanced market access for transnational corporate carriers, largely on behalf of their largest corporate customers. Then-Deputy U.S. Trade Representative Richard W. Fisher elaborates: "In the end, the calculus was

clear: any broad-based agreement that rapidly opened up global markets to U.S. firms clearly played to our advantages. While we were offering other countries access to a market no other country individually could match, a critical mass of market opening offers would provide opportunities that U.S. firms were uniquely positioned to exploit…"**77** Fisher was referring specifically to the World Trade Organization Basic Telecommunications Agreement, forged in 1997. This pact helped harmonize national operating frameworks, subjecting some seventy signatories to binding commitments enforced by a multilateral dispute settlement process, and thereby established more uniformly liberal market access to network equipment and services – worldwide.**78**

There really is no historical precedent for the institutional overhaul of world telecommunications on which the WTO agreement drew - and on which it builds. Between 1984 and July 1999, within a broader context of state-asset privatization, around $244 billion worth of privatizations of state-owned systems occurred.**79** As a result, of the 189 members of the International Telecommunication Union, by 1999 almost half (90) had wholly or partially privatized their existing telecommunication operators, 18 completely. Of the remaining nonprivatized operators, more than thirty planned to privatize. The process of privatization itself was characteristically structured to ease market entry by transnational carriers. By early 2000, 25 countries had pledged to allow majority foreign-owned carriers seeking to furnish international voice service using their own wholly owned and controlled networks.**80**

Between 1990 and 2000, the volume of announced mergers and acquisitions in worldwide telecommunications totaled an estimated $1.616 trillion**81**; cross-border takeovers constituted a significant share of this total. Just in the period between 1997 and 2000, the number of activated international private line circuits (referring to the inhouse corporate and organizational telecommunications networks that employ leased circuits and other proprietary facilities on a fulltime basis) increased more than tenfold, greatly outstripping the growth enjoyed by international dial-up circuits over the same interval.**82** Domestically integrated networks run by national flag carriers thus began to be superceded in scope and function by transnational systems. The result was to grant license to carriers and business users to assimilate networks as desired into a vast and growing range of business processes. By revolutionizing network systems and services, large corporations thus acquired new freedom of maneuver in their attempts both to reintegrate the market system on a broadened, supranational basis, and to deepen it by developing information as a commodity.

The network applications underlying this buildup are associated with prosaic business needs such as payroll accounting, employment relations, inventory, sales, marketing, research and development, and so on. Huge outlays were needed to provision digital capitalism with this central production base and control structure: transnationally organized networks, employing a lengthening list of media including wireless, telephone lines, cable television systems, fiber optics, satellites, and the software-defined means for network access, operation, and management. With the zealotry of a high-tech oriented Great Awakening, through the late 1990s, the financial markets seemingly answered every call for capital by a raft of network suppliers. As a bevy of entrepreneurs obtained the cheap debt financing they sought to build out vast new networks, often employing Internet and related technologies, existing giants such as AT&T, WorldCom and Sprint reacted by joining the stampede. The threat to wireline systems evidently posed by wireless networks prompted an additional investment surge (though U.S. carriers did not become as exposed as their counterparts in Western Europe, where carriers spent $100 billion on licenses to provide Internet-enabled wireless phone systems**83**), and projected investment of another $100 billion to build out such networks. Rival network operators each spent billions of dollars a year to build out systems with which to link office complexes throughout the world's central cities. Corporate network users based in every economic sector put out additional billions on the

tangle of system hardware and software they needed to enlarge and modernize their burgeoning proprietary networks.

Network-related information technology investment by carriers and business users, it is now widely accepted, functioned as the pivot of the late 1990s' U.S. economic boom.**84** Here, in the most highly developed core of the global market system, telecommunications in 1999 accounted for no less than 16% of the capital spending of the Standard & Poors 500.**85** Momentarily expanding our focus, between 1997 and 2001, spending on telecommunications equipment and services in Europe and the United States totaled more than $4 trillion.**86** Again, however, this astronomical outlay was heavily financed through debt: worldwide, between 1996 and 2001, banks lent an estimated $890 billion in syndicated loans to the telecommunications industry; an additional $415 billion of debt was furnished by the bond markets; and $500 billion more was raised from private equity and stock market issues.**87**

The result was a sudden, stunning enlargement of information-carrying capacity, principally on profitable, high-density traffic routes. Most of the 39 million miles of fiber optic cable circuitry laid in the United States over the last two decades of the 20th century was installed between 1996 and 2000.**88** Especially but not only on U.S. trans-Atlantic and trans-Pacific routes, new submarine cable systems added unprecedented increments to available network capacity.**89**

Internet systems and services drew much of this investment, and in turn helped prompt a significant spatial reconfiguration. Between 1950 and 1975 or so, truly inclusive national telecommunications infrastructures had been established throughout the developed market economies.**90** By 1997-99, however, fully half of global telecommunications investment was being absorbed by so-called "developing and transition" – that is, non-OECD – countries.**91** Might the less-developed nations at last "leapfrog" into an era of abundant network access? Might global channels of electronic communication finally be opened to the voices of the many? A top U.S. trade official enthused that the liberalized political economy of network systems was both magnificently benevolent and self-perpetuating: "Peer pressure by liberalizing countries has created a virtuous cycle where countries now compete for global investment by offering more attractive investment opportunities and more effective regulatory regimes."**92** Snowballing network investment would engender not only near-universal global access, but a treasure trove of informational benefits.

There is no denying that access to telecommunications has indeed expanded enormously, indeed, unprecedentedly. Despite the fascination and delight occasioned for a few years in the business press by corporate-led networking initiatives, however, the latter should not be romanticized: The real effects of networking the market system have been as contradictory as the political economy to which these systems themselves are hardwired. On one hand, the social priorities of poor countries again have been skewed "from above" to reflect the needs of business network users and investors. On the other, the character of the resulting system-development has continued to be fundamentally uneven. Less capacious satellites still find heavy use by small, low-income countries, despite the fact that optical fibers offer greater efficiencies and economies, because undersea cable operators lack incentive to make the giant upfront outlays needed to introduce fiber on these "thin routes." The world's coastal zones, similarly, may be connected to high-bandwidth cables but, as one market study reports, "it can take much longer for terrestrial infrastructure to reach inland areas." Metropolitan-area networks, finally, may be proliferating throughout Western Europe and the United States, but – the same study continues - "economically less-developed regions and countries may have a long wait before MAN build-out reaches their cities."**93** Deepening overcapacity in some markets, in other words, is matched by unremitting under-supply in others. Thus if George Gilder's vaunted "telecosm," with its promise of "infinite bandwidth," now looks

as much like a body-strewn battlefield as a cornucopia, then this, too, comprises only one side of a complex reality.

Nor have the attendant consequences of global network development been free of difficulties. Burgeoning transnational network systems steeply accelerated the speed and volume of international financial capital flows – some implications of which became painfully evident, for example, in the Asian financial crisis of 1997-98. The devastation of New York's World Trade Center hit hard not simply owing to the loss of life, or even because one of the most potent symbols of American might collapsed before the world's eyes, but because the attacks crippled 3.5 million private data lines for corporate customers, including some 20% of the data lines serving the New York Stock Exchange.**94** Newfound vulnerabilities also afflicted the auto industry and other innovators of just-in-time inventory systems when, following the September 11 attacks, cross-border trucking and air transport were delayed and disrupted.

"Virtuous circles" indeed turned out to be anything but benign. As market entry policies were relaxed, specialized services aimed at corporate users were intensively cultivated, and system-development conformed ever more closely to transnational corporate preferences. In the U.S., as national priorities shifted from roads, airports, power plants and bridges to telecommunications networks, these existing infrastructures deteriorated**95** - and the hectic pace and giant scale of disruptive telecom network buildouts itself contributed to this erosion. Corporate ownership and performance norms were established, and profits made to flow disproportionately to investors rather other interests, while the existing – often very limited - social welfare character of the telecommunications industry was undercut. Characteristically, rates were "rebalanced" to favor business users (above all, those making international calls) over low-volume residential callers.**96** In what had been a heavily unionized industry, collective bargaining rights were typically withheld from employees working to build and service newly deregulated network systems ; and layoffs as a byproduct of competition became standard practice.**97** Quality of service, now more comprehensively tied to the ability to pay, declined for many households.**98** Cheats and scams – overbilling of calling card users, illegally transferring long-distance accounts to new carriers, charging telephone users for services they do not order – became standard practice throughout large portions of the now-deregulated industry.**99** Far more important, from the perspective of political-economic elites, was that the so-called "virtuous" investment cycle occasioned by networks ironically came to destabilize the accumulation process it had earlier helped to propel.

Stoked by investment bankers, and beguiled by business plans that (prematurely?) forecast uninterrupted exponential growth of Internet traffic, as we saw, telecommunications carriers took on gargantuan debt to finance their network modernization and expansion projects. In two years, British Telecom's debt ran up to 50 billion Euros, Deutsche Telekom's to 60 billion Euros, France Telecom's to 64 billion Euros.**100** Across the Atlantic Ocean, newly founded U.S. communications carriers were carrying a total of $74 billion in debt by late 2000, requiring an annual interest expense of about $7 billion**101** ; and AT&T's debt reached a high of perhaps $62 billion late in 2000, contributing to a spiral of destabilization that ultimately cast in question this blue-chip company's very survival.**102** During 2001, all told, some $250 billion of telecommunications industry debt (mostly bonds), a share of which bore rapidly declining ratings, needed to be refinanced.**103**

Debt finance led to an equally unparalleled build-up of network capacity. Scattered analysts began to worry that the scale of duplicative system expansion might be outpacing demand by the late 1990s,**104** when "private-line" circuit prices were dropping sharply, with the prospect of further significant declines**105** (European bandwidth prices, likewise already decreasing, were projected to decline by 50 percent a year for several years**106**). Prices for circuits on trans-oceanic fiber optic cables experienced analogous

– though uneven – declines.**107** But Wall Street analysts imperturbably forecast continued profit growth, and investment capital continued to pour into the industry. In consequence, by one account a mere 2.6% of U.S. long-distance network capacity was actually in use in early 2001.**108** Comparable overcapacity was apparent throughout Europe, and in transoceanic submarine cable systems, where "each new Atlantic cable adds as much bandwidth as all the previous infrastructure put together."**109**

During Fall 2000, amid the rapid decline of technology stocks, telecommunications industry executives began to reckon with the glut that market liberalization had induced. The ensuing debacle dwarfed the near-concurrent rout of the dot-coms. There commenced a drum-roll of competitive rate-cutting, network investment pullbacks, precipitous stock-price drop-offs, huge financial losses, employee layoffs, asset sales, business reorganizations, and bankruptcies. Telecommunications industry bonds, widely classed as sub-investment grade ("junk") offerings, comprised as much as one-third of the entire junk-bond market by 2001.**110** And job losses in the technology sector dominated by networks constituted 41% of the 650,000 jobs eliminated in the U.S. between 1 January and 31 May, 2001.**111** Broadband system development in the United States slowed markedly, as even the "world powers of interactivity," as a rival executive has recently called AOL Time Warner and Microsoft, together with the giant local telephone companies, pared investments in this avowedly crucial area.**112**
The ultimate costs of the industry's rivalrous network-building binge remained ominously unclear. As technology spending by business users and the carriers that sought to serve them plummeted, the newfound centrality of that investment within the global economy ensured that the decline's repercussions ramified outward.**113** Because networking provided an increasingly general platform for new cycles of capital accumulation, it was likewise notably implicated in a resurgence of economic stagnation.

Onetime U.S. FCC chairman Reed Hundt has sought, self-servingly, to insist that the network-building boom "will benefit the entire economy for years to come,"**114** but at present such arguments carry little weight. The stock market value of the entire telecommunications sector, including operators and equipment manufacturers, fell by $3.8 trillion between its peak (of $6.3 trillion) in March 2000, and September 2001 - between four and five times the combined losses on all of Asia's stock exchanges during the Asian financial crisis of the late 1990s ($813 billion).**115** With Japan, the world's second-largest domestic economy, undergoing a sweeping deflationary spiral that threatens to leap across the Pacific, and with at least one major debtor nation – Argentina – on the verge of default, the world economy had fallen into precarious straits. As of 7 September 2001, central bankers not surprisingly remained worried that, as the Financial Times reported, the telecommunications crisis "could still destabilise the global financial system."**116**

Four days later, an opportunity was presented to do something about this – and about much else, besides.

Conclusion: Mobilizing For InfoWar.
In the aftermath of the September 11 attacks, U.S. leaders undertook to effect a massive mobilization. They contemplated a major realignment of global political-economic power relations, the better to satisfy U.S. corporate and state interests. to accord with the designs of a recrudescent U.S. national security state. This sweeping initiative summarily dispatched an already-eroded neoliberalism's "false promise" as a "fair-weather philosophy": in the face of world recession, wrote an economist in the Financial Times, "the capitalist fundamentalists' unswerving faith in the redeeming power of the market has proved to be a dangerous illusion."**117** Domestically, a recrudescent national security state pitched the nation headlong into a new experiment in authoritarian capitalism. The international objective was a new world order dominated comprehensively by U.S. interests. U.S. elites understood that, as a growing share of business and social interaction continued to be pushed online, their endeavor would

require not a lessening of engagement with digital capitalism's leading sector, but a concerted intensification.

Domestically, within the context of what was immediately branded "the Attack on America," preparations for war struck at the core of what had passed for liberal democracy. Emergency legislation authorized widespread attacks on civil liberties; while, by presidential decree, non-nationals stood to face military tribunals and prospective capital punishment without even a semblance of constitutional protection. Many of these domestic measures possessed supranational ramifications. Because some four-fifths of Internet access points in Asia, Africa and South America were reportedly connected through U.S. cities, for example, the anti-terrorism law's grant of new prosecutorial powers bid fair to expand U.S. jurisdiction extraterritorially; computer security expert Mark Rasch termed this "a massive expansion of U.S. sovereignty": "we're criminalizing anything that happens over the Internet because traffic passes through the United States….we will impose our values on anything that happens anywhere in the world provided it passes through our borders."**118**

Building on prior "soft power" initiatives, there also rolled forth propaganda via "public diplomacy," jet aircraft-based broadcasts to Afghanistan, expanded Voice of America programming to the Middle East, and a summary termination by AT&T and British Telecom of international telecommunications service offered by Barakat, a Somali organization that was accused by the U.S. of financing al-Qaeda.**119** Covert "infowar," or "netwar," tactics, refined a decade ago against Saddam Hussein and thence in Bosnia-Hercegovina, presumably likewise proliferated anew.**120**

Meanwhile, drug industry lobbyists hoped to exchange bad press for patriotic encomiums as they transformed into a corps of "Biodefense Contractors," all the while increasing the richness of the feed they were proffered at the federal trough.**121** Not to be outdone in their newfound enthusiasm for militarized Keynesianism, the Silicon Valley companies that had been raised on Defense Department contracts – from Oracle, which originated in a CIA project, to Lockheed Martin, TRW, General Dynamics and Raytheon – stormed into Washington in search of cost-plus contracts.**122** Possible establishment of what was termed "a secure new government communications network separate from the Internet that would be less vulnerable to attack" constituted a comparable move, of material interest to faltering network equipment vendors.**123** The President's new "Critical Infrastructure Protection Board," and "Office of Homeland Security," finally, were established as quasi-military agencies deliberately resistant to public oversight, one of whose foci was telecommunications networks**124** – agencies that lent themselves not only to an attempted reorganization of global power relations, but also to the more centrally coordinated planning process that economic recovery appeared to require.
Will this bold attempt succeed in stabilizing digital capitalism? The situation remains fluid; at work are multiple complex forces. Disagreements within the U.S. policymaking establishment show signs of deepening, as was attested in November by the high-profile outcry of erstwhile Nixon speechwriter and New York Times columnist William Safire against the police-state power-grab attempted by the Bush Administration.**125** The U.S. bid for more comprehensive international dominance claimed considerable initial success: Britain acted as a convenient mouthpiece, notable inroads were achieved at Russia's expense, and China was enrolled as an ally in a war that promised to enlarge U.S. geopolitical influence throughout central Asia while it placed U.S. soldiers close to China's own borders. Beyond this, however, less auspicious portents were easy to find. While Germany and Japan joined the U.S.-led war, this was mainly to advance their own elites' global political-economic aspirations by jettisoning postwar pacifist policies. Throughout the Muslim nations and across the Indian subcontinent, the war inflamed popular dissatisfactions and renewed political volatility; popular support for the U.S. throughout much of the rest of the world was at best tepid. Spain refused extradition of suspected terrorists to face U.S. military justice; European Union lawmakers appeared likely to brush off a request by the Bush Administration to revise a data-protection law to permit

greater access by enforcers to telephone calls and Internet messages; and the European Commission continued its antitrust prosecution of Microsoft.**126**

This combination of continued inter-capitalist rivalry and popular antagonism virtually guaranteed that digital capitalism would remain in crisis ; but whether democracy would be revived was another matter.

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