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Regulation and Media Monopoly: A Case Study of Broadcast Regulation in Pakistan

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Of late, the Pakistani Federal Minister for Information and Broadcasting heavily castigated print and electronic media for its "irresponsible" role in weakening democratic institutions in the country and selling sensationalism and propaganda to innocent audiences. The Pakistani government circles view recent growth of media organizations as a mechanism to enhance political clout, increase profits in geometric progression, encourage cross media ownership, and evade taxes by the large media organizations in Pakistan (Naseer, 2010). On April 4, 2011, President Zardari portended "political actors" in media organizations to abandon their shenanigans and misuse of power which may result in the derailment of nascent democracy in the country. Similar warnings were issued by the Blair government in the United Kingdom at the dawn of the 21st century when the British media was opposing the government policies (van Zoonen, 2005). The ruling junta in Pakistan, however, considers liberal policies of Pakistan Electronic Media Regulatory Authority (PEMRA) responsible for the unprecedented progression of media industry in the country, which paved the way for concentration of ownership and unbridled political influence enjoyed by the owners of media organizations (Rasul, 2010). In fact, the Pakistani government is planning to revisit its liberal policy vis-à-vis media regulation and licensing in the country and PEMRA has recently been advised to come down with a heavy hand on large media organizations (Cheema, 2011). This article explores the relationship between media regulation and concentration of ownership in Pakistan through the lens of political economy of communication.

The communication policymaking and regulation has emerged as a challenge of gigantic magnitude in transitional societies witnessing rapid growth of electronic media. Policymaking in the field of communication is considered a measured intervention by the government in the structural designs and business plans of companies offering media and communication services (Aufderheide, 2007). In all societies, regulation of the media and market has remained a contested area generating heated debates, as mass media and other means of communication have traditionally run counter to the interests of the elites in democratic societies (McChesney, 2008). In developing countries such as Pakistan, where privatization of electronic media and its regulation are nascent experiences, communication regulation grows even more complex. With the introduction of advanced communication technologies, new regulatory challenges emerge which require decision-making and regulatory policies that could best serve the interest of the consumers.

We have focused on the recent development of electronic media and regulatory policy in Pakistan, which is heuristically significant as Pakistan is the first country in the South Asian region to introduce a regulatory regime for electronic media. Beyond doubt, the rapid growth and digitalization of networks for electronic services have affected broadcast media policy formulation in the recent decades (Ludes, 2008). To facilitate mushrooming electronic media in Pakistan, the existence of a regulatory authority was absolutely necessary. In order to achieve this goal, Pakistan Electronic Media Regulatory Authority (PEMRA) was established in 2002 by the military regime of Pervez Musharraff and it was entrusted with the task of formulating adequate rules in order to provide a healthy choice to people by promoting a dynamic and diverse mediasphere that could strengthen democratic institutions in the country. As most of the license seekers for broadcast media were already important players in Pakistan's print media market, the regulation exercise received varied responses from media professionals, analysts, stakeholders and consumers. Almost everywhere, there has invariably been a tension between national and multinational firms on policy issues related to broadcast and print media as the latter demand less regulation (McChesney, 2008; Napoli, 2003).

By applying political economy of communication approach, various scholars have commented on the intricacies and perplexities involved in policymaking in the area of broadcast regulation in in different countries (Croteau and Hoynes, 2006; Doyle, 2002; Iyer, 1999; Kemal, 2002; Klaehn, 2010; McChesney, 2004, 2008; Mosco, 2009; Napoli, 2002). This study is an extension of the previous works in political economy tradition and sheds light on the *owner-friendly* policies of PEMRA, which has not been academically investigated in the past. It also questions the rationale behind electronic media regulation in Pakistan since 2002 when PEMRA was established to facilitate a growing broadcast media industry in the country. The Pakistani experience in broadcast regulation resulted in the concentration of media ownership and diagonal integration (Naseer, 2010). Majority of the television and radio channels licensed by PEMRA are owned by influential media muglas in Pakistan. This is in line with the political economy approach put forward by Bagdikian (2004), McChesney (2008) and Mosco (2009), who argue that media corporations enhance their political and economic power by heavily investing in the media market to own majority of the communication outlets through joint ventures, interlocking of directorships, and various synergistic approaches.

Political Economy of Communication

The political economy of communication reconnoiters the patterns of production, distribution, and consumption of communication resources in a society and sheds light on the operations of communication business. It is an expedient apparatus to recognize “the role of media in societies and examine how market structures, policies and subsidies, and organizational structures shape and determine the nature of media system and media content” (McChesney, 2008, p. 491). By applying a Marxian framework, theorists in this tradition tend to engage in a comprehension of the mechanisms of control, which ultimately lead to social transformation and change in assorted societies (Mosco, 2009). Beyond doubt, communication engineers social change and media organizations are established to meet social and political needs of a society. The issues revolving around changing patterns of concentration of resources, power, ideology, race, gender, and ownership have dominated political economy of communication scholarship for the last many decades. In fact, scholars in this tradition have focused on the economic and social analysis of the structure of cultural industries, which, according to Smythe (1960), expend sparse resources on the production and distribution of cultural products. Both at micro and macro levels, political economy analyses processes of consumption by evaluating patterns of economic growth, concentration of ownership, and media control to realize how production of cultural commodities is constrained by the economic structures and dominant ideologies (McChesney, 2008; Mosco, 2009; Wasko, 1994).

Concentration of media ownership in its different forms and manifestations has been an area of emphasis in political economy. Since *corporate concentration* allows communication companies to rheostat production, distribution, and consumption of communication products, it has the potential to curtail competition in a society, which would subsequently limit the information and entertainment choices available to people (Mosco, 2009). Media barons spend huge amounts of money to maintain their control over market. Of course, following suit is impossible for the small local companies, which are either driven out of the competition or bought in the name of mergers. For example, Murdoch spent $1.4 billion on the three Internet acquisitions in 2005, and media analysts expected the company to spend half a billion to one billion dollars a year on acquisitions for the next three to five years (Old, 2006, ¶3, ¶19). The idea of concentration of ownership also highlights the economies of scale practice that many media conglomerates have used to lower their production costs (Proffitt, 2006). By maintaining holdings in film, television, cable, newspapers, Internet, and distribution, Murdoch's News Corporation is able to share content among its media outlets. The corporate media moguls also invest money in lobbying to influence politicians in order to have regulatory statutes and laws passed that safeguard their corporate interests. Thus, political economy of communication emphasizes on concentration of ownership to examine "how power works in communication industry" (Mosco, 2009, p. 158) and its ramifications for democracy, diversity of content and organizations, public interest, and free flow of ideas.

Many critics of liberal regulatory regimes have argued that commercial media corporations serve commercial interests of investors rather than serving the public interest (Lewis, 2010). Fisher (1988) argues that various governments have been struggling to address the problem of media monopoly and concentration of ownership to provide a level playing field to all economic actors in different societies. Monopolies become powerful enough to tailor political processes and economic competition in their favor and adopt different synergistic strategies that result in the ouster of weak economic actors from the market (Mosco, 2009). McChesney (1999) also argues that powerful elites in the media business have the potential to affect policy-making by the government and influence regulatory processes to favor their commercial interests. Despite political maneuvering of the corporate sector, various governments have tried to regulate monopolies and big business. However, with the expansion of the markets, it is becoming increasingly difficult for the governments to check trends such as joint ventures, interlocking of directorships, monopolization, and concentration of ownership. For example, Corn-Revere and Carveth (2004) analyze the history of regulation in the U.S. and argue that the competition has invariably been uneven in the media market. Bagdikian (2004) has underlined how media industry has been concentrated in the hands of a few players in the U.S. and as giant media conglomerates continued to grow through mergers, the number of independent media organizations have considerably shrunk (Croteau and Hoynes, 2006). Thus, political economists agree that it is important to introduce a regulatory regime that could ensure diversity, fair competition, equal chances of growth, and protection of public interest despite the elusive nature of these normative regulatory goals.

Political economy of communication considers concentration of ownership as a starting point to comprehend processes involving struggle to control political and economic power (Mosco, 2009). The logical casualty is the existence of a healthy public sphere. The corporate moguls in the media industry have learned how to manipulate politics more ingeniously than other actors because politics has become a mass mediated phenomenon in recent decades (Greider, 1992). Common citizens, activists and civil society groups have limited access to the media sources and their voices could easily be silenced or marginalized by the corporations. As Napoli (1997a, 2003) argues:

> Media organizations are both political and economic entities. They are able – and even expected – to influence public opinion, government policy and citizen voting behavior…. At the same time, media organizations' continued existence in a capitalist system such as ours depends upon their ability to maximize revenue and minimize costs. (p. 207)

Communication industry is different from other corporate enterprises as it is intrinsically intertwined with culture, economy, and politics (McChesney, 1999). Thus, regulatory practices in the spectrum of communication could be considered as social as well as economic regulation. The political economists argue that control over patterns of production, distribution, and consumption of cultural products entitles media barons to control the society (Bagdikian, 2004;

Chomsky, 1988; Doyle, 2002; Hesmondhalgh, 2007; McChesney, 1999, 2008; Mosco, 2009; Wasko, 2004). Therefore, political economy approach is apposite to answer questions dealing with the concentration of media ownership and its relationship with regulatory regimes. As regulatory regimes are instituted by the governments, political economists argue that corporate media sector would be the greatest beneficiary of communication regulation due to its political clout and economic prowess. In the following sections, we would analyze how establishment of PEMRA facilitated concentration of media ownership in Pakistan by benefitting already existing large media companies in the country.

Controlling Electronic Media through Regulation

According to Kemal (2002) various governments, in Pakistan, have adopted socioeconomic and administrative mechanisms to create a harmony between government and private interests in order to ensure the existence of a healthy public sphere. Usually, governments employ market failure and equity considerations as the most important reasons for introducing regulatory regimes. Regulatory decisions have a direct effect on pricing, competition, inclusion or exclusion of market actors, and monopolistic strategies of the media firms (McChesney, 2008). Thus, there is a tendency among regulators to apply bureaucratic powers to control media organizations by enacting complicated regulations that are used to tame unruly and adversary communication outlets. Other scholars (Bernstein, 1955; Kemal, 2002; McChesney, 2008; Napoli, 2003; Olson, 1982; Stigler, 1971) are of the view that the regulatory bodies begin their work enthusiastically to reform media firms but as the time passes, they become inefficient by indulging in bureaucratic routines and begin to safeguard interests of political and economic elite who use different tactics to cajole the regulators. Government pressure and private sector bribes are the most common strategies used by interest groups to get business-friendly laws enacted (Laffont &

Tirole, 1993).

In transitional societies like Pakistan, where privatization of electronic media and its regulation are nascent experiences, communication regulation grows even more complex. With the introduction of new technologies like Satellite TV, internet, DTH, digital television, MMDS (Multichannel Multipoint Distribution Services), IP TV (Internet Protocol Television), new regulatory challenges emerge which require decision making and regulatory policies that could best serve the interest of the consumers. In developed societies like the United States, policy makers have adopted a *technologically particularistic* approach and produced regulations keeping in view characteristic features of assorted technologies (Napoli, 2003). Thus, telecommunication, broadcast, and internet regulations in America are intrinsically *different* from one another in spite of the fact that new technologies converge and there are blurred boundary lines that divide these newly emerging means of communication (Werbach, 1997).

Various models of communication regulation are operative in other developed and developing societies. Garry (1994), for example, have discussed four mutually exhaustive communication regulatory models which include: a model related to print media described as no-regulation model; a common carrier model that deals with telegraph and telephone; a public trustee model governing broadcasting; and a hybrid model supervising cable television. These models are particularly relevant to the Pakistani situation where a communication revolution has been brewing for the last decade. With the dawn of the new millennium, Pakistani government allowed privately-owned television and radio channels to operate; cable television operators proliferated; multinational telecommunication companies sprang up in urban and rural areas of the country; and the number of English and Urdu language newspapers and magazines multiplied which were enjoying considerable freedom contrary to the previous authoritarian practices in the country. Critics, however, argue that PEMRA has been used by the government to control the embryonic, privately owned electronic media in Pakistan and it has not truly played the role of a facilitator for the smooth functioning of diverse media organizations at national, provincial, local and community levels.

Since 2002, electronic media have experienced unprecedented development in Pakistan. There has been a mushroom growth of new television and radio channels in the country and the citizens, who had to depend on state-owned television and radio as the sole provider of entertainment and news until late 90s, have access to 74 television and 122 FM radio stations that are owned and operated by private entrepreneurs in Pakistan. In order to regulate and grant licenses to these independent entities, the military government of General Pervez Musharraf, established Pakistan Electronic Media Regulatory Authority, which became functional on March 1, 2002. The mandate of the PEMRA included: enhancement of the quality of informational, educational and entertainment content; facilitating establishment of new channels so that citizens could have a healthy choice; empowering people by providing them easy access to mass media at local and community levels; and ensuring a free flow of ideas and information that could bring a healthy public sphere into existence. PEMRA is responsible for regulating and facilitating the establishment and operation of all broadcast media and distribution services in Pakistan including satellite television, FM radio, teleport, IPTV, cable television, DTH, landing rights, and temporary uplinking (www.pemra.gov.pk). The establishment of PEMRA was an important step as Pakistan is a burgeoning market for the media industry with its 170 million population and a rapid trend towards urbanization which builds up people's dependence on media for information and entertainment (Rasul, 2004).

Concentration of Ownership and Broadcast Regulation: The Case of Pakistan

Regulation of media outlets is a complicated process requiring close monitoring of social, cultural, political and economic environments. One of the most significant considerations for communication policy makers is the idea of competition in a free marketplace of ideas. As discussed in the preceding lines that media industry has been monopolized and only a handful of organizations are controlling the entire media industry in the United States and the rest of the world. These transnational corporations keep multiplying their profits in the name of mergers, joint ventures, interlocking of directorships, and other horizontal and vertical integrations. However, the question of competition remains unanswered, which is so essential to the concept of free and fair market. Today, the competition in the media market is neither fair nor equal for the media organizations and it is posing a gigantic challenge to the policy makers to framed regulatory policies that could ensure an equitable competition in the market.

The recent surge in the use of modern means of communication and consumption of media content in developing nations such as Pakistan has turned the communication industry into an attractive investment area not only for the domestic entrepreneurs but also for multinational firms, which have invested heavily in telecommunication and broadcasting sectors in Pakistan. Despite these developments, Pakistan lags behind in terms of ownership of television sets per thousand people. Compared with other developing nations, Pakistan has fewer radio stations; television has remained under state control for more than forty years. The state-run, Pakistan Broadcasting Corporation controlled three television channels and approximately 50 radio stations without catering to the ethnically and culturally diverse population of Pakistan (Javed, 2002). In 1997, an interim government proclaimed the Electronic Media Regulatory Authority Ordinance (EMRA), ordinance, but the ordinance lapsed due to lack of interest of the ensuing democratic government, which did not want the electronic media to open up because of the fear of heavy criticism. Pakistan, satellite broadcasting and cable television had emerged as popular and alternative means of entertainment and information in the middle of the 1990s, and Pakistan Telecommunication Authority began to undertake licensing of the cable television in 1998.

Another important aspect of communication regulation and policy making in Pakistan deals with the dynamic nature of communication technology. The world is witnessing an information revolution due to developments in communication technology, and new network societies are emerging in which identities are fluid (Castells, 2004). The developing countries are affected by this phenomenon and in order to address the challenges of new technologies and converging industries, policy makers are looking for adequate principles that could guide them in the process of policy making (Napoli, 2003). Ad hoc, inefficient, and mercurial policy decisions would be the outcome if the policy makers deal with the changing mediascape in an inconsistent manner. As Anderson (1992) rightly puts it: "In order to make a policy decision, one must invoke some criteria of evaluation" (p. 387). Napoli (2003) is of the view that these evaluation criteria or foundation principles have not been appropriately analyzed by researchers. In political economy tradition, scholars have found it academically significant to examine how regulatory bodies adopted a holistic and coherent approach while dealing with budding media firms and new communication technologies in a society (Doyle, 2002). The Pakistani government faced all these challenges when it decided to liberalize electronic media in the country and PEMRA was established in 2002 to facilitate the growth of independent media I the country. However, the licensing of new TV channels, radio stations, and other communication technologies remained concentrated in the hands of a few powerful media corporations. The following sections analyze how four big media corporations in Pakistan benefited from licensing and allied regulatory initiatives and maximized their power and control over available communication resources in the country.

The case of Independent Media Corporation

The Independent Media Corporation is the oldest and largest media group in Pakistan. Since its modest beginnings in New Delhi in 1940, the group has expanded exponentially in Pakistan. After independence in 1947, the headquarters of the group was shifted to Karachi and owns six newspapers, two magazines, a publishing house, and five television channels in English and Urdu languages. Surprisingly, the group does not enjoy any stakes in radio industry, which is understandable as the Pakistani society is obsessed with televisual culture promoted by PEMRA since 2002. The largest newspaper of the group and Pakistan in terms of revenues and circulation, *Jang,* has cultivated a reputation of a sober and authentic family newspaper "with a strong appeal to the older and professional segments of the Pakistani communities" (Husband, 1995, p. 27). The Independent Media Group enjoys an overall monopoly in newspaper, magazine, and television sectors in the country and its revenues are larger than the cumulative revenues of other media groups in Pakistan (Sabir, 2009). After the instituting of PEMRA at the dawn of the 21st century, this group was the principal beneficiary of the new regulatory regime as it launched the first privately owned television channel, *Geo TV,* in the country on August 14, 2002 challenging the decades-long monopoly of state-owned television in Pakistan. Currently, Independent Media Group owns five television channels broadcasting programs in popular genres including sports, music, entertainment, and current affairs.

Establishment of PEMRA naturally profited already existing media groups in Pakistan as advocates of regulation have argued that media naturally belong to market and there should be a regulatory regime to ensure smooth functioning of media organizations for the stability of the markets (Jabbar, 2003; McChesney, 2008). While the opponents of regulatory practices stressed the need to democratize the regulation process as consumers of media products have a right to freely express themselves through mass media. However, instead of democratizing mediasphere in Pakistan, PEMRA policies favored big media corporations such as Independent Media Group. McChesney (2004), therefore, rightly contends that big media are the chief recipient of dividends offered by capitalistic mechanisms of regulation and governments have repeatedly failed to adequately address the problems of media concentration and ownership control. Beyond doubt, regulation serves and protects interests of the elite through media regulation, which leads to a perpetuation of the hegemony and dominance of a few sources of communication over other week and feeble voices.

Although, Independent Media Group has historically monopolized communication business in Pakistan, yet its profits increased in geometric progression after PEMRA licensed five *Geo* channels in the country. For example, in financial year 2009-2010, total advertising spending increased by 12 per cent (RS. 30.08 billion) in the country and Independent Media Group's *Geo* television channels gained 26 %, *Jang* and *The News* (Urdu and English language newspapers of the group) got 34 %, and two magazines of the group acquired 64 % share of advertising revenue in the country (Gallup, 2010). The revenue generated by this group is the largest among media companies in Pakistan and the increase in profits could be attributed to the liberal policies of PEMRA. However, the newspaper has recently annoyed the government of Pakistan Peoples' Party through its incessant critique of corruption among political elite of the ruling junta, which has retaliated by accusing the group of tax evasion. PEMRA has temporarily banned sports and music channels of the group for violating the PEMRA rules, but the group is resilient in its approach as it has braved victimization during different regimes in the tempesttorn history of the country. To sum up, as political economists have argued, the media group would continue to thrive despite minor kerfuffles with the government as institutions of regulation tend to support larger companies in capitalist economies.

The Case of Waqt Media Group

Waqt Media Group was a staunch opponent of a regulatory regime in late 90s as the management of the group was skeptical of the government's motives behind regulation (Sabir, 2009). Majid Nizami, the current chairperson of the group, once argued that regulation could be used in a variety of ways to facilitate the growth of independent media or to muzzle a media system struggling for its independence and most governments, in the world had used regulatory frameworks to serve their vested interests instead of acting as protectors of the public interest (Rasul, 2006). Critics like Belliotti (1992) also argue that regulatory process in capitalist societies has been criticized by the Marxist philosophers who term regulatory framework as an instrument in the hands of bourgeois elite to perpetuate their control over means of production. In fact, laws and regulations help elite solidify their control over political, economic and social institutions and exclude the workers from law-making processes by alienating them through an unending exploitation.

The position of the Waqt Media Group on regulation drastically changed after the establishment of PEMRA and the group was quick to apply for a television license. The group, being the second largest media company in Pakistan, was already into the media industry since 1942 when its founder launched Urdu language newspaper, *Nawaiwaqt*, from Lahore. Being a harbinger of the right wing politics in the country, the group flourished in the country and owned three newspapers, one popular magazine, two children magazines, and a television channel. Due to its known sympathy for religious groups in the country, the group also attracted censure of the government and liberal sections of the society for promoting fundamentalist groups in the region (Daily, ¶ 2). Sabir (2009) argues that the group deliberately engrosses itself into controversies in order to attract advertising revenue from groups and business sympathetic to conservative causes. The media group skillfully utilized its resources and launched its news channel, *Waqt TV*, in 2008 to maintain its position as a leading recipient of the advertising revenue in Pakistan. The group managed to seize 11 per cent of the total advertising revenue in the country for its newspapers, 14 percent for its magazine, and 3 per cent for its television channel during fiscal year 2009-2010 (Gallup, 2010). Being a new current affairs channel and a supporter of conservative ideologies, *Waqt TV* has not been able to attract advertisers as most Pakistanis are interested in watching liberal televisual content for information and entertainment.

The Waqt Media Group maintains a healthy relationship with significant political actors to sustain its monopoly and opposes regulatory initiatives when its interests are in jeopardy. It is in line with the practices of big media companies, which invest in lobbying and offer generous campaign donations to continue influencing regulatory and law-making agencies. In this way, rules that favor the control of a few media companies are passed without much ado and the weaker organizations are left with no other option but to close their business (McChesney, 2008). The academic literature on regulation also supports the notion that a hegemonic politics facilitating ideological control and profit-mongering is an essential ingredient of contemporary regulatory practices. Horowitz (1989) discusses how telecommunication regulation and deregulation affected the basic structure of the industry as deregulation is a political process, which leads to further regulation and favors commerce intensive understanding of the concept of public interest. Regulation being a conservative process supports concentration of ownership and growth of the market caring little for a fair competition that could ensure survival of weaker business ventures. The Waqt Media Group has also increased its revenues by 11 per cent since the establishment of PEMRA in 2002 (Gallup, 2010). In a country, where economy is in shambles due to terrorism, political corruption, and energy crisis, media groups continue to thrive and analysts attribute this economic growth to the liberal regulatory regime introduced by PEMRA, which is investor-friendly and paybacks established media companies in the market (Akhtar, 2010).

The Case of Pakistan Herald Publications

The Herald Group of Publications (PHP) owns *Dawn*, which is the largest English Newspaper of Pakistan enjoying widespread influence among policy-making circles. The group also owns two more newspapers, three magazines, Pakistan's first English language TV channel, and a popular FM radio station. The group's media enterprises are considered highly credible and it has emerged as an authentic source of information in the country. Its English language newspaper, *Dawn*, began its publication from New Delhi in 1944 and the leader of the movement of Muslims for a separate country, Muhammad Ali Jinnah, was keenly interested in having a vibrant newspaper that could advocate the cause of the political movement of Muslims of India (Hijazi, 1996). After the partition of India, the newspaper moved to Karachi and established a reputation for itself as an independent and liberal critic of the government. The group flourished by leaps and bounds in Pakistan and its publications are equally popular among different sections of the society. The group's magazine, *The Herald*, is the most popular English news magazine in the country and it has been successful in maintaining its monopoly in magazine journalism for the last many decades - both in terms of circulation and advertising revenue. Thus, the group is a time-honored media company having the potential to influence government's regulatory policies.

Publications of the PHP have been advocating the establishment of a responsible and progressive regulatory regime in the decade of 90s (Akhtar, 2010). The founder of PEMRA and Federal Minister for Information and Broadcasting in 2002, Javed Jabbar, has been regularly contributing articles on the op-ed page in daily *Dawn* promoting the formulation of a regulatory body. Thus, the group being the third largest media company in the country, actively sought licenses for its FM radio and news television channels. According to Gallup (2010), *Dawn* newspaper received 21 per cent, *The Herald* managed to secure 10 percent, while Dawn *News* grossed one per cent of the total advertising revenue in the country during fiscal year 2009-2010. With the operations of credible media machines of PHP, the viewership of TV and listenership of radio has grown in the country in recent years; especially, the popularity of the group's FM radio (FM 89) symbolized the untapped potential of radio, which is especially popular among educated youth and is a harbinger of liberal ideology (Jabbar, 2003).

PEMRA, beyond doubt, encouraged concentrated media and cross-media ownership that commercially and politically benefitted groups like PHP, which embarked upon the path to corporate growth using strategies such as horizontal, vertical and diagonal expansion (Doyle, 2002). Horizontal expansion has been fashionable among Pakistani big media companies through which media firms engaged in similar news gathering and dissemination activities and engaged in synergistic practices. The new ventures of media corporations (television and radio) were supported by their well-established monopolistic media outlets (newspapers and magazines) and the concentration of ownership was maintained. The big media companies in general and PHP in particular has also used politically volatile environment of the country to strengthen their commercial muscle and the protests sparked by General Musharraf's sacking of Chief Justice in 2007 invigorated the pristine importance of Pakistani media organizations. The free judiciary movement was covered and millions of audiences were exposed to the highhandedness of the military dictator through newspapers, satellite television and FM radio. The liberal policies of PEMRA boomeranged and the dictator had to resign in 2008 chiefly because media had built a public opinion that supported a holistic restoration of democracy in the country (Khan and Joseph, 2008). However, big media corporations such as PHP continued to benefit their monopolistic and concentration-centric policies in both democratic and dictatorial regimes.

The Case of Century Publications (Lakson Group)

The Century Publications is a glaring example of diagonal expansion of companies in Pakistan. The diagonal expansionist trends have been popular all through the world under the influence of forces of globalization. For example, EMAP, which is a U.K. based media corporation, expanded in the U.S. and French media markets by acquiring magazines (Doyle, 2002). Such strategies effectively protect and promote commercial and political interests of large business corporations having the capacity to utilize resources of various companies to manufacture homogenous cultural products, which could be sold through international marketing operations of these firms. The Century Publications is a subsidiary company of Lakson Group, which is operative in different countries and shares joint business ventures with large transnational companies. Large organizations such as Lakson Group are placed in a perfect position to benefit from economies of scale and scope through their monopolistic strategies, joint ventures and interlocking of directorships (Bagdikian, 2004).

The group's Urdu language newspaper commenced its publication in 1998 and is the third largest newspaper in Pakistan. The *Express* claims to hold 24 per cent share of total newspaper circulation in the country (Sabir, 2009). The group also owns three television channels, a specialized magazine and an English language newspaper, *The Express Tribune,* which is published in partnership with *The International Herald Tribune* - an affiliate of *The New York Times*. Similarly, the news channel of the group has emerged as the second largest channel in terms of viewership. Political economists argue that joint ventures expand financial tentacles of the big corporations and limit the scope of operations of small companies (Meehan, 2002). The Lakson Group has been successful in effectively channeling its financial position and political clout to directly influence the regulatory policies in the country. With regards to revenue generation, *Express News TV* performed better compared to other new entrants into the market by acquiring 2 per cent, while daily *Express* was capable of netting 11 percent of the total advertising revenue during 2009-2010 (Gallup, 2010). The revenue generation performance of the group indicates its potential to solidify its position in the market through diagonal expansion and concentration of ownership.

Policies of PEMRA and new technologies of communication empowered people in Pakistan, but this empowerment was stolen by those established media companies who could afford the high price and the license fee levied by the government. Critics argue that the way PEMRA works goes starkly against its mandate. Instead of empowering people, it is dwindling the quality of information, education, and entertainment (Ahmad, 2004). Thus, enlargement of media firms through concentration of ownership directly affects social, political and economic fabrics of the society. For example, Berlusconi's media conglomerate in Italy is incessantly criticized for its potential to sway political gimmickry in the country that weakens the public sphere and the existence of a plural democracy (Doyle, 2002). We can argue that regulatory policies paving the way for concentration of media ownership in any society have significant cultural, political and economic ramifications. Political economy theory, therefore, makes it expedient for the researchers and common people to realize who owns the media and how this ownership is used to harvest colossal commercial gains.

Conclusion

Media critics agree that the four major media groups discussed in the preceding lines control the commercial and operational aspects of mainstream media in Pakistan. They have been able to sustain their monopoly over communication resources through huge investments, synergistic mechanisms, and horizontal, vertical, and diagonal expansion (Ahmad, 2008). PEMRA has failed to effectively check cross-media ownership and has not been able to exercise its authority to implement an efficient regulatory regime as enshrined in its mandate. Ahmad (2008) argues that one of the prime reasons for the inertness of PEMRA is the control of bureaucracy, which has rendered the organization ineffectual and corporate manipulation, profit-mongering, irresponsible journalism, concentration of ownership, and cartelization are the logical outcomes of regulatory inertia resulting in weakening of democratic institutions and pluralism in the country. This is in tandem with the argument of critics of the performance of regulatory bodies who contend that bureaucracies tend to take over regulatory bodies, which begin their work enthusiastically to achieve lofty but elusive goals and subsequently fall flat due to the bureaucratic shenanigans (Bernstein, 1955; Kemal, 2002; McChesney, 2008; Napoli, 2003; Olson, 1982; Stigler, 1971). Gradually, the government officials pressurize regulatory regimes and the private sector offers “incentives” to get business-friendly regulatory statutes enacted (Laffont & Tirole, 1993).

The four major Pakistani media groups (Independent Media Corporation, Waqt Media Group, Pakistan Herald Publications and Century Publications) selected for this study experienced horizontal, vertical, and diagonal expansion after the establishment of PEMRA in

2002. Prior to the PEMRA era, these groups were monopolizing the print media market and the new regulatory body brought novel chances of expansion for these large media corporations. The cultural and information products of these companies are not only popular in Pakistan, but affect millions of Urdu-speaking South Asian diaspora across the world (Husband, 2005; Jabbar, 2003; Sabir, 2009). Cashing in on their popularity, these four media groups procure more than 50 per cent of the total advertising revenue in the country (Gallup, 2010). The Pakistani media groups have paid special attention to vertical and diagonal expansions as these forms of integration support large companies to cross-sell and cross-market their products and generate gigantic profits. Assorted combinations of diagonal expansion and cross –media ownership help media companies to cut their costs of production and introduce economic efficiency (Doyle, 2002). However, this economic efficiency benefits the media elite and bureaucracies of regulatory agencies such as PEMRA who continue to multiply their wealth and resources at the expense of the workers and consumers.

In Pakistan, regulation of media outlets is a complicated process requiring close monitoring of social, cultural, political and economic environments. The most significant considerations for communication policy makers should be to keep an eye on concentration of ownership and ensure fair competition in a free marketplace of ideas. As Bagdikian (2004) and other political economists (Doyle, 2002; McChesney, 2008; Mosco, 2009) have noted that media industry has been monopolized all over the world and a few companies with their subsidiaries in different regions of the world are controlling the media, which has made it impossible for the smaller and local companies to compete with these media giants. The business of media is also concentrated in a few hands controlling four major media groups in Pakistan and PEMRA has facilitated concentration of ownership by not pursuing its regulatory goals.

Beyond doubt, a fair competition in the broadcast market in Pakistan would lead to efficiency, innovative content formats, and a focus on consumer needs. Besides, economic considerations, competition would enhance diversity, localism, and consumer participation. However, competition in a hostile environment does not guarantee diversity and localism and regulatory regimes should actively interfere in the media market and should frame policies ensuring equal and fair competition for all actors in the market. For example, Schwartzman (2000) analyzed Viacom-CBS merger and concluded that a new wave of consolidation would have serious repercussions for the American media market in the new millennium. Similarly, political economists have stringently criticized merger mania and concentration in the media market as monopoly over communication resources provides untrammeled power to few elite companies to manipulate culture, politics, and economy. Thus, EPMRA needs to revisit its regulatory policy by actively discouraging cross-media ownership and consolidation of media resources in a few hands. Diversity of content, sources, and organizations is essential for the smooth functioning of a healthy mediasphere in Pakistan, which would subsequently encourage pluralism, deliberative democracy, and freedom of expression in the country.

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