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## **The Role of the U.S Media in the Development of the U.S Economy after the Cold War**

**Dissertation submitted in partial fulfillment of the requirements for the Master  
degree in Literature and civilization.**

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**June 2013**

## Dedication

First and for the most, I have to thank my parents for their love and support throughout my life. Thank you both for giving me strength to reach for the stars and chase my dreams.

To my dear husband, Hamza, I would like to thank him for his love, support and patience during the past three years. He has always been my source of strength and inspiration. He has given me the drive and discipline to tackle any task with enthusiasm and determination. Hamza: I will love you forever.

To my lovely and beautiful daughter, Ragheed Hour Lain.

My sisters and my brothers without their support who has always been there for me whenever I need them, the encouragement they give to keep me going and their love to empower me that never fails all the time. Thank you.

To the candle of our home, Chorouk.

To my sister Fatima and her husband Salim.

To my nephews, Nadjib, Achraf, Mohssin and their father laid.

To all my friends, thank you for your understanding and encouragement in my many, many crisis. Your friendship makes my life a wonderful experience. I cannot list all the names here, but you are always on my mind.

**Acknowledgment:**

I would like sincerely thank my supervisor Mr. Temagoult for his guidance and support throughout this study, and especially for his confidence in me. Special thanks to Mr. Boukhama and Mr. Karboua who have helped me for their generosity and kindness in providing me thoughts and their questions and comments were very beneficial in completing my study.

## Abstract

This paper analyses and investigates the impact and the effect of the media on the American economy after the cold war. It is also improves the media's role that helps the economy. We aim to reach the answer of our research question which is to what extent is the American media very important in selling American goods and enhance its economy? For that we make a special task of the U.S media in advertising. Therefore, this dissertation is divided into three chapters in which the role of media in economy is well set and studied. The first chapter deals with the different types of U.S media and their effects on the American economy. The second chapter focuses on the characteristics of the united model of capitalism and the economic system providing two examples of companies, Hollywood and Coca-Cola. And the third chapter is about a special task of the U.S media in advertising. We tackle to the definition of advertising, the types of advertising, the history of American advertising, and the point of advertising and economy. At the end we come to say that advertising is the best modern means of any economic success and America paved the way for that.

## ملخص

إن هذا البحث يحل و يستكشف الأثر و التأثير للإعلام الأمريكي على الاقتصاد الأمريكي بعد الحرب الباردة إنه كذلك يحسن دور الإعلام الذي يساعد الاقتصاد. نحن نهدف للوصول إلى إجابة لإشكالية بحثنا و التي هي: "إلى أي مدى وسائل الإعلام الأمريكي مهمة جدا في بيع البضائع و تعزيز اقتصادها لذلك قد حدتنا دراستنا بمهمة خاصة من وسائل الإعلام الأمريكية الدعاية لذلك هذه الاطروحة مقسمة إلى ثلاثة من خلالها يتضح جيدا دور الإعلام في الاقتصاد . الفصل الأول يتناول مختلف أنواع وسائل الإعلام الأمريكية و آثارها على الاقتصاد الأمريكي. ويركز الفصل الثاني على خصائص النموذج الرأسمالي والنظام الاقتصادي، وقد قدمنا مثالين عن الشركات الأمريكية: هوليوود و كوكاكولا.

الفصل الثالث حول مهمة خاصة من وسائل الإعلام الأمريكية في الدعاية تناولنا تعريف الإعلانات وأنواعها وتاريخ الإعلان الأمريكي ونقطة مهمة تكمن في العلاقة بين الدعاية والاقتصاد.

في نهاية هذه الدراسة نستطيع ان نقول ان الإعلان هو أفضل وسيلة عصرية لأي نجاح اقتصادي و نجد أن أمريكا قد سهلت الطريق لذلك.

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## General Introduction

During the Cold War, the United States of America was the leader of the capitalist world in its struggle against the communist block. Then, with the collapse of the Soviet Union and Communist ideology in the 1989, in one hand, the United States of America found itself as the only military and political power often termed as “Hyper power” in the world in terms influence, size, industrial and military power. Which means that America shifted from the unique power followed unilateralism (a tendency of nations to conduct their foreign affairs individualistically, characterized by minimal consultation and involvement with other nations, even their allies). The United States of America wanted to re-affirm and impose its system of values and economic dominance on the entire globe and especially on countries that do not belong to the western world. That U.S hegemony can be explained by the term globalization which encompasses the globalization of production, markets, competition, technology, corporation, industries, scientific research, and cultural hegemony. In another hand, the prosperity of the American technology has paved the way for the US media to play a great role in economy. Investors have found a new way to export their goods .In other words, the U.S media have become one of the most important element in the U.S economy as an element of sale and services especially abroad through advertisement, cultural propaganda and exporting the American Culture.

Media of the United States consist of several different types of communications media: television, radio, cinema, newspapers, magazines, and Internet. The U.S. also has a strong music industry. Many of the media are controlled by large for-profit corporations who reap revenue from advertising, subscriptions, and sale of copyrighted material. American media conglomerates tend to be leading global players, generating large revenues as well as large opposition in many parts of the world.

U.S. mass media have traveled a long road since the first newspaper was published in Boston, Massachusetts in 1690. Within 50 years, magazines also began appearing in several major American cities. The advent of commercial radio at the beginning of the 20th century ended print's monopoly of the media in America, giving nationwide and, later, global audiences unprecedented access to live audio programs. Television, an even more powerful medium, entered the scene shortly after World War II. Defying predictions of their decline, the other media have diversified to confront television's dominant appeal. Satellite technology has allowed U.S. TV networks, especially cable networks, to reach overseas audiences anywhere on the globe. Interactive media, fueled by the advance of digital technology and the growing convergence of the computer, telephone and cable television, represent the principal trend of the end of the 20th and the beginning of the 21st centuries.

With the rapid progress of the U.S technology, the media, especially TV and the internet, become the easiest way to advertise and expand American products over the world. Today, companies that operate with just few employees and an internet presence can compete effectively on the global market place. For instance, internet business as we will define it "the implication of Information and Communication Technologies (ICT) carrying all the activities of business". The use of new technologies put the U.S in a fast growth that gives the country strong global position .Technology makes it possible to customize in low costs.

The mass media are highly diverse in content and in forms of organizations and include very wide range of activities which could have for sure effects on economy. The mass media manufacture and sell audiences as one moment in the complex circuit of capital that structures the operation of mass media economically. Moreover, this

moment as the crucial or necessary one and mass media's directly function role for capital as advertising vehicles. Advertisements are intended to entice its audience into thinking they cannot live without the product or service being presented to them. While America is a society of consumerism (a state of an advanced industrial society in which a lot of goods are bought and sold) and materialism (the belief that having money and possessions is the most important thing in life). So, whenever an American product sold, it's because of its good advertising. And this later depends on a good advertiser who preys upon our weakness and needs to seduce us. A good advertisement will make you buy a product, but a great advertisement will make you need a product.

Since the collapse of the Soviet Union the United States of America became the strongest nation. So the scope of this study will be between 1990's till 2013 when America is acting alone after the collapse of Multilateralism (when America acted and cooperated with other nations, usually in economic or diplomatic affairs). So America developed a new strategy based on communication and propaganda to dominate the world such as: TV channels, Magazines, Internet..., and Services. The mass media which exported the American product outside contributed to dominate the world. So, the purpose of this study is to evaluate and understand the problem of this research which is: "How mass media enhance and develop the American economy?"

The present research analyzes and investigates the impact and the effect of the media on the American economy. It also improves the media's role that helps the economy. So, from what I know about this topic, which is the American mass media, it is an important topic in that period and many journalists, professors, and economists have studied the effects of mass media culturally, politically, and economically. Teun Aderianus Van Dijk is one of those writers where he discussed these points in his

article, (2010). "The Mass Media Today: Discourse of Domination or Diversity". Alan B. Albaran (2005), "*Media economics*" is a field of study that has experienced considerable growth and development. Media economics involves the application of economic theories, concepts and principles to study the macroeconomic and microeconomic aspects of mass media companies and industries. Nicholas Garnham (2008) has an article about: Media, culture and society "Contribution to a political economy of mass-communication". Judith Lichtenberg (2003), Published a collection of essays. Democracy and the mass media. Paul M Kellstedt (2003), in his famous book: "The Mass Media and the Dynamics of American Racial Attitudes". Sanghamitra Bandyopadhyay (2009), Published an article where he examines associations of mass media and information and communications technologies (ICT) as knowledge-based infrastructures on some economic development outcomes: Knowledge-based Economic Development: "Mass Media and the Weightless Economy". Timothey Besley, Robin Burgess and Andrea Prat (2002), in their book which is: "Mass Media and Political Accountability". they state that mass media can play a key role in enabling citizens to monitor the actions of incumbent and to use this information in their voting decisions. This can lead to government which is more accountable and responsive to its citizens' needs. Maxwell Mc Combs, (2004). States the power of news media and focuses on the public attention in "The Agenda- Setting Role of Public Opinion". Andrea Prat and David Stromberg, (2011), they review the burgeoning political economic literature on the influence of mass media on politics and policy. This survey, which covers both theory and empirics, is organized along four main themes: transparency, capture, informative coverage, and ideological bias: "The Political Economy of Mass Media". Ascension Andina- Diaz (2011) shows the great impact and contribution of mass media on economy in his survey under the title "Mass Media in Economics: Origins and

Subsequent Contribution”. Denis MC Quail (1979) answered in his book, “The Influence and Effects of Mass Media”, the question “what are the various effects and impacts of mass media on society . Having cited all the above works none of them has really showed the real and underground relationship which established between the American economy and its wide diffusion through media, because consumerism is an act of communication either in America or outside. However, in our research we are going to investigate and show this established relation between the media and economy in America.

Our research question is: to what extent is the American Media very important in selling American goods and enhance its economy? So, we hypothesize that: Mass media play a crucial role in fostering the American economy. We hope to reach this potential answer at the end of the dissertation, because the answer is so important especially for the economist who wants to develop his country like America. It also improves the great interaction between the mass media and economy. If there is great media such as: movies, T.V channels, newspapers...the economy will flourish and rise. And vise versa, if there is a good economy, there is a good media. And there is an intimate relationship between media and economy they assist each other. There is no strong economy with weak channels of communication and vise versa.

The appropriate research methodology which fits our issue is: the descriptive and the analytical method for gathering, describing, organizing and interpreting numerical data, because our topic needs to present arguments and reasons such as statistics and diagrams to convince the reader that the information which we have brought is real. For that, we present diagrams and statistics. Since research often yields such quantitative data, statistics is a basic tool of measurement and investigation.

This dissertation contains three chapters. The first chapter deals with the different types of communication media: Radio, Television, Cinema, Newspaper, Magazine, Internet, and the main point in this dissertation which is “the role of the U.S. Media in the Development of the U.S. Economy. While the second chapter focuses on the characteristics of the united model of capitalism, Capitalism and American Market after the Cold war: what is capitalism, capitalism in U.S.A, the main forces fostering the capital market development, new economy, American Business in the Global Market Place, Stock Market, American Style of Mass Production, and the American Banking System. Whereas the third chapter investigates the main point that enhancing the media industry which is advertisement. We tackle to the definition of advertisement, American advertising history, and the types of advertising such as televising advertising, radio advertising, online advertising, new media, product placement, press advertising... providing some examples and statistics to improve the role of advertisement in economy that's really has an impact with its revenues and incomes. Finally, the general conclusion.

## Chapter One: Types of American Mass Media and its Impact on U.S economy

### 1. Introduction

After the cold war, The United States of America has become a powerful country. Mass media are a great engine in American society, providing jobs for hundreds of thousands of technicians, writers, artists, performances and intellectuals and shaping attitudes and beliefs. Today the mass media is often seen as the “Fourth Estate” of the American system, which already marks its special position in society (Adriana 04).

For a society to be considered truly democratic, there should be a high degree of protection accorded to the expression of ideas in published form, whether the medium is newspaper, magazines, books, motion pictures, television, radio or, most recently, the internet. Mass media incorporates all those mediums through which information is distributed to the masses (Alex 39). The mass distribution and development of most mass mediums in the United States.

Mass media communication defined as communication reaching large numbers of people (Lauree 01). Mass media has become an integral part of the human experience, news travel around the world in split second affecting people inside the country and in other countries in untold ways.

This chapter identifies the different types of mass media communication in the United States of America. The various forms of mass media that have developed over the years made a tremendous impression on the technological, political, social, cultural, and economic trends. In our research, we have put a spot light just on the economic side

in the United States of America. And we give some statistics about the development and the use of the mass media in the United States of America.

## **2. Types of the American Mass Media**

The Mass media of America used very different ways to communicate with very large audiences such as the population of a city or entire country. The average of American, according to recent study, spends about eight hours a day with the print and electronic media – at home, at work, and traveling by car. This total includes four hours watching television, three hours listening to radio, a half hour listening to recorded music, and another half hour reading the news paper (U.S Magazine 91). Mass media communication include: radio, television, cinema (motion pictures), newspaper, magazines, and internet.

### **2.1. Radio**

The beginning of commercial radio broadcasts in 1920 brought a new source of information and entertainment directly into American homes. Starting in 1950s, radios became standard accessories in American automobiles. The expansion of FM radio, which has better sound quality but a more limited signal range than AM , led to a split in radio programming, while in the 1970s and 1980s FM came to dominate the music side of programming, while AM shifted mainly to all-news and talk formats(U.S Magazine 93).

Most of the first radio stations were owned by newspapers, which adopted the new technology to maintain their competitive advantage in disseminating the news and limit access to the market by competitors. Radio provided news, music, and other entertainment and was influential in establishing a sense of group identity among

Americas (Cynthia 181). According to Cynthia, (2003), eventually radio spawned an entire new industry, as entertainment broadcasts became part of the regular programming. Advertisers used radio to reach national audiences and increase their market share (David pph. 2).

Despite the importance of TV, the reach of radio is still impressive. In 1994, 99 percent of American households had at least one radio, with an average of five for each household. Beside the 10,000 commercial radio stations, the United States has more than 1,400 public radio stations. Most of these are run by universities and other public institutions for educational purposes and are financed by public funds and private donations. In 1991, More than 12 million Americans listened each week to the 430 public radio stations affiliated with National Public Radio (U.S Magazine 93).

American radio broadcasts in two bands: FM and AM Some stations are only Talk radio – featuring interviews and discussions – while music radio stations broadcast one particular type of music: Top 40, hip-hop, country, etc. Radio broadcast companies have become increasingly consolidated in recent years. National public radio is the nation's primary public radio network, but most radio stations are commercial and profit-oriented.

Talk radio as a political medium has also exploded in popularity during the 1990s, due to the 1987 repeal of the Fairness Doctrine, which meant that stations no longer had to "balance" their day by programming alternative points of view. The Federal Communication Commission (FCC) in 1970 had limited the number of radio station one person or company could own to 1 am and 1 FM locally and 7 am and 7 FM stations nationally (David pph.2).

A new form of radio that is gaining popularity is satellite radio. The two biggest subscription based radio services are Sirius satellite radio and XM satellite radio, which have recently merged to form Sirius XM radio. Unlike terrestrial radio music channels are commercial free and other channels feature minimal commercials. Satellite radio also is not regulated by the FCC (David pph.2). The United States of America also broadcasts worldwide on the Voice of America network, which owns 109 transmitters that represent 16 wavelengths which broadcasts America programs in 50 different languages. VOA is entirely financed by public money; its budget doubled in 1980s (Powel 169).

## 2.2. Television

Television, which became a part of people's lives in the 1950s, has had a much greater influence than radio ever had. In addition to stimulating employment through the development of new jobs, television created a homogenous society whose members wanted what they saw portrayed on commercials and in programs, from clothing to toothpaste (Reese 181). Today 98% of American households have a TV set, and it is not common for family to have several sets, one in each room of the house. They spend over 40% of their leisure time in front of the TV, which is between 3 to 6 hours a day.

Ninety-eight percent of American households have at least one television and the majority of households have more than one. The four major broadcasters in the U.S. are the National Broadcasting Company (NBC), Columbia Broadcasting System (CBS), the American Broadcasting Company (ABC) and Fox. Public television has a far smaller role than in most other countries. However, a number of states, including West Virginia, Maryland, Kentucky, and South Carolina, among others, do have state-owned public broadcasting authorities which operate and fund all public television stations in their

respective states. The income received from the government is insufficient to cover expenses and stations also rely on corporate sponsorships and viewer contributions (Media of the United States php 03).

In expansion today: cable TV and pay channels such as Show view or HBO (Home Box Office). Most of these channels have chosen to specialize on a small segment of the market like sports, round the clock news (CNN), music (MTV), youth programs, religious broadcasts, or feature films. Spanish language channels are also gaining ground. Telemundo, the Miami based network, and Univision are the two most famous networks that cater to the growing- and most lucrative – Hispanic population (Powel 167).

American TV depends on advertising for its survival as there is no license fee. Advertisements take up as much as 20% of program time and interrupt broadcasts every 10 minutes on average. Companies buy sports on prime time broadcasts (programmed in early evening to reach a maximum number of viewers) and keep a close eye on audience share measured by Nielsen ratings. In 1997, a system rating TV broadcasts was adopted to warn parents of possible harmful content for children, and TV sets are now equipped with a “V-chip”, a technological device that enables parents to screen out programs they deem unsuitable (Powel 167-168).

### **2.3. Cinema (motion pictures)**

Cinema is one of the hard cases for globalization. When we look at world music, the visual arts, or literature, it is readily apparent how trade has brought a more diverse menu of choice and helped many regions develop cultural identities. In each of these cultural sectors, the market has room for many producers, in large part because the costs

of production are relatively low (Cowen 73). In the 20th century, the motion picture industry rose to become one of the most successful and powerful industries in the U.S. Along with other intellectual property industries, its relative importance to the American economy has strengthened as the importance of manufacturing and agriculture have decreased (due to globalization)(Media of the United States php 04).

## **2.4. Newspapers**

In 1990 the press celebrated its 300<sup>th</sup> anniversary as an American institution. The first newspaper in the colonies, Pubilck Occurrences in 1690. By the 1820s about 25 daily newspapers and more than 400 weeklies were being published in the United States. Horace Greeley founded the New York Tribune in 1841, and it quickly became the nation's most influential newspaper (U.S Magazine 91) Newspapers have declined in their influence and penetration into American households over the years. The U.S. does not have a national paper. The New York Times and the Wall Street Journal are sold in most U.S. cities.

Although the Times' primary audience has always been the people of New York City, the New York Times has gradually become the dominant national "newspaper of record." Apart from its daily nationwide distribution, the term means that back issues are archived on microfilm by every decent-sized public library in the nation, and the Times' articles are often cited by both historians and judges as evidence that a major historical event occurred on a certain date. The Los Angeles Times and the Wall Street Journal are also newspapers of record to a lesser extent. Although USA Today has tried to establish itself as a national paper, it has been widely derided by the academic world as the "Mc Paper" and is not subscribed to (let alone archived) by most libraries (Media of the united states 06 ).

Apart from the newspapers just mentioned, all major metropolitan areas have their own local newspapers. Typically, a metropolitan area will support at most one or two major newspapers, with many smaller publications targeted towards particular audiences. Although the cost of publishing has increased over the years, the price of newspapers has generally remained low, forcing newspapers to rely more on advertising revenue and on articles provided by a major wire service, such as the Associated press or Reuters, for their national and world coverage.

With very few exceptions, all the newspapers in the U.S. are privately owned, either by large chains such as Gannet or McClatchy, which own dozens or even hundreds of newspapers; by small chains that own a handful of papers; or in a situation that is increasingly rare, by individuals or families.

Most general-purpose newspapers are either being printed one time a week, usually on Thursday or Friday, or are printed daily. Weekly newspapers tend to have much smaller circulation and are more prevalent in rural communities or small towns. Major cities often have "alternative weeklies" to complement the mainstream daily paper(s), for example, New York City's Village Voice or Los Angeles' L.A. Weekly, to name two of the best-known. Major cities may also support a local business journal, trade papers relating to local industries, and papers for local ethnic and social groups (Media of the United States php 08).

Probably due to competition from other media, the number of daily newspapers in the U.S. has declined over the past half-century, according to Editor & Publisher, the trade journal of American newspapers. In particular, the number of evening newspapers has fallen by almost one-half since 1970, while the number of morning editions and Sunday editions has grown (Media of the United States php 09).

For comparison, in 1950, there were 1,772 daily papers (and 1,450 – or about 70 percent – of them were evening papers) while in 2000, there were 1,480 daily papers (and 766 or about half of them were evening papers). Daily newspaper circulation is also slowly declining in America, partly due to the near demise of two newspaper towns, as the weaker newspapers in most cities have folded:

Table 01: The American News paper Income 1960-2000

|      |              |
|------|--------------|
| 1960 | 58.8 million |
| 1970 | 62.1 million |
| 1980 | 62.2 million |
| 1990 | 62.3 million |
| 2000 | 55.8 million |

Source: List of news papers in the United States

The primary source of newspaper income is advertising – in the form of "classified" or inserted advertising circulars – rather than circulation income. However, since the late 1990s, this revenue source has been directly challenged by Web sites like eBay (for sales of secondhand items), Monster.com (jobs), and Craigslist (everything).

Table 02: Circulation of the Leading Daily Papers in 1999 (in millions)

|                         |         |
|-------------------------|---------|
| The Wall Street Journal | 1,752\$ |
| USA Today               | 1,671\$ |
| The Los Angeles Times   | 1,086\$ |
| The Washington Post     | 1,078\$ |

Source: Civilisation Des Etats-Unis

The largest newspapers (by circulation) in the United States are USA Today, the Wall Street Journal, the New York Times and the Los Angeles Times.

## 2.5. Magazines

The magazine industry was established in 1741 in the historical city of Philadelphia, PA. The initial problem that faced magazines were a lack of material to print and a market that had little interest in reading the material that was printed. Magazine life span increased as the industry stabilized. Magazines originally only had seven main categories: religious, literary, agricultural, general, and medical, miscellany, and social reform, as the modern magazine era was entered new categories were added at an exponential rate. Today there seems to be a magazine to cover every topic imaginable. Some of the new magazine genres are fashion, health, interior design, pets, teen life, children, parenting, adult entertainment, mechanics, military, and technology. This sub-category division of magazines is advantageous for advertisers making it easier to reach their target demographic (Eilsa.R 11)

The United States has a large magazine industry with hundreds of magazines serving almost every interest, as can be determined by glancing at any newsstand in any

large American city. Most magazines are owned by one of the large media conglomerates or by one of their smaller regional brethren (Tabbel 85).

The U.S. has three leading weekly newsmagazine: Time, Newsweek and U.S. News and World Report. Time and Newsweek are center-left while U.S. News and World Report tend to be center-right. Time is well known for naming a "Person of the Year" each year, while U.S. News publishes annual ratings of American colleges and universities. The U.S. also has over a dozen major political magazines (Tabbel 192).

Finally, besides the hundreds of specialized magazines that serve the diverse interests and hobbies of the American people, there are also dozens of magazines published by professional organizations for their members, such as Communications of the ACM (for computer science specialists) and the ABA Journal (for lawyers) (Tabbel 265).

## 2.6. Internet

The Internet has provided a means for newspapers and other media organizations to deliver news and, significantly, the means to look up old news. Some organizations only make limited amounts of their output available for free, and charge for access to the rest. Other organizations allow their archives to be freely browsed. It is possible that the latter type obtain more influence, as they are true to the spirit of freedom of information by virtue of making it free. Anyone who has followed external links only to be confronted with a pay to view banner, might attest that the reputations of organizations that charge is not enhanced by their charging policy, particularly when the same information is available from sources that don't charge (Media of the united states 05).

The Internet, by means of making available such constantly growing news archives, is writing our history as it happens at a level of detail never before known. While proprietary archives are slowly exposed to the public after many decades, organizations that maintain immediately updating resources have more control over what will be remembered by the general public in the near future (Media of the united states 06).

Internet made millions of documents available free of charge, including many documents available for a fee from NTIS, the National Technical Information Service (Reese 200).

#### The New Ways of Working (The Use of Internet)

In 2004, there was more than one billion users of Internet .The US encourage liberalism, but it can be said that the American electronic industries dominate very much the global market (Fontanel 36) .While many US economies were moving their manufacturing operations to Asia and Latin America ,many individuals found new jobs over internet. It is statistically improved by Pawels; the service sector is witnessing a great explosion with 80%, compared with the sharp decrease of the secondary sector that occupies only 15% of the US work force (108). So, that manufacturing decline is a sign for emerging new technologic ways of working which are more comfortable and so fast to make economic profits.

#### **The Role of U S Media in the Development of U S Economy**

The question which we would like to address here is “what is the role of U S media economically?” With the rapid progress of the U.S technology, the media, especially TV and the internet, become the easiest way to advertise and expand

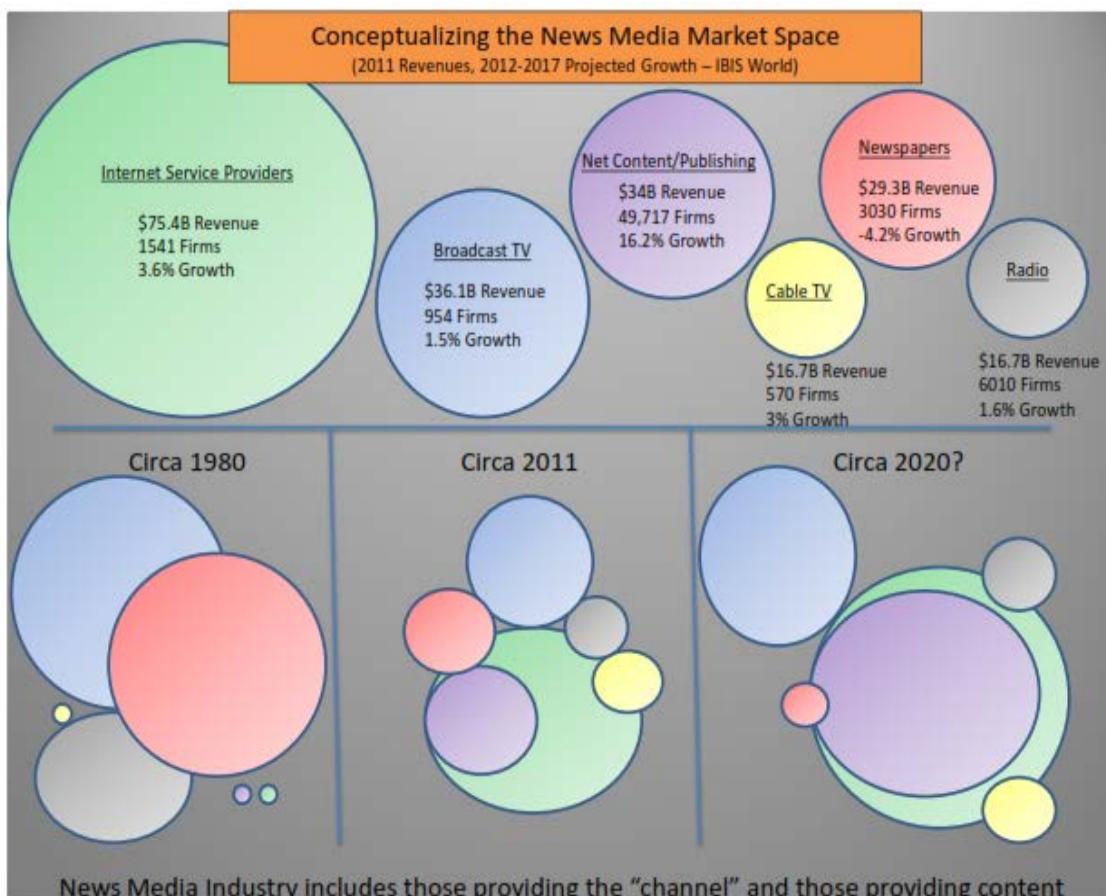
American products over the world. Today, companies that operate with just few employees and an internet presence can compete effectively on the global market place. For instance, internet business as we will define it "the implication of Information and Communication Technologies (ICT) carrying all the activities of business".

The use of new technologies put the U.S in a fast growth that gives the country strong global position .Technology makes it possible to customize in low costs. For example, the microprocessor - powerful computers that process, store, and send information. Also computer – controlled manufacturing makes it faster and cheaper to change designs and assemble kind items .these technologies have lead to the birth of mass customization by revolutionizing the data of production costs ( Griffith and Baker 400-401).

Economics plays a major role in shaping the information served up to the U.S. public in newspapers, on radio and television, and now on the Internet. While nonprofit and advocacy organizations have significant voices, most of the public's primary sources of information - major urban newspapers, the weekly news magazines, and the broadcast and cable networks - are in business to make money. Media and communications, with revenues of over \$242 billion, are one of America's largest business groups. In 2000, adult consumers of media information and amusement products spent over \$675 a person. Advertisers spent an additional \$215 billion to bring their products to the attention of the American public. The media are a great engine in American society, providing jobs for hundreds of thousands of technicians, writers, artists, performers and intellectuals and shaping attitudes and beliefs (the media in the United States pph 04).

The advertising industry is a major sector of the U.S. economy, employing hundreds of thousands of workers and accounting for about 2% of the nation's annual output, according to some estimates. Advertising campaigns by large firms and small businesses provide consumers with product information and generate crucial income for newspapers, television and radio stations, magazines, and other ventures. The advertising industry is in the midst of a fundamental restructuring, however. The deep recession has depressed advertising spending. At the same time, the industry faces longer-term challenges as consumers migrate from traditional media to digital platforms such as websites, cell phones, mobile e-readers, and gaming networks. The emerging digital market offers great advantages including lower distribution costs, the ability to target ads to individuals rather than broad groups, and more precise tools to measure ad impact. But the rise of cut-rate online advertising has hurt media companies and businesses that depend on ad revenue. The changing structure of the market is also forcing changes in advertising presentation and content, with implications for consumer privacy, Internet regulation, and media profitability (Suzanne 02).

Figure 01: Conceptualizing the News Media Market Space



Source: National security and resource strategy.

This figure of conceptualizing the news media market space shows the 2011 revenues of the different types of mass media; internet, broadcast TV, newspapers, radio, cable TV, and net content/ publishing. We notice that the internet is the important media in that period according to its revenues (75.4B\$), firms (1541), and its growth (3.6%). Then broadcast TV and net content/publishing are nearly the same with convergent rates in the revenues While the newspapers come in the fourth rank followed by radio and cable TV with the same rate of revenues (16.7B\$).

The figure also presents three periods with the media's types development from 1989 till 2011 and the expedition of 2020. The circa of 1989 shows that the internet, net content/ publishing and cable TV are the smallest size which mean that's

revenues are lower than the other types whilst the newspaper and broadcast TV are the higher and this returned to the use of each type.

The expedition circa of 2020 submits that the internet will extend and include the four types; net content/ publication, newspapers, radio, and cable TV.

We think that the success of internet is related to the use of firms such: Google, Yahoo, Disney, the New York Times, and Microsoft with online markets, also the use of citizens by looking for news, entertainment, chat, music... and movies. For that the internet rise on the traditional media (broadcast TV and Newspaper).

## Conclusion

Mass media is a relatively new concept in human culture. Word of mouth was the primary form of communication before print. This limited the information being transferred between people to that of immediacy and importance. This usually meant that the information only dealt with local or political issues. The advent and spread of print material like newspapers, handbills, books, and magazines accomplished many things. First it increased the demand for literacy. In fact printed mass media is probably the most significant factor in the high level of literacy in the United States. Because the country is so large and spread out information needs to be transmitted, and if it is being transmitted in print form, people have to know how to read to receive the information and they have to learn to write to transmit their answer and response back. Speed of transmission and distance of transmission was the next area of development. These advancements changed the type of information people were wanting and receiving. Now information being transmitted dealt with national and eventually international news and information. With this ease other less urgent information could also be transmitted like fashion, art, culture, and entertainment. Mass media technology is always advancing. Becoming faster, more accessible, and more interactive. In the future all media will be accessible in a hand held devise. News, entertainment, and educational materials will be delivered to this devise via wireless Internet systems. Electronic media will more than likely replace print media and newsprint will only exist in museums and electronic files.

## Chapter two: The American Economic System

### 1. Introduction

Following the end of the Cold War in 1989, a new global era in American history started. That period was marked by the new economy that was characterized by the shift from manufacturing to services, sharp competition, rapid innovation, increased organisational flexibility and more flow of capital and labour markets. The U.S economy also witnessed the spread of new technologies especially in communications that encouraged shopping online, genetic food that enhance and fasten the agricultural productivity. The U.S economy has enjoyed a great prosperity.

Furthermore, today, worldwide economic activities are being increasingly integrated. Mobile phones and the Internet have brought people closer. The world is becoming virtually a smaller place. Western goods, which were once limited to western countries, are nowadays available across the globe. In addition, Work can be outsourced to any part of the world that has an Internet connection.

One of the greatest exporters of goods and services is the U.S economy, which is mainly characterized by the capitalist system where businesses are owned and operated by private individuals to make profit.

Business institutions have a great position in the American society, which was clearly meant by President Calvin Coolidge in the 1920s when he said "the business of America is business" (qtd. in Datesman et al 118).

Indeed, American business, a fundamental aspect of the nation's power, is based on well structured and organized processes to maximize profits. Also; competition is an

essential element that protects many American values like the individual, equality of opportunity and hard work.

This chapter identifies the capitalist based economy leaded by the United States of America, and the main driving forces of that economic system. Then capital market development and the role it plays in attracting global markets leading to Americanization. It also explores the external and internal role of financial markets. In short, in this chapter we try to explore some economic features that lead the United States of America to be a dominant country economically.

## **2. Capitalism and American Market after the Cold War**

### **2.1. What is Capitalism?**

Capitalism is often defined as an economic system in which the means of production are privately owned and operated for profit. Income in a Capitalist system takes at least two forms, profit on the one hand and wages on the other.

Ty M. Reese, from the University of North Dakota, identifies capitalism as "an economic system stressing free markets and enterprise that played a vital role in the development of the United States" (39). The Macmillan Dictionary of Modern Economics' definition of capitalism is "a political, social, and economic system in which property ,including capital assets, is owned and controlled for the most part by private persons "(qtd. in Scott 2). Moreover, the precise form of capitalism is marked by the degree to which the price mechanism, as an indication system used to assign resources between uses, is used and the status of government interference(Scott 2-3). Bruce R. Scott also adds that there are two modes of direct and indirect government intervention: The indirect mode is necessary for the operation of a capitalist system, for example changing the institutional foundations in size, shape, or location of a market. The direct

mode is much more important, for example by the taking of land by the powers of famous domain (Scott 2, 27-28). Furthermore, Scott defines capitalism as systems of three levels. Markets represent the first level where competition takes place. They administrate demand and supply with the help of institutional political authorities. The second level is the institutional foundations that support those markets. The third level is the government that manages the system. The government plays a role in controlling the institutional frameworks, embracing the stipulation of infrastructure and administration of laws (Scott 1).

## 2.2. Capitalism in the U.S

The first emergence of capitalism was in Europe, when private property and individualism took place over feudalism's decline. It expanded over hundreds of years in parallel with numerous internal and external issues as well as state building till the 1800s and the Industrial revolution. England economic development set the stage for the rise of capitalism in the United States of America. Since the 18<sup>th</sup> century, capitalism played an essential role in shaping the U.S political, economic, social, ideological, and cultural system (Reese 39-40).

Economic actions in the USA are very vast when compared to other societies. The mechanism of market is a simple interactive way that helps people to engage in profitable mutual activities. The results of markets are dominant on their political and social administrations; the opening frontiers and the use of dollar as the international monetary. Thus, The United States has become the leading nation for a global economy. The US dominates the military sectors, technologies, cultures, and economies (fontanel 13).

### 2.3. Main Forces Fostering the Capital Market Development

After the Cold War, capital markets developed under capitalism that was represented by the United States of America. The growth of this capital market was due to the contribution of three major driving forces; government policies, technological and financial innovations, and demand and supply –side.

First, governments encouraged the development of capital market by the process of the liberalization of the financial sector, leading to a great capital mobility, that process included many measures that gave a chance for market forces to work freely and efficiently (De La Torre and Shmuker 8-11). Indeed, there is full evidence that when government dominates the economy, resources are often misallocated, and private investments suffer. Another important role that U.S government has played is to ensure that domestic conditions are such that the private sector will have the confidence to save, invest, and produce. Moreover, government as well as private sector leaders convince their people that developing a modern, efficient market economy is the only way to create jobs, economic security, and rising standards of living (Camdessus sec. 3).

Second, through the use of technology, economic actors and investors have found it easy to make trade and other activities that seemed to be impossible in the absence of technology. The growth of new instruments and securitization of liquid assets have come behind the financial innovations (De La Torre and Shmuker 8-11).

Third, investors have got many benefits from the changes of the demand- side to hold securities, at low costs, instead of bank deposits (De La Torre and Shmuker 8-11).

### 3. The New Economy

Back through 1989, the US economy witnessed many noticeable changes: technological advances, powerful personal computers, high speed telecommunication, and the internet. In addition to that, there were other developments –information economy, net work economy, digital economy, digital economy, knowledge economy and risk society - all of those changes hold the meaning of the new economy. With that new economy, most businesses not only those producing technology, were organizing work around it (Atkin and Court 395).

The new economy uses computer-aid manufacturing technology to cut costs, save changes, and reduce waste. Beside, one of the most important causes to the US powerful economy has been the country's ability to welcome the economic change; by the extent to which dynamism, constant innovation, and adaptation have become the measure (Atkin and Court 395-397).

Moreover, approximately three quarters of all works were being created by 350.000 new fast-growing "gazelle" businesses (companies with sales growth of at least 20% per year for four straight years), and nearly a third of all works were in continuous change each year. Thanks to the new technologies that are stimulating the U.S economy and to the increased job competition. Another remarkable feature of the new economy was occupational change. From 1969 to 1995, jobs in offices had become the main stream of almost 93 million of American workers instead of the production and distribution of goods (Atkin and Court 395-397).

John Dewitt Warner, Wall Street lawyer and congress man, described the United States in 1998 as the greatest nation on the world "Today there are no more world to find. Upon us is the responsibility never laid before on a people-building the

world's capital for all time to come " (qtd. in Panitch and Gindin 17). This can reflects American hegemony in all aspects especially economy.

#### **4. American Business in the Global Market Place**

Since 1990, American business has become a central part of a much larger global economy. From about 1996 to early 2000, the development and adoption of new technologies and rising productivity in the United States- together with the country's long-standing advantages such as low political risk, strong property rights, and a good regulatory environment- made the U.S economy exceptionally attractive to international investors during that period. Consequently, capital flowed rapidly into the United States, helping to feed large appreciations in stock prices and in the value of the dollar. Stock indexes rose in other industrial countries as well, although stock-market capitalization per capita is significantly lower in those countries than in the United States (Bernarke sec. 3). Moreover, in 2000 many American companies started to manufacture and to import automobile parts from around the world, and the United States was the center of manufacturing cars to many foreign companies. Many American companies started to outsource their costumer services and technical support services (Datesman et al 124). A good example was the Ford' factories that have had a great capacity in selling goods and services since the 1970: "there has been an explosion of choice in the drinks from 20 to more than 87, TV channels from 5 to 185, over -the -counter pain relievers from 17 to 141. The US market offers 7,563 prescriptions drugs, 3,000 beers, 1,174 amusement parks, 340 kinds of breakfast cereal, 50 brands of bottled water. whole milk sits on the supermarket shelf beside skin milk, half-percent,1 percent, 2percent, lactose -reduced, hormone -free, chocolate, buttermilk and, milk

with a shelf life of six months. Today's consumers have an access to more book titles, more movies and more magazines"(Cox and Alm 398). The U.S.A is an exporter of products and services to the Arab world countries. Most of the Arab countries are still importing American goods and services, mostly for infrastructure projects. That is the main driver for foreign investments.

## 5. The Stock Market

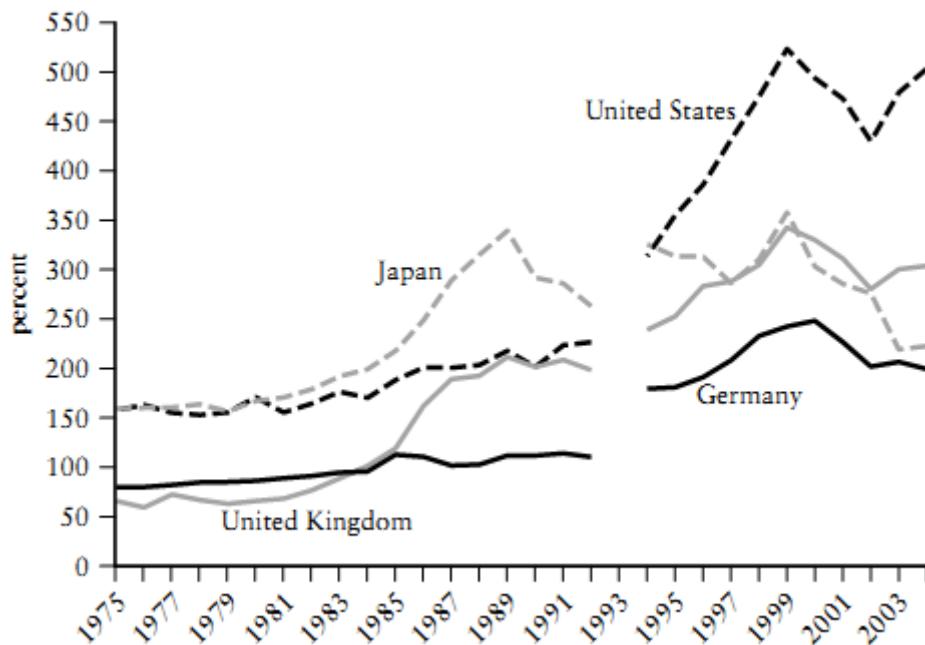
Very early in America's history, people saw that they could make money by lending it to those who want to start or expand a business. To this day, small American entrepreneurs usually borrow the money they need from friends, relatives, or banks (U.S Magazine 45). Larger businesses, however, are more likely to acquire cash by selling stocks or bonds to unrelated parties. These transactions usually take place through a stock market.

Europeans established the first stock exchange in Antwerp, Belgium, in 1531. Brought to the United States of America in 1792, the institution of the stock market flourished, especially at the New York Stock Exchange, located in the Wall Street area of New York City, the nation's financial hub.

Except for weekends and holidays, the stock exchanges are very busy every day. In general, prices for shares of stock are rather low, and even Americans of modest means buy and sell shares in hopes of making profits in the form of periodic stock dividends. They also hope that the price of the stock will go up over time, so that in selling their shares they will make an additional profit. There is no guarantee, of course, that the business behind the stock will perform well. If it does not, dividends may be low or nonexistent, and the stock's price may go down (U.S Magazine 46).

## **6. U.S Capital Market Development in the USA (1989-2004):**

Figure 02: Capital Market Development in Selected Developed Countries (1975-2004)



Source: BIS; IMF; World Bank; S&P Emerging Markets Database. (De La Torre, Shmuker 27).

According to this figure, it is easy to remark that the US capital market slowly grew from 1989, experiencing a boom in the 1990s that witnessed a much greater population growth, and much greater proportion of the population growth. Imports led to lowering of the costs of reproducing labor. That got both low and high-tech incomes for business (De La Torre and Shmuker 41). Until 1995, when US capital market started to increase sharply to reach the peak of five hundred percent in 1999 with little flows in the three following years. However, it increased again in 2002 to reach nearly five hundred percent as in 1999. Capital markets grew considerably in many developed countries like Japan and the United Kingdom (De La Torre, Shmuker 27).

## **7. American Famous Companies**

## 7.1 Hollywood

Hollywood was founded in the early teens of the twentieth century by a group of film companies (Metz 374). The fundamental goal of Hollywood is what gets made, and with such high levels of funding and marketing, because they can draw large audiences (Cowen 91). According to Barbara trend' experience who spent much of her life making movies and videos, She expresses her inspiration that the U.S media have had on countries around the world, thanks to the advertising images that makes the Americans famous. The U.S cinema is important type of international monopoly of the media; it is because Hollywood filmmakers know how to spread their films. Thus the highest winning filmmakers are from the U.S.A (231).

It is one of the modern technologies in the United States of America. By 1990s Hollywood start to rely so much on computer technology , particularly CGI(computer generated images ); such as Disney corporation that reappeared in the early 1990 as a major player in Hollywood because of its proficiency in feature-length animation. Then, Disney becomes one of the most financially profitable studios in contemporary Hollywood. Furthermore, today's most Hollywood studios are integrated as a part of large conglomerates that have synergistic control over many facets of the media business. Disney is part of capital cities (ABC).Thus, it has vertically integrated control to produce, distribute, and exhibit media content.

The global spread of Hollywood's distribution net work is overwhelming the global market (Metz 374). For instance, American movies have became increasingly popular in international markets ( Cowen 75), For example, action film tend to earn even more in international markets than in North America. For an average Hollywood movie, domestic and foreign marketing expenditures might have at least \$30 million.

Hollywood is not approximately a name for makes money but also for a fundamental late-capitalist Cultural Revolution, in which old ways of life are broken up and new ones set in place (Jameson and Miyoshi 63). Thus, to a certain extent American way of life will replace the customs and traditions of other countries.

## 7.2 Coca-Cola Company

The Coca-Cola Company is an American multinational beverage corporation and manufacturer, retailer and marketer of nonalcoholic beverage concentrates and syrups, which is headquartered in Atlanta, Georgia. The company is best known for its flagship product Coca-Cola, invented in 1886 by pharmacist John Stith Pemberton in Columbus, Georgia. Coca-Cola currently offers more than 500 brands in over 200 countries or territories and serves over 1.7 billion servings each day. The company operates a franchised distribution system dating from 1889 where The Coca-Cola Company only produces syrup concentrate which is then sold to various bottlers throughout the world who hold an exclusive territory. The Coca-Cola Company owns its anchor bottler in North America, Coca-Cola Refreshments.

According to the 2005 Annual Report, the company sells beverage products in more than 200 countries. The report further states that of the more than 50 billion beverage servings of all types consumed worldwide every day, beverages bearing the trademarks owned by or licensed to Coca-Cola account for approximately 1.5 billion (the latest figure in 2010 shows that now they serve 1.6 billion drinks every day). Of these, beverages bearing the trademark "Coca-Cola" or "Coke" accounted for approximately 78% of the company's total gallon sales.

Also according to the 2007 Annual Report, Coca-Cola had gallon sales distributed as follows:

- 42% in the United States
- 37% in Mexico, India, Brazil, Japan and the People's Republic of China
- 20% spread throughout the rest of the world

In 2010, it was announced that Coca-Cola had become the first brand to top £1 billion in annual UK grocery sales.

## 6. Conclusion

As a conclusion, the U.S. was and still a great power. It has been the dominant power over the global economy and markets. Just like what did Newt Gingrich, an American politician, meant in his speech in 1990; America is the only country that can guide the world, it really deserves to remain the global civilization in the human history. The American values are followed in the whole world, and the U.S. technology that changes the life styles in many other societies is the first element for globalization. Indeed, capitalism, the economic system that was firstly followed by the U.S. has expanded throughout the globe, holding new culture to the Arab world as an adopter of U.S. economy and a trade partner of the United States.

## Chapter three: the Special Task of the U.S Media in Advertising

### I. Introduction

Advertising has become as much a part of our lives as breathing. When you turn on the TV, open your mailbox, drive down the street, pick up your phone, or surf the Internet you come face to face with some facet of advertising. The fact that advertisers reach a broad spectrum of people, by using resources such as television, magazines, newspapers, billboards, the Internet, etc. it is easy to see how they can have such an impact on society.

Advertising of all types, including advertisements encouraging people to “buy” or “spend” as well as advertisements asking people to “vote for” or “support,” has changed over the course of U.S. history. In this chapter, Firstly, we give the definition of advertising, the history of advertising in the United States demonstrates the evolution in the uses of advertising—from informing the customer of the range of new products and services available to them, to an effort to differentiate similar products and services within the marketplace, and also we show how advertising styles have changed over time in service of all the different types like: radio advertising and televising advertising, These stylistic changes often coincided with technological innovations, especially the introduction of new media or changes to existing media in which advertising appeared.

Finally, we give examples and statistics to improve the great role of advertisement in making money.

## 1. American Advertising

### 1.1 What is advertisement?

According to Oxford dictionary “Advertisement is a notice in a newspaper, on television, etc, telling people about a product, job or service”. Also, it is a picture, short film, song, etc. which tries to persuade people to buy a product or a service (Cambridge dictionary).

Advertising is an essential element of a classical-liberal economic system that is founded around the principle of individual choice. In the early stages of economic development, advertising informs consumers about the different products and services available to them. As the range of consumer choices expands, manufacturers and retailers use advertising to differentiate their products and services from those of their competitors. The history of advertising in the United States demonstrates this evolution and shows how advertising styles have changed over time (Reese 319).

Advertising is a form of communication for marketing and used to encourage, persuade, or manipulate an audience (viewers, readers or listeners; sometimes a specific group) to continue or take some new action. Most commonly, the desired result is to drive consumer behavior with respect to a commercial offering, although political and ideological advertising is also common. In Latin, advertise means "to turn the mind toward." (Advertising php 01).

## 2. American advertising history

The expansion of the United States from the Atlantic Ocean to the Pacific Ocean and the Industrial Revolution set the stage for the advertising market. Campaigns for products manufactured in the east were needed to inform western markets about

their availability. In the beginning of modern advertising, newspapers were the primary medium of distribution. Most cities had their own newspaper that carried local advertisements. As distribution avenues improved through the construction of transcontinental railroad system, new markets opened up and the demand for out of area advertising campaigns increased. In 1841 V.B. Palmer started the first American advertising agency in Philadelphia, Pennsylvania. Its main income source was selling newspaper advertisement space to companies outside the city. This company was so successful that Palmer opened other agencies in Baltimore, Boston, and New York (Eisla R pph 01).

The oldest advertisement agency J. Walter Thompson Company was founded in 1861. From this point on advertising agencies rapid multiplied and filled major cities. By 1870 5,691 newspapers were in circulation compared to the 715 newspapers in 1830. This provided a huge market for advertisement space sales and also allowed for multi-city, multi-state, and even national advertising campaigns to be implemented with ease. The next step was to regulate advertising commissions. N.W. Ayer and Son set this at 15% in 1875. It was also to this company's credit that the concept of the full-service advertising agency was due. They were the first company to offer to its clients planning, creation, production, and placing of advertising campaigns (Eisla R pph 04).

Entering the 20th century, money spent on advertising represented 4% of the national income. Nearly \$600 million was spent by big businesses in 1910 alone. As the advertising market increased it spread to magazines and in 1920 to the first commercial radio station KDKA broadcasting out of Pittsburgh, PA. Radio was a popular new medium for advertising and in 1929 the Eveready Hour was the first of many product sponsored radio programs. Other products like Ovaltine, soap, and cigarettes had their

own self-promoting shows that utilized the Vaudevillian talents of the day including Bob Hope, Lucille Ball, and Red Skelton. By 1920 over \$10.5 million was spent on radio advertising alone. Because of its entertainment value, radio advertisement was the fastest growing medium around. Between 1919 and 1929 advertising expenditures rose from \$2.282 billion to \$3.426 billion (Eisla R pph 06)

Advertisers responded by becoming more intrusive and more ubiquitous, by flooding media markets with brand messages of all types. The sheer volume of advertising on television alone rose dramatically during the 1980s and 1990s, with commercial breaks consuming between 20 to 30 percent of every programming hour, three to four times longer than in 1960.

The increasing din of advertising messages in the late twentieth century coincided with information overload, or what David Shenk (1997) called “data smog.” One industry observer in 1999 likened the use of advertising to narcotics—in essence, consumers required greater and greater “doses” to overcome “immunity” to advertising repetition. Another scholar analyzing advertising and consumer trends in the post-World War II years envisioned advertisers and consumers engaged in a technological war. At the beginning of the twenty-first century, consumers remained less inclined than ever before to spend their most precious resource—time—on advertising, and advertising agencies and their clients scrambled for new ways to get out their messages. The vast majority of advertising spending throughout U.S. history has been directed at convincing people to take a particular action—namely, to spend money on a particular advertiser’s

Finally, the history of advertising reveals the persistent role played by political institutions. Government regulations inflicted a persistent, if frequently ineffectual, influence on advertising, particularly in the twentieth century. Those working within the

industry often complained of the harmful effects of such efforts, but the federal government, with total ad spending in excess of \$1.2 billion in 2000 (placing it number 18 on a list of the top 100 advertisers), pumped billions of dollars into the advertising business in the latter half of the twentieth century. As advertising moves into the new century, advertisers and consumers alike should expect to see contradictory trends of the government spending money on advertising while simultaneously placing restrictions on advertising.

### **3. Types of Advertising**

Advertisements are intended to entice its audience into thinking they cannot live without the product or service being presented to them. They prey upon our weaknesses and insecurities, and they use our desires and needs to seduce us. A good advertisement will make you buy a product, but a great advertisement will make you need a product. Advertising has many types such as televising advertising and radio advertising.

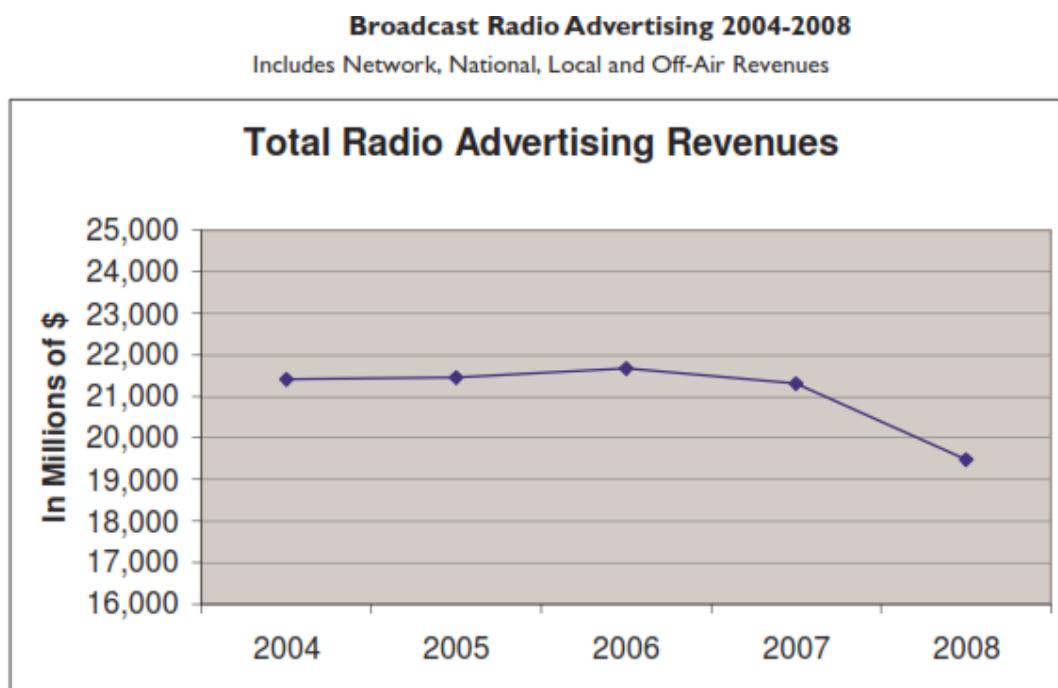
#### **3.1. Televising Advertising**

Jingles typified an effort to be creative, to make an ad something more than the notification that goods were for sale. Advertisers recognized, before most of the rest of society did, that the public is likely to remember something enjoyable. That helps to explain why people who have seen the same commercial twenty times sit entranced to watch it for the twenty-first time. It is also why a child who runs off when the program is on will come running back for the commercial. More thought, energy, effort, and cold cash go into television commercials today than into television programs (Irving 65).

### 3.2. Radio advertising

Radio became an advertising medium in 1922. That alone led to an explosive growth in the radio industry, but the idea of broadcasting commercials took a little selling (64). It is a form of advertising via the medium of radio. Radio advertisements are broadcast as radio waves to the air from a transmitter to an antenna and thus to a receiving device. Airtime is purchased from a station or network in exchange for airing the commercials. While radio has the limitation of being restricted to sound, proponents of radio advertising often cite this as an advantage (Advertising 14). Radio is an expanding medium that can be found not only on air, but also online. According to Arbitron, radio has approximately 241.6 million weekly listeners, or more than 93 percent of the U.S. population (Irving 64).

Figure 03: Total Radio Advertising



Source: Radio Advertising Bureau.

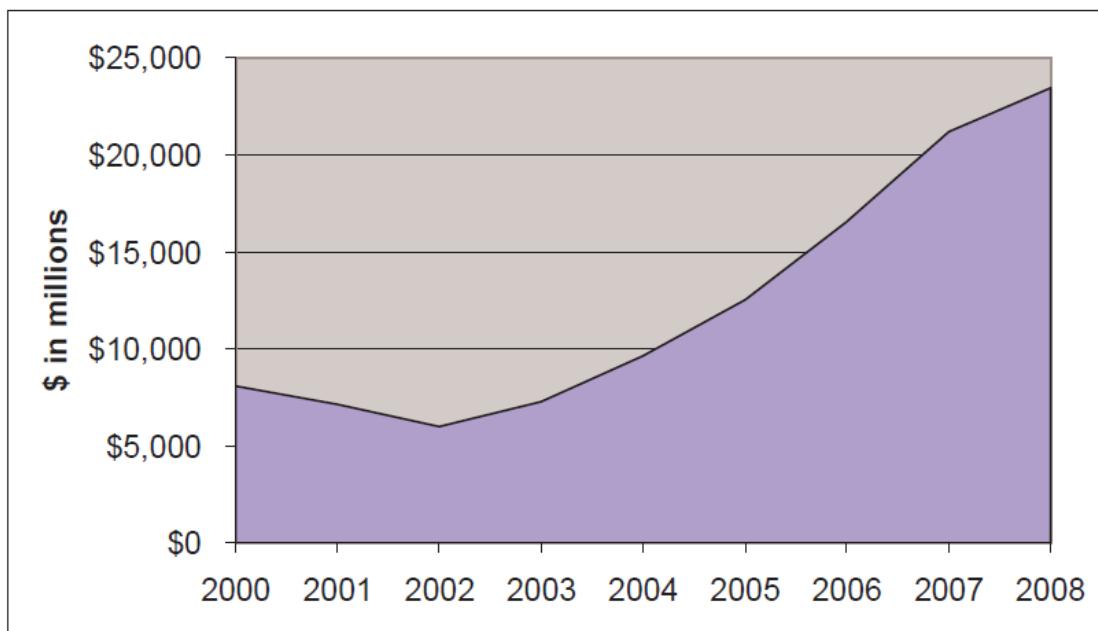
This figure shows the revenues of radio advertising from 2004 till 2008 in millions of dollars. We see that the revenues keep on the same level between the two years 2004 and 2005 about 21,500\$ while in 2006 it rises to 21,850\$ and it fall in the

two years later 2007 and 2008. We think that the internet is the responsible for this change because the advertisers become known and use this new media; they prefer to choose it for its benefits and large revenues and also for the commercial web sites.

### 3.3. Online advertising

It is a form of promotion that uses the Internet and World Wide Web for the expressed purpose of delivering marketing messages to attract customers. Online advertisements are delivered by an advertising server. Examples of online advertising include contextual advertisements that appear on search engine results pages, banner advertisement, in text advertisement, rich media advertisements, social network advertising, online classified advertising, advertising networks and e-mail marketing, including e-mail spam (Advertising php 15).

Figure 04: Internet Advertising Revenues 2000- 2008



Source: Interactive Advertising Bureau and Price Waterhouse Coopers.

According to the figure 04 that's about the internet advertising revenues from 2000 till 2008, we can see that the internet advertising revenues go up in the year 2000 to \$8,000 and it go down in the two years 2001 and 2002. We notice also that the year

2002 is a starting point of climbing and increasing. In 2004, it reaches \$ 10,000 and in 2006 grows to \$ 15,000 when in 2008 it gets higher at nearly to \$ 25,000. We suppose that the use of internet in the period 2000-2002 is not as much like nowadays because it was new and latest media so the advertisers can not risk with their money and also we can say that the advertisers use the traditional media like radio. If we compare the figure 3 and 4 we notice that the period in which the internet picked up the radio fall down.

### **3.4. Product placements**

Covert advertising is when a product or brand is embedded in entertainment and media. For example, in a film, the main character can use an item or other of a definite brand, as in the movie Minority Report, where Tom Cruise's character John Anderton owns a phone with the Nokia logo clearly written in the top corner, or his watch engraved with the Bulgari logo. Another example of advertising in film is in I, Robot, where main character played by Will Smith mentions his Converse shoes several times, calling them "classics," because the film is set far in the future. I, Robot and Spaceballs also showcase futuristic cars with the Audi and Mercedes-Benz logos clearly displayed on the front of the vehicles. Cadillac chose to advertise in the movie The Matrix Reloaded, which as a result contained many scenes in which Cadillac cars were used. Similarly, product placement for Omega Watches, Ford, VAIO, BMW and Aston Martin cars are featured in recent James Bond films, most notably Casino Royale. In "Fantastic Four: Rise of the Silver Surfer", the main transport vehicle shows a large Dodge logo on the front. Blade Runner includes some of the most obvious product placement; the whole film stops to show a Coca-Cola billboard (Advertising php 17).

### **3.5. Press advertising**

It describes advertising in a printed medium such as a newspaper, magazine, or trade journal. This encompasses everything from media with a very broad readership

base, such as a major national newspaper or magazine, to more narrowly targeted media such as local newspapers and trade journals on very specialized topics. A form of press advertising is classified advertising, which allows private individuals or companies to purchase a small, narrowly targeted advertising for a low fee advertising a product or service. Another form of press advertising is the Display Advertising, which is a larger advertising (can include art) that typically run in an article section of a newspaper (Advertising php 18).

### **3.6. Billboard advertising**

Billboards are large structures located in public places which display advertisements to passing pedestrians and motorists. Most often, they are located on main roads with a large amount of passing motor and pedestrian traffic; however, they can be placed in any location with large amounts of viewers, such as on mass transit vehicles and in stations, in shopping malls or office buildings, and in stadiums (Advertising php 19).

### **3.7. Mobile billboard advertising**

Mobile billboards are generally vehicle mounted billboards or digital screens. These can be on dedicated vehicles built solely for carrying advertisements along routes preselected by clients, they can also be specially equipped cargo trucks or, in some cases, large banners strewn from planes. The billboards are often lighted; some being backlit, and others employing spotlights. Some billboard displays are static, while others change; for example, continuously or periodically rotating among a set of advertisements. Mobile displays are used for various situations in metropolitan areas throughout the world, including: Target advertising, One-day, and long-term campaigns, Conventions, Sporting events, Store openings and similar promotional events, and Big advertisements from smaller companies (Advertising php 20).

### **3.8. In-store advertising**

It is any advertisement placed in a retail store. It includes placement of a product in visible locations in a store, such as at eye level, at the ends of aisles and near checkout counters (aka POP—Point Of Purchase display), eye-catching displays promoting a specific product, and advertisements in such places as shopping carts and in-store video displays (Advertising php 21).

### **3.9. Coffee cup advertising**

Coffee cup advertising is any advertisement placed upon a coffee cup that is distributed out of an office, café, or drive-through coffee shop. This form of advertising was first popularized in Australia, and has begun growing in popularity in the United States (Advertising php 22).

### **3.10. Street advertising**

This type of advertising first came to prominence in the UK by Street Advertising Services to create outdoor advertising on street furniture and pavements. Working with products such as Reverse Graffiti, air dancer's and 3D pavement advertising, the media became an affordable and effective tool for getting brand messages out into public spaces (Advertising php 23).

### **3.11. Sheltered Outdoor Advertising**

This type of advertising opens the possibility of combining outdoor with indoor advertisement by placing large mobile, structures (tents) in public places on temporary bases. The large outer advertising space exerts a strong pull on the observer, the product is promoted indoor, where the creative decor can intensify the impression (Advertising php 24).

### 3.12. Celebrity branding

This type of advertising focuses upon using celebrity power, fame, money, popularity to gain recognition for their products and promote specific stores or products. Advertisers often advertise their products, for example, when celebrities share their favorite products or wear clothes by specific brands or designers. Celebrities are often involved in advertising campaigns such as television or print adverts to advertise specific or general products. The use of celebrities to endorse a brand can have its downsides, however. One mistake by a celebrity can be detrimental to the public relations of a brand. For example, following his performance of eight gold medals at the 2008 Olympic Games in Beijing, China, swimmer Michael Phelps' contract with Kellogg's was terminated, as Kellogg's did not want to associate with him after he was photographed smoking marijuana. Celebrities such as Britney Spears have advertised for multiple products including Pepsi, Candies from Kohl's, Twister, Nascar, Toyota and many more (Advertising php 25).

## 4. Advertising and the Economy

"The Media that people look to for news, information, entertainment, and ideas would not exist in its present form without advertising" (Anthony 30).

Advertising's economic role in America, however, extends far beyond its support of mass media. Technology drove mass production and an expanded transportation system distributed product and media on national level. Advertisers began emphasizing brands in advertisements directed to a newly mobile American society (19).

Anthony said that the advertising industry is a huge contributor of the U.S economy. It is estimated that U.S advertisers spend about two percent of the nation's gross domestic product to promote their products and services. Today \$284-billions

advertising industry is testimony that the relationship between advertising, a democratic, and capitalistic society has always been and will continue to be one of the mutual benefit (308).

Advertising—the use of images, sounds, and slogans to communicate a message that will spark consumer interest in goods or services—is deeply ingrained in America’s market-based economy. Advertising allows businesses to promote products or burnish corporate reputations, politicians to connect with voters, the military to boost recruitment and advocacy groups to raise public awareness. Advertising has been part of the U.S. economy since Colonial times. The first known advertising published in the United States was a 1704 announcement in the Boston News-Letter seeking a buyer for an Oyster Bay, New York estate. Investor and diplomat Benjamin Franklin’s Pennsylvania Gazette, which began production in 1729, included pages of advertisements (Suzanne 04).

Today, advertising is so intertwined in the nation’s daily business that consumers may not realize how constantly they are bombarded with product pitches. By one accounting, the average American is exposed to 500-1,000 advertisements daily. In 2005, for example, a one-hour broadcast television program included anywhere from 16 to 22 minutes of commercials. Advertisement—ranging from a grainy line of text to sophisticated video—are everywhere from cell phones to gas pumps, billboards, television, newspapers, magazines, and movie screens (04).

Advertising can improve market efficiency by providing consumers and businesses with information about products or services that increase competition and reduce prices. The online market potentially offers even more advantages by reducing costs and allowing closely targeted messages. The advertising industry has also been assailed by critics, however, including some economists, who say advertising increases

business costs by making it more expensive for new entrants to compete against established brands. Consumer groups have condemned advertisers for exploiting public fears and aspirations to push products that can be unnecessary or harmful (04).

Advertising plays another important role in the United States: providing a subsidy for “free” broadcast television and radio, low-cost newspapers, and magazines. U.S. newspapers have traditionally garnered about 80% of revenues from running advertisements, consumer magazines 55%, and some specialty publications such as business trade magazines up to 100%. Broadcast radio and television depend on advertising for the vast bulk of their earnings. The longstanding Advertising-based media model is now breaking down due to the recession and emergence of the Internet, with implications for specific businesses and, more broadly, for dissemination of news and information (Suzanne 05).

Table 03: U.S. Advertising Revenues by Select Media, 2009

Projected advertising spending for 2009, compared to 2008, in billions of dollars

| Type of Media | Projected 2009 Revenues | Percentage Change |
|---------------|-------------------------|-------------------|
| Television    | \$47.7                  | -14.4%            |
| Newspapers    | \$28.5                  | -29.5%            |
| Online total  | \$23.0                  | -2.2%             |
| Direct Mail   | \$19.2                  | -11.2%            |
| Magazines     | \$15.7                  | -18.3%            |
| Radio         | \$14.0                  | -21.0%            |
| Directories   | \$12.1                  | -10.5%            |
| Outdoor       | \$6.1                   | -12.9%            |

**Source:** MAGNA Media Advertising Forecast, July 13, 2009.

This table of advertising revenues of the different types of media shows the advertising revenues in 2009. We notice that the revenues classification starts with television and ends with outdoor.

## Conclusion

While advertising can be seen as necessary for economic growth, it is not without social costs. Unsolicited commercial e-mail and other forms of spam have become so prevalent as to have become a major nuisance to users of these services, as well as being a financial burden on internet service providers. Advertising is increasingly invading public spaces, such as schools, it is also a form of child exploitation. In addition, advertising frequently uses psychological pressure (for example, appealing to feelings of inadequacy) on the intended consumer, which may be harmful. Many even feel that often, an advertisement exploit the desires of a consumer, by making a particular product more appealing, by manipulating the consumers needs and wants.

## General Conclusion

The media has grown and changed over the last century from the early days of telephone, to radio, to television and onto the internet. The huge increase in technology has also caused a huge increase in the power and influence of the media. So, through this study we can conclude that the U.S media has a great role in the American economic development and this what we attempt to investigate and prove the validity and reliability of our work. U.S media has become an integral part of the Americans experiences. News travel around the world in split of second affecting people inside the country and in other countries by different types of media: radio, cinema, television, magazine, newspaper, and the most recently used the internet.

We think that we answered our research question which is to what extent is the American Media very important in selling American goods and enhance its economy? And we have reached the proved hypothesis which is “Mass media play a crucial role in fostering the American economy”. Mass media are highly diverse in content and in forms of organizations and include very wide range of activities which could have for sure effect on economy. The mass media manufacture and sell audiences as one moment in the complex circuit of capital that structures the operation of mass media economically. Moreover, this moment as a crucial or necessary one and mass media’s directly function role for capital as advertising vehicles.

We have limited our study in the third chapter just about the advertising and we found that advertising industry is a major sector in the American economy. Advertising campaigns by large firms and small businesses provide consumers with product information and generate crucial income for newspapers, television and radio stations, magazines, and other ventures. The advertising industry is in the midst of a fundamental

restructuring, however. The deep recession has depressed advertising spending. At the same time, the industry faces longer-term challenges as consumers migrate from traditional media to digital platforms such as websites, cell phones, mobile e-readers, and gaming networks. The emerging digital market offers great advantages including lower distribution costs, the ability to target advertisements to individuals rather than broad groups, and more precise tools to measure advertisement impact. Many of the media are reap revenues from advertising.

The answer of our research paper is so important because it helps the economists who want to develop their country like America. Here in Algeria, it is so positive if the economists and journalists take the American as a model of success. To make money and to get great revenues, they must stay on the way which the Americans go behind. There are strong links between media and economic development according to the income and the revenues especially from advertising. We find that American commercial services are based on advertising. It is also a terrible weapon to dominate and influence because with the rapid progress of the U.S technology, the media, especially TV and the internet, become the easiest way to advertise and expand American products over the world. Advertising is the best modern means of any economic success and America paved a way for that. Today, companies that operate with just few employees and an internet presence can compete effectively on the global market place.

From the figures one and four we can say that there is an intimate relationship between media and economy because if there is a good media there is a good economy and this is what interpreted from the figures

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