Finance, Culture, and Deregulation: The Making of Financialized Media Policy

Over the past half century, the United States has experienced a profound transformation toward financialization, marked by the growing influence of financial markets, actors, and metrics across economic and organizational life. Financialization describes a historical trend since the late twentieth century in which finance and financial considerations became increasingly central to the workings of the economy (Davis & Kim 2015). It has been defined as "the increasing role of financial motives, financial markets, financial actors, and financial institutions in the operation of the domestic and international economies" (Epstein 2005: 3). Scholars have documented how this shift reshaped corporations, households, and states as financial markets became increasingly central to everyday economic activity (Davis & Kim 2015; Krippner 2005). At the corporate level, firms increasingly reorganized around maximizing shareholder value, often through strategies such as layoffs, outsourcing, and stock buybacks designed to increase share prices (Fligstein & Goldstein 2015). At the household level, financial markets became embedded in everyday economic life through the expansion of mortgages, retirement accounts, mutual funds, and consumer credit (Davis & Kim 2015; Fligstein & Goldstein 2015).

While this literature identifies the institutional drivers of financialization, less attention has been paid to the cultural processes through which financialized understandings of markets become legitimate foundations for public policy. Financialization is not only a structural transformation of capitalism but also a cultural shift that reshapes how economic actors interpret value, efficiency, and risk. As Davis & Kim (2015) argue, the spread of "finance culture" involves a transformation in how individuals and organizations conceptualize assets, debt, and economic strategy. Financial logics increasingly provide the interpretive framework through which economic decisions are justified and evaluated.

This paper examines these processes by analyzing the historical transformation of U.S. media ownership policy culminating in the Telecommunications Act of 1996. Media industries provide a particularly revealing site for examining the cultural legitimation of financialization because they were historically regulated according to public-interest principles rather than purely market-based criteria. Throughout much of the twentieth century, media policy emphasized diversity of ownership, limits on concentration, and the public-service obligations of broadcasters. Beginning in the late twentieth century, however, the regulatory framework governing media industries underwent a profound transformation.

Gabriel Rossman (2005) notes, the contemporary wave of media deregulation began in the 1980s and was driven by both technological change and the growing influence of neoliberal economic ideology. Media policy became increasingly vulnerable to the broader deregulatory logic that framed regulation as an obstacle to economic growth and market efficiency. Several key policy shifts illustrate this transformation, including the repeal of the Fairness Doctrine, the erosion and eventual repeal of the Financial Interest and Syndication (Fin-Syn) rules that had limited vertical integration in television markets, and ultimately the Telecommunications Act of 1996. The Financial Interest and Syndication rules had historically prevented television networks from owning the programs they broadcast, thereby limiting their financial stake in syndicated programming markets and preventing excessive concentration of ownership. Their repeal removed an important institutional barrier to vertical integration and consolidation within the media industry. The Telecommunications Act of 1996 extended this deregulatory trajectory by significantly relaxing ownership limits across communications sectors, facilitating a wave of mergers and acquisitions that dramatically increased concentration within radio, television, and telecommunications markets.

To uncover the factors that contributed to the shifting legitimacy of deregulation, I employ a process-tracing approach (George and Bennett 2005; Mahoney 2004; Quinn 2017). Because legitimacy is often best expressed through primary source discourse, the empirical analysis focuses on debates around media deregulation in music industry trade publications such as *Billboard* magazine alongside major newspapers including the *New York Times* and the *Wall Street Journal*. These sources allow the study to examine how policymakers, industry actors, and journalists interpreted market developments, corporate consolidation, and regulatory change. The analysis focuses on the period from roughly the 1960s to the present, allowing for comparison of regulatory discourse before and after the deregulatory turn.

By tracing shifts in the language used to evaluate media markets, particularly, references to competition, efficiency, shareholder value, and the "market," the analysis identifies the mechanisms through which financialized conceptions of value and market efficiency gained cultural legitimacy. In doing so, the paper highlights the cultural foundations of financialization and demonstrates how particular forms of economic rationality come to define what counts as "modern" economic governance. More broadly, the paper contributes to ongoing efforts to decenter modernity by showing how the financialized conception of markets that came to dominate late twentieth-century policy debates represents a historically contingent form of modern economic reasoning rather than a universal or inevitable trajectory of economic development.

References

Collier, David. 2011. "Understanding Process Tracing." *PS: Political Science & Politics* 44 (4): 823–30.

Davis, G. F., & Kim, S. (2015). Financialization of the Economy. *Annual Review of Sociology*, *41*(1), 203-221.

Rossman, G. H. (2005). *The effects of ownership concentration on media content*. Princeton University.

Epstein, G. A. (Ed.). (2005). *Financialization and the world economy*. Edward Elgar Publishing.

Mahoney, J. (2000). Path dependence in historical sociology. *Theory and society*, *29*(4), 507-548.

Mahoney, J. (2004). Comparative-historical methodology. *Annu. Rev. Sociol.*, *30*(1), 81-101.

Mahoney, James. 2010. "Explaining Institutional Change: Ambiguity, Agency, and Power." Cambridge University Press. https://scholar.google.com/scholar?cluster=8666733418208677650&hl=en&oi=scholarr.

Fligstein, N., & Goldstein, A. (2015). The emergence of a finance culture in American households, 1989–2007. *Socio-Economic Review*, *13*(3), 575-601.

George, Alexander L., and Andrew Bennett. 2005. *Case Studies and Theory Development in the Social Sciences*. Mit Press. https://books.google.com/books?hl=en&lr=&id=JEGzE6ExN-gC&oi=fnd&pg=PR9&dq=george+and+bennett+2005&ots=HO4m36s--w&sig=as4sDfTQQjh6RKtc-CRzpl1mb7A.

Krippner, G. R. (2012). *Capitalizing on crisis: The political origins of the rise of finance*. Harvard University Press.

Lange, Matthew. 2013. *Comparative-Historical Methods*. SAGE Publications Ltd. https://doi.org/10.4135/9781473914223.

Quinn, Sarah. 2017. "'The Miracles of Bookkeeping': How Budget Politics Link Fiscal Policies and Financial Markets." *American Journal of Sociology* 123 (1): 48–85. https://doi.org/10.1086/692461.