

***Al-Jazeera and the Political Economy of  
“Emerging” Journalism***

***Research Paper***

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## ***Introduction***

By all conventional standards of business analysis, the Qatari satellite network al-Jazeera should be a runaway financial success. It occupies a dominant position in the news-starved Arab world: according to Ali Al-Hail, a Qatari scholar and consultant for the network, 70 percent of Arabs who own a satellite dish make Al-Jazeera their primary news choice (qtd. in El-Nawawy 33). In terms of overall viewership, this translates into roughly 35 million homes worldwide, and European subscriptions to Al-Jazeera have more than doubled since the start of the most recent conflict in Iraq (Wheeler).

But despite all of the above, Al-Jazeera's financial prospects remain in doubt. In the paper below, I will argue that this uncertainty is due primarily to political developments, not economic ones, but that these political factors affect the business decisions that might be different under more ordinary circumstances. While the world of economics is never separate from the world of politics, I argue that this is especially true in the realm of media finance, where business choices have a daily resonance in a public sphere that depends on the media to function. To support this argument I hope to integrate the research in this paper, with its focus on the Arab world, with an examination of the Russian media economy in my second paper this semester. Hopefully, the study of these two very distinct regions will provide us with a useful overview of media politics and finance in so-called "emerging" democracies.

I begin this study of the al-Jazeera television network with an overview of the political economy of Arab-language media in general and the history of al-Jazeera in particular. I continue by analyzing the political and business difficulties faced by al-Jazeera, and also examine some of its major competitors. I conclude with some remarks on al-Jazeera's future prospects.

### ***The Political Economy of the Arab Media***

Must observers recognize that the Arab-language media in the Middle East is by no means "free"; far fewer people understand the actual makeup and history of that media system. Media scholar Douglas Boyd has written extensively about Arab-language broadcasting in the Middle East, and I am indebted to his work throughout this brief section. Here, Boyd summarizes the general state of the media in the Middle East prior to 1999.

"With the exception of the unofficial radio and television stations operated in Lebanon by various political and religious groups, each country ... [in the Middle East] has a broadcasting system that is either directly operated by the government or is run by an organization that is funded and directly influenced by a government agency, generally a Ministry of Information." (Boyd 7)

The emergence of government dominated national media systems in the Middle East can be traced back, at least in part, to the nationalist project that freed Middle Eastern colonial possessions from British and French rule after World War II. Nationalist leaders like Gamal Abdel Nasser of Egypt saw the emergence of national media as essential to

the rise of post-colonial states and saw, at least in part, the British Broadcasting Corporation (BBC) as a viable model for media development. “Axiomatically,” Boyd writes, “revolutionary governments assume control of the mass media.” (19) That situation that drove the Egyptian government to assume control of the national media system and maintain it against increasingly long odds has, by and large, replicated itself across the Arab world.

Note, though, that we are speaking here primarily of “national” systems. In terms of broadcast media, the distinction between “national” and “international” broadcast is quickly becoming untenable, and Boyd admits as much (4). The oil-rich Gulf States could easily afford to build high-power cross-border radio and television transmitters in the 1970’s, and many of them did so. It is important to keep in mind, however, that the vast majority of transnational broadcasts in the Middle East were still state controlled. Independent transnational voices—Voice of America, the BBC, Radio Monte Carlo—were of foreign, not regional, origin. What’s more, a good deal of the information in regional broadcasts was of the entertainment variety. It was not, even in the loosest sense, news.

A good summary of what the average Arabic-speaking viewer could hope to see when he turned on his TV set prior to 1996 is given in the Fall 2000 issue of the *Transnational Broadcasting Studies Journal*:

“You often get here someone reading an item about leaders arriving in the country, sitting together ... the view is of the leaders sitting together, talking together, and everything is fine, *there is no news.*” (Shleifer)

### ***The Emergence of al-Jazeera***

In 1996, the founding of the satellite news network al-Jazeera in the politically insignificant kingdom of Qatar turned the dominant media model discussed above on its head. Al-Jazeera emerged out of the collapse of a joint BBC-Saudi venture, the BBC Arabic TV network. The premise for the network grew out of the success of the BBC's Middle Eastern radio service, which boasted 14 million listeners in 1994; such success, BBC and Saudi officials surmised, would be easy to replicate on TV. But the deal disintegrated following a bitter dispute between the BBC and Saudi financiers over the degree to which the network would embrace “western” journalistic standards. The immediate cause of the dispute was a BBC decision to run a program on executions in Saudi Arabia, but it was quite obvious to all involved that the two partners were operating at cultural cross-purposes.

Despite the collapse of BBC Arabic TV, the groundwork had been laid for a Middle Eastern satellite news channel that operated along largely Western lines. The 1996 decision of the emir of Qatar to fund an independent satellite network was then able to draw upon this already established core of Middle Eastern journalists trained in the BBC style of newsgathering. According to Al-Jazeera historians Mohammed el-Nawawy and Adel Iskandar, the grafting of the former BBC staff onto an experimental station in an

obscure location proved decisive for the network. “The staff was trained in the Western journalistic tradition ... and wielded the expert knowledge of Arabic politics and audiences.” (32).

Yet even if such a core journalistic group was ready and waiting to upend the dominant Middle Eastern news paradigm, they still needed the funding to do so. In 1996, Qatari emir Sheikh Hamad bin Khalifa al-Thani provided an initial \$140 million dollars to help launch and subsidize Al-Jazeera over a five-year period. The station, by this timetable, was to become financially self-sufficient in November 2001.

It has not done so. To date, Qatar spends roughly \$100 million annually to keep Al-Jazeera up and running. Indeed, the tension between Qatari state funding and the dynamic perils of the media free-market form the core dilemma for Al-Jazeera as it struggles for both financial self-sufficiency and expansion into the English language market. In the remainder of this paper, I try to tease out both the political and financial roots of this dilemma.

### ***Al-Jazeera Today: Political Dilemmas***

Al-Jazeera exploded onto the American political consciousness in the months following the September 11, 2001 attacks on the World Trade Center and the Pentagon. For several years prior, Al-Jazeera had been regarded favorably by the few policy makers who knew or cared enough to watch it; “we recognize [AL-Jazeera] as a ... media outlet of

importance in the Arab world,” said one State Department official in July 2001. (El-Nawawy 35)

Much changed following the beginning of the U.S. war in Afghanistan and Al-Jazeera’s broadcast of exclusive videotapes of Osama bin Laden. At best, Al-Jazeera was suddenly seen as dangerously “evenhanded” in its coverage of the War on Terrorism, at worst, it was called little more than a propaganda outlet for America’s enemies. Underneath the rhetoric, however, actual U.S. government policy was mixed: Condoleezza Rice and Donald Rumsfeld simultaneously condemned Al-Jazeera for broadcasting bin Laden speeches and appeared on the network to defend American foreign policy (el-Nawawy 175)

Accusations of Al-Jazeera bias reached a new level in the summer of 2003, when star reporter Taysir Alouni was arrested in Spain under suspicion of being an al-Qaeda supporter. Alouni made his name in Afghanistan during the American invasion, personally securing exclusive interviews with Osama bin Laden and his top commanders. Spanish Judge Baltazar Garzon noted in his indictment that Alouni helped coordinate al-Qaeda “at a national and international level by financing, coordinating, and controlling ... this criminal organization.” (Bhatnagar) Alouni has denied the charges; nonetheless, these are the most serious accusations yet leveled at the Al-Jazeera satellite network.

Ironically, for all the accusations of pro-Arab bias, Middle Eastern countries have been the most consistently critical of Al-Jazeera. Al-Jazeera offices have been closed in

Kuwait, Saudi Arabia, Palestine, Morocco, and Jordan (el-Nawawy 115). In these and similar developments, we start to confront the great irony of al-Jazeera: although its message is unabashedly “pro-Arab,” it is pro-Arab in a way that lies outside the control of Middle Eastern leaders used to having direct influence on the state run media.

According to Mohammed el-Nawawy and Adel Iskandar, some countries have “recalled their ambassadors to Qatar to protest programming that was critical of their regimes.

(174)

Of course, Middle Eastern anger at Al-Jazeera hasn’t insulated the company from equally fierce American criticism. In a development with the most potential to compromise Al-Jazeera’s short-term business prospects, reporters on the station’s staff were expelled from the floor of the New York Stock Exchange during the height of the Iraq War. There can be little doubt that the expulsion was politically motivated; al-Jazeera had further enflamed the American public on March 24, 2003, by broadcasting footage of American prisoners of war in Iraqi detention. A spokesman for the NYSE demurred, claiming that the Exchange “only had a finite number of slots available within the exchange for broadcast networks and demand for space had been increasing ever since the war began.”

(Bhatnagar)

### ***Al-Jazeera Today: Economic Obstacles***

In a strict business sense, Al-Jazeera’s primary goals for 2004 would seem to be the following:

- Wean the company from Qatari state subsidies by gaining a larger share of the Middle Eastern advertising market.
- As the most well known Middle Eastern satellite news network, utilize that brand recognition to move into the English-language market, especially in the United States.

However, what appears both logical and possible for Al-Jazeera from a business perspective immediately runs into some of the political difficulties noted above.

The Qatari government currently spends approximately 100 million dollars a year to subsidize Al-Jazeera. This public funding leaves the station vulnerable to charges of bias, hampers its ability to enter the English language market, and may make it less economically efficient. Under the original plan for the network, Al-Jazeera was to have achieved financial self-sufficiency by November 2001 (El-Nawawy)

According to the BBC, however, Al-Jazeera faces a continuing cash crunch and has been the victim of a Gulf advertising boycott. Although the governments of Saudi Arabia and Jordan cannot keep Al-Jazeera from beaming its signal into its citizen's homes, they can pressure local companies to avoid the station at all costs. Many of these local Gulf companies, in turn, are subsidiaries of larger global corporations like GlaxoSmithKlein, Gillette, and Proctor & Gamble that have advertised on Al-Jazeera in the past. According

to an area media executive quoted by the BBC, "These guys are frightened of upsetting the big boss." (Wheeler)

Area instability in general has also affected Al-Jazeera's revenue streams. Since the start of the war in Iraq, Middle Eastern advertising revenue has shrunk nearly 50%.

In short, Al-Jazeera faces an ironic business conundrum not usually encountered by most media companies: is it better to receive Qatari state funding and the relative independence that has historically gone with it? Or should the company continue its drive towards the private sector, all the while risking government (both Arab and Western) initiated advertising boycotts?

Even if Al-Jazeera manages to overcome its cash shortfall, it remains to be seen how and if the company will be accepted in the United States. The launch of the English language Al-Jazeera website during the Iraq War serves as a useful case in point.

Launched at the start of the second Gulf War to take advantage of the massive political exposure the Middle East would be receive from the west, A-Jazeera's English language website was immediately hacked and crashed by unknown digital assailants. What's more, American tech firms who might normally be quite eager to come to the aid of a struggling news company kept their distance from Al-Jazeera. According to internet.com, the web servicing company Akami Technologies refused to assist Al-Jazeera in repairing its site. While Akami refused to go into detail about its business conversations with the

satellite network, many outside observers agreed that the company was unwilling to risk the negative publicity that could stem from being known as “Al-Jazeera’s tech support.” Technical difficulties and spotty site reliability plagued Al-Jazeera throughout the course of the war. (Haley)

### ***Conclusion***

As the conflict in Iraq sputters on, Al-Jazeera finds itself at a crossroads. Once the only well known Arab satellite network in the western world, it now faces competition from stations like Al-Arabiya. According to Slate.com, Al-Arabiya is “bankrolled to the tune of some \$300 million by a group of Saudi, Kuwaiti, and Lebanese investors, [and is] designed to serve as a counterweight to the more uncompromising Al Jazeera.” (Young)

Finally, as we have seen, Al-Jazeera faces difficulties brought about by political situations that defy normal economic analysis. Should Al-Jazeera continue its drive towards self-sufficiency and true privatization? What would normally be an easy decision is compromised by the political situation in the Gulf, as is the decision to expand into the English-language market. The political and economic future of the first independent Arab satellite network remains to be written.

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