

*Abstract for WAPE-Forum 2015*

**Towards a global ad tax –  
Advertisement in a political economy and political ecology framework**

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**Introduction**

The financing of media by ads is a well-known basic – and is now changing substantially. Advertising most powerful by television but is gaining momentum in the internet – Social media” like Facebook, or Google even aggravate this phenomenon as “area of greatest concern”<sup>1</sup>

Advertising is an important link between big media and big business handled usually by political economy and political ecology framework. One increasing approach to this topic is socio-ecological which can be handled by an political ecology framework:

Since long there has been a fundamental discussion about sustainable consumption, about its relevance and limitations. In a broader context the discussion on consumer sovereignty (Scitovsky 1962) versus the shaping of preferences by marketing and the ad industry basically is an old issue. Currently Mander (2012) pinpointed a “privatization of consciousness”<sup>2</sup> and the imprinting of the individual beginning with children and various power relations in respect to media and advertising. Although this basically is not new, it is worthwhile to combine it with some political ecology. A general framework is given for the relevance of advertisement in a socio-ecologic transformation by combining knowledge from different fields of management science, psychology, media studies, regulation economics and of political economy.

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<sup>1</sup>Zoe Gannon and Neal Lawson. The Advertising Effect - How do we get the balance of advertising right. Compass. 2010

<sup>2</sup>Zoe Gannon and Neal Lawson. The Advertising Effect - How do we get the balance of advertising right. Compass. 2010

Advertisement is essential in the globalisation of unsustainable consumer styles / life styles.

The methodological approach is the selection and reinterpretation of useful concepts of political economy

### **When consumer sovereignty meets good old “monopolistic competition”:**

What often seems to be forgotten: advertising as an important feature of good old “monopolistic competition” (J. Robinson, E. H. Chamberlin) commercial advertising on the one side is a result of oligopolisation with unessential product differentiation) and oligopolisation: commercial advertising is cause AND consequence of oligopolisation with unessential product differentiation in saturated markets and constructing brand images, successfully in protection and extension of market shares and oligopolistic profits with relentless consequences against SME by establishing “entry barriers” resulting in lock-in effects The consequence is the reduction of the role of consumer demands for paradigm shifting towards sustainability:

Whereas in neoliberal times the “antimonopolistic” fight has been reinterpreted as privatisation anyway it could be useful to redefine the “antimonopolistic” agenda in a real step in the context of a socio-ecologic transformation.

To achieve foundations for new regulation concepts (ad taxes) there have to be analysed some theoretical problems: WHERE in the internet sphere value is added? Where in the context of Amazon, Facebook or Google “labour is happening? At locations of the company? At which locations? Or at the location of the user and consumer? Anyway central is the notion of attention of users and consumers.

### **Conclusion: Plea for a global ad tax**

Practical proposals to reduce unsustainable choices are discussed: The ban of commercial advertisement could be “optimal” in many relations, e.g. also to clear market distortions. But anyway initiating steps can regulate advertisement more strictly: In the neoliberal era taxes on advertising had been abolished or reduced in many European countries. But they are or could be relevant in times of tight budgets. As a new measure – analogously to financial transaction taxes (Tobin) - the design of taxes on advertising increasingly could be supranational or on the global level.

There should be tax exemption limits and there could be exceptions for disseminating fundamental innovations and especially on the local levels, and

there should be some provision against substitution effects to indirect advertisement.

There have been well-known real significant measures of regulations of advertisement: The limitation of advertisements for cigarettes. There is also some ad limitation in Vermont. In China one element of the policy for some time in Chongqing was the ban of advertisement in media. Stopovers can be e. g. the ban of advertising in public spaces, the control of advertising on the internet, the end the commercialization of childhood (Gannon-Lawson).