

**Proposed acquisition of Sky by Twenty-First Century Fox
Submission relating to Public Interest Test**

Prof Steven Barnett, University of Westminster

I am making this submission as an addendum to the paper jointly submitted (originally to DCMS) with Dr Martin Moore and Dr Damian Tambini.¹ I therefore wish to confine myself to a few points not made in that submission, on both the “plurality” and the “broadcast standards” public interest considerations.

A Plurality

i. Consumption and “Share of References”

In assessing plurality, I assume that Ofcom will apply its 2015 “Measurement framework for media plurality”. Of the three indicators proposed in its framework - availability, consumption and impact – Ofcom recognises that “availability metrics are relevant in any plurality assessment, but offer limited insight and on their own are not sufficient”. In an era of social media platforms and complex distribution networks, accurate figures on consumption will also be difficult to compute precisely, and there will doubtless be competing narratives and statistics.

While I will leave that quantitative debate to others (and wholly support the joint Media Reform Coalition/Avaaz submission), I wish to reiterate my committed view that Ofcom’s “Share of references” approach to cross-platform measurement is seriously deficient. I have rehearsed these arguments elsewhere, and in previous submissions to Ofcom², so will confine myself to a brief summary.

This scheme is calculated by asking respondents in a large representative survey which sources of news they use “nowadays”, and how frequently. Each mention is counted separately and the figures are aggregated, culminating in a share for each news provider expressed as a proportion of all references for all news sources. This focus on reported consumption is flawed because it significantly exaggerates the role and power of television as a source of news.

According to Ofcom’s most recent figures, when asked about their news sources “nowadays”, 67% answered television, 31% newspapers, 32% radio and 41% the internet.³ These responses are a predictable consequence of television’s ubiquity and accessibility, but tell us nothing about the fundamental underlying reason for measuring plurality: the distribution of communicative power. If we stuck to the logic of this measurement approach, radio as a source of news would have equal weight to newspapers – clearly a distorted reflection of the role of different news sources in citizens’ lives.

To adopt the Share of Reference schema uncritically is to miss dangerous concentrations of power elsewhere. In this particular transaction, it will be used by those arguing in support of the transaction to ensure that the plurality spotlight is focussed on the most highly consumed TV and radio news – provided by the BBC – and thus deflect attention from the size of the newly merged entity. The crucial plurality question is whether this really equates to *power*. There are four reasons for concluding that this system substantially overstates the power of broadcast media and conversely understates the power of

¹ *Media plurality, the Fox-Sky bid, and the case for referral to Ofcom*, London School of Economics, 2017: <http://blogs.lse.ac.uk/mediapolicyproject/files/2013/09/LSE-MPP-Policy-Brief-18-Media-Plurality.pdf>

² Available here: https://www.ofcom.org.uk/_data/assets/pdf_file/0019/54730/barnett_prof_s.pdf

³ News consumption in the UK: research report, Figure 1. Ofcom, 2015: https://www.ofcom.org.uk/_data/assets/pdf_file/0020/77222/News-2015-report.pdf

the written word, both in hard copy and online. These are explored in more detail in the policy brief referred to above, but in brief:

- It takes no account of the power to persuade, or the opinion-forming impact of partisan print and online media.
- It takes no account of their role in setting agendas for broadcasters, as evidenced by senior broadcasters themselves and by recent academic research during the referendum and 2015 general election campaigns. There is virtually no evidence of reverse agenda-setting (broadcast news feeding into newspaper agendas).
- It takes no account of the power to influence parliamentarians, think tankers, civil servants, regulators and others responsible for developing and implementing public policy.
- It takes no account of economies of scale and cross-fertilisation across platforms and media outlets which are further enhanced by Sky's position as the UK's second largest Internet Service Provider.

These omissions are particularly serious in the context of the UK media ecology where – almost uniquely – the power of national newspaper publishers and editors has not diminished with circulation declines, and where online and social media (in particular, Twitter and Facebook) offer further reach and magnification for established newspaper columnists. Any serious attempt to quantify cross-media power must be able to account for the campaigning, passion and agenda-setting characteristics of the press (both online and in print).

ii. Measuring impact

While recognising the importance of impact, Ofcom's 2015 framework reiterated its belief in four quantifiable "proxies" in attempting to measure it: perceived impartiality, reliability, trust, and "the extent to which sources help people make up their minds about the news".

No empirical evidence was adduced to justify these proxies which, once again, privilege the television medium and the highly regulated broadcasting environment which has helped to construct a strong attachment to broadcasting as a highly trusted medium. It is now incumbent on Ofcom not only to justify these proxies *with empirical evidence that they are appropriate for quantifying impact*, but also to invest more time in imaginative approaches to assessing the components of power I have outlined above.

This might involve, for example, looking at the number of newspaper reviews on broadcast TV and radio, and the extent to which they are dominated by traditional print media in general and News Corporation publications in particular; establishing the number of appearances by print media columnists, in particular those working for News Corp/Sky/Fox outlets, on news and current affairs shows; examining the Twitter feeds and follower numbers for print columnists as opposed to broadcast or other opinion formers; commissioning research into the construction of broadcast news agendas and the influence of print publishers, in particular News UK publications; and conducting quantitative research amongst different demographic, opinion-forming or policy-making groups to establish their main sources of new ideas or argumentation. Any serious attempt to assess influence and impact on this particular transaction will need to acknowledge both the entirely unproven empirical basis for Ofcom's "proxies" and the limited value of the qualitative contextual factor advanced by its measurement framework. Ideally, Ofcom will accept the need for bespoke research along the lines indicated above.

The BBC

While BBC news consumption should be included in calculations of plurality, it is important to recognise that the BBC's ability to editorialise and set agendas is severely circumscribed. It is therefore worth emphasising again that neither opinion-forming nor news agenda-setting impacts are properly accounted for in any consumption-based metric, and the role of the BBC will therefore be significantly overstated. In addition:

- There are no proprietorial or corporate influences which guide the BBC's output.
- The BBC is accountable to its licence payers and to Parliament and operates transparently in the public interest.
- The BBC pursues a policy of internal plurality, whereby individual services and programmes are encouraged to develop their own editorial "voices" within an impartiality framework.

Thus, the BBC is circumscribed in a number of ways which are directly relevant to calculations of plurality, and overall consumption data should be interpreted accordingly.

B Broadcasting Standards

Extending beyond news and current affairs

Ofcom has stated they provisionally include "all genres of content" within this public interest consideration. This must be correct. While news and current affairs might be regarded as the everyday lifeblood of democratic activity, powerful media organisations are capable of influencing the circulation of ideas, attitudes and opinions in myriad ways. In terms of sub-headings c) and d) of section 319 of the Communications Act, Rupert Murdoch has demonstrated throughout the history of News Corporation and, more recently, 21st Century Fox a readiness for interference which has impacted on all genres of programmes, with clear implications for editorial independence, impartiality and accuracy. The rest of this submission consists of a number of examples which are by no means exhaustive.

Editorial interference

In 1970, just one year after the purchase of the News of the World and the Sun, following the acquisition of a minority shareholding in London's weekend television franchise, London Weekend Television (LWT), Murdoch gradually increased his shareholding to become the largest shareholder. He then issued a number of editorial instructions to programme-makers in direct contravention of the channel's public service commitments, including an order to shunt an arts programme into the late night margins, replace a nature documentary series with quiz shows, and to cancel plans for six new documentaries.⁴ A Managing Director who objected was promptly sacked. Only when the Independent Television Authority intervened was Murdoch obliged to relinquish editorial control, after which the franchise reinstated its programming obligations.

In his early biography, William Shawcross describes how Murdoch exercised control over his

⁴ David Docherty, *Running the Show: 21 Years of London Weekend Television*, Boxtree Publications, 1990, pp69-75; see also Shawcross, *op cit*, 1992: 157-8.

burgeoning media assets: “As his empire grew, Murdoch felt increasingly that he needed men on whom he could rely – men whose judgement would not be different from his own”.⁵ He also records how one of Murdoch’s editors who was on the receiving end of his proprietorial style described him as running his empire “by phone and by clone”.⁶

How this interference manifests itself in terms of shifting the political agenda of Murdoch’s media outlets has been described in some detail by former editors such as Harry Evans and Andrew Neil. A much more recent example was the takeover of the Wall Street Journal (and its corporate parent Dow Jones and Company) in 2007 which succeeded on the back of promises to maintain editorial independence.

Despite such promises, systematic content analysis of the WSJ editorial pages carried out pre and post takeover demonstrated a very clear shift in editorial agenda. Wagner and Collins analysed three months of WSJ editorials from 2004 and 2005 pre-takeover, and 2008 and 2009 (thus allowing time for any impact of ownership changes to take effect). As a comparator, they analysed editorials in both the liberal-oriented New York Times and conservative-oriented Washington Times over identical time frames. Their conclusions were unequivocal:

Rupert Murdoch’s s WSJ’s editorial page is less supportive of government intervention, less attentive to Republicans, more attentive to Democrats, more positive toward Republicans, and more negative toward Democrats than the Bancroft family’s WSJ. Further, the WSJ’s behavior during the periods we analyzed was systematically different than the editorials in both the NYT and WT in terms of each paper’s support for government intervention in public policy and the treatment of Republicans and Democrats.⁷

Editorial interference is also manifested in support of other Murdoch Family Trust corporate interests, again a pattern of behaviour with a long history. During the launch of Sky TV in 1989, an independent study from Manchester University found that the (then) five News International newspaper titles belonging to Rupert Murdoch were being exploited as vehicles for promoting Sky at the expense of its satellite rival British Satellite Broadcasting (BSB), devoting over seven times as much space to promotional events than other national newspapers.⁸ Shortly afterwards, the newly appointed Arts Editor of the Times, Tim de Lisle discovered that – contrary to explicit promises from the editor Charles Wilson – his arts page had been commandeered for a promotion of Carmen which was being broadcast by Sky along with a “Win a satellite dish” competition splashed across the top of the page.⁹

An integral element of this corporate strategy to promote wider commercial interests has frequently involved negative coverage and commentary on the BBC. This is manifested most often in the Sun, but the Times papers have not been immune despite explicit undertakings not to interfere in editorial matters. Famously, in January 1985, the Times ran an unprecedented three consecutive editorials condemning the BBC’s request for a rise in the licence fee. It questioned whether British television was any better than American, and concluded that the BBC should be broken up into a number of public service "franchises", all of which should be allowed to take advertising.¹⁰

⁵ William Shawcross, 1992, *Rupert Murdoch: Ringmaster of the Information Circus*, Chatto & Windus, p160

⁶ *Ibid*, p244.

⁷ Michael W. Wagner & Timothy P. Collins, “Does Ownership Matter?” *Journalism Practice*, 2014, 8:6, pp 758-771.

⁸ Events and issues relevant to competition in satellite television between British Satellite Broadcasting and News International, The European Institute for the Media, Manchester University, April 1989.

⁹ In the wake of Rupert Murdoch’s assertions to the Inquiry that “we have never pushed our commercial interests in our newspapers”, De Lisle himself took to the Guardian to remind everyone of his own experience:

<http://www.guardian.co.uk/commentisfree/2012/apr/26/rupert-murdoch-evidence-leveson-inquiry>

¹⁰ Steven Barnett and Andrew Curry, 1994, *The Battle for the BBC*, Aurum Press, p22.

Other examples abound of promoting corporate self-interest. In 1994, in pursuit of his business interests in China, Murdoch removed the BBC's international news from his Asian Star satellite service because the Chinese authorities had been offended by a BBC programme about Mao Zedong. In 1998, he ordered his publishing company HarperCollins to withdraw publication of Chris Patten's Hong Kong memoir. In December 2001, he was given permission to launch a cable TV channel in China.¹¹ The corporate modus operandi was well described by one of Murdoch's most senior executives in China, who said that he "very rarely issued directives or instructions to his senior executives or editors. Instead, ... he would make known his personal viewpoint on a certain matter. What was expected in return, at least from those seeking tenure of any length in the Murdoch Empire, was a sort of 'anticipatory compliance'."¹²

A more recent example emerged in 2010 when an Australian News Corp executive reportedly told an advertising conference about a strategy to make sure that News Corp media outlets – including its television stations – would prominently feature Fox Studio movies while excluding coverage of rival studios. This story was not reported in either of News International's UK papers the Sun or the Times.¹³

Others will no doubt submit evidence which points in the same direction: that throughout his history of building a formidable and highly profitable media empire, Rupert Murdoch exploits unqualified control of his outlets to promote his own corporate interests and to foster a particular world vision. In doing so, he appoints senior executives who can be trusted to implement his editorial vision, is routinely cavalier about commitments made to editorial integrity and independence, and has demonstrated that he cannot be trusted to uphold the standards of impartiality and accuracy which are integral to the 2003 Communications Act. As long as there are independent directors, as there have been for some time at Sky, such tendencies are tempered. With full, unqualified control, the public interest will not be served either by full control being exercised by an owner who has repeatedly demonstrated his contempt for regulatory standards or by the inevitable diminution of overall plurality.

30 March 2017

Prof Steven Barnett
 Professor of Communications
 Faculty of Media, Art and Design
 University of Westminster
 Watford Road, Harrow
 Middlesex HA1 3TP

email: s.barnett@westminster.ac.uk

¹¹ Bruce Dover, *Rupert's Adventures in China*, Mainstream Publishing, 2009, p149.

¹² Dover, *Rupert's Adventures in China*, op cit.

¹³ Roy Greenslade, "News Corp plan to deny movie coverage reveals its misuse of power", The Guardian, 28 October 2010: <http://www.guardian.co.uk/media/greenslade/2010/oct/28/news-corporation-bskyb> . Greenslade quotes the Sydney Morning Herald and Hollywood Reporter as his sources.