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Ben Clarke
Ofcom
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Dear Mr Clarke,

Enclosed is a copy of my book *The Murdoch Archipelago*, submitted as a contribution to Ofcom's consultation on media plurality in Britain.

As it deals with the whole history of Rupert Murdoch's business, it is rather a long book. Therefore some notes have been added trying to draw attention to themes which may be particularly relevant to the consultation.

The first edition was published in 2003, and this 2011 version contains much of the same material (which was not successfully challenged on grounds of fact). But it also takes account of the remarkable disclosures about Mr Murdoch's News Corporation which have been made by the *Guardian*, and to a lesser but still significant extent by the *New York Times*.

I don't think I am alone in holding that the way other news organisations failed to acknowledge — let alone compete with— the the work of those two newspapers makes plain that pluralism in our media system is ebbing dangerously low. (Those believing otherwise should read Mr Alan Rusbridger's recent Orwell Memorial Lecture.)

My book seeks to put the present facts into historical context, and show that our predicament did not arise accidentally. The evidence suggests that the Murdoch family has long and tenaciously pursued 'power without responsibility' (as Kipling called it) and has been encouraged in the pursuit by leaders at particular times of both of our major political parties.

A principal theme of the book is that News Corp's organisation, in which editorial independence scarcely exists, has enabled the company to develop political influence for the Murdochs far greater than any such small group should properly possess.

The story of News Corporation, taken as a whole, is that of a company quite unfit to operate a United Kingdom broadcasting licence. To prevent it from acquiring 100% of BSkyB is insufficient. To restore democratic plurality to the British media system News Corp's present 38.1% holding in BSkyB should be reduced to 10% or less.

Yours



BRUCE PAGE. 18 NOVEMBER 2011

On 31 December 2011 Ofcom wrote to the Secretary of State about News Corp's proposal to acquire 100% control of BSkyB, stating that it was

reasonable to believe that the proposed acquisition may be expected to operate against the public interest

Consequently Ofcom recommended that the proposal be referred to the Competition Commission for further investigation.

Since then, of course, much more has become apparent about the practical influence of News Corp within the media system: also about its capacity for editorial misconduct and the eccentricities of its corporate governance. Though not properly realised at the time, Britain's media plurality was already in poor health twelve months ago — and was the subject of News Corp ambitions which, if gratified, would make it perfectly invalid. Though not currently being pursued, they have not been repudiated.

News Corp sought to persuade Ofcom that media plurality has lately become so much greater that its Sky takeover could not affect the public interest. As shown throughout *The Murdoch Archipelago* Rupert Murdoch's company has a long record of inaccurate assertions about the context of its operations, but to suggest that any recent (largely imaginary) variance in plurality might be commensurate with the enormous shifts News Corp was then proposing — the 100% takeover of BSkyB — lifts this propensity into realms of fantasy. By volume, News Corp would have no rival in British broadcasting except the BBC.

Given, of course, the Corporation's continued existence existence as a serious player. Contemporaneously Mr James Murdoch was arguing that the BBC should — in the name of media liberty — be reduced to an insignificant rump, and barred altogether from producing what he called 'state-sponsored journalism'. It is difficult to interpret his 2009 MacTaggart Memorial Lecture* in any other way, and it anticipated News Corporation having quite overwhelming media hegemony. (Lobby correspondents at this time were reporting political sympathy for Murdoch's attack on the BBC.)

*Edinburgh International Television Festival 2009.

Nor was this all. In January 2011, when to 100% takeover was thought to be near completion, James Murdoch said that News Corp would need to bigger yet — in order to be safe against the competition of Google, Apple, Telefonica and Verizon. Though substantial indeed, none of these are significant players in the British news-media market.

And as Ofcom has observed, pluralism concerns more than the relative size of media companies within a system. Each one may or may not have internal diversity: each may or may not admit accountability to the general public or to other reporters for other media operations.

Many people, including this writer, are uneasy about the overall

scale of the BBC's operations. But it is, and always has been, a fissiparous organisation. Although extreme political and social attitudes seem to be absent, it contains a very wide assortment of views, and no evidence whatever that there is great internal conformity. No single person or group of persons controls the BBC: it is a publicly-owned British property, and it must subject itself to public criticism and complaint through the BBC Trust.

News Corp is quite otherwise. In the first place, it is not part of Britain in any substantial way. It is owned and controlled in America: notably, the legislation which makes that possible — removing the obligation for media companies to have some local residence, observed in most societies — was passed by the government after consultations in which every submission except that of News Corp and its then advisers* expressed strong disagreement.

* News Corp's then auditors Arthur Andersen.

In the second place, News Corp is an organisational monolith subject to singular command — from Rupert Murdoch, and certain subordinate members of his family. The Murdochs have only a small holding of News Corp's shares, but majority have no votes and the Murdochs control the proportion that do.

In action News Corp exhibits almost nothing of the collegial quality found necessary — even minimally — by most media organisations. For many decades Rupert Murdoch has exercised control autocratically by methods described as 'terrorism'. This kind of language is not often applied to corporate officers, and doubtless would be renounced by Mr Murdoch in official discussions. But no realistic account of News Corp can ignore the perfectly serious descriptions given over the years by people who have worked for the company.

A principal witness in the matter, one-time *Sunday Times* editor Andrew Neil, has been quoted by Ofcom — adding the further point that in the special circumstances of a media organisation command and instructions don't generally need to be written down. Journalists are adept at organisational mind-reading, and Neil points out that a proprietor with absolute individual power has never had any difficulty in making plain what is wanted.

In its December account Ofcom said that much of the evidence for Mr Murdoch's management style 'anecdotal'. If taken to mean unreliable, this may be misleading. History consists largely of anecdotes: which must be judged according to their extent in time, their credibility and consistency. The anecdotes in which the Murdoch taste for editorial intervention and domineering — many set out in *The Murdoch Archipelago* — cannot realistically be set aside.

Of course points made in News Corp's favour are also anecdotal, but may be less reliable — gaining credibility by frequent repetition in a media system which the company dominates. Ofcom's own statement which gives great credit to News Corp for

introducing new press technology is a case in point: well-documented anecdotes in Chapter 12 of *The Murdoch Archipelago* support a rather different conclusion.

But News Corp's peculiar disciplinary character is apparent in its publishing behaviour. Normally any group of people faced with a dramatic issue will produce assorted responses: this should be more pronounced among journalists, supposedly expert in developing particular perceptions of their own. To get a significant number of them — say 175 — to agree on even a quite anodyne matter would usually be impossible.

Yet consensus was achieved by News Corporation in the hugely controversial issue of Iraq's possession of WMD and the wisdom of an invasion to destroy them. All 175 of News Corp's world-wide newspapers took the same emphatic — seriously misinformed — position as Rupert Murdoch himself*. Although this was a specially noticeable case, such feats of marching-in-step are characteristic of News Corp, suggesting that the Murdoch regime allows for no serious internal plurality.

* 'Their master's voice': *Guardian*, 17 February 2003. *Archipelago*, Chapters 14-15

Of course opinion in favour of the war was entirely legitimate — if curiously uniform, even by contrast with military officers. Of much more concern was the partisan bias with which News Corp reported the facts about Iran and its activities: instances are given in *Archipelago*, and the misinformation supplied to audiences by Fox (News Corp's US network) was quite outrageous*.

* *Archipelago*, p459

In this context, some observation about Sky News will be in order. It is without doubt a fine product, technically proficient, trusted and trustworthy. A greater contrast than with Fox could hardly be imagined. But it is not very solid evidence of tolerance for pluralism. It is well established that Rupert Murdoch admires Fox and dislikes Sky by comparison. But were Sky to develop Fox-like characteristics there would be an immediate collision with Ofcom's Broadcasting Code which requires that "news in whatever form, must be reported with due accuracy and presented with due impartiality".

Mr Murdoch doubtless knows that it would be bad tactics to provoke such a collision while hoping to extend News Corp's BSkyB holding — and that has certainly been an ambition for many years. Present need to resemble the much-despised BBC has been protection for Sky, but News Corp's whole history suggests that such protections loses force whenever the master-company achieves the absolute control it characteristically desires. Again, the evidence is set out in *Archipelago*. (Including the fact that in its infancy Sky News was seen by the Thatcher government as uniquely virtuous: without doubt this bias helped News Corp to gain remission from the monopolies legislation when the survival of BSkyB was in doubt.)

Ofcom observed a year ago that BSkyB under complete News Corp control might “be able to afford to take more risks”. This misunderstands an essential point: at editorial level, which is the decisive one for matters of democracy and public-interest, News Corp has never been a risk-taker.

The full case is set out in the book, but the essential point is that News employees never have the operational independence which is essential to news-gathering and investigation — and without which media plurality has no practical existence*. Their first task is not to find out what is going on in the world, but to find out what Rupert Murdoch thinks ought to be going on.

* See particularly *Archipelago* p 442 and the reasons given by Paul Dacre for declining to join News Corp.