Commentary

The new politics of media ownership

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We are currently experiencing a plethora of crises – separate but interrelated. And while crisis is an overused word in today’s circumstances it is entirely appropriate.

Dominating the political landscape is a global economic crisis of a magnitude we haven’t seen for decades. With forecasts of a double dip recovery, those green-shoots on which the bankers are hallucinating may well turn out to be an illusion. For the two and half million jobless (and, if David Blanchflower’s predictions are right, hundreds of thousands more yet to be added), it will be some time before illusion becomes reality.

Here in Britain, scandalised bankers have been reprieved by scandalised politicians. Details of MPs’ expenses have brought shame upon themselves and the contempt of the public. A political crisis unprecedented in scope and scale as it affects the entire political class, although importantly not every politician. (A crisis not helped by the release by the House of Commons authorities of blacked out documents – ‘redacted’ in the jargon – a presentational disaster equalled only by the Prime Minister’s announcement of an inquiry into the run up and conduct of the Iraq War. Instead of an announcement that should have provided some respite for Gordon Brown, under attack on all fronts, siren voices turned the correct decision into a publicity blunder because a former Prime Minister wanted to protect his reputation.)

To add to the plethora we have a crisis in journalism brought about by technological challenges that have transformed the joy of serendipity of a newspaper into a media dubbed the ‘Daily Me’. ‘Point to point’ technology of the internet, Twitter and so on, and the ‘many to many’ of the traditional mainstream media, are colliding and converging. And economic challenges have resulted in declining advertising revenues to add to the financial woes of an industry already witnessing declining newspaper sales.

It is for these reasons that there are demands among media owners for greater deregulation that would result in even greater concentration of media ownership. In a democracy this concentration creates a risk that points of views are monopolised into a single direction when what is required is the precise opposite – media diversity. For deregulation does not allow fresh independent voices into the mix. It does instead create the conditions for non-media conglomerates to enter the system, making scrutiny of the powerful (not only of government which is a necessary default position, but also of business) less likely.

Journalism in crisis

The crisis currently prevailing in journalism cannot be solely ascribed to structural challenges. It is also due to the failings of journalists in two important respects to fully report the world (Johnson, 2009).

First, while British journalists were not all out cheerleaders for the Iraq war in the same
way as their counterparts in the States, nevertheless a large section of the media reported the war as a predetermined view, one to be explained rather than one to be critically quizzed. There were of course honourable exceptions – the Daily Mirror and the Independent actively campaigned against the war, while the Guardian on balance was more anti-war than in favour. There has also been a limited amount of journalistic soul searching. As I have written in an earlier Renewal, the BBC’s political editor Nick Robinson regretted that he did not ‘push hard enough’; he did not ask enough questions, instead regarding his role as presenting government’s thinking – to explain the decision rather than critically analyse it. To be fair to Nick, and one of the reasons in my view for this, and arguably other professional failings, is the narrowness of specialisms with political journalists working the Westminster beat, and all too frequently captured by their sources.

Being captured by one’s sources is one thing but alas at times political journalists appear to suffer from some form of ‘Stockholm syndrome’. Preparing a paper for a conference at the University of Westminster in partnership with the British Journalism Review, I spoke to a number of journalists and was stunned by a comment from Andy McSmith who, recalling a lobby briefing while political editor of the Independent on Sunday, told me:

Normally lobby correspondents, even from competitors, are very polite to one another, but I remember one Sunday the lobby briefing with Alistair (Campbell) was by telephone conference call. It was in the run-up to the war in Iraq and the theme of the UN resolution or weapons of mass destruction. I should say even those papers and journalists who were against the war still thought Hussein had WMD … The real difficulty for the government was that they couldn’t produce a serious argument that these weapons were a threat to Britain. On this Sunday, when I asked Alistair a question, a journalist from another newspaper that supported the war, called me a ‘surrender monkey’. It made it very easy for Alastair to knock my question back.

This provides a vivid demonstration of how journalists can act in concert with political media managers. Instead of scrutiny we have complicity.

The second important journalistic failing was the apparent loss of critical faculties at the feet of the masters of universe who were indulging in reckless risk taking. While the speed of the economic firestorm following the collapse of Lehman Brothers may have been unpredictable, the warnings of the economic storm to come had been building up over time and had been chronicled by journalists such as Larry Elliott, Gillian Tett and Will Hutton.

Outside the journalistic sphere there were others who were filling in the financial jigsaw and issuing warnings for those that wanted to heed them. People such as Ann Pettifor, who urged that we should be aware of the risk and presciently argued that the silence, collusion and complacency of central bankers and finance ministers and other world leaders would likely render those who were heavily indebted ignorant and helpless in the face of an international ‘financial tsunami’ (Pettifor, 2006, 161). Also on the list of ignored voices was Professor Joseph Stiglitz from Columbia University, former Chief Economist at the World Bank and Chairman of President’s Clinton Council of Economic Advisers. With an insider’s knowledge, and as one who agreed with the New Democrats’ emphasis that ‘markets are at the centre of every successful economy’, he warned in 2003 of the dangers of the free market mantra and misguided deregulation. In a chapter on ‘debunking the myths’ that had governed American economic policy, he chastised the media for writing ‘puff pieces’ that glorified supposed heroes such as Alan Greenspan who had apparently created the boom years. ‘The seeds of today’s successes and failures were almost surely sowed in earlier years’ (Stiglitz, 2003, 269-271).

As with the Westminster journalistic beat, the City beat was obsessed with the latest
hot gossip from city insiders, house prices spiralling upwards represented their own obsession with housing, and the rampant free-market Thatcherite ideology found soul mates in the higher reaches of the media/political hierarchy. Too many people had too much capital tied up in wanting to believe that we had solved the boom and bust syndrome, not least the Treasury, since 28 per cent of the corporation tax take came from the City.

Hubris clouded reality as the masters of the universe took us to economic calamity and the collapse in tax revenue that has triggered another crisis in public spending. Shockingly, through skilful propaganda on the part of the Conservatives and their allies in the media, along with the ineptitude (or fiscal conservatism) of the government, the bankers have escaped. Media interrogators have swiftly switched their questioning from the pension of Sir Fred Goodwin to strictures on the pensions of the public sector – pittances in comparison.

The crisis of the political class was largely of its own making. MPs too had had warnings that under the Freedom of Information they would have to reveal their expenses. Yet they carried on merrily cleaning moats, flipping houses and hanging chandeliers. The Daily Telegraph scooped the rest of the British media by obtaining a House of Commons’ CD-Rom with 2 million pieces of information that was being prepared for eventual release under the FOI crucially at a time of MPs own choosing sanitised for public consumption.

For the Telegraph, who reportedly paid anything from seventy thousand to three hundred thousand pounds, extra copies (reported in the Guardian as 87,000 on the first day, averaging out to a 19,000 daily increase) and follow-on publicity meant it was a sound investment – the timing impeccable. Day after torrid day MPs were ritually humiliated (handily knocking out newspaper headlines on the spectacular failings of former bankers).

Ownership matters

For more than a decade and a half New Labour has practiced pragmatic politics within a neoliberal economic framework. Ownership, we were told, didn’t matter– ‘what mattered is what worked’. The party once hostile to the Thatcherite privatisation fetish, post-’Clause Four’ the policy was embraced – national assets vigorously sold.

Thatcherite economic priorities became New Labour priorities. Thatcherite deregulations became New Labour’s. And philosophically New Labour became ‘intensely relaxed about the filthy rich getting richer’. All conditions that were eventually to lead to a free-market ideology that encouraged recklessness in risk taking that imperilled the global financial sector and caused economic catastrophe.

Now in the dog days of the Labour government, with the banks recapitalised but not effectively nationalised, ownership is back on the agenda. And with a Conservative government on the horizon, media ownership once regarded in a multi-platform era as a myth is also being discussed.

As the Campaign for Press and Broadcasting Freedom (CPBF) has made clear, in the wake of the Guardian’s revelations that the News of the World illegally hacked into the telephone lines of politicians, and celebrities, we need clear policies on media ownership within a regulatory framework for democratic reasons.

The relentless, deregulatory, free-market economic ideology of Rupert Murdoch’s global media group has been damaging and distorting UK media since the 1970s: predatory pricing with newspapers; the attempt to block potential competition from Virgin Media through the acquisition of ITV shares; and the continuous assault by News International papers on the BBC since the mid-80s. (CPBF, 2009)
The assault on the public sector

These assaults were taken to a new level at the Edinburgh International Television Festival this summer where James Murdoch accused the BBC of mounting a ‘land grab’ on a beleaguered media market. In a speech laden with attacks on the BBC this particular one stood out: ‘The scope of its activities and ambitions is chilling’. And he completely distorted the public role of the corporation when he claimed that the BBC dumped free ‘state-sponsored news on the market’.

This of course is the heart of the matter – Murdoch Senior wants, to use the hideous jargon, to ‘monetise’ the internet, and the quality and scale of the BBC’s online content is seen as a barrier to this. So Murdoch Junior deploys extreme language and distorts the role of the BBC with its constitutional remit to serve the public interest and the citizen in his pursuit of diminishing the corporation, and extending News Corporation’s business interests.

Encouraged by booming online subscription revenues at the Wall Street Journal, Rupert Murdoch told reporters in New York last May that he expected his British titles, The Times, Sunday Times, the Sun and the News of the World, to start charging for access. For this to work everyone has to come in behind News Corporation.

I do not have a settled view on paying for access, and it may provide a partial solution to the industry’s economic travails and provide opportunities for journalists. In a recent Tribune column Jeremy Dear, General Secretary of the NUJ, supported Murdoch’s proposals to make the internet pay. He emphasised that not all online media should charge as that would ‘destroy what is good about the creativity and the slightly anarchic spirit of much of the new and niche publishing’. Nevertheless, he continued, ‘content is not free. It costs money to produce and it is the creators who so often end up losing out in the free-for-all world of online media’. However Dear recognised that nothing is straightforward with Rupert Murdoch and questioned his motives

If it is simply a prelude to renewed attacks on the BBC’s online presence, it will do nothing to serve journalism. Has Murdoch already done a deal with the Tories to ensure that happens, or is this a flicker of hope for beleaguered media workers? (Dear, 2009)

Well we have seen from James Murdoch’s speech shows Dear was right on it being a prelude to renewed attacks on the BBC, and given past supine acquiescence of politicians in the relationship with Murdoch, I won’t be holding out for flickers of hope for beleaguered media workers.

The drive for deregulation

1990 saw a partial ‘de-regulation’ of British television, paving the way for the satellite broadcaster BSkyB to become a major player. Now the argument goes that content regulation necessary when news was produced only by the BBC and ITN is redundant in a multi-channel environment.

ITV, once a regional structure (admittedly at times flawed with the regions predicated on technological requirements rather than clusters of populations), was unified through a process of, first, Carlton and Granada buying up the vast majority of franchises and, then, themselves merging. Budgets have been slashed in programming and it plans to scale back regional news productions. (In local print, monopolies have been formed as the country is carved up with Trinity Mirror, Newsquest, Northcliffe Newspapers, Johnston Press and Archant owning seventy-six per cent of newspaper circulation, and the industry currently reeling from the internet and a lack of advertising particularly in property).

Now ITV wants across-the-board deregulation. In a speech to the Institute of
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Economic Affairs, outgoing Chief Executive Michael Grade summed up what this liberation from the regulators for broadcasters would mean to him, by referring to Lord Carter’s report on Digital Britain (a final contribution from Carter’s time as a member of the ‘government of all the talents’).

this represents the moment when ITV could finally be freed from a legacy of regulation that worked well in the pre-digital age, but is a millstone around the neck of a commercial broadcaster looking to become an international media player through investment in UK production.

Still smarting from Ofcom’s long investigation in the pay-TV market, Murdoch also subjected UK and EU regulatory systems to sustained attack. Ofcom recently published its findings and reported that Sky had a monopolistic control: its 80 per cent of Premier League football and 100 per cent of Hollywood movies prevents other from entering the market. Ofcom as the competition regulatory body ruled that Sky be required to sell its rights to all comers at 30 per cent less than it currently charges.

Ofcom’s report was published on 26th June; ten days later David Cameron rode to the rescue. In a speech on how a future Conservative government would cut the ‘quango state’, Cameron pulled a rabbit out of the hat. A future Conservative would restrict Ofcom’s remit to a narrow technical enforcement role, stripping it of its policymaking role and knocking it back to ‘regulating lightly’.

Make no mistake: Ofcom as currently set up is not entirely satisfactory (the CPBF believes there needs to be a reformulation of its statutory duty to regulate on behalf of citizens, rather than the current hybrid consumer/citizen remit). Nevertheless, it has been interventionist and a strong defender of public service broadcasting and the protection of the public service news commitment of ITV. But Cameron would diminish it to the point of ineffectiveness.

The threat to impartiality

Provided news is safeguarded, with impartiality requirements being respected, then why worry about a brave de-regulated world? Anyone who believes that should take a read of a Conservative discussion document and be afraid, be very afraid. If realised this could, according to Professor Julian Petley, who has long studied media ownership and impartiality requirements, herald the spectre of Sky being ‘Foxified’ (Petley, 2009).

For while the document pays allegiance to impartiality as being the foundation of public service broadcasting, in among the platitudes there are two important passages. First, under the heading ‘Policy Suggestions’, it states:

1. Maintaining the plurality of provision in news is the most important way to ensure balance in the supply of news. The BBC is probably the strongest news gathering operation in the world – but we must not become dependent on it.

2. Impartiality should remain a central public service obligation on public service broadcasters. However, impartiality requirements should be relaxed for broadcasters not receiving public funds or spectrum subsidies.

And, second, distorting the historical difference between a partisan print and impartial broadcasting, the document declares:

In the US, where there is no impartiality requirement on broadcasters, the market has evolved along similar lines to the UK newspaper market. As the Daily Telegraph caters
for a right of centre readership, so Fox News caters for right of centre viewers. As the Guardian caters for a more liberal readership in the UK, so CNN addresses a more liberal audience in the US. Why do we want to be different in the UK? (Conservative Research Department, 2009)

Leaving aside the unlikely notion that CNN addresses a more ‘liberal’ audience in the US, the implication of what is suggested is clear. If this Conservative discussion document was accepted by an incoming Conservative government – with a former Director of Communications for Carlton television as Prime Minister – it will pave the way for a British version of Fox News. While our shock jocks are not as shocking as the US’s Rush Limbaugh, and it may be that even a Foxified Sky News would never throw up a presenter such as Fox’s Glen Beck (who called Barack Obama a ‘racist’), I could imagine a policy, say on European integration, coming under virulent attack, just as we have we seen Fox News lead the charge against the President’s health reforms in defence of Big Pharma and the insurance conglomerates.

In addition to arguing in favour of diminishing the BBC, James Murdoch’s speech complained that the regulatory system imposed ‘what it calls impartiality in broadcast news’. Evoking the plea to ‘trust the consumer’ (consumer, note, not the citizen, and therein lies the rub) we can again see the direction and purpose of the speech, as impartiality rules run entirely counter to the Murdoch doctrine. Tory politicians were an important audience for this speech and in that it was a success. John Whittingdale, Conservative chair of the Culture and Media Select Committee said in a doorstep interview that the speech was on Conservative territory.

Whatever self-interested critics assert, the public service ethos, with journalists being required by law to be impartial, is to be cherished. Newspapers have no such requirement, and we have a vigorous and opinionated press, by and large skewed to the right, frequently pandering to the prejudices of their readership.

**The politics of media regulation**

Fourteen years ago Tony Blair travelled to the Cayman Island to do Murdoch’s bidding. First he stooped to acquiesce on the 1996 Broadcasting Act which gave Murdoch control of the digital future. Secondly, under his by-line, he appeased the rabidly anti-European Murdoch, promising that ‘New Labour will have no truck with a European super-state. A single currency will not be imposed on the British people. Their consent is paramount’ (The Independent 18.02.1997). Arguably this was against his natural instincts to put Britain at the heart of Europe with membership of the single currency.

In my own view, supplication before Rupert Murdoch was entirely unnecessary. The political weather had changed in 1997 and, with or without Murdoch, Tony Blair would have won anyway. Of course that precludes the then willing symbiosis of New Labour and the right wing press. As with the accommodation with the City, so the right wing media was an instrument to change the party and policies.

Now with an election six months away the prize of media endorsement continues to extend Murdoch’s malignant influence. On Europe the Euro-sceptic Cameron and Murdoch will be as one; and with the Conservatives seemingly salivating on the prospect of taking an axe to public spending, the BBC licence fee is under threat. Conservative culture spokesman, Jeremy Hunt, has already said the Tories will ‘rip up the charter’.

Media ownership and regulation are not minority issues, relics from lost battles of the eighties. In these changing times, the left in politics should join forces with the CPBF and the broadcasting/print unions and campaign to resist this move for deregulation. Technological developments are being used as an excuse for deregulation, but they are not a reason. What we have is a continuation of media ownership from barons to moguls, with
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greater corporate concentration, and the growth of a global journalistic leviathan – News Corporation.

This concentration of private ownership vividly demonstrates why we need public provision of news and public subsidy. The CPBF, broadcasting union BECTU and the NUJ support a system of industrial levies in order to support public support broadcasting. As a paper written for the unions by the ippr shows, examples include direct media levies – ‘charged on revenue from organisations such as broadcasters, cinemas or video labels’; and new media levies – ‘charged on organisations such as Internet Service Providers and mobile phone operators’.

A one per cent levy on pay television in the UK would yield an estimated £70 million per annum, based on assessments from the UK’s two major pay TV broadcasters, Virgin and Sky. A one per cent levy on the five major mobile phone operators in the UK (O2, Orange, T-Mobile, 3 and Vodafone) would yield an estimated £208 million per annum (ippr, 2009). Of course there will be arguments against imposing a levy during a recession. But, interestingly, the Digital Britain document called for a monthly 50p charge to be levied on all fixed copper lines, so as to fund the rollout of fibre-based next-generation broadband to almost all the country (DCMS, 2009).

Conclusion

James Murdoch concluded his speech with the observation that people valued independent news that challenged the consensus. There is, he said, ‘an inescapable conclusion. The only reliable, durable, and perpetual guarantor of independence is profit’.

The free market, the argument goes, is the guarantee of a free press, with the principal democratic role of the media, according to traditional liberal theory, acting as a check on the state. But, as the failure to predict the global financial meltdown demonstrates, it is not enough to only scrutinise the state. According to James Curran, the ‘public watchdog role’ of the press is timeworn. It fails to take account of the exercise of economic power: ‘the issue is no longer simply that the media are compromised by their links to big business; the media are big business’ (Curran, 2002).

In his MacTaggart lecture twenty years earlier, Rupert Murdoch had mapped out the digital future:

Government control will become increasingly impossible in the new age of television. The multiplicity of channels means that the government thought-police, in whatever form, whether it is the benign good and the great in Britain, or the jackboot-in-the-night elsewhere, will find it hard to control more and more channels. Across the world there is a realisation that only market economies can deliver both political freedom and economic well being. (Franklin, 2005, 138)

James Murdoch has essentially delivered the same message, trying to paint a picture of an authoritarian society with only an unregulated free market as our saviour.

Only now, we can resist it. Because we have seen the failure of the untrammelled free market. We have seen the undue influence on the government of the day. And we have seen the arrogance of the financial masters of the universe, as with the media giants. The lasting impression of this speech is how James Murdoch subverted plurality by championing it against in his words a ‘state-sponsored BBC in an authoritarian broadcasting UK’. For this reason if no other we can no longer be taken in by the myth that ownership doesn’t matter.
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References


