

Invitation to comment on the public interest test on the anticipated acquisition of British Sky Broadcasting plc by News Corporation

A Note on Plurality

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The Secretary of State for BIS has asked Ofcom to consider News Corporation's bid to buy the remaining shares in BSkyB because of concerns relating to 'the sufficiency of plurality of persons with control of media enterprises' (Ofcom 2010a: 1). Plurality in this context refers to both 'external control' (the number of different people owning media organizations) and 'internal control' (the diversity of content circulated to audiences by individual companies) (2010a: 2).

This submission will attempt to demonstrate that there are competing definitions of plurality that have very different public policy consequences. The first, promoted by media organisations such as News Corporation, is a very narrow understanding of plurality that is largely related to a quantitative measure of media sources and outlets; the second is a more expansive definition that relates to the existence of a sufficient number of distinctive organisations such that the circulation of diverse viewpoints to citizens can be guaranteed. This submission argues that while News Corporation's takeover of BSkyB may not affect the former definition, it will have significant consequences for the latter in which the existence of multiple sources and the dissemination of a breadth of perspectives is seen as central to contemporary democracies.

'Narrow' plurality

There is a strong assumption on the part of many large media groups that the 'abundant' quality of the new digital environment will inevitably deliver competition, choice and plurality (see the submission to this investigation by the Goldsmiths Leverhulme Media Research Centre for a refutation of this claim). Rupert Murdoch, the chairman and chief executive of News Corporation has long made precisely this argument: 'we are a relatively small part of an ever-widening rainbow of outlets for the dissemination of diverse views. The media sector is experiencing an historic growth spurt. Pluralism and diversity are growing *organically* under our very noses while we agonize about their shrinkage' (Murdoch 1998)

This refers to a conception of plurality that is related simply to the number of media outlets, sources and services on offer at any one time as opposed to the distinctive character of these outlets. By this measure, BSkyB has undoubtedly added to the scale of the UK consumer media landscape, through its hundreds of digital channels and its pioneering development of HD and other interactive services. This limited, consumerist definition has been adopted by many people including the current secretary of state for culture, media and sport, Jeremy Hunt. 'Rather than worry about Rupert Murdoch owning another TV channel, what we

should recognise is that he has probably done more to create variety and choice in British TV than any other single person because of his huge investment in setting up Sky TV which, at one point, was losing several million pounds a day' (Hunt 2010). Pluralism is here understood as referring to the simple availability of consumer choice rather than the actual contribution such outlets and services make to the diversity of the media landscape.

The reduction of plurality to a quantitative measure of media outlets serves two purposes for organisations such as News Corporation. The first is that it bolsters the attack on current regulatory regimes by arguing that plurality is best served through the unimpeded march of market forces in contrast to what it sees as the artificial restraints on free trade epitomised by competition legislation, content regulation and restrictions on ownership. Plurality, according to this approach, is facilitated even when market competition leads to the closure of titles and services. Consider Rupert Murdoch's response in 2009 to calls to support news organisations as they struggled to cope with the combined impact of a huge drop in advertising revenue and the structural challenge posed by the internet. He welcomed the collapse of companies that lacked the resources to adapt to the new digital age and argued that 'they should fail, just as a restaurant that offers meals no one wants to eat or a car-maker who makes cars no one wants to buy should fail' (R. Murdoch, 2009). This is the same vision of media – as commodities that measure their success simply using market criteria – as that espoused by Federal Communications Commission chairman Mark Fowler in the early 1980s when he described television as 'just another appliance. It's a toaster with pictures' (quoted in Horwitz, 1989, 245). It is not a vision of plurality, let alone television, that Ofcom is likely to want to endorse.

The second reason for restricting plurality to a simple measure of the number of players in any media market is that it allows News Corporation, as well as other commercial organisations, to challenge the BBC's 'dominance' of the UK media. This both hides a greater truth – that BSkyB's revenue of £5.9 billion easily dwarfs that of the BBC and that this gap is set to increase in the next few years – and denies the significance of the 'internal pluralism' of a publicly-funded, public service institution like the BBC. James Murdoch, chief executive of News Corporation, actually identifies the BBC as the main barrier to the plurality of the UK media:

'Most importantly, in this all-media marketplace, the expansion of state-sponsored journalism is a threat to the plurality and independence of news provision, which are so important for our democracy. We must have a plurality of voices and they must be independent. Yet we have a system in which state-sponsored media – the BBC in particular – grow ever more dominant' (J. Murdoch 2009).

Once again, this expresses an instrumental, restricted view of plurality in which commercial organisations are intrinsically preferable to public bodies, whatever their actual impact on the size *and* diversity of the media environment, and in which the circulation of a broad range of views and perspectives is far from guaranteed.

'Robust' plurality

Ofcom's most recent Review of media ownership rules defines plurality in relation to 'giving citizens access to a variety [of] sources of news, information and opinion so that they can participate in democracy in an informed way' (Ofcom 2009: 12). The Review, however, goes on to clarify that '[o]wnership plurality does not necessarily ensure editorial or viewpoint diversity' (2009: 13). Plurality cannot simply be reduced to the number of different outlets circulating information of common interest as there is no guarantee that a 'plural' media environment, as understood simply in terms of competing groups, will provide a platform for the range of views and information on which a working democracy must rely.

Consider the DCMS Consultation on ownership rules that preceded the 2003 Communications Act in which plurality was conceived in a much more robust fashion and in terms of four functions:

- 'Plurality ensures that no individual or corporation has excessive power in an industry which is central to the democratic process.'
- 'A plurality of ownership should secure a plurality of sources of news and editorial opinion...A healthy democracy depends on a culture of dissent and argument, which would inevitably be diminished if there were only a limited number of providers of news.'
- A single, dominant source of news would be in a position fully to define the news agenda.
- 'Plurality maintains our cultural vitality...A plurality of approaches adds to the breadth and richness of our cultural experience'

(DCMS 2001: 7).

Should News Corporation be permitted to assume full control of BSkyB, it will be difficult to argue that these crucial democratic functions will not be affected.

Firstly, a News Corporation with full ownership of BSkyB will be in a particularly powerful position to withstand current economic pressures and to place severe pressure on the viability of its rivals. This is borne out by the submission to BIS secretary Vince Cable by Claire Enders of Enders Analysis:

By moving from a minority shareholder interest to full ownership, News Corp will gain important financial advantages – the pooling of financial resources and tax obligations across the new entity – which will improve its ability to compete, notably in the newspaper market where we have noted the weak position of most newspaper publishing groups (Enders 2010: 17)

Second, a stronger and better resourced News Corporation will be under no obligation to cater for a range of editorial views nor to promote 'a culture of dissent'. In relation to Rupert Murdoch in particular, one only has to remember the 'the extraordinary unity of thought in his newspaper empire about the need to make war on Iraq' (Greenslade 2003) or his recent comments in a public lecture applauding 'the coalition government for maintaining a tough fiscal line' (R. Murdoch 2010: 37) to be concerned about News Corporation's commitment to a 'culture of dissent' that is, according to DCMS, central to plurality.

Third, should the purchase of the remaining shares be permitted, News Corporation will be in an even stronger to leverage its already significant influence on the news agenda – with its 37 per cent control of the national daily press, its ownership of Sky News, its supply of news to local commercial radio and its status as a key supplier of broadband services – onto an emerging and rapidly changing digital news environment. Claire Enders is concerned that ‘[p]rogressively, News International papers and BSkyB channels, particularly Sky News, may merge into one stream of fact and opinion. If this occurred, plurality would decline, even if the combined organisation continued to maintain newsrooms that are nominally separate (2010: 17).

Fourth, a BSkyB that is fully owned by News Corporation will have no obligations other than to serve the long-term financial interests of its owners and is highly unlikely to prioritise ‘cultural vitality’ as a strategic aim. While BSkyB boasts of its investment in original UK production, more than 50 per cent of its total programme budget is devoted to the televising of sports, most notably Premier League football. It does not even approximate the investment made by the current public service broadcasters into a range of original UK programmes (see Ofcom 2010: 130, 138).

Conclusion

BSkyB’s definition of plurality is an anaemic version of a concept that ought not be focused simply on quantitative notions of consumer choice and market share. Media plurality is of central importance to contemporary democracies because it relates to the existence of a genuinely competitive environment in which robust debate is encouraged and the circulation of a wide range of dissenting and challenging views is promoted in order to encourage and facilitate full participation in public life (Freedman 2008: 78).

The impact of News Corporation being allowed to take full control of BSkyB will be to limit the plurality of the UK media environment. According to the current secretary of state for culture, media and sport Jeremy Hunt: ‘The important thing is not whether a particular owner owns another TV channel but to make sure you have a variety of owners with a variety of TV channels so that no one owner has a dominant position both commercially and politically’ (Hunt 2010). A News Corporation that has strategic control over a large portion of the UK television, newspaper and broadband markets is very likely to have precisely such a ‘dominant position’ with negative implications for plurality.

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