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Media Moguls and Elite Power

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Aeron Davis in his paper for the Political Economy Research Centre (Davis, 2015) argues that public knowledge is under increasing threat – notably from the corporate land grab of the internet together with the hegemony of neoliberal ideas that seek to naturalize the dynamism and creativity of market forces and their expression in ‘audit culture’ and austerity policies. The pursuit of individual wealth above collective welfare is not, of course, a naturally occurring phenomenon but one cemented in the representations and agendas of whole swathes of a media system that it itself heavily implicated in the reproduction of existing social relations.

At the heart of this process are the collective efforts of a relatively small group of people who do not simply ‘service’ elite interests but constitute an increasingly important part of them. As Owen Jones has argued in his recent book, ‘the British media is an integral part of the British Establishment; its owners share the same underlying assumptions and mantras’ (Jones 2014: 5). As revealed in much of the evidence provided to the Leveson Inquiry following the phone-hacking scandal, these media elites help both to connect together other networks of power and to legitimise a certain set of neoliberal ideas. This short paper argues that we need to focus our attention not just on corporate, government and military elites but also on those who run our media industries. It highlights their influence through an analysis of just two features of their ‘media power’ (Freedman 2014): the return of the ‘media mogul’ and the significance of the ‘club’ atmosphere inhabited by media elites.

The Return of the Media Baron

Some of the wealthiest men (and a very few women) on the planet have made their fortunes from media-related activities. The Forbes list of the world’s richest people consists of 1426 billionaires (worth $5.4 trillion) of whom 68 (including only nine women) are identified as presiding over ‘pure’ media companies with a further 18 in telecommunications and 92 in ‘technology’ – some 12.5 per cent of the total (Forbes 2013). The world’s richest man is Carlos Slim, the Mexican telecommunications magnate whose company, America Movil, controls nearly 75 per cent of Mexican fixed-line and mobile telephony. There is a similar trend in the UK where according to the Sunday Times (2012), media, film and sports interests comprise 84 of the richest 1000 individuals, the fourth largest number after property, finance and industry. Taken together with computers, telecoms and the internet, nearly 15 per cent of the ‘rich list’ is occupied by people who have amassed their wealth from information and media-related activities. Media barons, according to David Rothkopf (2009), join with heads of state, top military commanders, leading industrialists, private equity investors and oil potentates, amongst others, in a ‘ superclass’ that wields enormous power over the rest of us.
These individuals constitute a ‘media elite’ comprised of family members, proprietors and chief executives that is surely more powerful and durable (although riven with tensions and conflicts) than the rather more fragmented and transient assortment of leading journalists, commentators, producers and commissioning editors who have a more supple relationship with media power – they may be indispensable in circulating ideas that chime with the values of neoliberalism but often lack the allocative power that is the privilege of elites. This is despite the fact that many media ‘insiders’ are regularly accused by conservative voices of acting as a highly partisan ‘liberal media elite’ (see Lichter, Rothman and Lichter 1986). Of course, the distortion of the term ‘elite’ is itself part of a conservative news agenda where, according to Geoffrey Nunberg, references to the ‘media elite’ on Fox News are forty times more frequent than references to corporate elites. ‘When Americans hear elite these days, they’re less likely to think of the managers and politicians who inhabit the centers of power than of the celebrities, academics and journalists who lodge in its outer boroughs’ (Nunberg 2009: 185). Michael Wolff, in his biography of Rupert Murdoch (Wolff 2008) describes how Murdoch attempted to present himself as an ‘outsider’ and to paint most editors and journalists as the real establishment figures. ‘The elites, so-called [by Murdoch himself], have a good thing going, a monopoly of their own, and they don’t want to let him in’ (2008: 220). The fact is that Murdoch was ‘never removed from the establishment—or, that is, never removed from power’ (2008: 264).

Media elites at the level of Rupert Murdoch are extremely well rewarded, indeed better rewarded than in many other industries. In 2012, seven of the top twenty highest paid executives in the US were from media companies, a substantial over-representation of the economic performance of the sector. The average pay of the ten best-paid media executives was about $30 million a year in contrast to technology and finance CEOs who, according to the New York Times, averaged between $6 million and $14 million less (Carr 2013). Band and Gerafi (2013) estimate that compensation of CEOs in the copyright industries as a percentage of overall company revenue is more than twice as high as those in non-copyright industries and that the gulf between CEO pay in copyright and non-copyright industries is increasing – in 2012 this was a threefold gap with average compensation in the former sector at just under $30 million per year (2013: 3). No wonder that, despite the challenges and risks faced by media elites, it is clear that a ‘being a king in the media realm comes with a very lucrative crown’ (Carr 2013).

Despite this handsome compensation to top executives, most of whom are in publicly quoted companies, there has been a significant shift in corporate structure as power is increasingly being vested in individual proprietors as opposed to CEOs or board members as in most public companies. This is particularly noticeable in the newspaper industry where there has been, in the last few years, a spate of takeovers by wealthy individuals. The billionaire investor Warren Buffet, number four in the Forbes rich list, bought a controlling stake in the Media General newspaper group in May 2012; the property developer Douglas Manchester bought the San Diego Union Tribune in November 2011 while a consortium of Philadelphia businessmen acquired the Philadelphia Media Network in April 2012. In Spring 2013, well-known conservatives, the Koch Brothers, attempted to take over the newspaper titles of the
Tribune Group leading to protests in over a dozen US cities while in August 2013, billionaire businessman John Henry, 974 on the *Forbes* list, bought the *Boston Globe* from the New York Times Group to add to his sporting portfolio which includes the Boston Red Sox and Liverpool Football Club. In the same month, Jeff Bezos, the founder of Amazon, surprised the whole industry with his purchase of the *Washington Post* for $250 million.

A similar process is underway in the UK where, according to the *Guardian*, ‘[p]roprietors and other private owners have been on the march since the beginning of the century, buying up and consolidating publicly quoted media companies’ (Sabbagh 2011). The newspaper contrasts the sluggishness and conservatism of many bureaucratic, publicly-traded media companies with the ability of private companies to manoeuvre more rapidly and flexibly. Groups like Northern and Shell, owned by the former pornographer Richard Desmond, and the Telegraph Media Group owned by the reclusive Barclay Brothers (423 on the *Forbes* list) are far more buoyant than, for example, Trinity Mirror, owner of two declining national newspapers and a slew of regional titles. Similarly, the Russian oligarch, Alexander Lebedev, having bought a controlling stake in the London *Evening Standard* and subsequently turning it into a highly successful freesheet, then paid in 2010 a nominal £1 to ‘rescue’ the *Independent* stable of newspapers from rack and ruin. His tabloid title, *i*, is now the fastest-growing title in the sector.

Of course there is a further distinction between public and ‘controlled’ public companies where, in the latter, a sizeable amount of shares are controlled by a single individual or where there is a dual class structure that allows the company effectively to be dominated by a single individual. This is particularly common with social media companies like Facebook, Groupon and Zynga where the founders are able to benefit from an injection of capital while maintaining their overall control of the company. In the cases of social media, proprietorship may be seen as a means of maintaining a focus on innovation and retaining the ‘vision’ of the founder in order to extract maximum profits in a growing industry. In the case of newspapers, however, this is clearly not the case and the intervention of wealthy individuals signals a desire to see a return on their investment measured less in profits than in influence. Todd Gitlin, reflecting on the takeover of the *Washington Post* by Bezos, argues that ‘we may be reverting to a world in which commerce is not the prime motivation for publishing’ (Gitlin 2013). The era of a commercial and outward-looking press, supported by advertising and circulation and based on an ideology of professionalism and independence, ‘now looks like more of an interlude than a permanent American fixture.’ If journalism is to survive, at least in the US, then according to influential journalism scholars Leonard Downie Jr and Michael Schudson (2009), it will have to rely on a combination of subsidies, tax incentives and most crucially philanthropy. The rich, it appears, are likely to play a critical role in the future of media and to remain, by far, the most significant component of media power elites.

**The Role of the ‘Club’**

A further dimension of the ability of media elites to naturalize and reproduce neoliberal social relations lies in the networks and locations in which media power is cemented and extended.
C. Wright Mills described the shared educational backgrounds and higher circles in which elites mingled both professionally and personally in his classic account of The Power Elite (Mills 1959). Contemporary media folk have their own venues and routines in which either to seek common purpose or to negotiate differences. There is, of course, nothing surprising about this. Elites have a series of codes, institutions and protocols in which to insulate themselves from those outside and therefore to enjoy and profit from each other’s company: clubs, board meetings, villas, yachts, festivals and parties. These are not necessarily conspiratorial or secret events but simply occasions on which elites are able to assemble and do business. Indeed, for those people who argue that the very concept of an elite is far too simplistic to do justice to the contingency and fluidity of power transactions in the contemporary world (for example Castells 2009: 47), such events are useful in identifying the ways in which a range of interests can cohere around a shared set of values. Of course, the operation of power, as well as the decision-making processes of media elites, is not always visible or open to scrutiny and transparency, but that makes those spaces in which the powerful can be observed all the more valuable. So just as the development of communication media has ‘rendered power visible in new ways’ (Thompson 1995: 5) through, for example, 24 hour news and blogs, it is also true that media elites attempt to use their power precisely in order to shield themselves from unwanted publicity. The whole phenomenon of unaccountable corporate lobbying, undocumented private dinners and unminuted meetings between politicians and media executives makes those instances of visibility particularly interesting.

Consider the annual meetings at Davos and of the Bilderberg Group that offer participants the opportunity to network, do deals and discuss issues ‘off the record’ as with any professional conference. The difference here is the level of power and influence that participants bring to the table. Bilderberg, for example, is divided into ‘lobbies’—the banking and finance lobby, industry and energy, politics and of course the media—composed of those people who comfortably inhabit the Forbes 2000 list. The 2013 event, in the words of the organizers, allowed politicians to ‘spend an intense 3 days in meetings with “newspaper and other media proprietors, senior editors and executives” of media companies. But without any press oversight or any public record of these meetings’ (Bilderberg 2013). The fact that the organizers felt it necessary to make this information available supports Thompson’s point that the spotlight of the media has made it harder for the powerful to hide but this does not obscure the fact that elites are meeting together to debate and, in general, to offer confirmation that they exist.

But neither are these events simply a showcase for powerful interests. The annual Sun Valley conference in Idaho, hosted by investment bank Allen & Co., has long been a crucial place for media elites to meet privately – the communications version of an arms fair. In July 2013, the entire North American media establishment was present, including Rupert Murdoch and sons, Facebook’s Mark Zuckerberg, Apple’s Tim Cook, Microsoft’s Bill Gates, Twitter’s Jack Dorsey, Google’s Eric Schmidt and even Warren Buffett and the Mexican president Enrique Peña Nieto. Unnoticed in the middle of this gathering were two meetings between Amazon founder Jeff Bezos and Donald Graham, CEO of the Washington Post Company.
which culminated in the sale of the Post to Bezos within a month. This follows Comcast’s purchase of NBC in 2009 and Disney’s acquisition of ABC in 1996, both of which were initiated at Sun Valley. Indeed, the latter deal occurred, according to the Los Angeles Times, because Disney’s Michael Eisner “bumped into” Cap Cities [owner of Disney] shareholder Warren Buffett in the bracing noontime air of the Idaho resort’ (Hiltzik and Eller 1995). Thanks to the privacy of the encounter, the deal was negotiated in complete secrecy and wrapped up far more quickly than is usual for deals of that size and significance.

The club-like association of media involves far more than business deals however and extends well beyond the media itself to include other members of Mills’ ‘interlocking directorate’. Perhaps the most notorious of these in recent years has been the ‘Chipping Norton set’, the group based around prime minister David Cameron in his Oxfordshire home and which counts, amongst its members, Rupert Murdoch’s daughter Elisabeth, Google’s head of communications and public policy Rachel Whetstone and her husband Steve Hilton, Cameron’s former strategy director, as well as former News International CEO Rebekah Brooks. Again, it is not surprising (nor illegal) that such individuals would seek each out for company and comfort but as one leading British commentator argues (Harris 2011), the ‘Chipping Norton set’ had become ‘a hardened clique’ that demonstrated the collusive impact of concentrated media power on British political culture. ‘British politics was blurring into a mulch largely built around policies the Murdochs could endorse, and their company was apparently so gone on its own power that some of its staff obviously thought they were way beyond the law’ (Harris 2011). The fact that Tony Blair is the godfather of Rupert Murdoch’s youngest daughter Grace should, perhaps, be seen in this context.

The nature of this ‘mulch’ was evident only three days before the phone hacking crisis broke when a party hosted by Elisabeth Murdoch at her Oxfordshire home was attended by an impressive range of government ministers, advisers, senior Labour politicians (including the recently defeated candidate for the leader of the party, David Miliband), journalists, musicians and PR gurus. This followed on from the Rupert Murdoch’s summer party some two weeks before which was attended by the prime minister and his wife, the Labour leader Ed Miliband (and another son of Ralph) and, generally, the ‘great and the good’ of British journalism and politics. Interestingly, the opposition Labour Party was better represented, ‘a reflection, perhaps, of Labour’s continuing obsession with winning over Murdoch when they can, and trying to neutralise his titles’ most venomous attacks when they fail’ (Robinson 2011).

Further examples of the ‘club’ nature of media power elites include both the highly interconnected nature of board membership involving individuals with directorates spread across industry (see Castells 2009: 433-443) as well as the ‘revolving door’ phenomenon whereby representatives of one sector migrate seamlessly to another sector. While this latter activity is unlikely to involve proprietors and CEOs, it nevertheless serves to illustrate the porous nature of divisions between media, corporate and political spheres and is evidence, once again, of the ‘interlocking’ character of an elite system. One of the most popular journeys seems to be from the US Federal Communications Commission into the private
sector including, in recent years, former FCC chair Michael Powell who is now the cable industry’s chief lobbyist, former commissioner Meredith Baker who left the FCC to become a lobbyist for Comcast right after having voted to support the company’s purchase of NBC and Edward Lazarus, the former FCC chair’s chief of staff, who left the FCC to become general counsel at Tribune, previously in a dispute with the FCC over the agency’s media ownership rules. According to Free Press’ Craig Aaron, the ‘corruption at the Agency is so entrenched that selling out is the new normal. Too many people go to work at the FCC with the expectation of cashing in on their public service’ (Aaron 2013). Media and political elites are connected together not just through personal association but also through structural configurations of mutual interest. The result, according to Calabrese and Mihal, is ‘a network of individuals, influence, power and money that bears on matters of public policy’ (2011: 238).

Conclusion

Work on power elite theory has been extremely influential on the development of a critical perspective that argues that the media’s overall function is to reproduce and legitimize the narratives of vested interests in society. An emphasis on the ‘interlocking’ nature of elites—especially the multiple points of contact between state and market—reminds us that, whatever divisions may exist, there is an overriding common purpose and shared vision amongst those that populate the ‘higher circles’: to celebrate wealth creation and to treat all forms of regulation as barriers towards innovation and dynamism. A critical approach to elite power provides a useful frame with which we can productively examine the material coordination of social resources gathered inside the media, a central task of political economy approaches and a key objective in confronting the abuse of media power.
References


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