A case study of Rupert Murdoch: paradigm or maverick?

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A CASE STUDY OF RUPERT MURDOCH:
PARADIGM OR MAVERICK?

BY

CLAIRE MASON BA (HONS)

A Masters Dissertation, submitted in partial fulfillments of the requirements for the award of the Master of Arts degree of the Loughborough University of Technology

September 1992

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Department of Information & Library Studies

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ABSTRACT

Information has undoubtedly become the key to 20th century existence: those who possess information are thus powerful, as are those who disseminate it.

This dissertation aims to question how one individual, Mr Rupert Murdoch, has risen to such a powerful position within the media industry and more specifically how he has used his position to expand his empire into an international conglomerate.

In order to establish whether Rupert Murdoch is a unique media mogul or merely an example of the future of the communication revolution into the 21st century, it is necessary to pursue an examination of the historical development of the media. This must be achieved before one can assess Murdoch's individual role in transforming the contemporary media industry.

Having established Mr Murdoch's preeminence in his particular field, it becomes necessary to speculate on his future. It would appear that he has reached the pinnacle of his achievements and at present it is crucial that he re-evaluates his aims in the face of a mounting debt crisis, world recession and the lack of any heir to take over his unique position at the head of the post powerful media organisation in the world.

The future for the media industry in general must be assessed as must the question of a communication revolution on an international level; no national government or international body appears to have any substantial reforms for a media industry which now operates on a global scale.
ACKNOWLEDGEMENTS

My thanks are due to:

- Professor Meadows for his help and advice throughout this year.

- My parents, without whose support I could not have completed this dissertation.

- Juliette, for her constant faith in me.
INTRODUCTION

The allegedly so-called free and democratic press .... It is owned for the most part by financial crooks and is edited for the most part by mental harlots.

(2)
Today, June 1992, Rupert Murdoch's conglomerate covers the globe with business interests in three continents which makes him one of the most influential figures in the world's media. At present, Rupert Murdochs's media assets include:

In UK:  The Sun
        News of World Largest total newspaper
        Times circ. in the U.K. at
        Sunday Times 11.9 million
        Today
        Harper Collins

Through 18.5% shares in Pearson PLC he owns 7% Reuter's news service, F.T., Economist, Viking and Penguin Books.

In Europe:  B Sky B - Largest satellite TV system in Europe.

In Australia:  Channel 10 (Sydney)
               Herald and Weekly Times Group

In USA:  Fox TV
         20th Century Fox movie studios
         Part owner Fox video (world's largest distributor)
         Harper and Row
         TV Guide
His non-media interests include:- Ansett transport
Santos (natural gas)
News-Eagle (offshore oil)
Snodland Fibres
Whitefriars Investment
Electronic Map publishing company
Large livestock farm - 31,000 acres sheep grazing in New South Wales with 110,000 sheep

How did one individual become so powerful?

History shows that the media as they existed in the 17th century were a most dubious occupation with which to be associated as both Elizabeth I and James I restricted any ephemeral publication likely to threaten the throne or the country. One of the first arguments for press freedom came from Milton who in his Aeropagitica (1644) stressed that any form of censorship inevitably resulted in a loss of truth, i.e. an individual can only choose between truth and falsehood if he has access to both. Anti-press laws during this Commonwealth period had left only two official papers, Mercurius Politicus (1650-60) and Publick Intelligencer (1655-60).

The thirst for news grew to such an extent that by 1712 the power of press and volume of publications frightened the government to impose Stamp Duty on all newspapers and advertisements. This forced many newspapers to close but also changed the commercial side of the press as the printer/publisher began to give way to the proprietor who developed newspapers as a business.
It was common practice during the 18th century for the government to pay newspaper proprietors for their support which in return entitled the newspaper to government information. In its early years, even The Times accepted bribes to remove offensive reports and received an annual payment of £300.\(^{(4)}\)

The removal of restrictions on the size of paper in 1825 and reductions in advertising and stamp taxes in 1833 and 1836 culminating in their removal in 1855 increased newspaper competition. The mass market for news was greatly enlarged by the end of the 19th century, cheaper newsprint, more efficient printing methods and the Elementary Education Act of 1870 all aided this expansion.

Equally important was the means of rapid distribution now available as transport systems improved. Newspapers became less restricted in terms of providing information not only on politics and trade but also entertainment, sport and sensationalism, thus attracting a larger readership thereby increasing advertising and generally becoming more market led - a process of commercialisation.

The twentieth century saw industrialisation of the press which transformed newspapers into commodities - costs escalated and became beyond direct political reach. Economic pressures are today a far more effective means of limiting expression than direct censorship. Newspaper proprietors faced the dilemma of aspiring to become an institute, 'the 4th estate', yet still had to pursue a mass audience to ensure commercial survival.
Newspapers had also now to face the added competition from television which in 1926 was reported in the Times as only a faint and often blurred image. Nonetheless by 1936 the BBC in collaboration with John Logie Baird and EMI-Marconi opened, what it claimed to be, the first regular high definition TV service in the world.

The BBC was founded in 1926 as a public service shaped by periodic government enquiries and the first principle of radio was that it should be a monopoly. In contrast to the press whose Royal Commissions have always stemmed from fear of ownership concentration or contraction, the government control of the BBC was concerned only with management of its expansion.

The ITA (1955) was initially thought to be competition for the BBC but has later become widely seen as part of a single public service system; they are not, after all, driven by competition for a single source of revenue, ie. advertising, as in the USA, in Britain each system has assured finance. Thus, a benign duopoly (5) existed in television of the mid 20th century and it was not until the 1990 Broadcasting Act the Thatcher government established a fifth channel competing directly with ITV for advertising revenue.

Now newspaper proprietors had not only added competition from TV but raw materials, production and distribution were becoming increasingly costly. The former press barons who typically owned the majority of shares in their companies found it difficult to compete with the new increasingly multi-national media corporations which were to become the forerunners of the late 20th century media explosion.
The break up of old press empires and formation of new conglomerates leading the way in new technology, especially electronic based communication systems have made the world a much smaller place in terms of media output. Modern technology and social organisation has created a series of central authorities over information - multi-national media conglomerates of which Mr Murdoch's is the most infamous. There is an acknowledged belief amongst sociologists that although the media may not tell public what to think, they are capable of setting national and increasingly international agendas.

The post-war period saw newspaper proprietors move into television - a contentious issue because of their already powerful large circulation of newspapers, but it was not until the 1990 Broadcasting Act that newspapers were limited to a 20% stake in TV companies. Rupert Murdoch's associations with Sky Channel are of course the most controversial and will be discussed later, but in 1971 he risked his capital to keep London Weekend Television afloat. Then with typical aplomb, won reluctant ITA approval by buy General Electric voting shares, 7.5%, with which he took control. Nonetheless, it was not until the introduction of direct satellite broadcasting into the UK by Murdoch that the difference between public service broadcasters licensed by Parliament with "a duty to provide radio and TV services for the dissemination of information, advertising and entertainment" (6) came into direct conflict with the visual media that simply responded to the market/audience and thus would only tolerate popular and profitable programming.

By 1974, the growing polarization of British politics was reflected by more partisan national newspapers and the world recession meant increased costs, newsprint doubled in price between 1973 - 4, which accelerated the tabloid
trend. Increased inflation led to frequent cover price increases which in some cases led to permanent circulation loss. This is epitomised by the Daily Express which had a daily circulation of 4.2 million in 1964 when Lord Beaverbrook died. However, between 1970 - 1983, the newspaper had three owners, seven editors and had shrunk to tabloid size. By 1982, the cover price had risen by 1440% and circulation was below two million. (7).

The development of media concentration is part of a general trend towards increasingly centralised control over leisure industries, which is developing on a global scale. Media institutions today are commonly integrated into not only multi-national media operations but increasingly into conglomerates with a wide range of business involvements. This integration of media into finance and industry can create a conflict of interests thus there is a growing movement within the media in support of their organisations general interests. The economic absorption of media has changed, particularly in Britain, the relationship between newspapers and politicians. The archetypal proprietors of the interwar period were maverick politicians, heavily engaged in internal party politics. In contrast, their successors, involved in multi-national businesses campaign actively for the general interests of the economy. Thus their own companies in Britain are bound to favour free enterprise and consumers, if not the Conservative party. The late Mr Robert Maxwell may be seen as a possible exception to this rule, having stood as a Labour M.P. Large media corporations have shared values which are reflected in their emphasis in news and popular culture - today they are the prime shapers of public opinion and a major influence on governments around the world.
New media giants thus have their own means of control and given the dynamics of advertising and their drive for maximum audiences, they are moving towards the elimination of political and cultural diversity on a global scale. Their main desire is to make money and compete for new territories. The commercialisation of the media, heavy dependency on advertising revenue and need for a mass readership has resulted in media emphasising human interest, more sensational attention to crime/scandal. This is true not only of newspapers or Britain but the worldwide media.

The Western world, at the end of the 20th century is a constantly, rapidly changing place. Continuous and timely information is the most valuable resource available. This 'information society' means that the possessors and distributors of this information, ie. the media conglomerates have enormous power and the ability to dominate economically and socially. Thus the link between ownership of these organisations and the dissemination of the information is an important one.
Is there a monopoly of power within the world's media today?

Irving Fisher (1923) defined a monopoly as 'an absence of competition' (9) which would therefore seem to rule out this theory for the media, as there is more than one single enterprise constituting the whole industry.

The development of Darwinian philosophy in the mid 19th century reinforced a classic emphasis on the necessity for competition within industry. Friedman (1962) emphasised that political freedom is dependent on economic freedom and the best system to maximise political freedom is competitive capitalism.

Conditions for absolute economic freedom ie. perfect competition are:-
Producers aim to maximise profit and consumers maximise their utility;
Large numbers of potential buyers and sellers;
All buyers and sellers have perfect knowledge of existing opportunities.

It is questionable whether these last two conditions can be true of media institutions today. New competitors should be able to easily enter the perfect competitive market with no barriers to prevent them. Obviously, it is not possible for anyone to establish themselves as a major force in the media overnight as, for example, Eddie Shah has proven in the U.K. He did however have to contend with many union problems. Even with the introduction of new technology large injections of cash are necessary and ownership remains very restricted. Until the launch of the Independent in 1986 there have been no new national quality daily newspapers for 113 years.
Thus it becomes obvious that the world's media is neither perfectly competitive or monopolistic. This dissertation aims to show that the media can be seen as operating in a situation of conscious interdependence - an oligopoly. Chambers dictionary defines this as:

a situation in which there are few sellers and a small number of competitive firms control the market.

Thus, the sheer size and complexity of the corporate sector raises important political and economic questions.

The potential power of the leading media corporations is greater now than ever before due to a movement in the structure of the communications industry towards concentration and conglomeration. These communication conglomerations use their original operating base to buy into other sectors and through the 1980's their reach has extended further due to their strategic command over new information technologies. The world is moving to a situation where a small number of profit motivated media conglomerates provide the majority of what the world reads in newspapers and watches on television.

Thus, the global nature of the media industry today has meant that national anti-monopoly laws have become inadequate; they provide only token social responsibility and accountability to an increasingly powerful international oligopoly.

The diversity of media available to the consumer in terms of ownership, has been substantially reduced yet many observers see the public interest preserved in conditions of independent reporting rather than a diversity of sources - is ownership domination not then a crucial issue? If editorial independence is maintained then conglomerate ownership of multi-media sources, even links with outside influences can provide economies of scale. However, as
diversity is reduced, barriers to access these industries increase so stronger mechanisms for accountability must be established. Nonetheless, aided by vast improvements in information technology and telecommunications. International oligopolisation of the media as part of multi-national conglomerates is proceeding rapidly.

Despite these dramatic changes to the position of the media in society, during the twentieth century, there has been no real reconsideration of the particular aspect of media theory which in the past has been national and ethnocentric and needs to be reformulated to incorporate the consequences of international ownership. In contemporary society, surely one must abandon a crude Marxist version of a class system, traditional ideological poles are no longer so magnetic as the general elections results in Britain have shown over the last decade. One needs to consider whether society has come to expect too much from media institutions which are now primarily economic enterprises.

Theories from the 1950's imply that ownership of the media by individuals is undesirable. Today, ownership is nonetheless heavily concentrated and unlikely to change; such organisations are unlikely to willingly acquire any obligations to society unless it would benefit them.

Evidence that media ownership is concentrated in the hands of a few is abundant but this does not in itself make it a bad thing. It cannot be immediately assumed, as many Marxists take for granted, that ownership of 'the means of production' in media leads to ideological domination. It is possible that an individual owner has the potential for direct or indirect control but it is unlikely for one person overseeing such a vast and dispersed media empire to maintain complete authority and control.
Any idea of an independent media can only be theoretical, both newspapers and television, from their beginnings have been anything but neutral; their natural position links them to political and economic forces so the concept of freedom remains only in principle. Any economic institution cannot enjoy absolute freedom, pressure will be exerted if not so obviously today, from government and also from owners and shareholders. Particularly in media institutions the question of funding and thus advertisers must also be seen as a pressure, as are the readers/audience. Thus, media freedom can never be absolute.
CHAPTER TWO

Monopoly is a terrible thing - till you've got it.

Rupert Murdoch (10)
The question that remains in this discussion of the changing role of the media is why Rupert Murdoch has caused such a stir. Foreign ownership of the British media goes back a long way. Both Lord Astor and Lord Beaverbrook used foreign capital to buy into English newspapers. In terms of controlling the market, in 1910 Lord Northcliffe owned 39% of morning newspaper circulation and diversification of business interests was rife. Associated Newspapers who owned the Daily Mail also controlled the Anglo-Newfoundland Development Company which owned land, railways, shipping, mines, paper mills.

However these newspaper barons were mainly print and paper based businessmen with subsidiary investments. As we have seen Murdoch's empire is a rather more impressive and indeed powerful one.

Rupert Murdoch has established a major international media empire and remained in total control for over 40 years. Brendon (1982) stated:

On a global scale, he has perhaps achieved the greatest spread of newspaper power in history. (11)

Although this itself is a remarkable achievement what is more amazing is the fact he has achieved this status with other people's money, never having to relinquish his family shareholdings, thus making News Corporation the largest family controlled media business in the world. Solely in terms of newspaper circulation Murdoch dominates continents, 2/3 circulation in Australia and 1/3 in the U.K. and in 1990 News Corporation employed 38,400 people.

Rupert Murdoch, born 1931, emerged from a privileged background in Australia, studying at Geelong Grammar School before reading philosophy, politics and economics at Oxford. His journalistic education began with Beaverbrook's Daily Express and News Chronicle before he returned to Australia.
On the death of his father, Sir Keith Murdoch, and aged only 21, Rupert Murdoch inherited the *News and Sunday Mail* in Adelaide. Thus in 1952 his total assets amounted to less than $1 million. With family control of the company at a hefty 46%. Today (1992) Rupert Murdoch's conglomerate has sales in excess of $11 billion and assets of over $26 billion with Murdoch's family share still at 46%. (12)

Rupert Murdoch's first acquisition was the *Sunday News* in Perth (1956) when he used the family company Crudens investments as a base for expansion as he was to do so many more times in the development of his corporation.

Rupert Murdoch launched *The Australian* the country's first national newspaper in 1964, a bold but risky venture. By 1970 circulation had reached 143,000 (13) and was profitable; it remains Australia's most serious newspaper but has failed to be a great success. By the end of the 1960's, Rupert Murdoch found the room for expansion in Australia was limited - the world was beckoning.

In the U.K. the post-war reconstruction of the press, the break up of the old press empires and the formation of new conglomerates based on electronic communication systems involved injections of fresh capital so Rupert Murdoch was basically in the right place. The following tendency towards monopolisation, sharpened competition for advertising and a reduced number of national newspapers was leading to a polarised press to extremes of elite and tabloid which ideally suited Rupert Murdoch.

His takeover of the *News of the World*, 1968 was unsuccessfully referred to the takeover panel of the Stock Exchange and Rupert Murdoch's reputation for acquiring newspapers then moving contents sharply downmarket to increase circulation was established.
Rupert Murdoch was galled by the fact that News of the World presses lay idle for six days a week, he wanted a daily newspaper. Fortunately for him, IPC were glad to sell the loss-making Sun for less than £1 million, a mistake which cost all the other tabloids, especially The Mirror, very dearly.

Through The Sun, Rupert Murdoch achieved notoriety and changed the course of British journalism. The Morning Star described the new Sun as "more like a paraffin lamp in a brothel" than a Sun ... a brash millionaire's opinion of what the W.C. ought to want. (14)

He became the most prominent gutter publisher, transforming U.K. tabloids with editor Larry Lamb. The Sun moved to the very bottom of the market with the introduction of page three girls as a daily feature in November 1970, Rupert Murdoch had succeeded in trivialising the popular press and later through his fanatical support for Mrs Thatcher, any semblance of objective news reporting was dumped. By June 1978, The Sun was the best selling daily newspaper in the U.K., overtaking The Mirror, with circulation of over 4 million per day. (15) (Appendix B)

Rupert Murdoch's reputation was by now such that it led to Private Eye christening him 'the Dirty Digger' and as Bagdikian (1990) remarked,

The deterioration of quality, after takeovers by Rupert Murdoch, in media, descending almost without exception to ever more sex and violence is now legendary. (16)
The way Rupert Murdoch developed The Sun is a perfect example of this. This formula of crime, sex, sport and scandal attracts mass readership and the need to attract and keep a large audience means that the popular media tend to play safe and retain that formula. Several studies (Davis 1979) have shown that working class culture is saturated with sexism, fatalism, admiration and affection for royalty and the aristocracy, and a deep seated distrust of politicians, intellectuals and foreigners. (17)

Initially The Sun refused to endorse either major political party but with the arrival of Mrs Thatcher in 1975, Rupert Murdoch thought the Conservative party was worthy of the Sun's "wholehearted support". (18) The General Election of 1979 saw The Sun with the biggest leader of the day (1700 words) and the headline 'Vote Tory. It's the only way to stop the Rot'. (Appendix B) Nonetheless, BBC research shows that in 1979, 50% of the readers still thought The Sun supported Labour.

During the 1983 election campaign, The Sun ran the headline 'Do you seriously want this old man to run Britain? (19) referring to Mr Michael Foot. In his final speech as leader of the Labour party, Mr Foot spoke of the debasement of British journalism;

...I do not say it is all due to the arrival of Mr Murdoch, although I think he bears his fair share of the blame. (20)

Three days before polling in the 1987 general election, The Sun showed Mr Kinnock standing outside No. 10 with the headline "Labour wins" and sub-heading "Wake up, folks, this is just a bad dream". (21) - effective journalistic propaganda?

But perhaps it was The Sun's presentation of the (April 1989) Hillsborough football tragedy that best emphasises the depths to which British tabloids have fallen. Kelvin MacKenzie decided upon the now infamous headline 'The Truth' for a story which began:
Drunken Liverpool fans viciously attacked rescue workers as they tried to revive victims of the Hillsborough soccer disaster... Police officers, firemen and ambulance crew were punched, kicked and urinated upon by a hooligan element.. (22)

The Sun faced a strong reaction in Liverpool where copies of papers were burnt and newsagents refused to sell it. The Liverpool Echo challenged the tabloids and Sheffield police to produce some evidence and Brian Hayes, media personality, condemned The Sun and MacKenzie personally.

Titillation for a few column inches destroys lives... You appeal to the lowest common denominator, such as the swastika tattoos, Union Jack carrying brainless wonders and you insult the rest of your readers with trivia ... and more importantly, lies. (23)

The Sun suffered the biggest ever sales disaster in the history of British newspapers. Before the Hillsborough tragedy sales of The Sun in Merseyside were 524,000 a day and dropped to 320,000 afterwards, representing an annual loss of revenue of £10 million.

The Press Council singled out The Sun for criticism of the reporting of this disaster and described 'The Truth' headline as, "insensitive, provocative and unwarranted". The Sun then took the unprecedented step of releasing a statement from Rupert Murdoch,

At a time of great emotion and tragedy our coverage that day was uncaring and deeply offensive. ...More thought on our part would have saved more anguish which we deeply regret. (24)

By 1989, Larry Lamb, Rupert Murdoch's first editor of The Sun stated he had created a Frankenstein's monster which he regretted and he would no longer have it in the house. Rupert Murdoch himself of course sees The Sun completely differently as a positive force in British society.

The Sun stands for opportunity for working people and for change in this society. It's a real catalyst for change. It's a very radical paper. (25)
He appears to believe that this can be achieved through the newspapers right wing approach and its unflagging support for Mrs Thatcher and Mr Reagan.

Barry Askew, former *News of the World* editor, recalls Rupert Murdoch's frequent editorial interventions when the paper didn't support the hard Thatcherite line (he lasted only nine months as editor).

Rupert Murdoch made his first move into television in 1970, he bought a 40% share capital of the almost bankrupt London Weekend Television and reorganised the company. John Freeman, former MP and editor of the *New Statesman*, was brought in as chairman and London Weekend Television became one of Britain's best commercial stations.

During 1970's Rupert Murdoch also attempted to purchase *The Observer* but editorial staff were violently opposed. Rather than admitting defeat Murdoch immediately announced his acquisition of the *New York Post*, the largest evening newspaper in the USA which he immediately moved to the right, despite its liberal traditions. Thus, Rupert Murdoch began his invasion of the American media, he bought the *National Star*, a weekly tabloid, *New York* magazine and the *Village Voice*. The sensationalism of these interests was deplored in the US; although American's are supposed to admire success and individualism Rupert Murdoch was seen as an immigrant intruding on the nation's culture and institutions, and was thus resented.

As late as November 1979 Rupert Murdoch declared that,

> To buy *The Times* would be a highly irresponsible thing to do for your shareholders. (26)

The owners of *The Times*, Thompson Organisation, were at the time losing loads of money through industrial unrest, both *The Times* and *Sunday Times* had been shut for almost a year because of frequent stoppages, in a vain attempt to introduce photo-composition.
Closure of The Times would have cost over £40 million in redundancy payments and the owners decided that Rupert Murdoch was the only person capable of reviving their newspaper. His bid was accepted because he was prepared to buy all their titles, not just the profitable Sunday Times. Rupert Murdoch had established a good record for reviving failing newspapers and he was a Commonwealth citizen, not a foreigner! He had also agreed to a supposedly cast iron guarantee to ensure editorial independence. However, he was later quoted as stating,

You tell these bloody politicians whatever they want to hear and once the deal is done you don't worry about it. (27)

Rupert Murdoch's purchase of the Times group made him the dominant voice of the British press with just under 35% circulation; The Times can also be said to have opened doors to Murdoch within British society which would have remained shut to the proprietor of The Sun and News of the World. Rupert Murdoch responded to walkouts by the NGA in June and September 1981 by closing the papers for three days and telling them that next time he would close for good. In February 1982 he announced the necessity of another 600 redundancies to staff at The Times and Sunday Times. After negotiation it was agreed that 450 full time jobs would go and with productivity agreements and the introduction of photo-composition, an estimated £8 million could be saved during the year. (28)

Experiences of Sunday Times symbolise Rupert Murdoch's shift towards a more hierarchical form of management. Between February 1981 and March 1986 at least 100 journalists of the pre-Murdoch Sunday Times left. (29) The Sunday Times staff had of course attempted to remove Rupert Murdoch and failed. This highlights the conditional nature of journalist's autonomy - their freedom can only be exercised in terms which are ultimately defined by the proprietors. In Good Times, Bad Times, Harold Evans the previously successful editor of the Sunday Times, transferred to The Times by Rupert Murdoch but dismissed
one year later, alleges that the rift between them grew because Murdoch complained about critical reporting of Thatcher's monetarist policy. Evans was replaced by his more conservative deputy Charles Douglas-Home who moved editorial policy more to the right and circulation rose.

Rupert Murdoch's next decisive move was geographical - to Wapping. He was instrumental in the introduction of new technology into the British newspaper industry. Between 1986 and 1989, he fully replaced manual casting of copy in hot metal type with direct inputting by journalists into a computer which meant he required fewer staff with less skills, reduced distribution costs and facilitated more intensive use of printing presses.

Initially, Rupert Murdoch told the print unions that Wapping was only to be used to print his new London daily but in fact it was a £66 million plant capable of printing all his national newspapers. It was built to be picket proof. Murdoch then recruited and trained an alternative workforce from the electricians union and established a new distribution system with TNT (Project 8000) to deliver all four newspapers by road; he also reconstituted Wapping as a separate company, thus making picketing by Fleet Street employees technically illegal before issuing an ultimatum to the print unions. This virtually ordered all employees to accept a legally binding no-strike agreement in which,

new technology may be adopted at any time with consequent reductions in manning levels. (30)

Thus, Rupert Murdoch has succeeded in proving by law that anyone on strike could be instantly dismissed and therefore lose any redundancy payment. As more than 5000 print workers left the strike ballot on 24th January 1986 they were given a letter stating,

You have shown that you are not willing to perform your contract of employment. In these circumstances we accept this repudiation by you of your contract of employment and hereby dismiss you. (31)
Journalists were offered £2000 and free medical insurance to join the move with the alternative of dismissal.

Technologically, Wapping achieved nothing that could not have been achieved by negotiation with the unions but saved Rupert Murdoch time by-passing union agreements on staffing levels and money in any compensation for redundancy. Murdoch justifies his actions by referring to Fleet Street as a cartel which had been maintained by the power of the print unions and an abdication of managerial control leading to increased costs for advertisers and readers. In a twelve page innovation special 'The future of Fleet Street' within the *Sunday Times* on 19 January 1986, the editorial states,

> Fleet Street itself has remained a microcosm of Britain's industrial malaise at its worst, ridiculous overmanning, absurd restrictive practises; pusillanimous management; top of the league pay levels which bear little relation to the work done or skills involved; and the technology of the 19th century.

It showed that for the whole of Fleet Street losses during 1985 totalled £95.6 million due to industrial action. Murdoch's move to Wapping cut the wages bill by £45 million and increased profits dramatically:-

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<tr>
<td>1986</td>
<td>£98.3 million</td>
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<tr>
<td>1987</td>
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</tr>
<tr>
<td>1988</td>
<td>£161 million</td>
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<tr>
<td>1989</td>
<td>£161 million</td>
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<td>1990</td>
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Unfortunately, Rupert Murdoch's new technology was not brilliant and between 1988 and 1990 he had to scrap these machines at a cost of £75 million which left him with more debts at a time when he could least afford it. Nonetheless, the power of the print unions was broken and most national newspapers have now moved to cheaper sites away from Fleet Street.
In 1981, whilst Rupert Murdoch was making his bid for the Times group, he also sold Berrow's, a group of daily and weekly newspapers in West England. This change of emphasis for Rupert Murdoch's British interests was to be duplicated throughout the world. He had initially intended to create the world's largest international media group which would be financed by the world's major advertisers. However, when this did not happen, he began the acquisition of relatively few larger interests across three continents. Rupert Murdoch's strategy today (1992) appears to become a dominant force in every market where News Corporation operates and his main criteria for purchase seems to be to add to his political power.

1985 saw Murdoch's move into the American television market; this major strategic move is still (1992) questionable as to it's success. The Federal Communication Commission (FCC) prohibits any network or affiliated company from acquiring financial interests in a programme which it produced or buys for its network - however, this rule only applies when a network broadcasts for more than 15 hours/week to 25 stations in more than twelve states. Thus, providing he could stay below the 15 hours/week limit, Rupert Murdoch could make and syndicate his own programmes and target prime time television instead of transmitting all day like three major networks. Within weeks, Rupert Murdoch acquired half of 20th Century Fox and Metromedia stations in New York, Chicago, Boston, Washington, Houston, Dallas and Los Angeles - the conditional contract was signed in May 1985 on approval of the FCC. These deals can be seen as the beginning of Rupert Murdoch's debt problems as he overpaid for the television stations but he saw it as a unique opportunity, as the stations were in the top 10 areas of the USA and represented 1/4 American TV audience. (33) Rupert Murdoch's only problems were that to own an American TV station, one had to be an American citizen and it was forbidden to own newspapers and TV stations in the same areas as News Corporation did.
However, Rupert Murdoch did not see these problems as disastrous but merely as obstacles to be overcome with a little help from his friends in government, as had happened in both Australia and the UK in the past.

Murdoch obviously changed his self-image in order to pursue his business aims. In 1980 he declared to the Australian Broadcasting Tribunal,

I regard myself as an Australian, serving an Australian company with large interests around the world. \( ^{34} \)

Nevertheless the FCC made the unprecedented decision of allowing Murdoch's purchase of Metromedia to go ahead whilst his application for immigration was still being processed.

Later armed with his US citizenship, Rupert Murdoch continued. Fox bought their seventh television station, WFXT, in January 1987 which took them into 24% of American homes but by summer was losing $2 million/week. Luckily back in the UK Rupert Murdoch's newspaper profits were over £120 million due to the Wapping move (a 400% increase).

Rupert Murdoch made a $2.85 billion purchase of Triangle in August 1988 which was a group of major US magazines - TV Guide, Seventeen, Daily Racing Form all dominant in their particular field. The huge price Murdoch paid for this group can be said to be based on the assessment of TV Guide's electronic publishing potential which Rupert Murdoch saw correctly as the future of media industry.

He then treated Fox as if it were a Network in TV Guide increasing its profile by advertising it along with CBS, NBC, ABC. By 1990 Fox was successful and profit making but the other networks are now posing a challenge and questions must be raised about News Corporations ability to compete with their current financial problems.
Murdoch's takeover of the Herald and Weekly Times in 1987 made him the world's largest newspaper publisher and established his monopoly position in Australia, owning 14 of 19 capital city and national daily's. Rupert Murdoch's total circulation of Australian newspapers now stands at 76%. HWT comprised 14 metropolitan newspapers, 2 TV channels, 7 radio stations and over 100 county and suburban newspapers with nearly 20 magazines. (35) Again Murdoch's political liaisons were helpful particularly his relationship with Paul Keating, the Australian Government Treasurer. Nevertheless Murdoch's change to US citizenship became a central issue throughout this takeover and the purchase of HWT began Murdoch's financial slide into crisis which finally engulfed him in 1990.

However through the 1980's Rupert Murdoch was still buying manically. He bought Harper and Row publishing in 1987 and in 1988 added Collins to his acquisitions for a total expenditure of nearly $1 billion, making him a globally important book publisher.

He then made a decisive move into satellite television when he committed News International to an annual expenditure of £100 million on Sky, even though he knew it had only two sources of income, advertising and subscription to the movie channel, neither very secure. On the 11th October 1986 The Sun declared that Sky TV was "the dawn of a new age of freedom for the viewer and the advertiser".

This was the beginning of Rupert Murdoch's blatant cross promotional campaign and also synergism, which in terms of the media industry describes how one medium can be used to promote the same idea or product in another medium owned by the same corporation. Thus, Murdoch was able to use the news from his London based newspapers, movies from 20th Century Fox and TV from Fox on Sky.
Whilst BSB was leading a vigorous campaign against Rupert Murdoch and Sky, the cross media promotion was becoming ridiculous. A count by Chippendale and Franks (1991) revealed that Murdoch's three daily newspapers had devoted 217 column inches to reports on Sky, whilst the other eight nationals ran only 124 between them. The Sun's front page was headed "A dish come true satellite telly for only £199" while The Times headed their report "The £199 dish that will launch a TV revolution".

The European Institute of Media published a study in May 1989 concluding that there was,

a significant body of material promoting Sky Television and unfavourable to BSB in the editorial content of News International papers. (36)

Rupert Murdoch defended himself in a keynote McTaggart lecture at Edinburgh Television Festival when he attacked the current state of British television under the title "Freedom in Broadcasting",

Much of what passes for quality of British TV is no more than a reflection of the values of the narrow elite which controls it and has always thought that its tastes are synonymous with quality.

He argued that a multiplicity of channels ensures more independent and less muted television journalism. However, his real message was the defence of his own empire and of cross-media ownership.

Were it not the strength of our newspaper group and our human and capital resources, we surely could not have afforded to have doubled the number of TV channels available in Britain. (37)

So Sky TV began broadcasting in February 1989 with start up costs estimated at £320 million and a weekly loss stabilised at £2 million as they struggled for audiences. (38)
The duty of the press is to expose, not oppose. It is to seek truth, not to wield power; to be vigilant, not to be politically ambitious, to criticize not to overthrow, to report politics, not to play them.

The Age (Melbourne, Australia)
Editorial 1976 (39)
Thus, it becomes clear that Rupert Murdoch could not have established his international media conglomerate without considerable help from the governments around the world.

In the UK, his support of Mrs Thatcher has been unwavering and at some times excessive. Nonetheless, all the major newspaper proprietors of recent times, with the notable exception of the late Robert Maxwell who remained a Labour Party member until his death, have been unambiguous admirers of Mrs Thatcher. As a result of their support many tabloid editors have been knighted. Larry Lamb, former editor of The Sun, David English of the Daily Mail and Nicholas Lloyd of the Daily Express.

Although Murdoch began his career with vaguely left of centre views, he quickly switched to the right. He seems to have followed his instincts in matching his own views to those of his media empire and to some extent his support of the conservative politicians is simply an exercise of his privilege and also his obvious interest in attracting advertisers and repelling the trade unions. There has been more than an element of business calculation in his attacks on politicians in both the UK and his native Australia. Rupert Murdoch has been the grateful recipient of a long list of political and regulatory favours.

In Australia, successive governments have been remarkably tolerant of Murdoch's absentee landlord status. During his controversial takeover of the Herald and Weekly times group. Paul Keating, the Australian Government Treasurer told Rupert Murdoch privately that the government was changing the crossmedia ownership laws to prevent newspaper owners in metropolitan city areas from also owning television channels. As far as Murdoch was concerned, newspapers were still the main financial focus containing 40% of
all advertising revenue in Australia, so he chose them and was able to sell off the television stations for inflated prices and still evaded the problem of now being a US citizen. Keating continued to help Murdoch when in March 1991 members of the Australian Labour party communication committee, one of whom had described Rupert Murdoch as a "lying perjuring pimp", called on Keating to establish a media ownership enquiry because of fears of Murdoch's domination, he refused, saying it would unnecessarily antagonise the newspapers before the next election.

Once the Australian Press Council chaired by a high court judge censored one of Murdoch's newspapers for irresponsible reporting during an election campaign, Murdoch's response was to withdraw all support from the council and decline to recognise its adjudications!

In 1980, Export-Import Bank of USA rejected Rupert Murdoch's application for a tax payer subsidized loan for an Australia airline, he had lunch with President Carter at the White House and later with the President of the bank. Two days later Murdoch's *New York Post* endorsed Carter in a crucial New York primary and six days later the bank reversed its decision and loaned $290 million at 8.1% interest!

In the USA, Rupert Murdoch supported Reagan's bid for Presidency through his media interests and earned himself an Invitation to the White House. Reagan's victory in 1984 meant a policy of media deregulation was in full swing. Luckily for Murdoch, Mark Fowler, the Reagan-appointed chairman of the Federal Communications Commission, saw the laws against cross ownership as obstacles to consumer needs.
Murdoch was able to ask the FCC to grant a waiver allowing him to own a daily newspaper and television station in both New York and Chicago and to allow him two years to sell them. This unprecedented request was in direct contravention of the law and in an unparalleled decision it was granted. During this time, Senator Edward Kennedy was attempting to tighten these very restrictions on owning television stations and newspapers in the same city, specifically aimed at Rupert Murdoch whose Boston Herald had been consistently hostile to Kennedy. Murdoch contested and in 1988 Kennedy's efforts were overturned by the Court of Appeal in Washington D.C. on the grounds that as the restrictions were aimed at a specific individual, they violated constitutional guarantees of equal treatment!

Murdoch's business calculation is most obvious in New York where his pro-Israel stance has sustained a major political alliance with a Democrat, Ed Koch the former Mayor of New York City.

In Britain, many sociologists and media reforms have seen the Thatcher government as crucial in the development of Rupert Murdoch's media empire. This particularly controversial takeover of *The Times* and the *Sunday Times* is the obvious example.

The Fair Trading Act (1973) sections 57-61 states that all proposals for newspaper merges are to be investigated by the Monopoly and Mergers Commission and also that any transfer of newspapers to proprietors who have circulation in excess of 500,000 copies/day are unlawful without the consent of the Secretary of State for Trade and Industry. The exception is if the Secretary is satisfied that the newspaper is not economic as a going concern and an urgent transfer is necessary to continue existence. (42)
The ethical record of Murdoch's British newspapers was questionable and his reputation in both Australia and the US for interfering with editorial independence and exploiting newspapers for political purposes raised serious doubts as to whether his takeover of the Times Group would serve the public interest.

Nonetheless, the merger of The Times and Sunday Times into the Murdoch empire took only three days. John Biffen, instructed by Mrs Thatcher, overlooked the £4.6 million revenue and £700,000 profit from the Sunday Times to claim it was not economically viable. After an emergency debate in the House of Commons on 27 January 1981 the merger was carried with a majority of 42 with a government three line whip. During the debate, many MP's expressed their concern over this concentration of media power in the hands of one individual. Mr Jonathon Aitken, MP for Thanet said,

I cannot sit back and watch the House being stampeded by the pressures of commercial exploitation into giving parliamentary blessing to a newspaper merger that concentrates monopoly powers in the hands of one organisation to such an extent that I believe it to be totally contrary to the public interest.

and Mr Philip Whitehead for Derby North was more succinct,

I think that it is the Prime Minister who has dictated that Rupert is owed a favour and that the proposal should not go to the [Monopoly] commission.

The Guardian, Financial Times and the Telegraph all argued for a referral to the Monopolies Commission, but Rupert Murdoch had threatened to withdraw his offer if that happened. With the Government, Murdoch agreed to a number of editorial guarantees which he has since stated were not worth the paper they're written on. (43)

Thus, Rupert Murdoch pulled off a great political and commercial coup, he had the worst reputation for maintaining editorial independence but was now the proprietor of the most well-respected newspaper in the UK and he had acquired them for half the amount offered by his principle rivals.
The Trade Union policy of the Thatcher government was crucial to Murdoch when it came to his radical move to Wapping. Goodhard & Wintour (1986) have suggested that the employment acts of 1980 and 1982 were drafted with the print unions in mind. These acts removed many of the legal immunities that Trade union's had enjoyed since 1906; specifically, the acts weakened the closed shop and outlawed secondary picketing, i.e. print unions could not picket News International's suppliers to prevent delivery. Union funds were exposed to threat of damage claims if official support was given to any action which broke these new provisions. Without these laws most of Murdoch's changes at Wapping would not have been possible.

Murdoch's ownership of Sky satellite television has also concerned politicians and become an increasingly politically sensitive issue. The Department of Trade register stated that a national newspaper proprietor could hold no more than 30% of British television stations but Murdoch was permitted to declare Sky European because although it is produced in Britain, it is broadcast via the European Astra satellite. Thus, even with the introduction of the Broadcasting Act 1990, Rupert Murdoch and his Sky enterprise remained intact.

Despite Mrs Thatcher's departure from Number Ten, Murdoch's takeover of BSB was still not referred to the Monopoly and Merger's Commission. Only 1% of the UK television audience can hardly be seen as a monopoly on its own until all of his other media are taken into account.
If Rupert Murdoch has political ambition, it is largely to help maintain the party in power with the best economic policies for entrepreneurs. There is no evidence that he craves personal political power, indeed he has turned down offers of a peerage in Britain. With each new acquisition, one asks the question why? Murdoch cannot hope to achieve a monopoly in Australia, Britain or the US and there are easier ways to make money. He owns too many individual enterprises to run them effectively as a force for a specific purpose. To maintain his international power he has created a managerial class on four continents who share his approach to life and business. K E Cowley has run Australian operations since 1980 and Barry Diller is Murdoch's Hollywood man in charge of Fox. Richard Searby is the lawyer, chairman of the master company and corporate trouble shooter. In 1990 Andrew Knight took executive charge of all Murdoch's activities in Britain.

Rupert Murdoch's real skill lies in his exploitation of the tax system which was so efficient last year that News Corporation paid only three pence in the pound or three cents on a dollar on worldwide earnings.(44) Again the Australian government's lax accounting policies have helped Murdoch by allowing News Corporation to exaggerate its profits. For example, hardly any of the costs of establishing Sky (£75 million) passed through the accounts. News Corporation did not charge these losses against profit but treated them as 'deferred costs' which could be spread over a five year period. This 'capitalising of costs', ie. treating them as a capital asset rather than a cost of running a business, is not allowed in the USA and thus profits would have been much lower. The same process occurred with Fox; in the first two years it lost $197.7 million but this did not reduce News Corporation's pre-tax profits because they were treated as 'extraordinary items' which were deducted from after tax profits.
Thus the difference between News Corporation's disclosed after tax profits in accounts for 1990 are astronomical. News Corporation declared Aust. $343,305 whereas under the US accounting system and indeed the US law, their after tax profit would have been reduced to Aust. $64,637.

Another example of Rupert Murdoch's shrewd business management was the sale of Harper-Collins in June 1989 for US$1300 million in cash and shares so that News Corporation still had 50% of the new company which became an associate company and News Corporation could share the profits but leave the debts and Murdoch remained in control as before. The bank, Credit Suisse First Boston had other shareholdings which helped Murdoch to reduce the debt on the balance sheets by approximately US$1 billion.

The two essential features that have enabled News Corporation to pull off these stunts are the company's Australian registration and the construction of inter-company debt within the corporation. Under Australian law, Australian companies are not taxed on profits made outside the country as long as the profits are not sent back there. Thus in 1990, on world wide profits of Aust. $429 million, News Corporation paid only 3% tax, less than Aust. $12 million.
CHAPTER FOUR

I don't think that a newspaper should own outside interests. By owning something outside journalism you lay yourself open for attack. And newspapers should be above that.

Rupert Murdoch, 1975 (46)
Rupert Murdoch's strategy for maintaining control of his multi media empire has been to retain the 43% family share in the global parent company of News Corporation, which he has had since his father's death in 1952, making the conglomerate virtually take over proof.

Thus, Mr Murdoch has a strong interest in bank borrowing which enables him to avoid issuing new shares which would reduce his control. In contrast to most multi-national conglomerates, Murdoch's style is to attempt to run the company as a one man band, endlessly circling the globe, maintaining a personal interest in everything and constantly searching for new opportunities. After Times-Warner, News Corporation is the largest communication business in the world, hallmarked by Murdoch's dislike of bureaucracy. The central headquarters in Manhattan employs only sixty people. The key to his management of the empire is a weekly document known as 'Flash' for which each constituent part of the organisation has to provide a summary of their operating results combining budgeted figures for every aspect of the business and actual figures for the week compared with the same week in the previous year. Rupert Murdoch studies this each weekend.

Rupert Murdoch has benefited from the buoyancy of advertising in his three main locations since the 1950's and also from the buoyant market in media properties. The deregulated financial services industry of the 1980's saw the media as a growth sector and were thus happy to back Mr Murdoch's schemes. However, since 1988 increased spending and general world recession have brought News Corporation several problems. Throughout the world, Murdoch's companies were largely dependent on advertising, one of the first casualties of recession and a number of his large loans were called in for repayment in early 1990. The Japanese banks began to pull out of the short term money market in Australia, where News Corporation borrowed heavily to finance
capital investment, eg. Wapping and new acquisitions and the general economic climate no longer favoured heavily indebted conglomerates like News Corporation. Through 1988, Murdoch's bank debt averaged $7 billion. His difficulties intensified into 1990 with liquidity problems as the banks were unwilling to negotiate deals for the sale and leaseback of equipment; this coincided with unexpectedly high losses from Sky TV and enormous capital expenditure on new printing presses in the UK and Australia. The balance of power had shifted from News Corporation and Murdoch to the lending banks. By late 1990, his debts included borrowings from 146 different banks worldwide and annual interest repayments totalling over $800 million. (47)

Nonetheless, in his 1990 Annual Report, Rupert Murdoch told shareholders that News Corporation was,

    well on the way to becoming the most versatile and skilled media company in the world. (48)

There was, however, no way that News Corporation could generate enough money to repay the loans that were due in 1990-91 unless the banks were willing to renegotiate terms.

By September 1990, the value of News Corporation shares in the United States had halved and in the UK the share value of News International fell by 22% in one week. Thus, News Corporation needed a rapid debt restructuring programme at a time when interest rates were high and the banks were becoming increasingly cautious. The Financial Times reported that,

    the future of News Corporation hung in the balance as its 146 bank lenders were paralysed, chivvied and strong-armed into a debt restructuring. (49)
From October 1990 a special team from Citibank and Samuel Montagu began to sort out News Corporation's debt repayments under the code name Operation Dolphin. These new arrangements took a full three months to agree; the repayment time was lengthened in exchange for an upfront 1% fee and an increase of 1% on the loan, which is the equivalent of £76 million for every extra year of interest payments. Banks were also persuaded to agree to $600 million of new money to maintain operations, some of which is secured against the assets of The Sun and the News of the World. For this bridging loan the banks demanded an average of 2.25% above the market rate and a $9 million front-end fee. Murdoch's involvement in this deal is essential; if at any stage he ceases to be chief executive then the rescue plan is off. Essentially, Murdoch has emerged with $7.6 billion debt restructured over three years, due for repayment by February 1994. (50)

Murdoch has consequently had to make several changes within his conglomerate to enable him to survive. In January 1991, The Times and Sunday Times were given the target of cutting costs by 10% by June and 30% of staff from Today were sacked as the circulation fell rapidly. April saw News International made 185 redundancies, mainly at Wapping and by the end of May, the electricians union had voted for industrial action just short of a strike.

In February 1991, the European Commission in Brussels, where Murdoch has no political influence, ruled against Sky television, claiming it had broken the community's free competition rules. May 1991 saw the European Sports Network file a writ against Sky seeking damages in excess of £50 million. During the summer Murdoch sold off all his American magazines except TV Guide for a loss of Aust.$229 million on the deal he made back in 1988. Then Murdoch's re-entry into American satellite television collapsed, after his original plan for a 108 channel network costing $1 billion.
The only hope on the horizon for Mr Murdoch is that his operating profits do appear to be improving as a result of cost reductions and other consolidation moves. Fox television is now established in America and the profits have doubled this year and since the B Sky B merger, Sky losses have reduced from £10 million per week to £1.5 million. Twentieth Century Fox achieved record results with the box office success of Home Alone, Edward Scissorhands and Sleeping with the Enemy in 1991.

News Corporation's next debt repayments of $400 million are due in December 1992 and June 1993 and the problem for Mr Murdoch is that every potential buyer knows he is being forced to sell. The question therefore remains, will Murdoch have to sell his assets at a loss to keep his bankers happy?

Murdoch's ultimate obstacle is one of succession. His unique skills, his individual drive and appetite for risk are unmatched. His ability to spot value cannot be doubted; he brought The Sun in 1969 for £250,000 and it is now worth over £600 million. Twentieth Century Fox cost him $575 million in 1985 and is now worth about four times that. Nonetheless, there is no one to follow in his footsteps; no one else has that brilliant perception of what the public wants to watch or read. News Corporation is in danger of becoming just another family owned conglomerate with outsiders waiting to pounce.
Another of Murdoch's financial problems is Ansett Airlines of which News Corporation hold 49%. In the mid 1980's this was a very profitable company benefiting from a highly regulated market. However, by June 1991 News Corporation's share of Ansett's operating losses was Aust. $25 million, which they attribute to deregulation and recession (51).

Thus, Rupert Murdoch will not be greatly expanding his empire in the foreseeable future. Global expansion has now become survival. News International's net loss for the financial year of 1991 was £335.4 million and economic conditions are not expected to improve (52). Surviving in the 1990's is a totally different proposition to prospering in the 1980's. The rapid expansion and tone of Murdoch's tabloid newspapers fitted the right-wing populism of Thatcher and Reagan but now the world has changed dramatically in terms of geography, economics and ideology. Rupert Murdoch faces his most testing time if he is to maintain his unique control of a multi-national media conglomerate. Murdoch's ideology was perfectly suited to the 1980's with the typical example of The Sun's popular prejudice and right wing idealism combined. By the end of the decade however, The Sun was beginning to misjudge its readership; the cases of the ludicrous attack on Liverpool football supporters after the Hillsborough tragedy and the £1 million libel damages awarded to Elton John after allegations made in the paper are obvious examples. Into the 1990's The Sun now faces stiff competition from The Sport who have pioneered soft pornography in colour as an almost daily feature of their 'newspaper' and exhibit the worst excesses of tabloid journalism.
CHAPTER FIVE

What proprietorship of [media organisations] are aiming at is power without responsibility - the prerogative of the harlot throughout the ages.

Stanley Baldwin
Prime Minister (54)
The financial crisis under which Mr Murdoch is currently suffering is a reflection of the long term problems of international bankers. Only a few years after the third world debt crisis, bankers are again over-lending to a large group of borrowers from whom they subsequently withdraw credit. As they are no longer able to push loans onto the third world, international banks have rushed into corporate lending. It may be less catastrophic for companies rather than countries to go bankrupt but the problem remains. Too many banks are chasing too little high quality business; international banking is a declining industry and News Corporation's problems are a manifestation of that.

Successive governments within Western Europe since the mid 1970's have taken the view that new technology had to be exploited, developed and applied to industry if any European country was to be successful in a growing world market. In the UK a difference can be seen in the way the two main political parties would have dealt with this. A Labour government would have adopted a gradual state directed/owned venture, a far cry from the Conservative laissez-faire approach and their emphasis on entrepreneurial initiatives. Thus since the election of Mrs Thatcher's government in 1979, Parliament has exposed the previously insulated and regulated institutions of the media to competition. In broadcasting, cable and satellite television will undermine the duopoly of the BBC and IBA and could ultimately damage the corporate financial structures built on the concept of the mass audience. The development of this new technology is largely dependent on government policies, thus, Mr Murdoch can consider himself extremely fortunate to have had compliant governments in his three main areas of business.
As previously shown in this dissertation, the relationship between Mr Murdoch and the respective governments of Australia, UK and USA is a complex one. The rightwards drift of the press in Britain has had significant political consequences which can largely be contributed to Mr Murdoch's influence. Since his move into British newspapers, the trade unions have increasingly been portrayed in a way to weaken support for them. For example, during the miner's strike, many tabloids focused on the loss of work to those not involved in the strike and the inconvenience/danger to the public. They also began a sustained and effective campaign against the Labour Left. Thus, through contributing to the disorganisation of the opposition in Britain, the press could be seen to be helping to stabilise the social order.

New technology has not dramatically altered the newspaper publishing industry. The principle and most auspicious legacy for the future of quality journalism is the emergence of the Independent and Independent on Sunday which have provided refuge for journalists fleeing from Mr Murdoch and raised the standards of newspaper journalism. Nonetheless, Mr Murdoch was no doubt a pioneer of the new technology that has allowed the Independent to exist. However, new technology has not significantly extended the political diversity of press or enriched popular journalism through a proliferation of new newspapers in a mass market.

The future of the media industry has become a routine debate amongst sociologist and economists. In 1973, Daniel Bell identified, the decisive role of science and technology in transforming the industrial structure. (55)
He believed that public awareness would be widened as technology developed and enriched a global flow of information. Alvin Toffler (1980) in his book 'The third wave' identified the central political conflict of this age being between the 'old' politics based on the values of traditional industrial society and new politics celebrating individual choice, participation and issue politics. He saw a revolutionary change developing from a dying industrial civilisation that relied on standardised mass production and consumption centred around bureaucratic organisations, eg. trade unions, to greater flexibility and diversity with a technological base in the electronics revolution. However, this transition to a post industrial society would have high social costs, eg. high unemployment. Multi-national corporations are unlikely to relinquish their power and have an interest in ensuring the exploitation of technology is used to augment rather than weaken their power.

As this dissertation has shown, individual entrepreneurs, specifically Mr Murdoch, continue to dominate the media and aim to gain or maintain market supremacy. In attempting to maintain their commercial advantage, individual or management-led corporations have engaged in mergers and acquisitions which have given them greater control over specific sectors of the media.

Throughout the 1970's Murdoch and Golding observed two basic trends within the media industry. The first long term shift towards concentration and the second, an increase in diversification which has produced conglomerates with significant stakes in several sectors of the communication and leisure industries. Today one can see these theories in action, specifically in Mr Murdoch's News Corporation having taken on an increasingly international aspect. Comery (1986) describes two rationale's for the reasons behind these shifts. Primarily, the business desire to take full advantage of the power of integration; in
terms of reducing costs of sales and transactions, vertically integrated corporations sell products to themselves. Rupert Murdoch is the prime example of this, selling for example, Fox movies to B Sky B, these corporations can also take advantage of the opportunity to publicise itself. As we have shown, Murdoch heavily advertised the launch of his Sky channel in his British newspapers. A vertically integrated company also has control of the market as it has no need to worry about being excluded from key markets. Locksley (1988) stated,

the economic dynamics of information industries are encouraging enterprises... to become vertically integrated, to expand horizontally, thereby raising levels of concentration... The information industries are becoming ever more concentrated and populated by multi-media multi connected conglomerates. (56)

An important reason for diversification is that a single market/media activity is becoming increasingly unattractive and risky as competition between media for advertising revenue becomes more intense. Diversity creates a degree of strength that may be absent from a single media organisation. Consolidation and diversification also eliminates competition as one more newspaper or TV channel acquired is one fewer with whom to compete.

Both the USA and Australia have legislation preventing one proprietor owning different media within the same market. However, as this study of Rupert Murdoch aims to have shown, complex company structures and dubious changes of ownership have sometimes circumvented these rulings. Diversity within an organisation increases the control that an individual entrepreneur can wield over the whole linkage between content production and distribution.
The internationalisation of the media is a process of change which has granted dominant status to economic and technological innovation. This has occurred with the advent of deregulation and global competition, the creation of international money markets and capital transfer all adding to the growing interdependence of economies. A powerful economic threat is symbolised by the aggressive international diversification of companies such as AT & T, IBM and the main focus of this study, Rupert Murdoch's News Corporation.

Reforms of the telecommunications policy throughout the Western World have tended to reflect the political interests and pressure of large corporations. This has facilitated the emergence of larger and more diversified multi-media giants on an international scale. International expansion has forced media owners to court politicians; as this study has shown, Mr Murdoch has been closely identified with the political right and has thus several favourable decisions.

The costs of technological change are borne largely by the disadvantaged groups who lack the necessary skills to cope as is historically revealed by the exploitation of unorganized labour. The most visible characteristic of the communication revolution is an enhanced role for multi national conglomerates such as News Corporation. However, the trade unions defensiveness over legitimate, although sometimes imposed changes in new technology, for example Rupert Murdoch's Wapping, resulting in job losses and inter-union rivalness as with Wapping between the print and electricians unions.

The exploitation of new international markets and the reality of programming across frontiers with cable and satellite has resulted in the internationalisation of the media groups. As we have seen, Rupert Murdoch's empire spans several different media on many continents. It must be remembered that information is a commodity that is owned and therefore its supply must be controlled.
Broadcasting and media must be seen as an internationally tradeable service - an industry. Behind governmental reforms to extend copyright to cover intellectual property and data protection legislation are powerful commercial pressures to protect the rewards of innovation and ensure their share in the international information markets. Thus, the communications revolution can be defined largely in corporate terms.

Multi national corporations are always seeking to improve their internal data communication and coordination, by 1985 they already accounted for well over half the international data flow. With the stimulus of deregulation and attacks on monopoly, the communication industry became a complex area structurally. Publishers such as Rupert Murdoch and the late Robert Maxwell, groups, for example Virgin and Thorn EMI moved to diversify into broadcasting whilst electronics, computer and banking companies moved into telecommunications. Thus it becomes clear that in both broadcasting and telecommunications, individual states are no longer able to exercise effective sovereignty.

The single European market which has come into effect this year (1992) favours these multi national conglomerates competing on an international stage with few restrictions. There is therefore a pressing need for collaboration at European level. Problems of coordination amongst the variety of European bodies to develop common technical standards to unify and exploit the European information and broadcasting markets do exist. So the pervasive fragmentation of power in Europe currently provides an opportunity of American and Japanese entry.
Western European policy debates and legislation's are increasingly shaped by the enterprise culture of Rupert Murdoch and others. The need for powerful industrial alliances to exploit economies of scale in research and development production and marketing before the communication conglomerates leave nothing behind for the governments need to be explored. Unbridled competition could lead to uncompetitive monopolies. Thus, it is in the interests of European governments and the media industry to campaign for anti-trust laws.

The European Community's competition policy in Articles 85 and 86 of the Treaty of Rome forbids all restraints on competition except where it is likely to be incompatible with the objectives of the Common Market. This effectively bans restrictive practices which distort or prevent competition by the misuse of a dominant market position. The Commission, rather than the individual government is empowered to examine proposed mergers if the international turnover of the combined companies exceeds $5.5 billion, if the turnover in the European Community exceeds $250 million or if more than 66% turnover is within the EEC. (58)

Although this may be adequate for the largest mergers, it does not account for the small but significant ones. Joint Ventures are not prohibited under the existing Articles thus leaving room for American and Japanese companies to gain a foothold in Europe. This policy is not designed specifically for media groups which are of course economic institutions but must also have a cultural role. Competition should be encouraged but at the same time a cultural diversity should be maintained which recent history has shown is not necessarily a by-product of competition, especially when large conglomerates are all producing rubbish!
Changes in national communication policy reflect the changing relationship between law and politics in Western Europe. Britain has no tradition of coherent public law. The Hunt enquiry (1982) into cable expansion and broadcasting policy reported in less than six months with no public hearings and the acts that followed had little mention of accountability. The United Kingdom has the most liberalised communication system in the world, largely due to Mrs Thatcher's governments strategy which even broke the states monopoly of the telecommunications network by privatising the national carrier British Telecom in the 1980's. Mrs Thatcher's plan was to use privatisation and cuts in public expenditure as a means of reducing the Public Sector Borrowing Requirement and to create a more competitive market and more dynamic supply industry. In her attempts to boost the economy as a whole, Mrs Thatcher promoted a cosmopolitan rather than a purely domestic form of reindustrialisation of Britain which was particularly helpful to the multi-national conglomerates of which Mr Murdoch is a perfect example.

Following the recommendations of the I.T. Advisory Panel's report (1982) the cable revolution was to be driven by private sector investment. Liberalisation of telecommunications was the aim but increased competition after privatisation of B.T. meant that reassurance for their shareholders became more important than fastening maximum competition. Thus, the British government can be seen to have failed to coordinate their cable, broadcasting and telecommunications reforms. The main thrust of British communication policies provided institution reforms, notably the privatisation of B.T. and finance led strategy has sought to encourage non-governmental investment in cable and satellite. The relative absence of substantial debate about any communication policy is reinforced by the lack of a separate minister for telecommunications as in France and Germany.
The European Commission forecasts for 1985-95 predicts a telecommunications investment of £90 billion, making it the biggest industry in the EEC. (59) Broadcasting has a great reliance on advertising to finance its new channels B Sky B, for example, does not have the funds for programmes that the BBC has and the dominance of a few exporting countries centres on a one way flow of American entertainment. American and Japanese corporations are the main agents of change in the international markets; the deregulation of the American domestic market has had a major impact on the behaviour of large corporations, eg. AT & T, IBM, Citicorp. Changes in communications technology have undermined the rationale for government regulation and for traditional monopolies. Communication markets provide evidence of a radical change in the international business environment, from a fixation on national markets to a globalization of competition. The paradigms of this change are wholly non-European - Rupert Murdoch, IBM and AT & T. Kenichi Ohmae (1985) has written about the importance of 'triad power'; a corporation must have a base in each of the three key world markets (Europe, United States, Japan), an absence from one of these areas leads to inevitable defeat.

Rupert Murdoch is a prime example of an individual seeking to detach himself from the influence of domestic regulatory policy by becoming a global corporation. His most recent links with Belgium's Group Brixelles Lambert and Radio Television Luxemburg (RTL) to develop direct broadcasting satellite (DBS) must be seen as a warning to national regulatory authorities who are already watching B Sky B heading for commercial success.
So multi media conglomerates have begun to alter the balance of power in domestic policy development. In the United Kingdom, the leading role of cable operators in discussions of new media policy have been displaced by the cable and satellite programmers. The international activities of media conglomerates are the most visible manifestation of the communications revolution. There is a great need to develop an information trade policy on a domestic level; the ITAP recommended the formation of the Confederation of Information and Communication Industries which was established in 1985 to develop coherent policies for the information industries and to liaise closely with the I.T. Minister at the DTI.

The response of Western European governments' to the communication revolution shows little consistency at policy or ideology level. It would seem they were taken by surprise by the sudden technological change and today's vast array of new technology available to users and suppliers. The initial naivety of the European governments was reflected in their exaggerated political expectations and the economic need to invest in a new communication infrastructure as a basis for 'a third industrial revolution' (de Sola Pool, 1982) seemed to be lacking.

How far then can an individual state continue to regulate domestic media systems in isolation from the penetration of different ideologies, eg. deregulation and technological advancement, eg. satellite broadcasting? The new complexity inherent in the international dimension of mass media communication must surely mean that regulation can no longer be an essentially domestic political process.
Ownership and control have been a long running issue within the study of the mass media, with the evidence usually pointing to a growing concentration of ownership leaving the media in a small number of ideological conservative hands which appears to limit the potential for diversity and content. These ideological discussions tended to be conducted within individual countries and interest was primarily focused on that particular nation. This insularity was natural as newspapers and broadcasting organisations were heavily regulated preventing any flow of capital between countries and media entrepreneurs tended to focus on one specific area, eg. newspapers or television. As this study has shown Mr Murdoch, whilst not being the only media mogul in the world, has certainly led this transformation over the past 25 years. Thus such a limited view of the media has become outdated, eg. the introduction of satellite and cable has begun a global approach to television organisation and content and the political forces of deregulation and liberalisation have allowed the crossover of capital between nations, leading to the establishment of the multi national media conglomerate.

There have been many suggestions for media reform including ideas that joint control of newspapers, television and radio be prohibited by law as a means of promoting diversity. However, as this dissertation has shown, competition would not necessarily result in a diverse array of products. The Labour party have stated that if they were in government, they would restrict ownership of media interests in Britain to those of British nationality. Both of these reforms can be seen to be aimed specifically at Rupert Murdoch. For any coherent policy to succeed, there is a need for a regulatory body which can operate on internationally agreed regulations and procedures. Today (1992) national regulations to limit media activities are insufficient to control the forces of economic expansion that these multi national corporations have available to them.
Whatever the future holds for Mr Murdoch's empire and the communications industry worldwide, they both require enormous investments to even merely survive. The development of any international media policy must be seen in the long term. Western governments need consistency within their policies, effective across any national boundaries to enable an information society to develop and prosper on an international level into the twenty-first century.
APPENDIX A

CHRONOLOGY OF RUPERT MURDOCH'S ACQUISITIONS

1956  The Sunday News (Perth).

1964  Launched The Australian.


1969  Relaunched The Sun as a tabloid.
      Reached one million circulation within one hundred days.

1970  40% share in London Weekend Television.

1981  The Times.
      The Sunday Times.

1985  50% share in Twentieth Century Fox.
      Metromedia stations in New York, Chicago, Boston, Washington, Houston, Dallas, Los Angeles.

1987  Fox bought WFXT (their seventh television station).
      Herald and Weekly Times.
      Harper and Row.

      Collins.

1989  Sky TV began broadcasting.
APPENDIX B

THE CHANGING FACE OF THE SUN

Figure One:- front page of The Sun 9 May 1978.

After more than nine years, The Sun finally outsold the Daily Mirror, every day for six months daily circulation was now over four million copies.

Figure Two:- front page of The Sun 3 May 1979.

The first time that The Sun had supported the Conservative party for government. This headline on the morning of the 1979 General Election was followed by a 1700 word leader proclaiming that The Sun was proud to have "the largest working class readership of any daily paper". Whilst stating that "The Sun is not a Tory newspaper" the editorial went on to state that a Conservative Government would offer "the greatest good to the greatest number."

Many journalists on The Sun's staff forecast a huge loss of readership as a result of this blatant campaigning but it did not happen.
FIGURE ONE.
A message to Labour supporters

VOTE TORY THIS TIME

IT'S THE ONLY WAY TO STOP THE ROT

It's Maggie by a whisker, say the polls.

FIGURE TWO.
APPENDIX C

Example of *The Sun's* treatment of the Strangeways prison riot.

Figure Three: 3 April, 1990. *The Sun* headline stated, "'30 die' as jail mob defy cops".

The story goes on to refer to prisoners being 'castrated, beaten and strung up.' *(Figure Four)*

This story appeared despite Mr David Waddington, then Home Secretary stating, on the 2 April, 1990, that any claims of death were unsubstantiated.

Mr Randall, the chief consultant in the accident and emergency unit at North Manchester General Hospital has since informed the Press Council that he spoke to journalists on the morning of 2 April, 1990 to state categorically that no mutilated or castrated prisoners were received and no prisoners had been hanged.

However, it appears that *The Sun*, along with the other tabloids, preferred to rely on unofficial sources and reject any authentic information which may have spoiled the sensational story.

Note the contrast with *The Times* report on the front page on the same day. *(Figure Five).*

On the 5 April, 1990, *The Sun* reported that "Bodies 'cut up and dumped in sewer'". *(Figure 6).*
Note that The Sun is careful to report, not endorse these stories by putting statements in inverted commas - thus the story may or may not be true.

The Press Council was thus satisfied to state that although The Sun "may have erred over Strangeways, they did not sin".
pervert... are kept, let them out one by one and killed them. "Some had been battered to death, others were pushed over the balcony," one warder said.

Another warder said: "They may have bodies buried in the mud, make the women fear more than thirty..."

The situation as many as 30 inmates were kept in the segregation wing are MIBWID. And they believe the ringleaders of the riot had two dozen bodies in the prison gurneys.

"We didn't destroy him, we just..."

How Britain learned the fax... yesterday's earthquake report from geologists

BRITAIN shook with fright when the second biggest earthquake ever to hit the UK struck yesterday. But there was not a single injury as buildings wobbled, slates fell and ornaments crashed to the ground. Police officers were plagued by the rumbles after the earth moved for five terrifying minutes between 8.30am and 9am.

The tremor was felt as far apart as Edinburgh, London and Plymouth, scientists measured its force at 5.2 on the Richter scale. A spokeswoman at Leeds University's earth science department said: "The needles on our instruments shot off the top."

DAFFODILS
"We felt the whole building move and the windows rattle. The din outside on the window sill were shaking," ITV's This Morn-

ing weatherman Fred Talbot watched iron pillars in the showcase Albert Dock on the Mersey waterfront bend.

The source of the quake is pinpointed in Wrexham, not Wales—a few miles from Llŷn Peninsula, source of Britain's biggest earthquake in 1901. 150,000 people heard for over 100 household policies in the quake area.
CASTRATED, BEATEN AND STRUNG UP

Inmates tell of nonces' terror

By MIKE RIDLEY, GUY PATRICK and TONY SNOW

SEX perverts were hanged and castrated in the Strangeways jail riot. It was revealed last night.

Power-crazed prisoners high on drugs used makeshift knives and razor blades to torture, mutilate and kill victims.

Kennerhouse wards were set up where terrified nonces -- prisong slapping for perverts -- were "tried" and sentenced to death.

One man jumped to his death from a cell block balcony to escape the mob.

The cameraman came after screaming prisoners smashed the steel gate which prevents perverts and police from entering the rest of the jail.

Prison officers were helpless to prevent the torture as the howling mob charged in.

More than 20 injured prisoners told shocked nurses at Manchester hospital how some inmates were hung up with nooses around their necks.

The frenzied mob also killed a nurse Albert Finney from the prison pharmacy, connexion, who was found with her body strung up between two balconies.

Horrific

A nurse confirmed last night that two of the inmates had been brought to North Manchester General Hospital, where they were being treated for injuries.

Inmates told of mutilations and bodies being hanged.

Police know the names of the rioters and are searching for them.

"There was no real trouble. The mob just went into a frenzy and started killing.

"The injured were brought in but we only know the names of two.

"We are searching for the rest and will act as soon as we can."
Clash over staffing levels

Strangeways rebels still hold prison

By Quentin Caddy, Home Affairs Correspondent

Staff blame conditions for outbreak

FLAMES were still shooting above the rooftops of Strangeways in Manchester when the Prison Officers' Association began meeting what appeared to be popular rebellion out of Britain's worst prison through the '80s.

Thirty-two hours after the riot began, however, the senior's claim that the disorder was caused by primitive conditions and lack of supervision seems compelling, although it cannot wholly explain why 700 prisoners took the law into their own hands on Sunday morning at a volume and intensity not heard in the city for years.

Regimes in many British prisons have undoubtedly improved since 1975, when overcrowding and a dispute between the Home Office and the Prison Officers' Association produced a wave of riots and bloodshed.

The improvements, however, have been from a very low base. Strangeways, one of Britain's oldest and most desperately overcrowded prisons, may well have been run with too little, too late.

Evidence was mounting yesterday that another prison may have been staff shortages. The association said on Sunday the 1,421 prisoners of Strangeways were being supervised by a minimum of 130 officers, a ratio of 1:11.4.

In the context of the jail's poor regime, it said, the low staffing levels were almost an invitation to riots. Staff:officer ratios are above 1:6 during the week but at weekends accusative supervision becomes even more difficult.

Working conditions in prisons underwent a major revolution in May 1979 with the signing of the Fleet Street declaration between the Home Office and the association.

Few officers would deny that the old system characterized by high levels of overtime, overcrowding and savage practices. Officers were typically paid £15,000 a year for a 40-hour week, then reduced by 10% to 18 hours of overtime.

The Home Office promised that officer's pay should be increased sharply but that overtime should be phased out by April 1, 1992, and that about 5,000 extra officers would be recruited.
Prisoners saw kitchen horror

MURDER victims in the Strangeways prison riot were chopped up and dumped in sewers, police were told last night.

The grisly job was done with meat cleavers and knives in the jail kitchens, which the jailers controlled for three days.

Detectives were given details of the butchery as they quizzed hundreds of prisoners who have surrendered since the riot started last Sunday.

Two senior officers confirmed inmates had described seeing bodies cut up.

One officer said: "So many prisoners have said they have seen bodies cut up that some of it has to be right."

"It's difficult to imagine 1,300 men coming up with the same stories," he added.

One youth was reported pinned to a wall with a length of scaffold wire...." (unnamed)

Police believed the claims went into the jail last night.

Sex offenders are said to have been raped or thrown to their deaths from open block balconies by those who raided segregated E-wing.

One youth was reported pinned to a wall with a length of scaffold wire.

One youth was reported pinned to a wall with a length of scaffold wire.

One youth was reported pinned to a wall with a length of scaffold wire.

The men tried to whip up trouble in a song at Wandsworth Prison, south London, where 1,300 inmates live in overcrowded conditions, and union official Terry Collett said: "They were encouraging inmates to cause a disturbance."

But some refused."

"WE'VE been reduced to a "gibbering wreck" after witnessing the slaughter at Strangeways," a court heard yesterday.

Alan Melkoff, 27, was locked in his cell with a smoke pouring under the door when the riot started, said his lawyer Stuart Park. Melkoff—who was on remand for motoring offences—only escaped when another prisoner broke down the door.

Butcher Michael James at Oldham, Lancs, said he saw men "with their hands in their pockets" three inmates have been "cruelly murdered".

Animals

Frenchman Melkoff was placed on probation, said afterwards He said afterwards: "There was no sign of animals screeching all over the jail. I was just glad to get out."

Another inmate, who was due in court yesterday, said he was transferred to a new jail..." (unnamed)

FOOD SLATED

One roofed inmate who was in the sun yesterday during the riot at Strangeways jail.

Twelve prisoners from the hardman sector still held out climbed on to the roof soon after dawn.

The tough nuts lay on a prison banner and soaked up some warmth after a night in the freezing cells, where the heat has been cut off. One even put on a personal stump to listen to the Prison's dramatic power.

"I am going to make sure," he said. "We are going to make sure we are not going to be treated like this again."

KIDNEY SCANDAL DOC STRUCK OFF Page 15
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