# Theme Media ownership and democracy

# 1. Media ownership policies: Pressures for change and implications

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TE ARE witnessing a wholesale restructuring of media ownership statutes throughout the world. It is difficult to think of a single developed or developing country which over the last 10 years has not introduced at least one change – and in many cases more – in its media ownership regimes. The direction is almost entirely one-way: towards a more liberal and deregulated environment which allows for more conglomeration of media companies, greater flexibility in foreign ownership, and fewer restrictions on ownership across different media. I want to address two important aspects of this worldwide phenomenon: first, why it is happening and the main forces driving these changes; and second, the implications for a free press, for diversity, and for journalism.

# Forces for change

A number of factors are dictating the move towards deregulated ownership policies, but it is possible conceptually to identify three distinct policy drivers: globalisation; technology and convergence; and ideological shifts within the dominant political framework governing developed (and to a lesser extent developing) countries.

The first and most obvious structural shift is the impact of globalisation. Since the 1970s, a number of factors have transformed the nature of the global economy: a wider choice of locations for capital investment; the 24 hour presence and importance of global financial markets; the rise and increased financial muscle of transnational corporations; and, vitally, the communications technology on which all these factors rely for smooth and efficient operation. The emerging global corporations are constantly seeking expansion. In the words of Robert McChesney: 'Firms must become larger and diversified to reduce risk and enhance profit-making opportunities, and they must straddle the globe so as never to be outflanked by competitors' (2003: 30).

In the search for further investment or expansion opportunities, they will seek to influence and mould the boundaries of any state regulation which tries to limit market opportunities in the public interest. Throughout the developed world, these conglomerates have used their extensive lobbying skills and resources, as well as their access to the levers of political power through their media assets, to convince governments that the national interest is best served by market-led, deregulatory policies which will allow the major conglomerates more room for expansion.

At the same time, the political landscape has also been transformed to accelerate the process of globalised trading: the breakdown of the old Soviet Union, and the emergence of capitalism as the only viable way of existence means that production, distribution and selling can take place virtually anywhere in the world. The last 20 years have seen an astonishing unanimity developing in the kinds of political rhetoric being employed by virtually all parties across the political spectrum. Following the lead of the Reagan-Thatcher ideological axis of the 1980s, liberalisation, the free market, deregulation and the withdrawal of state intervention have become the new battle cries, while rival parties quarrel only about the speed and extent of withdrawal of the 'nanny state'. It is now just as important to achieve credibility with the financial markets and business leaders as with the ordinary electorate, which in turn means paying greater attention to corporate requirements. It is the corporate ideology and the power of the markets which, increasingly, dictates social reform: 'Most of Europe now acknowledges that the social model must be reformed in the interests of economic competitiveness. Increased competition from other countries for inward investment has forced all social market economies to buy in to the free market doctrine to some degree, and deregulate,



lower taxes and shrink their welfare states in order to remain a contender in the eyes of increasingly portable global corporations' (Hertz, 2001: 30-31).

The impact on domestic policy-making extends beyond media policy to almost every aspect of decision making. While politicians claim to be acting in the public interest, and still talk about the importance of community and collective welfare, in practice much of the decision-making flexibility has been finessed by the need to placate the private sector. We have seen in effect the rapid industrialisation of cultural policy wherever policy-making initiatives have emerged. In the European Union, according to Alison Harcourt, 'the media industry was identified during the 1980s and 1990s as a key growth industry by the European Commission. Indeed, it became increasingly apparent during this time that there existed a deeply rooted faith in the communications industries to ease the very serious problem of growing unemployment in Europe' (2002: 737). Although the EU has been more successful than some individual nation states in enshrining some of the principles of public service broadcasting, the inexorable trend has been towards a convergence in national policies which prioritises industrial approaches over cultural ones.

These mutually reinforcing processes of globalisation and industrialisation in turn promote deregulatory policies through two further routes, one general and one related specifically to the media sector. First, there is the vast gulf in lobbying power between on the one hand powerful corporate interests wishing to push back the boundaries of state intervention, and on the other fragmented public interest and consumer groups attempting from an array of different perspectives to persuade governments to put citizens before corporations. This is particularly true in Europe at the EU level, where public interest groups find it difficult to operate across national boundaries while global corporations can invest hugely in identifying which European directorates and commissioners to target and then overwhelming them with arguments for looser regulation. In most nation states, such public interest groups are typically voluntary or subscription associations, with stretched resources often relying on the commitment and determination of a few underpaid or unpaid individuals. They are rarely a match for the well-paid professionals of the burgeoning public relations industry whose business is to inform, stay close to and cajole key policy makers.

Second, within the media sector, media owners have access to one of the key drivers of opinion formation - the mass media themselves. As consolida-

tion increases between newspapers, TV, online and other areas of publishing, different parts of a media empire can be exploited not just to cross-promote other parts of the empire but to promote forceful arguments about how governments should be legislating in the very areas which might limit corporate expansion in that field. In the UK, for example, Rupert Murdoch's newspapers have consistently argued for limits on the BBC's freedom to operate across all areas of broadcasting and have frequently called for a reduction in size or funding. These newspapers are likely to play a vociferous role in the debate on renewal of the BBC charter which expires in 2006, and which is now the subject of intense government scrutiny. (Of course, if the main corporate beneficiary also happens to be prime minister — as in Italy—lobbying yourself through your own newspapers becomes less essential.)

In addition to the globalisation and industrialisation arguments, there is the rhetoric of technology and convergence. Throughout the developed world, the advances of new digital and broadband technology are being hailed as heralding the imminent demise of one-to-many broadcasting and therefore demanding new regulatory regimes which sweep away the 'artificial' barriers between print, screen, computer and telecoms. What is the point, the argument goes, of legislating for example against cross-ownership of newspapers and television licences, when the latest newspaper edition can be read on the web? 'Convergence' is now an oft-repeated battle-cry from those who seek to remove traditional regulatory structures in electronic media.

There is no doubt that technology is changing what is possible, and that rapid advances are being made. It is generally possible (though not always and increasingly at a price) to read today's paper on your computer, catch up with football highlights on your mobile phone, listen to a missed radio programme on your computer or pause a programme in real time with a PVR box like TiVo or SkyPlus. Advances in broadband cable and telephony are bringing the world wide web to a growing number of consumers, always assuming they are willing and able to pay the subscription rates.

The problem with this argument is that there is, as yet, little sign of real convergence on the ground in patterns of consumption. Most people still do not watch TV on their computers or mobiles, nor download newspapers from the internet. The futuristic image of an electronic tablet being read by train commuters able to replay yesterday's soccer goals at the touch of a pen remains just that – futuristic and unrealised. There is some evidence of slow change,







but to date consumer behaviour does not on its own justify convergence as a primary motor for regulatory change. Even if broadband cable or telephony can genuinely wire up millions of people to the net, there is little evidence so far that this will revolutionise traditional media behaviour. Evolution is more likely, and most realistic forecasts suggest that any radical shift in online behaviour is at least 20 years away, and probably overstated.

Those are the main policy drivers governing deregulation in media ownership policy across the international stage. There are still a sufficient number of national, cultural, social and political differences for the actual legislative changes to differ from country to country, but those differences are simply a matter of scale rather than direction. The forces of deregulation and corporatisation are gathering pace in a seemingly inexorable shift towards concentration and consolidation of ownership. The inherent risks are, I believe, severe: a tendency towards monopoly and therefore less pluralism and diversity of voices; less innovation and risk taking; and more homogenised forms of journalism which are less equipped to challenge vested interests. I want to explore each of these in more detail.

## **Implications**

Perhaps the biggest problem is pluralism. Whenever a government policy paper on ownership is published, whatever the political complexion of the ruling party, the rhetoric invariably emphasises an overriding need to protect diversity. In Britain, for example, the two most recent government discussion papers on media ownership – from opposite sides of the political spectrum – expressed very similar sentiments about the need to ensure plural voices. In 2001, the Labour Government published its consultation on media ownership in which it emphasised the role of the media for fostering public debate in a democratic society: 'We want a plurality of voices, giving the citizen access to a variety of views.... A healthy democracy depends on a culture of dissent and argument, which would inevitably be diminished if there were only a limited number of providers of news' (DCMS, 2001: 7).

Six years earlier, the previous Conservative Government had published the rationale for its proposals on deregulating media ownership in which it was equally unequivocal about the importance of pluralism in a vibrant democracy:

A free and diverse media are an indispensable part of the democratic process. They provide the multiplicity of voices and opinions that





informs the public, influences opinion, and engenders political debate. They promote the culture of dissent which any healthy democracy must have.... If one voice becomes too powerful, this process is placed in jeopardy and democracy is damaged (Department of National Heritage, 1995).

This unanimity of principle is agreed across the political spectrum in almost every democratic country and contains within it an important economic truth which is rarely made explicit: that the mechanisms of the market-place on their own cannot be trusted because, in a world of privately owned media, owners influence content. Their motives may be ideological or commercial or personal, but ultimately those who own the media dictate the content. It is axiomatic that the fewer gatekeepers there are, the less diversity we have.

The nature and process of owner influence is not an easily measurable or even observable phenomenon, and it is important to be realistic about how this process works. In a few extreme cases, there are journalistic tales of ham-fisted table-banging interventions where proprietors bark orders about what's expected from their writers or editors, who they should be commissioning or what the editorial line should be. Most of the time, however, the influence is more subtle and less observable. In his authoritative – and not unflattering – biography of Rupert Murdoch, William Shawcross wrote: 'As his empire grew, Murdoch felt increasingly that he needed men on whom he could rely – men whose judgement would not be different from his own' (1992: 160). And one of Murdoch's editors who was on the receiving end of his proprietorial style described him as running his empire 'by phone and by clone' (ibid: 244). It is hardly coincidence that in 2003, every one of Murdoch's 179 newspapers around the world supported the war on Iraq and are noticeable for their generally pro-American stance. While Conrad Black owned the Telegraph group in Britain, he was not considered to be an overly interfering proprietor, even taking to write letters to his own editor for publication taking issue with an editorial line. But the influence was subtle. On one occasion Black sent his most long-serving editor, Max Hastings, a letter about a previous day's editorial with which Black profoundly disagreed. He wrote: 'I don't regard it as my job to instruct the leader writers, to write the leaders myself, or to respond to the leaders.... Rather I look forward to discussing with you how to avoid these fates' (Hastings, 2002: 84).







Traditionally, television has been less susceptible to proprietorial influence, partly because most countries have instituted rules on impartiality and partly because the collegiate nature of television news tends to diffuse the impact of individual direction. There is evidence, however, that the traditional emphasis on impartiality is changing for both ideological and technological reasons. In 1987, under President Ronald Reagan, Mark Fowler was appointed chairman of the Federal Communications Commission in America and almost immediately abolished the 'Fairness Doctrine' which for nearly 40 years had imposed impartiality requirements on American broadcast news. Fowler believed that that there was no difference between regulation and government interference. In his own words: 'Any time a branch of government steps in to determine whether a particular broadcast was fair and then says it wasn't fair... you've got the government acting in effect as a censor' (BBC, 2004). This essentially American argument – which distrusts any non-market intervention - is given greater force by the explosion of new electronic sources around the world. It is more difficult to hold the line on impartiality in broadcasting when niche cable and satellite channels as well as the internet and mobile phone technology make the broadcast world look increasingly like electronic publishing.

In Britain, despite a much more ingrained history and professional philosophy in broadcast journalism, the same arguments are gradually being heard. Following a comprehensive study of news content and public opinion for the Independent Television Commission two years ago, the authors found that the public was 'overwhelmingly supportive of the idea of rules requiring broadcast news to be impartial and accurate' (Hargreaves and Thomas, 2002: 105). They nevertheless felt that the erosion of spectrum scarcity and the growing number of options for 'active purchase' through subscription or pay per view might allow for a partial relaxation of impartiality rules: 'It may be that a more opinionated style of broadcast news, originated from well outside the UK broadcasting mainstream, is helpful in the overall news mix, so long as consumers are aware.... which services conform to impartiality rules and which do not. The time has come when a range of experimentation should be encouraged' (ibid). This particular recommendation is given added weight by the appointment of the lead author of the study, Ian Hargreaves, to the board of the powerful new UK regulator Ofcom which has the discretion to apply precisely the kind of relaxation suggested in the ITC report.

So the stage is being set for a progressive relaxation in broadcasting, and again there is plenty of evidence that proprietorial or corporate influence has a decisive influence on content. Rupert Murdoch has made it clear that he would like to push his very successful Sky News service in Britain in the same direction as the tub-thumping, flag-waving Fox News in America – whose unashamed right-wing bias has propelled it to the position which CNN held 10 years ago as America's most popular 24 hour news service. When he was asked by the New York Times last year whether Sky News had begun imitating Fox, Murdoch's response was: 'I wish. I think that Sky News is very popular and they are doing well, but they don't have the entertaining talk shows – it is just a rolling half-hour of hard news all the time.' The paper reported that Murdoch felt the channel was 'BBC light' and that he was dissatisfied with Sky's staid presentation and 'liberal bias' (Kirkpatrick, 2003). While many European commentators may feel uncomfortable with Fox News' unabashed description of British and American troops as 'liberators' and the channel's habit of displaying American flags prominently in the studio, the arguments of those who say disaffected viewers need only turn to the off switch are gathering pace.

Even within the confines of impartiality rules, corporate influence can operate at subtle and insidious levels. At a London seminar on media ownership two years ago, one of the UK's top independent TV producers who makes programmes for the ABC network in the US gave an insight into the implications of Disney's ownership of the network. He said: 'The effect of Disney on ABC is.... actually to do with the particular slant that ABC's commissioning structure now has, which is all to do with feel-good and family.... Disney's lawyers and Disney's control of ABC network says "this is going to be an American family network in keeping with the Disney ethic". '1 In other words, there are consequences for programme content and diversity on ABC which flow directly from the editorial philosophy of the corporate parent. The same is true, at the other extreme, of the Fox network which is far more willing to commission violent and prurient programmes such as 'America's Most Wanted' because it fits with the ethos of a channel which is prepared to push out the boundaries of acceptability. The repercussions of concentrated ownership and reduced diversity goes well beyond the narrow boundaries of news and current affairs.

Moreover, these examples demonstrate that the influences of ownership cannot be legislated away through content regulation. Media owners make





their views felt in subtle ways either directly or through their choice of senior managers and commissioning editors who do their bidding. Decisions are taken to further an editorial approach which is consistent with the owner's view of the world, and sometimes more directly to protect an owner's commercial interests – as when a well sourced ABC story that convicted paedophiles were being employed at the Disney World theme park in Florida was dropped by ABC television. Subsequently ABC insiders talked about an 'atmosphere of self-censorship and timidity' in ABC news, particularly in areas that may have proved difficult for the parent company (Barnett, 2002). And the arguments for diversity extend beyond broadcasting to all areas of creative output. In Britain, during the passage of the Communications Bill last year, the music community lobbied furiously to try to stop the government from allowing too much consolidation in the radio industry. They cited convincing evidence from America that, since ownership rules were relaxed in 1996, playlists have been dictated from the corporate centre, local discretion has been reduced, and musical output has become more homogeneous. The end result is fewer opportunities for originality and new talent, fewer artists and less musical diversity.

Diversity and pluralism are broad and empirically difficult areas to monitor, but other more specific influences on journalism should be easier to identify. There are three particular areas of professional journalistic practice which I believe are seriously threatened by the progressive concentration of media ownership.

The first is localism and regionalism, since one of the driving forces behind consolidation is the need to centralise in order to cut costs. Major corporations routinely insist that they can still deliver genuinely local content without having their roots in particular cities, regions or even countries, but experience suggests otherwise. Whether it be local radio, local newspapers or local television, journalism which originates from those who know and can identify with a particular area is qualitatively different from journalism which is practised by those from outside, often to a very precise formula dictated by an anonymous corporate centre. The same problem applies at the state as well as local level: with the onward march of big, mostly American, global corporations it becomes more difficult to protect indigenous national and regional cultures from the homogenising forces of American influence.

The second area is investigative journalism. In the preface to its paper on

European Media Ownership, the European Federation of Journalists talks about 'an increasing perception that journalism is failing to carry out its watchdog role in society because of the vested interests that drive the media business'. In other words, the traditional Fourth Estate function of uncovering corruption or abuse of power — whether at corporate or government level — becomes much more difficult when the corporate interests of media businesses are better served by protecting rather than exposing the establishment. There is also, of course, the cost factor: good investigative journalism is more expensive than straight reporting or confessional journalism, and corporate centres tend to resist expenditure which has no immediate return. There is also the risk of incurring the wrath of powerful interests: either of governments, thereby risking the withdrawal of political favours (for example rejection of a merger or acquisition application); or of corporations risking lengthy, expensive and possibly fruitless litigation.

Finally, there is the issue of quality. This is a vague concept in journalism, but most practising reporters and editors know the difference between a high quality journalistic operation which values accuracy as well as originality, and one that runs according to flexible professional criteria which is judged purely on its success in increasing readers or ratings. American television news is one generic example of how news divisions under pressure to deliver ratings must materially change their output to the detriment of the mix of stories available to the American public. One side effect of the move towards consolidation is the threat being posed in several countries to public service broadcasting which has traditionally provided a benchmark for quality and professionalism and can rise above the corporate fray. Private corporations seeking to expand are, throughout the world, looking enviously at the market shares of PSBs and gradually weakening the already flimsy resolve of politicians to maintain public funding.

### **Conclusions**

I am not trying to promote a simplistic 'private bad, public good' thesis; most countries have benefited from advertising and subscription funded media businesses which can operate with genuine editorial freedom. I am arguing simply that, to a greater extent than ever before, editorial freedom is being eroded by the inexorable process of global corporate growth and consolidation; and, moreover, that politicians around the world are either unwilling or







powerless to stand up for the principles of opinion diversity, unfettered journalism and a more informed democracy.

A recent report commissioned by the Dutch regulator, the Commissariaat voor de Media, examined trends in media ownership in 10 European countries and found that the last decade had seen an acceleration of media concentration throughout Europe. Looking to the future, the report's author concluded that 'It is likely that the trend towards concentration will continue in the coming decade especially as governments relax ownership restrictions to account for the changing radio and television landscape and the increasing digitalisation of networks'. This will be exacerbated by the rise of multi-channel television and industry arguments that, to promote effective competition, there should be even greater flexibility in ownership rules. The report continues: 'It is important in this respect that governments adopt long-term as well as short-term strategies to ensure that pluralism is maintained in the markets, as once concentration has accelerated, it is difficult to see how this might be reversed' (Ward, 2004: 17). It is a fairly obvious but crucial point: once the deregulation genie is out of the bottle, it becomes politically impossible to put it back.

Increasingly, governments are attempting to defend their deregulatory position by imposing content requirements. But the editorial and creative consequences of ownership deregulation cannot be addressed through content regulation alone. Governments or regulators may introduce and attempt to enforce impartiality rules, or minimum local content or regional requirements, or quotas on independent production or other kinds of objective measurement criteria to mitigate against the worst excesses of editorial interference; but they cannot legislate for the programme that isn't made, the music that isn't played or the editorial decision that anticipates the boss's views on Iraq. Ultimately, governments that are genuinely committed to diversity must legislate for diverse ownership. And that is becoming increasingly difficult because politicians throughout the world are finding it hard to stand up to corporate interests. In virtually every country, the last five years have seen a spectacular failure of political courage on issues of media concentration, and the repercussions are likelty to be unfortunate not just for journalism but more broadly for cultural diversity and democracy.

### Note

<sup>1</sup> From the transcript of a seminar on Cross-Media Ownership, run by the Smith Institute and held at 11 Downing Street on 23 April 2002. The seminar was conducted under 'Chatham House' rules, which means the speaker cannot be identified.

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