

Commercial rivalries underlay conflict with Murdoch's media empire

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The explosive divisions that have erupted within ruling circles surrounding the *News of the World* phone hacking scandal and the events leading to its exposure have from the start been fuelled by economic rivalries.

For days, amid the revelations of criminal activity on an “industrial scale”, the attention of Labour leader Ed Miliband was centred on efforts to block Rupert Murdoch's efforts to secure overall control of the BSkyB satellite channel. A victory for parliament and the “British people” was declared when Murdoch withdrew his bid, in order to maintain his current 39 percent stake in BSkyB and hopefully protect his far larger concerns in the United States from scrutiny with investigations being called for by numerous Senators and Congressmen.

The FBI are the latest to announce an investigation into the company's activities, after accusations that it had hacked into victims of the 9/11 bombings.

Until the eruption of the present scandal, both Labour and the Conservatives worked together so closely with Murdoch's News International, News Corporation's UK operational arm, that Murdoch was often referred to by MPs, with a mixture of envy and sarcasm, as “the 24th member” of the Cabinet.

Until last week it appeared that the Conservative/Liberal-Democrat coalition were going to simply wave through News International's £12 billion takeover of the other 61 percent of BSkyB.

Since then former editors of News International, Andy Coulson and Rebekah Brooks, have been arrested, a 168-year-old newspaper with the highest circulation in the UK has been closed down, and its owner and leading executives have been summoned to answer questions before a parliamentary select committee. The old saying “a week is a long time in politics” has never been more apt. The entire political establishment was in disarray before Labour leader Ed Miliband took the initiative, by calling the three main parties to a secret meeting where a common approach to the growing crisis was agreed to prevent it spiralling out of control.

These events are also the tipping point in the conflict that has been simmering under the surface between the Murdoch family and the British Broadcasting Company. The public has only been afforded small glimpses of this growing mutual rivalry and the loathing it has generated.

BSkyB was formed when Sky merged with BSB in 1990, with the merged entity floating on the stock exchange in 1994 and joining the FTSE 100 just one year later. Best known for the Premier League football deal it signed in 1992 and the launch of Sky+ in 2001, BSkyB employs 16,500 people. Having diversified into broadband and telecoms, Sky now has over 10 million customers across the UK. This equates to over one in three households. The company has a market capitalisation of £12.5 billion, making it the 32nd largest company on the FTSE 100.

This is why Murdoch has been desperate that his bid for BSkyB went ahead. In a highly volatile market, the share value of News Corp is only being held up by a buy-back clause and the promise of increased profits from the promised takeover. The danger for Murdoch is that without this merger, News Corp could spiral down into catastrophe with a further run on share prices.

This was a factor in his change of support from Labour to the Tories in 2009, prior to the 2010 General Election. In Prime Minister David Cameron, Murdoch had the most pliant tool imaginable. Recently released documents reveal that Cameron has had no less than 26 meetings with Murdoch's executives in just over a year, 15 of these since May. He also invited Rebekah Brooks to Chequers on two occasions and met up with her at a Boxing Day get-together.

The major obstacle to Murdoch's plans has been the BBC. Satellite broadcasting has opened new markets and massively increased the pace of competition. The BBC has changed fundamentally from an almost exclusive national public broadcasting company to an institution with a global reach—forming alliances with numerous private companies.

In his speech to the 2005 Edinburgh International Festival the then-Director General of the BBC, Mark Thompson, mapped out his institution's policy perspective:

“Everything we know about the online world suggests that it’s the big brands—the eBays, the Amazons, the Microsofts—that punch through. And the BBC is one of the big brands. In content terms one of the biggest on-line brands in the world and by far the biggest British one. And that’s before we begin to direct the full creative and marketing energy of the organisation in this direction.”

The 2008 world economic crisis and recession intensified the tensions between the Murdoch organisation and the BBC, which broke out onto the surface the following year. In his MacTaggart lecture at the 2009 Edinburgh International Festival, Murdoch’s son James referenced the works of Darwin, Tolstoy and practically anyone else he could in an attempt to provide intellectual weight to his attack on the rest of the UK media, the BBC and government regulation.

He spoke of a “land-grab, pure and simple, going on” that “in the interests of a free society it should be sternly resisted. The land grab is spear-headed by the BBC. The scale and scope of its current activities and future ambitions is chilling.

“Being funded by a universal hypothecated tax, the BBC feels empowered and obliged to try and offer something for everyone, even in areas well served by the market.

“This whole approach is based on a mistaken view of the rationale behind state intervention and it produces bizarre and perverse outcomes. Rather than concentrating on areas where the market is not delivering, the BBC seeks to compete head-on for audiences with commercial providers to try and shore up support—or more accurately dampen opposition—to a compulsory license fee.”

These differences emerged again in December 2010, this time within the coalition, when Vince Cable, the Liberal Democrat Business Secretary, was stripped of his role in judging whether to allow the takeover—after boasting to two undercover *Daily Telegraph* reporters that he had “declared war on Murdoch”.

Cable was due to decide whether Murdoch’s bid should be passed onto the Competition Commission. As a result of the undercover sting, the decision passed to the Conservative Culture Secretary Jeremy Hunt.

The acquisition has long been opposed by many other media outlets in Britain, including the *Guardian*, which has played the leading role in exposing the phone hacking and bribing of police officers. In the *Observer*, the *Guardian*’s Sunday sister paper, Will Hutton wrote, “If cleared, Murdoch would control half of Britain’s TV revenues and half its newspapers’ revenues by the middle of the next decade.”

As the pressure mounted on both Murdoch and Cameron to retreat, Deputy Prime Minister Nick Clegg called on Murdoch to “do the decent thing” and reconsider his BSkyB bid. Jeremy Hunt was forced to write to media regulator Ofcom, asking for a fresh assessment of the proposed buyout and Murdoch was forced to back down.

But not for long. Yesterday, the Murdoch-owned *Wall Street Journal* launched an editorial counter-attack, accusing the *Guardian* and the BBC of pursuing News International and News Corp for “commercial and ideological motives,” declaring that “politicians and our competitors are using the phone-hacking years ago at a British corner of News Corp. to assail the *Journal*, and perhaps injure press freedom in general.”

The editorial continues, “The British politicians now bemoaning media influence over politics are also the same statesmen who have long coveted media support. The idea that the BBC and the *Guardian* newspaper aren’t attempting to influence public affairs, and don’t skew their coverage to do so, can’t stand a day’s scrutiny.”

A political crisis for the bourgeoisie has quickly become a full blown catastrophe, encompassing illegal methods by the capitalist press, bribery of police officers and the incestuous relationship between the media hierarchy and politicians in the UK. It was at this point that instead of demanding the government’s resignation, Ed Miliband has stepped-in to save Cameron’s and the coalition’s skin, offering a compromise that allows time for them to try and come to some mutual agreement.

But Murdoch has many enemies and this crisis is far from over.

The working class has the task of intervening with its own socialist solution to the political crisis now engulfing Britain. As part of this perspective, the decision on the ownership of BSkyB and the development of digital technology must not be decided behind closed doors by conglomerates like News Corp or capitalist state institutions like the BBC.

Workers must demand to see the books at BSkyB, News Corp and the BBC as well as the minutes of all government secret meetings. Only by taking the entire telecommunications industry under workers’ control, without compensation to its present owners, can the working class ensure the future development of the industry in line with its own interests.



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