

Where FOC is the Q?

The Media, Murdoch, and Consolidation: A Globalization Effect

How does wealth influence the mass media? Will this give reign to the New World Order or do we have the strength to change the name of the game?

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With over \$268 billion in revenue in 2005, U.S.-owned media corporations have learned to embrace the trends of the global era through international mergers and acquisitions. Physical borders have become nonexistent as the public demands access to international news from one location—one media source—pushing the industry toward corporate globalization.

As Ben Bagdikian stressed in his 1987 book *The Media Monopoly*, the number of corporations controlling most newspapers, magazines, book publishers, movie studios, and Internet media since 1983 have shrunk from 50 to five global-dimension firms, operating with many characteristics of a cartel: Time Warner Inc., The Walt Disney Company, News Corporation, Viacom, and Germany-based Bertelsmann.

As the print journalism industry and newspaper entities sink into a deeper gloom-and-doom abyss, the only plausible solution to surviving is to consolidate or sell—a challenge for many long-standing, respected corporations.

Broadcast and Internet media hover over print media like a flock of crows, waiting to scoop down and take over yet another entity. Corporate takeovers and buyouts have been deemed necessary for companies to remain afloat in a sea flooded with power-hungry sharks: The more companies you control, the more people you can reach or influence. However, as corporations consolidate and form larger entities, many organizations lose track of what's really important: delivering truthful and unbiased news to the public.

Some analysts feel the public is left with fewer resources and less diversity of news coverage when independent and global news sources merge, limiting independent viewpoints and ideas. Yet other analysts believe that consolidation brings a unifying approach to the news, while digital platforms create a variety of content access. Time and time again, we see the same message from the media repeated on television, the Internet, newspapers, and magazines. **How can the public receive diverse perspectives and viewpoints when all of our news sources voice the same message?**

Because of consolidation, wealthy individuals who own major shares in a company not only control one newspaper or news station, but hundreds if not thousands of media conglomerates. This permits jurisdiction over the news and serves their political interests. In fact, the media giants have also diversified into other fields. Edward Herman and Noam Chomsky's *Manufacturing Consent: The Political Economy of the Mass Media* gives the example that General Electric Company (GE) and Westinghouse, both owners of major television networks, are huge, diversified multinational companies heavily involved in the controversial areas of weapons production and nuclear power. GE and Westinghouse depend on the government to subsidize their nuclear power and military research and development and to create a favorable climate for their overseas sales and investments. Similar dependence on the government dominates other media.

The media industry has become a competition of who can control the most companies—the large get larger; the rich get richer. As Rupert Murdoch says, “The world is changing very fast. Big will not beat small anymore. It will be the fast beating the slow.”

Perhaps that is why Murdoch, CEO of News Corporation, offered to purchase Dow Jones & Company, Inc. when it

wasn't for sale. With News Corp. evolving into a global media market offering news, entertainment, and Internet enterprises totaling \$68 billion, Murdoch has proven to be a very savvy businessperson who understands the value of such assets. Yet Murdoch sets his own price and plays by his own rules, or rather, molds the rules to fit his style. He never underestimates his own vivacity, even at 76 years of age. However, not all good business in the media industry translates to good journalism. “Material superiority does not translate into more meaningful or better journalism,” says Stephan Richter of *The Globalist*, a daily online magazine. “The U.S. media organizations are simply larger and better financed.”

Murdoch's News Corp. averages \$28 billion in revenue each year, regardless of his severe lack of journalistic integrity. The constant purchasing of corporations may prove his ego is the driving factor pushing him toward controlling this organization, though his agility remains admirable. He has built his empire based on potential he sees in other companies, such as his purchase of Dow Jones and its publication, *The Wall Street Journal*. But what was his real motive?

“Dow Jones and *The Wall Street Journal* are preeminent names in the business, news, and information field. Murdoch would not want to trash them by turning them into unreliable news sources; he would lose valuable, wealthy, and smart readers. That would be bad business,” says Samuel Terilli, Professor of Journalism at the University of Miami. “If *The Wall Street Journal* and Dow Jones are destroyed or substantially weakened as a result of a sale to Murdoch, our society will be poorer and our investment community will be poorer, too.”

In 1996, Murdoch started the FOX News Channel, a 24-hour cable news network, to compete directly with Ted Turner's CNN. Media mogul Turner, who is seven years Murdoch's junior, stepped down from his

Conglomerations of News Corporation:

FOX Broadcasting Company
 FOX News Channel
 MyNetworkTV
 FOX Television Stations
 FOX Television Studios (LA, Baja, Australia)
 Twentieth Century FOX Film Corporation,
 which includes Español, International,
 and Television
 FOX 2000 Pictures
 FOX Searchlight Pictures
 FOX Music
 Twentieth Century FOX Home Entertainment
 FOX Sports Enterprises
 FOXTEL (Australia, New Zealand)
 FOX Interactive Media
 FOX.com
 STAR (Asia)

MySpace
 IGN Entertainment
 Rotten Tomatoes
 Broadsystem
 AskMen.com
 Scout.com
 WhatIfSports.com
 kSolo.com
 Spring Widgets
 Milkround
 News Digital Media
 News Outdoor Group
 News.com (Australia)
 CARSguide.com (Australia)
 careerone.com (Australia)
 truelocal.com
 homesite.com (Australia)

in2mobi.com (Australia)
 Photobucket
 AmericanIdol.com
 NDS (Europe)
 National Rugby League (Australia)
 FX Channel
 FUEL TV
 FSN
 National Geographic Channel
 (US, Worldwide)
 Blue Sky Studios
 Balaji Telefilms (Asia)
 Canal Fox (Latin America)
 Sky Italia
 British Sky Broadcasting
 DirecTV Group
 TATA SKY (Asia)

monumental creation, but proved his journalistic integrity by molding the news, not tarnishing it. Although Turner was not able to purchase a broadcast network, Murdoch was able to create one.

In an article for *Washington Monthly* entitled “My Beef With Big Media,” Turner wrote, “The only sure way to win was to bring a broadcast network, production studios, and cable and satellite systems under one roof. I had tried, and failed, to buy a major broadcast network.”

Turner struggled with the Federal Communications Commission’s (FCC) regulation in 1984, when the cap for the number of stations a single entity could own grew from seven to 12. This meant that major corporations and networks could purchase more companies and become more diversified like News Corp. The following year, media stations were prohibited from reaching more than 25 percent of the national audience—a reach cap that would force companies to consolidate or sell. “In the end, I found the only way to stay competitive was to merge with Time Warner and relinquish control of my companies,” wrote Turner.

In 2003, the FCC changed the national audience-reach cap from 35 percent to 45 percent, and again back down to 35. This would prevent local television stations from reaching more than 35 percent of American homes and becoming too big, but it threatened media moguls such as Murdoch, as the FOX stations were pushing 39 percent; he, of course, did not want to sell.

A rather favorable turn of events occurred for Murdoch when the FCC was seemingly swayed by his disapproval of the new reach cap. Murdoch visited then FCC Chairman Michael K. Powell, who eventually proposed to “loosen the rules of media ownership, raising the cap to 45 percent,” according to an article recently published in *The New York Times*.

Not all members of the FCC backed Powell’s approval. In a statement, FCC Commissioner Jonathan Adelstein said, “A dark storm cloud is looming over the future of the American media...this simply makes it easier for existing media giants to gobble up more outlets and fortify their already massive market power. It capitulates too many of the longstanding demands of the media companies we oversee.”


A federal appeals court threw out the rules, but Congress and the White House intervened to bring the cap down to 39 percent—a compromise that was far from coincidental for Murdoch’s News Corp. Currently, two of Powell’s top advisers work for Murdoch. On another note, Murdoch’s team of outside lobbyists has reportedly been paid \$11 million since 1998 to work on such issues. The defiant use of his power in unscrupulous ways is rather disconcerting: The more entities he owns, the more the rules conform to his needs. “In this environment, most independent media firms either get gobbled up by one of the big companies or driven out of business altogether,” says Turner. “Yet instead of balancing the rules to give independent broadcasters a fair chance in the market, Washington continues to tilt the playing field to favor the biggest players.”

And the biggest keep getting bigger and more cunning. For example, in April 2004, GE’s NBC division and Vivendi completed a \$14 billion merger that the Federal Trade Commission (FTC) approved, yet the FCC neglected to comment. The FCC keeps getting more lenient with their regulations, revealing the government’s approval of these larger-than-life mergers. The partnership between NBC and Microsoft to produce CNBC/MSN Money Financial News Network and the MSNBC News Channel has created even more of a media globalization. The competition diminishes and so does the value of news.

Balkan News Corporation (Europe)
 New York Post
 The Weekly Standard
 Gemstar - TV Guide International Inc.
 Smart Source
 News America Marketing
 ALPHA
 donna hay
 Inside Out
 Big League
 HarperCollins Publishers (Australia, Canada, US, UK)
 HarperCollins Children’s Books
 Zondervan
 The Times (UK)
 Time Literary Supplement (UK)
 The Sunday Times (UK)

The Sun (UK)
 News International (UK)
 News of the World (UK)
 Travel Magazine
 The Australian
 The Daily Telegraph (Australia)
 Herald Sun (Australia)
 The Sunday Times (Australia)
 The Gold Coast Bulletin (Australia)
 Newsphotos (Australia)
 Newspix (Australia)
 Newstext (Australia)
 NT News (Australia)
 Sunday Herald Sun (Australia)
 The Sunday Mail (Australia)
 Sunday Tasmanian (Australia)
 Sunday Territorian (Australia)

The Advertiser (Australia)
 The Courier-Mail (Australia)
 The Mercury (Australia)
 The Sunday Telegraph (Australia)
 The Weekly Times (Australia)
 The Fiji Times (Fiji)
 Post-Courier (Papua New Guinea)
 Hathway Cable and Datacom (Asia)
 China Network Systems
 Dow Jones & Company, Inc., which includes The Wall Street Journal (international and online editions), Barron’s (print and online editions), Dow Jones Newswires, Dow Jones Indexes, and MarketWatch.com



Most of the time, corporate takeovers in the media occur as part of a much bigger plan to influence the opinions of the public. In an article by Ken Auletta for *The New Yorker*, Murdoch commented that the biggest pleasure he receives in his business empire is “trying to influence people.” He went on to say, “I’m quite ashamed. I enjoy popular journalism. I must say I enjoy it more than what you would call quality journalism.” The article mentions that Murdoch, a self-proclaimed sensationalist, prints only what he believes or hears, making it difficult for editors and journalists to change his views of the news.

In 2004, Nielsen Media Research was about to launch a technologically advanced system to set advertising rates for local programming. Several stations owned by News Corp., especially those aimed at minority viewers, revealed significant drops in ratings. This triggered a Murdoch vs. Nielsen war, which Murdoch ended up winning—after contributing \$144,650 to the legislation’s sponsors and cosponsors—to maintain Nielsen’s previous rating system. “It was a classic example of him using all his resources to try to politically influence an outcome,” says Dale Snape, who lobbied for Nielsen, as reported in *The New York Times*. “He bought a Hill debate...it was all about money.”

Mergers and acquisitions create hundreds of thousands of jobs each year, but when these corporations consolidate to form conglomerations, they horde a majority of the airwaves, Internet screens, newspapers, magazines, and advertisements: a globalization effect. “Consider the recent forced sale of Knight Ridder and the Tribune Company. Both of these were very profitable, but some investors and people in the Wall Street community thought they should be earning higher profits,” says Professor Terilli. “That is one of the risks of running a publicly owned company or one owned by a large family or group that doesn’t agree on what to do with the future of the company. One must answer to shareholders as well as the public, not just one’s own conscience or management sense.”

After 100 years of ownership, the Bancroft family was forced to make a choice between money and legacy. Money has won the toss-up. Although the deal went through, not all the Bancrofts came out of the boardroom with a smile. According to *The Wall Street Journal*, the Dow Jones board was prepared to sign off the \$5 billion deal to Murdoch’s News Corp. on July 17, but the Bancroft family—particularly Christopher Bancroft—was searching for alternative investors to buy enough shares to block the sale. Since the 35 members of the Bancroft family owned one-quarter of Dow Jones and 64% of Dow Jones voting stock, they controlled the shareholder vote through a 10-to-1 private versus publicly held vote. Even though the family had been unable to make up their minds on the sale to Murdoch, it didn’t stop him from moving forward

with the deal. Murdoch already plans on launching a new business channel in October.

The bottom line: The media are about power. There will always be some form of bias in the news. As long as the media serve as a form of entertainment, intriguing an audience and selling ads, media corporations will continue to consolidate and reach the masses through globalization. It may not be true journalism, but it’s the future. That being the case, is it perilous to pose globalization as the integration of economic, political, and cultural systems across the globe? Or is it Americanization and United States dominance of world affairs? The Carnegie Endowment for International Peace questions if globalization is a force for economic growth, prosperity, and democratic freedom. Another hard-hitting question: Is it a force for environmental devastation, exploitation of the developing world, and suppression of human rights?

On January 10, 1963, a leading American expert on communism, Patricia Nordman, read before Congress “The Goals of Communism” in America. What she read was an excerpt from *The Naked Communist*, which was written by Cleon Skousen and was included in the Congressional Record—Appendix, pp. A34-A35. A few of the communist goals include: Gain control of all student newspapers, which is currently taking place by Gannett’s Cape Publishing; Infiltrate the press. Get control of book-review assignments, editorial writing, policy-making positions; and gain control of key positions in radio, TV, and motion pictures.

Historical amnesia can spread quickly. Certainly, popular culture, especially Hollywood movies, can decide what and how little we remember. History has proved socialism to be the stage between capitalism and communism. It builds upon capitalism by nationalizing the “means of production,” but not by making everyone equal. As history has posed, at least 10 generations of established socialism has to occur before people evolve enough to realize that hurting others or the system ends up hurting themselves. Communists advocate socialism because it is the next necessary step to get to communism. Communism is the point where the state “withers away.”

NEXT ISSUE: We will theorize on the real enemy: Communists, Islamics, Globalists, or all three? Triston Merkhall, who uses an alias to protect his true identity, will position an inside perspective on *Ted Flynn’s Hope of the Wicked: The Master Plan to Rule the World*. Having served in the U.S. Army, he holds extensive knowledge of government affairs; Merkhall questions: “What is there left to believe if everything you are told is controlled? We need to ask ourselves: Where is our intelligence, and will our minds be purchased as a result?” **■**