

A Newscorp takeover of BSkyB will not significantly shift media power: blocking the deal could set a poor precedent

<http://blogs.lse.ac.uk/politicsandpolicy/2011/01/27/hunt-murdoch-newscorp-bskyb-brave-decision/?pfstyle=wp>

January 28, 2011



*Some media commentators have expressed deep concern at Rupert Murdoch's Newscorp's bid to take over BSkyB, citing the possible effects on competition in the industry and the potential for greater media 'bundling'. In light of these worries, **Charlie Beckett** finds that the Secretary of State for Culture, Media and Sport, Jeremy Hunt's recent delaying tactics may force Murdoch to negotiate 'for real'.*

I don't often make calls on big controversial decisions because I think my job is to observe and analyse, not gamble. It's also because I am usually wrong [would you trust the judgement of someone with a West Ham season ticket?].

But my instinct with the Newscorp BSkyB decision is that I could never imagine Jeremy Hunt standing up in front of the Commons and saying that he was going to block the deal.

I think there are many good reasons why he should not block it, that I referred to in detail [in this article](#):

- Murdoch has increased plurality in journalism by saving failing newspapers and creating Sky News
- We should see Newscorp in a global context where they are smaller, compared to a UK journalism context where they are bigger
- This decision to take full control of BSkyB in itself does not shift power so significantly
- Murdoch is certainly someone who creates a particular culture in his newsrooms that serves his ends, but the degree of independence to each other they show is remarkable
- Murdoch could have achieved much greater market and financial and editorial synergies with his companies already but hasn't done so
- It sets a poor precedent to interfere with £7 billion investment in UK creative industries to interfere on non-commercial grounds

There are, of course, [very strong arguments against the deal](#) that I also set out in more detail [here](#). One of the best I have heard is from Guy Black of the Telegraph who says it should not go through if it reduces market plurality, but also if it impacts on the diversity of news gathering, not just title-ownership or market share. Then, of course, there is the more political argument that the phone-hacking scandal shows that the Murdochs are morally incompetent to be trusted with so much media power.

There is also the argument based not so much on this deal, but what will flow from it. It will lead, say critics, to bundling of services between papers and TV channels and websites etc to create a behemoth that will consume weaker rivals. It is difficult for the authorities to assess that in advance, but past evidence suggests that Murdoch is rarely content with what he has.

[Ofcom has now said](#) that it will have an impact on media plurality. Hunt must now

decide if that can be ameliorated by remedies such as the sale of Sky News or the Times. I think that is a rather clunky way to do a deal. It is grossly unfair on the people working for those news organisations. But it also feels like saying you can only be a bit pregnant.

The other remedy is to get promises on editorial independence, but Murdoch hasn't got a great track record on observing those commitments. And anyway, they will be nigh-impossible to monitor.

Likewise, undertakings not to bundle services or not to acquire others organisations seem to go against market efficiencies and the trend towards convergence.

And, of course, all this is taking place against a background of the phone-hacking scandal but also of a media Establishment that has risen up almost as one to voice its hatred of Murdoch and their fear of his economic and editorial power.

By giving himself more time to think, Hunt has done a clever thing that forces Newscorp to negotiate for real. It is certainly a welcome contrast with the chaotic rushed talks over the BBC licence fee. Although the delay will infuriate Newscorp they will be pleased if it avoids a Competition Commission inquiry. I am not quite sure what the CC would have achieved considering the European Commission has already said there's no issue from their point of view.

So the ball is very now in the court flying between Jeremy and Rupert. I personally think that they will make a deal and Mr Hunt will tough out the storm of liberal disapproval. It would be what the civil servants in Yes Minister used to call a 'brave decision'.

This article was first posted on [Charlie Beckett's blog](#) on 25 January.