

Tiffen Senate Submission

It would be a pity if I grew any bigger in Australia ... If I were to grow bigger and take over one of the other groups ... that would be against the public interest ... The fewer there are, the worse it is.

Rupert Murdoch (to *More* magazine, 1977)

Unless we return to the principles of public service we will lose our claim to be the fourth estate. What right have we to speak in the public interest when, too often, we are motivated by personal gain?

Rupert Murdoch 1961

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(Note on sources at end of submission.)

The Australian news media currently play a much lesser role in increasing accountability and informed debate than one would expect in a robust democracy, and they play a less valuable role now than they did a couple of decades ago.

Structural Problems 1 – Concentration

Two structural issues help to explain the deteriorating democratic performance of the Australian news media. The first is concentration.

The Australian press has the most concentrated ownership in the democratic world. In no other democracy does the leading company own newspapers that account for two thirds of daily circulation.

The key turning point came in 1987-88, when Murdoch's News Corp took over the Herald and Weekly Times. It occurred at a crucial moment. The Hawke Government had introduced new ownership rules prohibiting cross-media ownership between newspapers and television and also greatly expanding how much of the national TV market one owner could reach. This started a scramble as many saw it as the last chance to buy into television.

This suited Murdoch very well. He had just become an American citizen and so had to sell his Australian TV channels, and now got top dollar for them. The other was that he believed he had the signal from the Prime Minister that the government would not oppose his takeover of the Herald and Weekly Times.

Murdoch's takeover gave him control of papers constituting more than 75 per cent of Australian metropolitan daily circulation, including new monopolies in several cities. To stave off official

moves, he announced the sale of several titles, especially afternoon papers. The regulator, the Trade Practices Commission, was in an all-but-impossible position. Any rejection would have been akin to trying to unscramble eggs. Nevertheless, the TPC justified its approval on the grounds that in each city there would still be local competition, with a different owner having the morning and afternoon newspaper. This proved a false expectation, as all afternoon papers closed in the next few years.

The high barriers to entry and some of the peculiarities of newspaper production have always favoured oligopolistic structures in newspaper markets. There are not going to be any new printed daily newspapers in any Australian cities, so current monopolistic situations will continue.

Nevertheless, concentration at a national level is also crucially important and has many undesirable features. A concentrated ownership leads to lack of editorial diversity, with, for example, the same columnists appearing in many papers. It offers that company greater leverage in all business transactions, which also then helps it protect its monopoly position. Crucially, it narrows the employment opportunities of journalists. In the 1975 Federal election, journalists at the *Australian* went on strike against the paper's slanting of the news. We cannot be loyal to a propaganda sheet, they said. Current Murdoch journalists don't have that luxury, because if they are out of favour with News Corp there are few alternative employers they can go to.

Structural Problems 2 – Secular Decline

The news media enjoyed long decades of profitability. Lord Thompson once observed that a television licence is a licence to print money, while Rupert Murdoch once enviously observed that the Fairfax papers' classified advertising were rivers of gold, although later he noted that sometimes rivers run dry. But the digital revolution has led to the business models of the legacy media being under huge, sometimes fatal, stress.

The circulation of print media has radically declined. In 1947, almost four metropolitan newspapers were sold for every ten Australians. By 2014, only one was sold for every thirteen Australians. If newspapers today had the same penetration as then they would sell five times as many copies.

Although newspaper sales lagged behind population growth for decades, it is only in the twenty-first century that individual titles have declined in absolute terms. Their total circulation was greater in 2000 than in 1984, and a majority of papers shared this trend of expanding circulation. In contrast, no newspaper had a higher circulation in 2014 than in 2000, and the average decline was about one third.

Similar trends are apparent in television, as there are far more entertainment alternatives available than there used to be. Audiences for news and current affairs have declined, although it is not clear that they have declined more than for other genres.

Almost as notable as the dramatic developments in newspaper circulation has been the drumbeat of triumph and confidence with which – until the last few years - the press welcomed the brave

new digital dawn. Alan Kohler argued that it was important to focus on fundamentals: “Fearing for the death of newspapers is a bit like fearing for the death of vinyl records ... Newspapers are just vehicles to disseminate journalism and the advertising needed to pay for that journalism.” Rupert Murdoch argued that the internet would not “destroy newspapers”, but followed this by saying that “too many newspaper executives thought the business was only about print ... Our real business isn’t printing on dead trees. It’s giving our readers great journalism and great judgement”. Similarly, senior News Limited executive Campbell Reid declared that he couldn’t wait for the end of the printing press, the day when “this great weight of doom slips off our shoulders and we go and compete on whatever platform the audience wants”.

There is considerable basis for the welcoming of the digital era. Digital delivery enhances choices for readers to access news. News is now available on both fixed and portable devices, offers the widest range of stories from many sources and enables the consumer to choose the time and manner of consumption. Breaking news is covered almost instantly, with the consumer provided with access to both current and past coverage at will. While mainstream outlets have seen their share decline, it is possible the total audience for news from all outlets has increased.

Digital streamlining of the process eliminates the physical production and distribution costs. According to leading media economist Harold Vogel, the physical costs of an American newspaper (raw materials, production, distribution) comprise 60 per cent of their total, while editorial costs account for only 16 per cent (with administration and marketing costs comprising most of the remainder). In other words, what the consumer values – the editorial content – comprises only a small proportion of the total cost that he/she pays. Given that the retailer, the newsagent, also takes a share (25 per cent of the cover price if bought in the shop plus a delivery fee if taken to the home) the editorial content represents an even smaller part of what the consumer pays.

Newspapers in the digital age have been spruiking their readership figures. The most established measure of newspaper and magazine readership in Australia has been conducted by Roy Morgan Research. In what seemed a classic case of shooting the messenger, in 2009 News Corp charged that Morgan Research was underestimating readership (with the Bureau of Circulation Australia having also been disbanded). Part of its case was that readership figures had not moved in synchrony with circulation data. The newspaper publishers then formed their own group, EMMA, which has been distributing its findings free to the industry. Its headlines are often upbeat: for example, “Total newspaper readership reaches a new high” According to one report, 93 per cent of the adult population had consumed newspaper media in the last month – although note the extended time period.

This impressive figure is reached by combining both print and online readership. While it is clear that many people visit newspaper websites, they do not typically linger. Hal Varian cited American data that showed the average person spent just 38 minutes a month, or 70 seconds a day, in online news consumption. Australian media analyst Roger Colman said that while total reach is important, time spent with a product is ultimately more important. He noted that a print subscriber to *The Sydney Morning Herald* would typically spend 20 to 30 minutes several times a week reading the paper. “By contrast, the average online reader spends just a handful of minutes every month on its site, a poor substitute for advertisers keen on making an impression”.

Clearly here “reader” means something very different and much more limited than it used to. Equally clearly, if these fleeting visits are to free websites, they are hardly compelling bait for advertisers, and newspapers’ chance to monetise them is very limited. Unfortunately for Murdoch it was the printing on dead trees that brought in the money.

The digital revolution and changes in media consumption have greatly weakened the traditional business models of the news media. The result so far has been the loss of thousands of jobs in journalism, with more losses still on the horizon. This affects not only the livelihoods of those employed, not only the commercial fortunes of their employers, but threatens the loss of the contribution journalism makes to the quality of Australian democracy.

Cultural Problems 1 – Sectarian Journalism

In the digital age, where consumers have far more options, the mainstream news media have been suffering from a decline in its total audience, but equally importantly from its splintering. The earlier mass media age was one of constrained choices. In the 1960s, an advertiser could reach 80 per cent of US women with a prime-time spot on the three national networks. But by 2006, to achieve the same reach would require the ad to run on a hundred television channels.

In the US in the 1970s, the audience for the news programs on three networks totalled forty-six million, or 75 per cent of those watching television at the time. Despite substantial population growth in the following decades, by 2005 their total audience was down to thirty million, or about one third of television viewers. By 2013, the combined audience had further declined to twenty-two million.

In 1968, after the Tet offensive in the Vietnam war, the news anchor at CBS, Walter Cronkite went to Vietnam, and after some anguish delivered a broadcast which was pessimistic about future victory. Watching the program, President Lyndon Johnson told his press secretary that if he had lost Walter Cronkite, he had lost Mr Average Citizen. It fed directly into his decision not to seek re-election. It is impossible to imagine any recent president making such a statement. No one has or could have the authority Cronkite once did. The audience is too fragmented, the public more polarized.

The most successful news start-up of the digital age has been Rupert Murdoch’s Fox News, launched in 1996. Murdoch at the time declared, ‘We think it’s about time CNN was challenged, especially as it tends to drift further and further to the left. We think it’s time for a truly objective news channel.’ While Fox News is the most successful cable news operation in the US, it typically gains just 1 per cent of the viewing audience at one time, a fraction of what the network news services get, and a minute fraction of what they used to achieve. ‘Success’ means something different in the fragmented market of today. Similarly in commercial talk radio, ‘success’ may mean a small share of the listening audience, let alone the total population.

Structurally, there are increasing rewards for sectarian journalism. The sociologist Ernst Troeltsch, a colleague of Max Weber, distinguished between ‘church’ and ‘sect’. Church refers to an established religion, which finds reasons to be inclusive. Like the Anglicans, political

parties are keen to proclaim they are a 'broad church'. Sects on the other hand are in the minority, and insist their members must be true believers, and are more rejecting of those that differ. With the fragmentation and polarisation of media audiences, the market rewards are increasingly for sectarian rather than centrist journalism.

Tabloid newspapers, some commercial talk radio and Sky News all thrive on a continuous diet of confected outrage. The targets are ever changing but endless – elites, political correctness, reverse racism, terrorist dangers, soft treatment of criminals, and so on. They enjoy a market logic that it is best to reinforce their audience's prejudices rather than acknowledge a variety of views, or spend time weighing difficult evidence. Peddling opinions is cheaper than employing reporters. There is little market punishment for this. No matter how often they fail by various professional criteria their audiences tend to be faithful.

Cultural Problems 2 – Foxification of News Corp

By far Murdoch's greatest achievement of the last few decades is the success of Fox News. It combines both commercial success and political clout.

When one is making claims about change it is always necessary to specify starting points. My view is that News Corp, while always the most ethically challenged among Australian media organisations, was at its professional peak in the early 1990s, when it was at least somewhat sensitive to both sides of Australian politics, and that over the last quarter century, there has been a long and deep decline, which we could dub the Foxification of News Corp.

A common way of describing the success of Fox News is to say that it catered to a more conservative part of the audience spectrum that the more liberal TV networks had neglected. This is essentially misleading. Fox did not cover stories from a conservative point of view – it chose stories that suited its agenda. It would hammer its chosen stories and simply ignore others. When enthusiasm for the Iraq war was high, coverage was prolific; when the American involvement started to sour coverage declined radically. Fox did not seek to promote debate, but to dismiss and scorn other views.

This decline has been driven by several factors. One is the increasing rigidity of Murdoch's personal views. In the past he had some populist instincts and was adept at jumping on to the winning side. Now he has much more rigid political views. According to Kevin Rudd, at every election in Australia since 2010, the Murdoch press has supported the Coalition. Several of the state elections since have demonstrated the ineffectualness of News Corp campaigning.

In such a hierarchical organization, the most important influence is the person at the top. The pressures towards internal conformity, joined with the arrogance stemming from external monopoly advantages, has produced an increasingly mediocre organization, and a hardening of the editorial arteries.

The Foxification of News has manifested itself in several ways – a stable of columnists whose market appeal is their stridency, and whose main mission is to grab attention and to reinforce prejudices.

It is also evident in its news priorities, such as its double standards in stories about the right and left in Australian politics. It is especially apparent in the way they report on global warming, a determined lack of coverage of scientific reports, including one a couple of months ago on damage to the Great Barrier Reef.

Increasingly also it seems to have led to more incompetent reporting, and the organisation's seeming indifference to inaccuracies in its news coverage. Murdoch has always been resistant to editorial introspection. After the widespread misreporting about Saddam Hussein's Weapons of Mass Destruction in the lead-up to the 2003 invasion of Iraq, both the *New York Times* and the *Washington Post* shared with their readers an analysis of where and why they had been wrong. No such self-examination was evident at News.

On August 6 2020 the front page headline in the *Australian* proclaimed 'Secret Modelling Revealed'. Reporter Denis Shanahan claimed to have Victorian Government figures showing the pandemic was going to become even worse in coming months despite the lockdown. Instead the figures went dramatically in the opposite direction. The story did not come from a government document but instead came from a private citizen with no relevant expertise making personal calculations. The newspaper has not seen fit to acknowledge its mistakes, or show its readers sufficient respect to tell them why it got it so wrong.

Similarly the performance of the News Corp newspapers during the Black Summer bushfires aroused widespread criticism – with their determination not to give extended attention to issues of global warming, and its quite misplaced emphasis on arsonists. The *Australian* made the startling claim that the arson arrest toll had hit 183, a claim that was repeated in right-wing media in several countries. Later the NSW Bushfire Inquiry reported that none of the 32 major fires in the state were started by arson!

News Corp's ideological views are now going well beyond the predictable opinion columns and increasingly reaching not only into the priorities of its news coverage but into basic questions of accuracy.

A perceptive critic of the political consequences of these trends has been former President Barack Obama. He observed that a 'Balkanised media' has contributed to the partisan rancour and political polarisation that he acknowledged worsened during his tenure. News consumers are now seeking out only what they agree with already, thereby reinforcing their partisan ideology. The president bemoaned the absence of a common baseline of facts underpinning the political debate and accused the Republicans of peddling an alternate reality. In 2020 this alternate reality even extended to denying the election result.

It would be bad for any single organization to have the dominance that News Corp has in the Australian media. But for the Murdoch press to enjoy such a pivotal role is particularly disastrous.

Vocal Opinion versus Public Opinion

The shrinking reach of the legacy media, and the fact that the remaining audiences are overwhelmingly older has led to a strange paradox. The Murdoch press, especially the tabloids, the commentariat on Sky News and some programs on commercial talk radio function as an echo chamber, repeating each other's opinions and themes. But their vociferousness should not be mistaken for popularity. Within this commentariat bubble, climate change deniers are far greater than their percentage in the public as a whole, let alone among informed scientific opinion. Polling data on public attitudes to newspapers varies considerably with question wording and the different sentiments being tapped. However, the overall impression is the low esteem in which newspapers are held. Roy Morgan Research has asked the public over some decades to rate different occupations on ethics and honesty. Newspaper journalists have polled between 11 per cent and 14 per cent on the 20 occasions they were included between 1979 and 2011. This figure makes them the fourth bottom of the groups, ahead of real estate agents, advertising people and car salesmen. In contrast, 12 of the 30 groups tended to average 50 per cent or more of people rating them highly.

A 2004 study by Dennis Muller with parallel surveys of journalists and the public showed the contrast between the two. In a forced choice format, only 16 per cent of journalists thought that "generally speaking, journalists write stories they think will be best for sales and ratings, even if it means exaggerating the truth", but 73 per cent of the public thought this.

In some ways, the most interesting data have come from a poll conducted by Essential Research on at least five occasions beginning in July 2011. Unlike survey items that ask the general public their views about the media in general, these surveys asked only regular readers of particular newspapers how much trust they had in that paper. The survey has covered six papers. The three "quality" papers – *The Age*, *The Sydney Morning Herald* and *The Australian* – rank the most highly, although all trended downwards over the three years. In 2011, *The Age* was top (79 per cent of its readers had a lot or some trust in it); then the *SMH* (74 per cent) and *The Australian* (69 per cent). By August 2014, the three papers were down to 61, 64 and 61 per cent respectively. The fairly small sub-samples for each paper's readership may explain some of the variability.

The three Murdoch metropolitan tabloids have always come at the bottom. In August 2014, *The Daily Telegraph* rated 51 per cent of its readers saying they trusted it; the *Herald Sun* 53 per cent and *The Courier-Mail* 54 per cent. Interestingly, in three of the five polls, the *Telegraph's* percentage of readers trusting it drops below 50 per cent, dipping to 41 per cent after the 2013 election. At best this suggests a brittle relationship between newspapers and many of their readers.

Following Kevin Rudd's call for a Royal Commission into the Murdoch media, News Corp have mounted ad hominem attacks on Rudd and Malcolm Turnbull. This is a neat avoidance of the key fact: that this petition quickly gained more than half a million signatures. This is eloquent testimony to just how far the Murdoch press has fallen in public esteem, and how out of touch their news is with much of public opinion.

Effects

A perennial problem in media analysis is moving from content to effects. The shrinking reach of the Murdoch tabloids, and the fact that they are principally read by an older demographic already fixed in their ways, means that their direct impact on election results is rarely important. Moreover since say 2010, these papers have been very consistently and strongly anti-Labor and anti-green means that if any of their readers are going to be influenced, they probably already have been.

Arguably, the echo chamber – Murdoch tabloids, some talk radio, Sky news – has its biggest impact on splits within the Coalition side. For example, when Premier Mike Baird sought to introduce a ban on greyhound racing to prevent cruelty to the animals, it was the echo chamber which mobilized the opposition. Baird backed down not because public opinion was against the move but because of the split within the conservative side and the intensity with which his right wing fought the move.

Even though climate change deniers are probably in a minority in the Coalition parties, their intransigence and the support of the echo chamber has made it impossible to get any meaningful policy movement on the issue for the last seven years.

Politicians pay more attention to the echo chamber than its direct influence on the public would warrant. It is by their impact on participants that these media have their most direct effect. Their coverage feeds directly into the political atmospherics, shaping the behaviour of the participants.

To an extent, it is their silence on some issues which is important. If they simply do not take up stories which could be embarrassing to the Coalition government – especially more technical issues such as the mismanagement and distorted allocation of water in the Murray Darling – it makes harder for those stories to gain sufficient political momentum to force a response, and to bring the issue into an acute public focus.

There is now a flowering of excellent online journalistic outlets – the *Guardian* and *Crikey*, the *Conversation* and *Inside Story* – but they don't have the size of audience to gain political traction. Too often simply ignoring their revelations has been a sufficient response for the Morrison Government. Probably the gap between the information rich and the information poor is growing, but there is not likely to be any policy solutions to this.

Even more speculatively, it is not so much the short-term impacts that should be examined but the long term effect of the world view that is promoted. Some insight into these processes may be found in the pioneering work of George Gerbner on television violence in the 1960s and '70s. Gerbner developed cultivation theory, which argued that the more television people watched the more likely they were to believe the real world resembled what they saw on the screen.

Gerbner's audience studies developed what he called the 'cultivation differential'. He matched socio-demographic sub-samples, and within each looked at differences in the beliefs between 'heavy', 'medium' and 'light' viewers. Gerbner demonstrated that – within each demographic stratum – heavier viewers tended to be more conservative and more fearful. He coined the term

‘mean world syndrome’ to illustrate the point that heavy viewers were more likely to think they could be victims of violence, were more afraid of walking alone at night, overestimated the resources in society devoted to law enforcement, and expressed more mistrust of people in general. Gerbner’s surveys also found fear of crime was higher among those less likely to be its victims, but who watched television a lot, such as older people in small towns and rural areas. For Gerbner, it was the total television experience that was important rather than any particular program. In cultivating restorationist sentiments, there is a coincidence between trends in the news media and in parts of their audience.

Similarly, what we are often dealing with in anti-immigration grievances is not direct experience so much as mediated views that the populists have adopted. Peter Scanlon of the Scanlon Foundation, which maps attitudes to migrants and race in Australia, told David Marr: ‘I am disappointed by the older age group in Australia, particularly those living in regional areas where there are no migrants. It is an amazing fact to me that the most blowback we get is from people who don’t have any experience with them!’ Another social researcher told Marr that the attitudes were based on fears rather than experience: ‘When you probe for personal experiences on anything they say about welfare or immigration, it’s always second and third hand.’

In Britain, a 2014 Ipsos MORI poll found that the British public thought that one in five British people were Muslim when in reality it was one in twenty, and that 24 per cent of the population were immigrants when the official figure was 13 per cent. We are not dealing then with a spontaneous response growing out of lived experience, but with opinions and misperceptions that are cultivated and amplified in the wider environment, including by politicians and in the media.

I used the term restorationist to describe a syndrome of evading the complexities and frictions of the present and the uncertainties and fears about the future by embracing the appeals of a mythical past.

The echo chamber promotes a populist world view that removes the doubts from a complicated world. It transforms the complexities and ambiguities of political controversy into a search for enemies and culprits. It champions simple solutions with which no reasonable person could disagree. Populism is as much a political style as it is a set of beliefs. It matches its intolerance of various groups with a style of argument and conduct that is attention-grabbing, confronting and dismissive. This has flow-on effects on how political discourse is conducted.

Principles for Policy Responses 1 – Resist Further Concentration

Whenever media companies cry poor, they have two main policy proposals: allow greater concentration and reduce regulations. Enjoying privileged access to the spectrum is still a great commercial asset, and it should be accompanied by various programming obligations. Especially at a time when commercial operators may be tempted to take ethical short cuts to increase revenue, the need for transparency is increased rather than reduced.

There is already an undesirable degree of concentration in Australian media, including in television. When the government had a great opportunity to introduce more diversity into free to air television, instead it gave the additional channel frequencies to the existing operators.

Probably free to air TV now would be stronger in terms of audience reach if they had opted for more competition.

The main response so far is to allow ever greater concentration, so that the biggest existing players will become relatively bigger fish in an ever-shrinking pool. Media preach the virtues of competition for everyone but themselves.

There are now rumours that Murdoch wants to sell his Australian tabloids. Both seller and buyer would presumably prefer a package deal. But the public interest would be better served if the papers were split between two or more buyers.

Principles for Policy Responses 2 – How to Subsidise News

The government throwing money at Foxtel for nothing in particular may be the most absurd policy move in recent times. It is everything support for the media should not be. It is ad hoc and arbitrary. There is no transparent or contestible process. It is playing favourites.

The key policy principle is to subsidise journalism in a way that is politically independent and commercially neutral. In other words, it should not be a matter of the government playing favourites, and deciding which news organisations they think are worthy of public patronage. Good journalism is often embarrassing to governments and other vested interests, so it is important to construct funding mechanisms that do not interfere with editorial independence.

My proposal is that the government should fund a news agency, either through an arrangements with Australian Associated Press or supporting some other cooperative arrangements, a wholesaler of news, which will provide to all subscribers a product they can reproduce and build upon as they wish.

In the internet age, distribution is easy. There is a flowering of diverse opinions, which is broadly good for democracy. There is not however the institutional solidity to support large scale reporting. The labour intensive tasks of reporting on events and institutions already shows considerable decline, and while we may expect several start-ups in the future, it is unlikely any of them will fill this gap.

It should be stressed that what is in mind here is not that the news agency will do spectacular or investigative reporting, but rather that it will perform fairly pedestrian and routine journalism, a service of basic disclosure that aids accountability, and provides a baseline of information on which others can build. The reporting task of the agency will be to cover institutional proceedings, and the debates within and around them.

The digital impact of news is often pictured as if it is all of a piece, but in fact it will affect different institutions and types of reporting differently. It is often a boon to international reporting. It is likely that there will always be considerable journalistic scrutiny of Federal government and parliament, and probably also in at least major areas of business. It is less likely that state governments will be subjected to the same scrutiny, and much less likely that local

governments will. It is likely that the most spectacular court cases will be reported by the media, but less likely that more mundane ones will.

It is proposed that this agency will sell its product to any buyer at a very subsidized rate, but that most of its funding will come from public funds. Public subsidy of a news agency is particularly appropriate because it is commercially neutral, and will help all those seeking to provide a journalistic service. It will provide the labour intensive but commercially unrewarding task of providing the basic reporting on which others can build more elaborate and ambitious endeavours.

Nearly all the quotations and data used in this submission come from these publications:

Rodney Tiffen *Rupert Murdoch. A Reassessment* (Sydney, UNSW Press, 2014)

Rodney Tiffen 'From punctuated equilibrium to threatened species: the evolution of Australian newspaper circulation and ownership' *Australian Journalism Review* V37, N1, July 2015 p.63-80

Rodney Tiffen 'The Restorationist Impulse' *Griffith Review*, 57, 2016

Ray Finkelstein (with Matthew Ricketson) *Report of the Inquiry into the Media and Media Regulation* (2012)

ABC Media Watch 10-8-2020; 7-9-2020