



**HOUSE OF COMMONS**

**LONDON SW1A 0AA**  
The Palace of Westminster

Sabrina Basran  
Project Manager  
Competition and Markets Authority  
Victoria House  
Southampton Row  
London  
WC1B 4AD

8<sup>th</sup> December 2017

Dear Sabrina Basran

We attach a memo for the CMA's consideration which expands on a point made in our testimony by Ed Miliband (p.6) and Kenneth Clarke (p. 20) about Rupert Murdoch's relationship with President Donald Trump.

The second theory of harm identified in the CMA Statement of Issues is the transaction increases the influence of MFT over public opinion and on the political agenda in the UK.

How Mr Murdoch has used Fox News, and his US print media outlets is a contemporary demonstration of how he seeks to influence public opinion and the political agenda and the way he uses his control of the media to increase both his political and commercial power.

The memo sets out the way Fox News, the New York Post and crucially, the Wall Street Journal have been used as an instrument to promote the Trump Presidency, including on crucial issues like the Robert Mueller investigation into Russian interference in the 2016 Presidential election.

Fox News in particular is an absolutely crucial lynchpin of the Trump movement. A Presidential election survey showed Fox News was the main news source for 40% of Trump voters. In itself, this gives Mr Murdoch and his channel huge influence. Fox News also provides an essential and unique platform for President Trump. In a recent study about the interviews that Mr Trump has given since he became President, Fox News secured 18 interviews with the President, while the next highest was NBC with 2 interviews.

The memo shows not simply how useful Fox News is to Mr Trump, but that this special role has helped Mr Murdoch to gain unique access to, and influence over, Mr Trump himself. Mr Trump is an avid watcher of Fox News, and will often tweet or mention talking points picked up from framing by Fox News. Furthermore, Mr Murdoch and Mr Trump reportedly speak at least once a week, possibly more, with Mr Murdoch being asked for views on key personnel decisions, including the Federal Reserve Chairman and the Chairman of the Federal Communications Commission.

Furthermore, the significance of Mr Murdoch's influence on public opinion and the political agenda in the US is more than just a demonstration of our case that he uses media influence to promote

political causes with a view to, or with the effect of, increasing his political and commercial influence.

The climate of public opinion in the United States, over which Mr Murdoch has significant influence, does have an impact on the climate of public opinion in the UK. For example, the promotion of policies to prevent immigration, such as Mr Trump's plans for a wall with Mexico, helps shape a context for debates on immigration elsewhere, including in the UK.

Therefore, we believe that the fact that Mr Murdoch is an influential voice in the US makes him a more significant influence in the UK. With complete control of Sky, added to the current, pivotal role of Fox News, his influence and power in the UK would be greater than it would otherwise be without his US media operation.

In its assessment of whether the transaction would give Mr Murdoch 'too much power over public opinion and the political agenda' in the UK, we believe the CMA needs to take into account the power over shaping that agenda that Mr Murdoch's position in the US also provides to him.

We hope and trust that the CMA will take into account what the Murdoch/Trump relationship says about his ability and wish to exercise influence and the scale of that potential influence in the United Kingdom.

Yours sincerely,

Rt Hon Ed Miliband MP

Rt Hon Sir Vince Cable MP

Rt Hon Kenneth Clarke MP

Rt Hon Lord Falconer of Thoroton

# The Donald Trump-Rupert Murdoch relationship in the United States

When Donald Trump ran as a candidate for the Republican presidential nomination, Rupert Murdoch was reported to be initially opposed to him, so the Wall Street Journal and the New York Post were too.<sup>1</sup> However, Roger Ailes and Murdoch fell out because Ailes wanted to give more positive coverage to Trump on Fox News.<sup>2</sup> Soon afterwards, however, Fox News turned more negative towards Trump.<sup>3</sup> As Trump emerged as the inevitable winner of the race for the nomination, Murdoch's attitude towards Trump appeared to shift, as did his US news outlets.<sup>4</sup> Once Trump became the nominee, he and Rupert Murdoch effectively concluded an alliance of mutual benefit: Murdoch's news outlets would help get Trump elected, and then Trump would use his powers as president in ways that supported Rupert Murdoch's interests. An early signal of this coming together was Trump's public attacks on the AT&T-Time Warner merger, 21st Century Fox having tried but failed to acquire Time Warner previously in 2014.

Over the last year and a half, Fox News has been the major TV news supporter of Donald Trump. Its coverage has displayed extreme bias in his favour, offering fawning coverage of his actions and downplaying or rubbishing news stories damaging to him, while also leading attacks against Donald Trump's opponent in the 2016 presidential election, Hillary Clinton. Ofcom itself ruled that several Sean Hannity programmes in August 2016 were so biased in favour of Donald Trump and against Hillary Clinton that they breached UK impartiality rules.<sup>5</sup> During this period, Rupert Murdoch has been CEO of Fox News, in which position he is also

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<sup>1</sup> See e.g. "Titans Clash as Donald Trump's Run Fuels His Feud With Rupert Murdoch" The New York Times 21 July 2015 <https://www.nytimes.com/2015/07/22/us/politics/titans-clash-as-donald-trumps-run-fuels-his-feud-with-rupert-murdoch.html>

<sup>2</sup> "Rupert Murdoch Wants to Stop Donald Trump, But First He's Got to Rein In Roger Ailes" New York Magazine 22 July 2015 <http://nymag.com/daily/intelligencer/2015/07/on-trump-murdoch-has-lost-control-of-ailes-fox.html>

<sup>3</sup> "Donald Trump's Newest Enemy: Fox News" New York Magazine 7 August 2015 <http://nymag.com/daily/intelligencer/2015/08/donald-trumps-newest-enemy-fox-news.html>

<sup>4</sup> "Why Rupert Murdoch Decided to Back Donald Trump" New York Magazine 17 May 2016 <http://nymag.com/daily/intelligencer/2016/05/why-rupert-murdoch-decided-to-support-trump.html> "According to a half dozen sources familiar with Murdoch's thinking, the media mogul has signaled he plans to fully back Trump in the general election against Hillary Clinton. Murdoch's embrace of Trump is a sharp reversal from the hostile view he held over much of the past year. In fact, according to one high-level Fox source, it was Murdoch himself who directed Kelly to hammer Trump during the debut GOP debate, in Cleveland, that sparked the feud in the first place. "Rupert told her to do that," the source said. The Murdoch-Trump alliance is the result of at least two private meetings between the billionaires this spring as well as phone calls from Trump's son-in-law, Jared Kushner."

"A Fox anchor told me that the message from Roger Ailes's executives is they need to go easy on Trump. "It's, 'Make sure we don't go after Trump,'" the anchor said. "We've thrown in the towel." Similarly, the New York Post has staked out a pro-Trump position in the marketplace while its rival the Daily News remains one of Trump's loudest critics."

<sup>5</sup> See Ofcom's Broadcast and On Demand Bulletin, Issue 317, 21 November 2016, p. 23-49



de facto editor-in-chief. He has been closely directing the channel's editorial policy, behaviour which conforms to his long record of closely managing the output, stance and personnel of his news outlets.

After Trump won the presidential election, his relationship with Murdoch further deepened. The Fox News channel's evening line-up of presenters was redesigned to give more prominence to pro-Trump voices, while one of Fox's star presenters, Megyn Kelly, who had famously fallen out with Trump during the presidential campaign, left the channel.<sup>6</sup> The trend has only continued since. Laura Ingraham, described by the New York Times as a "Trump confidante" who was "among the first commentators to endorse Mr. Trump in the presidential campaign" has recently taken over hosting Fox News's 10pm slot, "one of the most coveted slots on cable television". She "now speaks with the president a few times a month. "Sometimes, I call him, and occasionally, I'll get a call," she said nonchalantly."<sup>7</sup>

That Fox News is so much more hospitable to the President is evident in the fact that by late October Trump - who is famously vocal in his criticism of unfriendly news outlets - had given 18 interviews to the Fox network since he became president, according to Politico. "By contrast, he has appeared two times as president on NBC or MSNBC, once each on CBS News and ABC News, and zero times on CNN, according to the count of Mark Knoller, a CBS News White House correspondent who has been tracking presidential news media appearances since the Clinton administration."<sup>8</sup> Several other news outlets have produced analysis that demonstrate how favourable Fox News is to Donald Trump and his political interests.<sup>9</sup> Indeed, the Fox News show Fox & Friends seems to have become in large part addressed directly to Donald Trump, who is known to watch it regularly.

Meanwhile, other Murdoch news outlets have emulated Fox News and made internal editorial adjustments resulting in a more pro-Trump line. Even the Wall Street Journal, which remained sceptical of Trump for a time after Fox News and the New York Post had switched to supporting him, is now much more supportive of the president. Indeed, the switch to a pro-

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<sup>6</sup> "Megyn Kelly's Departure Is a Big Clue About the Future of Fox News" New York Magazine 3 January 2017 <http://nymag.com/daily/intelligencer/2017/01/megyn-kellys-departure-is-clue-about-future-of-fox-news.html>

"Rupert Murdoch Is Turning Fox News Into Trump TV" New York Magazine 5 January 2017 <http://nymag.com/daily/intelligencer/2017/01/rupert-murdoch-is-turning-fox-news-into-trump-tv.html>

<sup>7</sup> "Laura Ingraham Is Ready to Rev Up Fox News" 25 October 2017 <https://www.nytimes.com/2017/10/25/business/media/laura-ingraham-fox-news.html>

<sup>8</sup> "Trump gives 18th interview to Fox" 25 October 2017 <https://www.politico.com/story/2017/10/25/how-many-interviews-has-trump-given-fox-244157>

<sup>9</sup> See e.g. "Trump Loves 'Fox & Friends.' Here's Why." The New York Times 1 October 2017 <https://www.nytimes.com/interactive/2017/11/01/opinion/How-Fox-News-Covered-the-Manafort-Indictment.html> "One Nation, Under Fox: 18 Hours With a Network That Shapes America" New York Times 25 March 2017 <https://www.nytimes.com/2017/03/25/business/media/fox-news.html> "We analyzed 17 months of Fox & Friends transcripts. It's far weirder than state-run media." Vox 7 August 2017 <https://www.vox.com/2017/8/7/16083122/breakfast-club-fox-and-friends>

Trump line at the newspaper has been the reported cause of many journalists, columnists and senior editors leaving the paper over the last year.

The case of the Wall Street Journal offers a powerful illustration of how Murdoch-owned outlets are editorially re-engineered to suit Rupert Murdoch's wishes. First, the editor of the outlet sends clear signals that he wants to take a more pro-Trump editorial approach. In this case, the Wall Street Journal's editor Gerard Baker sent emails to journalists indicating this. As David Leonhardt wrote in the New York Times in February:

...The Journal's newsroom is embroiled in a fight over the paper's direction. Many staff members believe that the paper's top editor, Gerard Baker, previously a feisty conservative commentator, is trying to Murdoch-ize the paper. "There is a systemic issue," one reporter told me.<sup>10</sup>

Then journalists' copy begins to be heavily rewritten or edited to suit this approach. In some cases articles are dropped altogether. There are several reports that this took place at the Wall Street Journal. Over time, journalists face three options: adjust to the new requirements of the editor and produce stories written from the desired angle, and about the desired subjects; repeatedly submit articles that end up heavily rewritten, relegated to minor prominence in the paper, or not published at all; or try and find a job at another news outlet that will not impose this line. There have been a number of cases of that last option. Indeed, the turnover at the Wall Street Journal since Trump's victory has been remarkable. Not only junior but longtime and senior journalists and editors have left in large numbers, "dozens" according to The Guardian in September.<sup>11</sup> In November, the former Wall Street Journal reporter Sarah Ellison wrote for Vanity Fair:

...one of the most morale-killing developments for many insiders has been the exodus of valuable newsroom talent to competing outlets, including prominent reporters like Adam Entous (to the Post and then The New Yorker) and Devlin Barrett (the Post), as well as high-ranking editors like David Enrich (the Times) and,

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<sup>10</sup> David Leonhardt, "The Struggle Inside The Wall Street Journal" The New York Times 14 February 2017 <https://www.nytimes.com/2017/02/14/opinion/the-struggle-inside-the-wall-street-journal.html>

<sup>11</sup> "Dozens of reporters, editors, and copy staff have left the paper in the past year, an exodus attributable to a combination of buyout incentives, poaching and frustration with management at the title which Rupert Murdoch added to his media empire a decade ago." "The Wall Street Journal's Trump problem" The Guardian 10 September 2017 <https://www.theguardian.com/media/2017/sep/10/the-wall-street-journals-trump-problem>

most notably, Rebecca Blumenstein (ditto), who was seen as the beating heart of the newsroom before she left back in February.<sup>12</sup>

The Wall Street Journal's deputy editorial page editor, Bret Stephens, "one of the loudest voices against President Donald Trump" at the paper, left in April this year.<sup>13</sup> In February, the editorial features editor Mark Lasswell was reportedly sacked for resisting the pro-Trump direction.<sup>14</sup>

The result of this editorial re-engineering is that Murdoch-controlled news outlets now produce output geared towards protecting and advancing Donald Trump's political interests. Simply put, this means playing up stories politically beneficial to Trump, and playing down or discrediting those damaging to him.

This extends to discrediting critics of Trump or public figures otherwise deemed a threat to him and in the case of Fox News, peddling false or highly inflated 'scandals' about Trump's opponents and critics for the purpose of distracting from stories damaging to him, or claiming the rest of the news media is 'biased' for reporting on the story damaging to him but not the false or inflated 'scandal'.

This has two political effects which are valuable for Donald Trump. First, it solidifies Donald Trump's support among Fox News viewers and Wall Street Journal and New York Post readers. At a time when his approval ratings are low and when most other news organisations are taking a more critical stance towards his administration, it is all the more valuable to Trump for there to be a major news media owner who continues to ensure his outlets give Trump very friendly coverage. The second effect is more subtle. By shaping their audiences' perceptions of what is real and true, Murdoch news outlets can create a 'reality' in those audiences' minds, in which certain actions 'make sense' or can seem justified. In this way, Murdoch's news outlets can create the space for particular political actions to be taken by Trump without suffering the political cost they would otherwise have incurred.

A recent example which powerfully illustrates our analysis is the approach Fox News, the Wall Street Journal and the New York Post have taken to covering Special Counsel Robert Mueller's investigation of alleged connections between the Trump administration and the Russian government. These three Murdoch news outlets first began to attack Mueller in the

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<sup>12</sup> "'A Different Level of Crazy': Is Civil War Breaking Out In The Wall Street Journal Over The Editorial Board's Coverage of Mueller?" Vanity Fair 1 November 2017 <https://www.vanityfair.com/news/2017/11/the-wall-street-journal-editorial-board-coverage-of-mueller>

<sup>13</sup> "Bret Stephens leaves Wall Street Journal for New York Times" Politico 12 April 2017 <https://www.politico.com/blogs/on-media/2017/04/bret-stephens-leaves-wall-street-journal-new-york-times-237176>

<sup>14</sup> "According to two sources with direct knowledge of the situation, Lasswell was in effect phased out over a period of months from the paper. He took a book leave during the election following conflict with his boss Paul Gigot, the editorial page director, about the extent to which the page should run material sympathetic to Trump. ... When Lasswell reached out to Gigot after the election about coming back to the paper in the new year, the source said, there was a period of weeks of silence before Gigot fired him over the phone." "Conflict Over Trump Forces Out an Opinion Editor at The Wall Street Journal" The Atlantic 10 February 2017 <https://www.theatlantic.com/politics/archive/2017/02/conflict-over-trump-forces-out-an-opinion-editor-at-the-wall-street-journal/516318/>

days running up to Mueller's investigation announcing that Trump's one time presidential campaign manager, Paul Manafort, had been arrested, and that another ex-advisor to Trump, George Papadopoulos, was actively co-operating with the investigation. The Murdoch outlets' approach was totally at odds with the rest of the mainstream US media, as well as being, as Politico put it, "seemingly in unison".<sup>15</sup>

As the website Vox has shown through analysis of a week of Fox News transcripts from the end of October, the channel started preparing the ground for the Trump administration to fire Robert Mueller by running stories that strongly question his credibility and objectivity.<sup>16</sup> One of the main ways it has done so is by repeatedly pointing to an alleged scandal involving the sale of uranium production to a Russian company during Hillary Clinton's tenure as Secretary of State, at which time Mueller was FBI director. Yet this 'scandal' has been debunked several times.<sup>17</sup> Moreover, the implication - that Mueller is a Clinton supporter who might approach this investigation with a partisan grudge for the election result - is not only false, but ludicrous. Robert Mueller is a registered Republican, who was appointed FBI director by a Republican president, George W. Bush, and confirmed by a unanimous vote of the Senate. He maintained broad bipartisan support for his performance as FBI director; so much so that in 2011, the Senate unanimously passed a bill extending his term by two years. Nevertheless, inflating this 'scandal' in order to tarnish Mueller serves a useful purpose for Donald Trump. The more Mueller's credibility can be thrown into doubt in the minds of Trump supporters, the less politically damaging it is for Trump if the investigation advances to such a point that he feels he has no option but to sack him. Since a decision to sack Mueller would be highly controversial, this is plainly a very valuable assistance to Trump. Fox News's attacks on Mueller and his investigation have continued and intensified since October, framing it as a partisan attack on Trump and an attempt to overturn the result of the presidential election.<sup>18</sup>

Of course, it is easier to present a particular version of events to audiences if it is one they are predisposed or motivated to believe. For this reason, there may be a strong commercial logic to the Murdoch outlets' approach to the Mueller story too. In an environment of many TV news choices, Fox News has followed what one conservative US radio host and MSNBC contributor called "the business model of conservative media right now. Pro-Trump viewers want a safe space. They want a reliable outlet that will defend the president and attack his critics, and Fox has

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<sup>15</sup> "Murdoch-owned outlets bash Mueller, seemingly in unison" Politico 30 October 2017 <https://www.politico.com/story/2017/10/30/murdoch-fox-mueller-trump-244333>

<sup>16</sup> "A week of Fox News transcripts shows how they began questioning Mueller's credibility" Vox 31 October 2017 <https://www.vox.com/2017/10/31/16571350/fox-news-mueller-credibility>

<sup>17</sup> "No, Hillary Clinton did not "give Russia 20 percent of the uranium" in the US" Vox 17 February 2017 <https://www.vox.com/world/2017/2/17/14649980/trump-clinton-russia-uranium> "What you need to know about Hillary Clinton, Russia, and uranium" PolitiFact 24 October 2017 <http://www.politifact.com/truth-o-meter/article/2017/oct/24/what-you-need-know-about-hillary-clinton-and-urani/>

<sup>18</sup> For more, see Brian Stelter, "Fox's pro-Trump hosts are working overtime to discredit Robert Mueller" CNN.com 7 December 2017 <http://money.cnn.com/2017/12/07/media/fox-news-mueller-investigation-coverage/index.html>

apparently decided that it's going to give them that."<sup>19</sup> Fox News was the main news source for 40% of Trump voters, far ahead of the next most used, CNN, used by only 8%.<sup>20</sup> Fox's strongly pro-Trump direction has also been a boon to its ratings.<sup>21</sup> There can be commercial benefits to being less constrained by normal journalistic standards of accuracy and fairness than other mainstream news outlets.

There can be no doubt about the value to Donald Trump of the across-the-board support from Rupert Murdoch's news outlets that we have described. It comes at a time when the rest of the media is more critical and some outlets - such as the New York Times, Washington Post and CNN - have been actively investigating the administration. In return for this valuable backing, Rupert Murdoch reportedly enjoys tremendous access to and influence with Donald Trump.

Trump's own media diet is dominated by Murdoch outlets. He is addicted to Fox News, and the New York Post is apparently "the first [paper] Mr. Trump reads each morning."<sup>22</sup> He apparently particularly keen on the show Fox & Friends. According to the New York Times in July,

"Fox & Friends," the three-hour wake-up program on Fox News, is an interactive magic mirror for Donald J. Trump. President Trump is the show's subject, its programmer, its publicist and its virtual fourth host. The stars offer him flattery, encouragement and advice. When he tweets, his words and image appear on a giant

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<sup>19</sup> "Fox, facing new competitors, clings tighter to Trump" Politico 11 September 2017  
<https://www.politico.com/story/2017/11/09/fox-news-trump-presidency-244712>

<sup>20</sup> "Trump, Clinton Voters Divided in Their Main Source for Election News" Pew Research Center 18 January 2017  
<http://www.journalism.org/2017/01/18/trump-clinton-voters-divided-in-their-main-source-for-election-news/>

"Those with consistently conservative political values are oriented around a single outlet—Fox News—to a much greater degree than those in any other ideological group: Nearly half (47%) of those who are consistently conservative name Fox News as their main source for government and political news." "Political Polarization and Media Habits, Section 1: Media Sources: Distinct Favorites Emerge on the Left and Right" Pew Research Center 21 October 2014  
<http://www.journalism.org/2014/10/21/section-1-media-sources-distinct-favorites-emerge-on-the-left-and-right/>

<sup>21</sup> "A Rightward Tilt and Big Ratings at Fox News" The New York Times 12 November 2017  
<https://www.nytimes.com/2017/11/12/business/media/fox-news-roy-moore.html> "It seems there has been a shift at Fox News since 2015, when its anchors like Bret Baier and Megyn Kelly subjected Mr. Trump to tough questions about his statements and conduct... Two years later, the prime-time Fox News lineup is a Trump safe space, with a dose of Bannionist populism once considered on the fringe... How is this playing with viewers? Superbly. After falling behind MSNBC on weeknights among the sought-after 25-to-54 demographic, Fox News has surged back. And Ms. Ingraham pulled 2.7 million total viewers her first week, nearly half a million more than her competition on MSNBC, Lawrence O'Donnell. Mr. Hannity beat Rachel Maddow on MSNBC last week by about 300,000 viewers."

<sup>22</sup> "When a Pillar of the Fourth Estate Rests on a Trump-Murdoch Axis" The New York Times 12 February 2017  
<https://www.nytimes.com/2017/02/12/business/media/rupert-murdoch-donald-trump-news-corporation.html>



video wall. It's the illusion of children's TV — that your favorite show is as aware of you as you are of it — except that for Mr. Trump, it's real.<sup>23</sup>

A month later, Vox.com published an analysis of the show demonstrating how the show's presenters appeared to be speaking in a way designed to influence the president they know might be watching: "The hosts and producers know they have Trump's attention, and they are catering their show to be a kind of brainstorming session with him. And Trump knows he'll find an empathetic community watching Fox & Friends, so he continues to tune in. Fox & Friends is a show about how Trump could best fare given the circumstances, but it's done under the guise of news coverage. It creates enemies and allies based on this framing, and it chalks up wins and losses based on these goals."<sup>24</sup> In late October, Slate reported that "Fox News Has Spent All Day Begging Donald Trump Not to Tweet About the Mueller Indictments".<sup>25</sup> That Fox News is trying to directly influence the president it knows is watching is widely known and accepted.

In addition to this indirect influence through his news outlets, Rupert Murdoch enjoys direct influence over Trump through his extraordinary access to, and good relations with, Donald Trump. As the Guardian reported in June:

The alliance between Donald Trump and Rupert Murdoch has never been stronger. In April, the Australian-born media mogul topped the New York Times' list of Trump's key advisers outside the White House, identified as someone the president speaks to "on the phone every week". Last month the paper revised that upward to "almost every day", although the White House denies this. At a recent speech in New York to mark a second world war battle in which the US fought alongside Australia, Trump was welcomed on stage by the News Corp chief. "The man I'm about to introduce believes, as I do, in challenging conventional wisdom, because conventional wisdom is often not wise at all," Murdoch said, concluding with a hug for "my friend, Donald J Trump". "Thank you to my very good friend Rupert

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<sup>23</sup> "Watching 'Fox & Friends,' Trump Sees a Two-Way Mirror" The New York Times 19 July 2017  
<https://www.nytimes.com/2017/07/19/arts/television/donald-trump-fox-friends.html>

<sup>24</sup> "We analyzed 17 months of Fox & Friends transcripts. It's far weirder than state-run media." Vox 7 August 2017  
<https://www.vox.com/2017/8/7/16083122/breakfast-club-fox-and-friends>

<sup>25</sup> "It's been a big news day thus far, especially for Fox News, which has had to simultaneously report on the charges brought by special prosecutor Robert Mueller and spin that news to deflect attention away from President Donald Trump. Fox News, as an entity, really wants to create plausible distance between the Trump campaign/administration and Paul Manafort, Rick Gates, and George Papadopoulos. Their work on this would be made easier if Trump would agree to shut up on Twitter.

Fox has been adamant Monday that Donald Trump should absolutely not tweet about the Mueller investigation and the Manafort indictment. The network's hosts and guests have made this point at least four separate times on four separate shows. "Fox News Has Spent All Day Begging Donald Trump Not to Tweet About the Mueller Indictments" Slate.com 30 October 2017  
[http://www.slate.com/blogs/watching\\_fox/2017/10/30/fox\\_news\\_is\\_begging\\_donald\\_trump\\_not\\_to\\_tweet\\_about\\_the\\_mueller\\_indictments.html](http://www.slate.com/blogs/watching_fox/2017/10/30/fox_news_is_begging_donald_trump_not_to_tweet_about_the_mueller_indictments.html)

Murdoch – there’s only one Rupert that we know,” said Trump in turn as he took the podium.<sup>26</sup>

This extraordinary access to a sitting president has allowed Murdoch to have input in key Trump decisions, particularly on who to appoint to important federal posts. These reportedly include the next Federal Reserve Chairman and Vice Chairman, and the Chairman of the Federal Communications Commission. New York Magazine reported in January that,

Murdoch has been intent on forging a tight relationship with Trump since his victory, sources close to both men tell me. One longtime Murdoch confidante told me the two speak by phone at least three times per week. As I reported Tuesday, at Mar-a-Lago over the holidays Trump criticized Roger Ailes and lavished praise on Murdoch. And Murdoch has told Fox executives that Trump asked him to submit names for FCC commissioner.<sup>27</sup>

According to Axios,

Rupert Murdoch, who speaks regularly to Trump by telephone and is one of his most influential informal advisers, has urged the president to appoint either of the two free market conservative finalists, Stanford economist John Taylor or former Fed Governor Kevin Warsh, according to two sources familiar with his outreach. A spokesman for Murdoch declined to comment. Trump didn't have amazing chemistry with Taylor, according to two sources familiar with their interactions. But he's still in the mix, possibly for vice chair.<sup>28</sup>

Meanwhile, Trump’s decision in March to fire Preet Bharara, the US attorney for the Southern District of New York (along with many other US attorneys across the country) was to Rupert Murdoch’s benefit. Bharara was, at the time, leading an investigation into whether Fox News hid details of settlements made with employees from investors. His firing came just three months after he reported having met Trump and been asked to stay on in the post.<sup>29</sup> The New York Times reported in March that “one candidate frequently mentioned as a

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<sup>26</sup> “Donald Trump and Rupert Murdoch: inside the billionaire bromance” The Guardian 16 June 2017 <https://www.theguardian.com/us-news/2017/jun/16/donald-trump-rupert-murdoch-friendship-fox-news>

<sup>27</sup> “Rupert Murdoch Is Turning Fox News Into Trump TV” New York Magazine 5 January 2017 <http://nymag.com/daily/intelligencer/2017/01/rupert-murdoch-is-turning-fox-news-into-trump-tv.html>

<sup>28</sup> “Inside the Fed Chair Decision” Axios 22 October 2017 <https://www.axios.com/inside-the-fed-chair-decision-2499931166.html>

<sup>29</sup> “With Preet Bharara’s Dismissal, Storied Office Loses Its Top Fighter” The New York Times 10 March 2017 <https://www.nytimes.com/2017/03/10/nyregion/preet-bharara-us-attorney.html> “The Big Winner in Donald Trump’s

possible successor to Mr. Bharara” was “Marc L. Mukasey, a former prosecutor who now works in white-collar criminal defense. As it happens, Mr. Mukasey has represented Roger E. Ailes, the former chairman of Fox News, who has long had a mogul-to-mogul relationship with Mr. Trump.”<sup>30</sup>

Two key decisions taken by Trump-appointed officials also strongly benefit Rupert Murdoch. First, the removal of cross-media ownership rules that limit the news assets he can own. In October, Donald Trump’s appointee as FCC chair, Ajit Pai, signalled his intention to remove those ownership restrictions and the rule change has now been approved by the FCC.<sup>31</sup> The effect is to enable Rupert Murdoch to acquire more newspapers in local media markets where he already owns TV stations. He can now pursue his long-held desire to acquire the Los Angeles Times.<sup>32</sup>

A similar change to cross-media ownership rules was recently passed by the Australian senate. The deregulation was, reportedly, to enable News Corp to acquire control of the Channel Ten Network. However, the plan was botched: CBS acquired it first, before the bill could clear the Australian legislature. The Australian Saturday Paper described the plan:

“The scenario would have gone like this: Rupert Murdoch’s News Corp buys control of Sky News, stacks it with a squad of right-wing opinion-mongers, led by [Andrew] Bolt. Then Australia’s media laws, which have locked Murdoch out of free-to-air television for more than 25 years, are changed by the Turnbull government. Then Lachlan Murdoch and friends buy the struggling Ten Network. Then Sky takes over news production for the network. Then Ten’s news division becomes increasingly like Sky’s, which is to say, more about opinion than fact, like Fox News is in America.”<sup>33</sup>

Another recent decision by a Trump-appointed regulator strongly benefits Rupert Murdoch.

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Decision to Fire Preet Bharara Might Be Rupert Murdoch” New York Magazine 12 March 2017  
<http://nymag.com/daily/intelligencer/2017/03/winner-in-trumps-decision-to-fire-bharara-might-be-murdoch.html>

<sup>30</sup> “Federal Inquiry of Fox News Moves to a Grand Jury, but Without Preet Bharara” The New York Times 13 March 2017  
<https://www.nytimes.com/2017/03/13/nyregion/federal-inquiry-of-fox-news-moves-to-a-grand-jury-but-without-preet-bharara.html>

<sup>31</sup> “US communications regulator loosens media ownership rules” The Financial Times 16 November 2017  
<https://www.ft.com/content/b4e4deef-d7e7-3001-a66b-39134a417d4a>

<sup>32</sup> For the impact of the rule changes, see “F.C.C. to Loosen Rules on Local Media Ownership” The New York Times 25 October 2017  
<https://www.nytimes.com/2017/10/25/technology/fcc-media-ownership-rules.html>

For Murdoch’s long-held desire to acquire the Los Angeles Times, see “F.C.C. Shift May Thwart a Murdoch Media Deal” The New York Times 24 March 2013  
<http://www.nytimes.com/2013/03/25/business/media/murdochs-appetite-for-los-angeles-times-may-depend-on-fcc-changes.html>

<sup>33</sup> The full article explains the plan and how it went wrong. See “Murdoch’s failure to launch Fox here” The Saturday Paper 7-13 October 2017  
<https://www.thesaturdaypaper.com.au/news/politics/2017/10/07/murdochs-failure-launch-fox-here/15072948005316>

In recent months, the Department of Justice's antitrust division caused widespread surprise by changing its stance on so-called 'vertical' mergers and announcing its concern about the takeover of Time Warner by AT&T, which has been under the DOJ's scrutiny since last year. Before he was elected president, Trump voiced his opposition to the deal. After he became president, the Murdoch-owned *New York Post* suggested that Trump get the deal blocked in retaliation for CNN's coverage of him.<sup>34</sup> Despite saying a year ago that he did not see the deal being a "major antitrust problem", the new Trump-appointed head of the antitrust division Makan Delrahim has decided to challenge the deal. The DOJ has now launched a lawsuit against AT&T seeking to block the deal - a tactic often used by the DOJ to force companies to offer remedies allaying its concerns. Delrahim has indicated that he favours structural instead of behavioural remedies, and it is reported that options floated in the course of talks have included the divestment of the Turner Network, which includes CNN.

The DOJ's new approach is clearly to Rupert Murdoch's benefit. At the very least, it delays the completion of a merger that would enhance the scale and commercial power of a key rival to 21CF. If the merger is blocked or called off as a result of an antitrust lawsuit by the DOJ, then 21CF could try and mount a second attempt to acquire Time Warner. Finally, if AT&T has to divest key assets, like CNN, that would, at the least, commercially weaken a major rival to Fox News. It could even open the door to the acquisition of CNN by 21CF. Rupert Murdoch is reported to have contacted AT&T twice in the last six months to ask if CNN was for sale.<sup>35</sup>

From the extensive and numerous reports we have cited, it seems clear that Rupert Murdoch enjoys extraordinary access to and influence with Donald Trump. However, while the depth of the alliance with Trump is new and unprecedented, Rupert Murdoch is no stranger to these kinds of alliances with Republican presidents, or other Republican politicians. In the past, he has enjoyed similar favours from previous Republican presidents after they benefited from the backing of his news outlets. The possibility he might use his influence to try and block the AT&T-Time Warner merger was raised months ago. As Jim Rutenberg wrote in the *New York Times* back in February,

After Mr. Murdoch "used the editorial page, the front page and every other page" of *The New York Post* "to elect Ronald Reagan president," as the Republican congressman Jack Kemp once put it, Mr. Murdoch won a regulatory glide path for his successful effort to build a fourth broadcast network, Fox. In the George W. Bush years, when Fox News rallied for the president's war efforts, ***Mr. Murdoch successfully pushed the Federal Communications Commission to***

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<sup>34</sup> See the quote from Jim Rutenberg below.

<sup>35</sup> "Exclusive: Rupert Murdoch twice discussed CNN with AT&T CEO - sources" Reuters 10 November 2017 <http://www.reuters.com/article/us-cnn-murdoch-exclusive/exclusive-rupert-murdoch-twice-discussed-cnn-with-att-ceo-sources-idUSKBN1DA2PY>



**block a proposed merger between DirecTV and EchoStar, clearing the way for Mr. Murdoch to buy control of DirecTV after an earlier attempt.**

Now Mr. Murdoch's rivals are trying to guess what he might seek from Washington, **having reached the apex of his American power at 85 with the closest ties to a White House that he's ever had.** At the very least, they are girding for him to use his influence to block AT&T's proposed purchase of Time Warner, which Mr. Trump railed against during the campaign. Mr. Murdoch made an unsuccessful bid for Time Warner in 2014. They read the tea leaves last week in The New York Post, where Mr. Murdoch's conservative-populist fingerprints are most easily dusted into view. **The paper, the first one Mr. Trump reads each morning, ran yet another piece suggesting that the president might oppose the deal because of CNN's aggressive coverage of him.** (It's a division of Time Warner.)<sup>36</sup>

Some politicians have taken the view that because Rupert Murdoch shares political views with them, increasing his power is effectively a way of strengthening their own political power, or that of 'their side'. The danger is that, over time, one media owner's power becomes so considerable that politicians come to find that in order to make career progress, or govern effectively, they must accede to that owner's views and interests, irrespective of whether they agree with those views, or whether those interests coincide with the public interest. This is plainly extremely corrosive to democracy.

Rupert Murdoch initial hostility to Donald Trump is perhaps partly explained by the fact that Trump appeared, unusually for an aspiring Republican presidential nominee, to have success in presidential primaries without needing Murdoch's backing. It is also worth remembering that it was initially widely assumed that Donald Trump had no serious chance of winning a presidential election. Any media owner who tends only to back candidates with a realistic chance of winning would have been unlikely to back Trump initially. However, the situation is now different. Donald Trump now depends on the supportive coverage Rupert Murdoch's news outlets provide him. This support becomes all the more valuable the more the rest of the news media criticises Trump or uncovers damaging information about his presidential campaign or his administration. In turn, Rupert Murdoch has perhaps the greatest influence he has ever had over a US president. That influence is a major benefit to his companies. The present situation in the United States is a powerful illustration of the kind of harms that could occur if Rupert Murdoch is allowed, as he has long wanted, to substantially increase his influence in the UK and take Sky News in the direction of Fox News.

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<sup>36</sup> Jim Rutenberg, "When a Pillar of the Fourth Estate Rests on a Trump-Murdoch Axis" 12 February 2017 <https://www.nytimes.com/2017/02/12/business/media/rupert-murdoch-donald-trump-news-corporation.html>