



Memo

To: Ms. Anne Lambert and the CMA Inquiry group

From: *Media Matters for America*

Date: 13 February 2018

Re: Provisional findings regarding the proposed acquisition by 21st Century Fox of Sky PLC and 21st Century Fox's response to the CMA's remedies notice

The following memo outlines *Media Matters for America's* concerns with 21st Century Fox's (21C Fox) stated promise to not interfere with the editorial independence of Sky News and overall commitment to broadcasting standards if the bid is approved:

Regarding 21C Fox's promise to not interfere with Sky News' editorial independence

21C Fox's promise to establish an "independent" editorial board in order to protect the independence of Sky News if the bid is approved -- per its response to the CMA's remedies notice -- is yet another disingenuous attempt to assuage fears about its commitment to journalistic integrity and attaining broadcasting standards.¹ By now, it should be a well-known fact that Rupert Murdoch is far from a hands-off owner of the media outlets he and his family have acquired over the years. In numerous submissions, *Media Matters*, Avaaz, and other parties have highlighted widespread evidence pointing to years of Murdoch's "hands-on" intervention and manipulation of editorial decisions at the expense of transparency and accountability, especially at the *Times* and *The Wall Street Journal*.²

It is also important to recall that Murdoch has expressed a clear desire for Sky News to become more like Fox News in the U.S. and shape it into "a proper alternative to the BBC."³ Such a vision for the 24-hour news operation raises questions about his and 21C Fox's commitment to

¹ 21st Century Fox, Inc., "Response to Remedies Notice," Sky PLC Merger Inquiry, February 2018, https://assets.publishing.service.gov.uk/media/5a81759140f0b623026976c0/fox_response_to_pf.pdf

² *Media Matters* & Avaaz joint submission to Secretary of State DCMS, "Murdoch, the Fox Effect and Trump: How the Sky takeover could poison Britain's public debate", 15 March 2017, <https://www.mediamatters.org/blog/2017/03/15/read-report-explaining-danger-murdoch-s-sky-takeover/215676>

³ Owen Gibson, "Murdoch wants Sky News to be more like Fox News," *The Guardian*, 24 November 2007, <https://www.theguardian.com/media/2007/nov/24/bskyb.television>

ensuring “a fully independent Sky News editorial board.”⁴ It was no coincidence that Fox News evolved from a right-wing “news” network since it launched in 1996 to a 24-hour pro-Trump propaganda political machine riddled with corporate governance hazards. This was the result of years of executive-level hiring, editorial and branding decisions that Murdoch made, alongside the shameful disregard for employees who aired grievances about sexual harassment and racial discrimination.⁵ Given this history, it is hard to trust that Murdoch and 21C Fox would ensure the full editorial independence of Sky News.

Regarding 21C Fox’s overall commitment to attaining broadcasting standards, responsible corporate governance

Since our last submission (9 November 2017), more evidence has surfaced that raises questions about 21C Fox’s overall commitment to broadcasting standards and responsible corporate governance, and portends the harms a full Murdoch takeover of Sky would unleash in the U.K.’s information ecosystem. In light of the evidence below and examples highlighted in previous submissions, we urge the CMA to reconsider its preliminary finding that 21C Fox has a genuine commitment to broadcasting standards and the merger would not go against the public interest on these grounds.

With Rupert Murdoch at the helm of the network, serving as acting CEO, Fox News has continued to churn out unabashedly false and propagandistic information at the expense of not just accuracy, but also the integrity of American democracy:

- The network has continued on its relentless warpath against the ongoing investigation into Trump’s ties to Russia and Russian meddling in U.S. elections. In recent weeks, alongside Russian bots, Fox News hosts and contributors endlessly hyped a memo written by House intelligence committee Chairman Rep. Devin Nunes about alleged surveillance abuses by the Federal Bureau of Investigation (FBI) against Trump’s presidential campaign.⁶ The hype came long before the memo was publicly released with Fox prime-time host Sean Hannity and network contributor Sebastian Gorka advertising the document as a bombshell that would reveal widespread anti-Trump corruption and bias at the highest levels of government.⁷ When publicly released, the

⁴ 21st Century Fox, Inc., “Response to Remedies Notice,” Sky PLC Merger Inquiry, February 2018, https://assets.publishing.service.gov.uk/media/5a81759140f0b623026976c0/fox_response_to_pf.pdf

⁵ *Media Matters* & Avaaz joint submission to Secretary of State DCMS, “Murdoch, the Fox Effect and Trump: How the Sky takeover could poison Britain’s public debate”, 15 March 2017, <https://www.mediamatters.org/blog/2017/03/15/read-report-explaining-danger-murdoch-s-sky-takeover/215676>

⁶ Molly K. McKew, “How Twitter Bots and Trump Fans Made #ReleaseTheMemo Go Viral,” *Politico*, 4 February 2018, <https://www.politico.com/magazine/story/2018/02/04/trump-twitter-russians-release-the-memo-216935>

⁷ Simon Maloy, “The big #ReleaseTheMemo flop,” *Media Matters*, 2 February 2018, <https://www.mediamatters.org/blog/2018/02/02/big-releasethememo-flop/219254>

memo revealed just the opposite.⁸

- John Moody, who is Fox News executive vice president and an executive editor, recently published an op-ed on Foxnews.com railing against the racial and gender diversity of the 2018 U.S. Olympic team.⁹ While the op-ed was ultimately removed from the site on the grounds that the column did not “reflect the views or values of Fox News,” the process by which it was published in the first place remains suspect. And contrary to Fox News’ official statement of values in response to the column’s removal, the network has long dismissed the importance of embracing diversity in its coverage and commentary as well as in the newsroom as noted in previous submissions (see especially 9 November 2017 submission that details the link between 21C Fox’s poor corporate governance and its commitment to broadcasting standards).¹⁰
- Since our 9 November 2017 memo to the CMA, *Media Matters* has documented and reported well over 240 other instances of Fox News hosts, contributors, and guests promoting baseless conspiracy theories, airing lopsided pro-Trump segments, and fueling discriminatory rhetoric targeting communities of color and immigrants. We are happy to compile and provide documentation of these instances for the CMA’s review.

Further demonstrating its lackluster commitment to responsible corporate governance in the public interest, 21C Fox has still failed to follow up on pressing internal investigations it claimed to have launched months ago. The internal review into how a baseless, conspiratorial story was published on Foxnews.com about former DNC staffer Seth Rich’s murder is one such investigation. We would like to reiterate our recommendation that the CMA ask the bidder to provide documentation regarding the status and efficacy of this review.

Similarly, no disciplinary action has been taken by 21C Fox to address a series of widely debunked stories published and hyped by the network in recent weeks. In addition to those detailed above, Fox News unabashedly hyped the baseless conspiracy theory that the FBI has a “secret society” plotting to discredit the Trump White House at every turn.¹¹ Adding to that disinformation campaign against the FBI, the network also failed to issue a correction after publishing an original story that stripped context from texts between two senior FBI officials to

⁸ Simon Maloy, “The big #ReleaseTheMemo flop,” *Media Matters*, 2 February 2018, <https://www.mediamatters.org/blog/2018/02/02/big-releasethememo-flop/219254>

⁹ “Fox News executive VP rails against diversity of US Olympians: ‘Darker, Gayer, Different’,” *Media Matters*, 8 February 2018, <https://www.mediamatters.org/blog/2018/02/08/fox-news-executive-vp-rails-against-diversity-us-olympians-s-darker-gayer-different/219320>

¹⁰ Supplementary memo submitted by *Media Matters* to the CMA, 9 November 2017, <https://www.mediamatters.org/blog/2017/11/10/media-matters-submits-supporting-evidence-after-testifyin-g-uk-regulator-against-21st-century-fox-sky/218516>

¹¹ Matt Gertz, “‘Secret society,’ ‘missing texts,’ and other salvos from the pro-Trump media’s conspiracy war,” *Media Matters*, 25 January 2018, <https://www.mediamatters.org/blog/2018/01/25/secret-society-missing-texts-and-other-salvos-pro-trump-medias-conspiracy-war/219164>

suggest former President Barack Obama attempted to rig the Hillary Clinton email investigation in her favor.¹² No action was taken to address the veracity of the story and discipline those who promoted it even after the Murdoch-owned *Wall Street Journal* debunked the story head on.¹³

¹² Oliver Darcy, "Right-wing media obsesses over FBI text message story; hours later it's debunked," CNNMoney.com, 7 February 2018, <http://money.cnn.com/2018/02/07/media/right-wing-media-fbi-text-message-clinton-investigation/index.html>

¹³ Del Quentin Wilber, "Text from 2016 Shows Obama's Interest in FBI Employees' Work," *Wall Street Journal*, 7 February 2018, <https://www.wsj.com/articles/texts-from-2016-show-fbi-employees-preparing-obama-briefing-on-russia-1518036629>