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London SE14 6NW

BY EMAIL ONLY

Department for Digital, Culture,
Media & Sport, Address
100 Parliament Street
London
SW1A 2BQ

11 February 2019

Dear Sir

News Corp UK and Ireland Limited – Response to invitation to comment on a request to accept undertakings in place of conditions relating to its acquisition of The Times and The Sunday Times newspapers in 1981

The Media Reform Coalition welcomes the opportunity to comment on this request. Since 2011, we have been at the forefront of producing evidence in relation to a wide range of media policy issues, but with a particular focus on media plurality.

In summary, we believe the request should be rejected on the basis that **there have been no material changes in circumstances that would justify any diminution or revision of the agreed conditions.**

In their request to vary the conditions, News Corp is relying on changes in market conditions as they have affected newspapers in general since 2011. However, these changes have no bearing on the principle rationale for maintaining the conditions in their current form, insofar as they serve to protect against a further reduction of media plurality.

Indeed, if anything, market changes have further underlined the need to maintain robust structures of independence between *The Times* and *Sunday Times* newspapers. The latest evidence shows that just three companies dominate 83 percent of the national newspaper market (up from 71 percent in 2015). Even when online readers are included, just five companies account for more than 80 percent of the combined markets.¹

The print circulation of newspapers may be shrinking, but the prevailing evidence suggests that the audience reach of the largest titles – including those owned by News Corp – is increasing. What's more, recent studies have shown the enduring influence that national newspapers have over the wider news agenda, including television news and the BBC.²

It is important to also highlight that the decline in print circulation began not with the emergence of the internet but rather the widespread adoption of television in the 1950s. Nor is there anything new about commercial pressures impacting on *The Times* and *Sunday Times* newspapers. Indeed, the 1981 merger was able to by-pass regulatory scrutiny from the Monopolies and Mergers Commission in view of the

¹ Media Reform Coalition (forthcoming 2019). Media Ownership in the UK.

² See, for instance, S. Cushion et al. (2016). Newspapers, impartiality and television news.

financial concerns at both newspapers.

So the very conditions which News Corp are seeking to vary due to financial pressures, were imposed at a time when the merging parties acknowledged that the newspapers were not a going concern. There is no evidence that either title has achieved profitability in the four decades since.

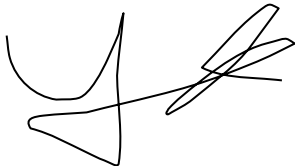
In the context of newspaper ownership, it is imperative to consider the wider incentives – beyond commercial - that may operate in today’s media environment. Newspapers can function as loss leaders, as platforms for cross promotion, as vehicles for political access, or as levers of prestige. Notwithstanding the ongoing decline in print circulation, there is no evidence to suggest that the incentives which drove the purchase of *The Times* and *Sunday Times* in 1981 have altered or diminished.

It is equally imperative to consider the findings of the CMA’s 2018 review of the proposed merger between 21st Century Fox and Sky Plc. In particular, the CMA found that declining newspaper circulations are not commensurate with a decline in influence. Indeed, in respect of News Corp titles, the CMA concluded that

[E]vidence shows that the news providers controlled by the [Murdoch Family Trust] have particularly significant influence, with only a small number of other news providers also having this kind of influence.³

In conclusion, we believe that the plurality concerns which underpinned the conditions imposed as part of the 1981 merger remain at least as significant in today’s media environment. Even if it could be shown that commercial pressures on the two titles today are greater than when they were in 1981 (when it was determined they were not a going concern), this would not constitute a material change in market conditions given the wider incentives and ‘intangible’ returns at stake in the newspaper market.

Yours sincerely

A handwritten signature in black ink, appearing to be 'Justin Schlosberg', written in a cursive style.

Dr Justin Schlosberg
For and on behalf of the Media Reform Coalition

³ Competition and Markets Authority (1 May 2018). Report on the anticipated acquisition by 21st Century Fox Inc of Sky Plc (p. 234)