

Murdoch: Fox on the hunt

LOORY: Rupert Murdoch is an international media baron who owns newspapers, television and cable outlets, Internet platforms, magazines, movie studios and book publishers in Australia, Asia, Europe and the United States. One morning in April, the 76-year-old media baron sat down to breakfast with Richard Zannino, chief executive officer of Dow Jones, and told Zannino he would pay \$5 billion to buy the information empire Zannino controls.

A relatively unknown American family named Bancroft owns 52 percent of the Dow Jones stock. That family immediately turned down Murdoch's offer, feeling that Murdoch would use the (Wall Street) Journal's important voice to advance his own business and political interests. Murdoch has a history of doing just that. Murdoch started a campaign to convince the Bancrofts that he would do nothing to influence its editorial policies or news coverage.

The talk turned the Bancrofts around and they are now negotiating with Murdoch to create an organization in which Murdoch, as owner of Dow Jones, would have practically no say over who runs the newspaper. But even if Murdoch agrees to these conditions, will he follow them? It seems as if the negotiation is coming to a head and there may be an announcement shortly. How will it work out?

LOUIS HAU, MEDIA WRITER, FORBES.COM, NEW YORK: Most believe that the Bancroft family's concerns about maintaining some sort of editorial and operational independence for the Journal notwithstanding, Murdoch will prevail. The smart money is on him.

LOORY: What kind of assurance will the Bancrofts get that Murdoch will not be manipulative and will stand behind the editorial staff on the Journal?

HAU: The Bancrofts would like to have an independent committee responsible for hiring top editors at the Journal. They are also reportedly looking for operational independence for the paper by making the publisher independent. That would be a rather extraordinary concession by Murdoch and makes one wonder if Murdoch would want to acquire Dow Jones, only to have someone else run the Journal.

LOORY: Murdoch's record as an owner in

London isn't very good on this, is it?

STEPHEN BROOK, PRESS CORRESPONDENT, MEDIA GUARDIAN, LONDON, ENGLAND: In London, Murdoch says who the top editors are for newspapers such as The Times. However, he has never directed The Times' editor, Robert Thompson, who advised him on this Wall Street Journal play. Murdoch never orders Thompson to carry out his instructions, but Murdoch's editors know his thoughts and preferences, and they are very pleased to bend over backward to please him.

LOORY: Doesn't Murdoch want the Journal not only because it is perhaps the best newspaper of its kind in the world, but also because he is putting together a financial television network and he needs the Journal's output to give that some credibility?

HAU: That's right. Murdoch is looking to launch the Fox Business Channel later this year, which would compete directly with CNBC. Acquiring Dow Jones and all of its prestigious media properties like the Journal and the Dow Jones news wires would lend a great level of credibility to the Fox Business Channel.

LOORY: Will Murdoch live up to an agreement that he makes with the Bancrofts?

DENIS CRYLE, PROFESSOR, CENTRAL QUEENSLAND UNIVERSITY, QUEENSLAND, AUSTRALIA: In Australia, Murdoch proceeded fairly quickly to dismantle the board of The Herald and Weekly Times Ltd., after initially making the kind of overtures that he is making to the Bancroft family now. He can be very seductive, but he certainly has the capacity to move in fairly quickly once he is given keys to the gate. Trepidation about his move to buy the Journal is understandable.

LOORY: Why does Murdoch seem to have more of a financial interest in the U.S. than in Australia or elsewhere?

HAU: The U.S. is the biggest media market in the world and that is clearly one of the factors in Murdoch's interest in the Journal. How he runs the Journal if he succeeds will be fascinating to watch. In financial journalism, even more than in other kinds of journalism, if people think you're not dealing in absolute objective facts, your credibility is shot. So, there are a lot of concerns about what Murdoch's stewardship of Dow Jones might mean for the Journal editori-

ally.

BROOK: Part of Murdoch's motivation for wanting to own the Journal is that he is both a businessman and a newspaperman. The Wall Street Journal represents the best type of financial media in the world that makes a vast amount of money. It is more successful than traditional general interest newspapers because it can charge for business news on the Internet, by news wires or Reuters. Murdoch is interested because in this era of convergence when many newspapers are struggling to make their Web sites profitable, the Journal can charge its Internet subscribers a fee that very few newspapers can.

LOORY: What is the situation for Murdoch in his home country of Australia today?

CRYLE: Murdoch's strength in Australia is still as a newspaper man. He has indicated interest in one of the very significant newspaper groups, Fairfax Media, which is highly regarded and has a strong history of financial journalism.

Interestingly, he is also looking at The Australian Financial Review, which is the only Australian paper that could be compared to The Wall Street Journal. With Murdoch, one has to think big. It's not impossible that The Wall Street Journal issue is in some way related to The Australian Financial Review.

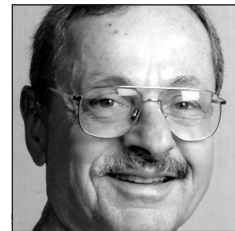
LOORY: Murdoch is known as a great political conservative, yet in London doesn't he have a good relationship with Prime Minister Tony Blair?

BROOK: He has a very good relationship with Blair, who is a member of the left wing Labor Party. Murdoch is socially conservative, but he likes winners and likes to have good relationships with the people running the country. In Australia, he had good relations with the Labor government when it was in power for the same reasons. He is willing to support administrations that don't line up with his core political beliefs in the hope that it gets him a seat at the table and the ear of government.

LOORY: The financial uncertainty of the American newspaper business can easily have an unwelcome impact around the world. To use it for personal reasons, as it was in the heyday of the yellow press in this country, would certainly be dangerous.

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