

## Peter Mandelson declares war on Rupert Murdoch's media empire

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Lord Mandelson declared war on the Murdoch empire today when he accused [News Corporation](#) of maintaining an "iron grip" on pay television and warned that the company wants to import rightwing Fox News-style journalism to Britain.

In his strongest attacks on News Corp since the Sun abandoned its support for [Labour](#) hours after Gordon Brown's party conference speech, the business secretary accused the company of imperilling the traditions of British broadcasting.

Mandelson's intervention came as [Rupert Murdoch](#) faces a growing fight with the Australian government over a controversial tax avoidance scheme put in place when News Corp moved its headquarters to the US. Sydney tax commissioners claim that an elaborate series of legal manoeuvres, dubbed "flip and spin" by News Corp, wrongly deprived authorities in Australia, Britain and the US of billions of dollars in capital gains tax.

In a sign that Murdoch also faces a fight in Britain, Mandelson turned his fire on a joint Tory-News Corp campaign to dismantle the broadcasting regulator, Ofcom. The business secretary, who claimed last month that the Sun had agreed a "contract" with the Conservatives in which David Cameron would help News Corp's business interests, told peers: "There are some in the commercial sector who believe that the future of British media would be served by cutting back the role of the media regulator. They take this view because they want to commandeer more space and income for themselves and because they want to maintain their iron grip on pay-TV, a market in which many viewers feel they are paying more than they should for their music and sport. They also want to erode the commitment to impartiality. In other words, to fill British airwaves with more Fox-style news."

Mandelson, who was speaking during the second reading debate of the government's Digital Britain bill, pledged that the government would fight News Corp's "worldview" that profit alone should drive broadcasting and journalism. "They believe that profit alone should drive the gathering and circulation of news rather than allowing a role for what they call 'state-sponsored journalism'. The government and this bill reject this worldview, and I hope that the whole house, including the Conservatives, will make clear today that they think likewise, and that they will support Ofcom – including its efforts to ensure consumers are getting a fair deal in the pay-tv market."

Mandelson's remarks show that Labour, which itself faced accusations of becoming too close to Murdoch when the Sun endorsed Tony Blair shortly before the 1997 election, is spoiling for a pre-election fight with News Corp. Mandelson believes that, unlike New Labour in 1997, the Tories have provided clear evidence of how they are pursuing a near identical agenda to News Corp.

Cameron pledged to dismantle Ofcom during a speech in July devoted to "cutting back the quango state". The Tory leader said: "With a Conservative government, Ofcom as we know it will cease to exist."

James Murdoch, the chief executive of News Corp in Europe and Asia, accused Ofcom in August of imposing an "astonishing" burden of regulation on Sky. In his MacTaggart lecture at the MediaGuardian Edinburgh International Television Festival, Murdoch said: "The repeated assertion by Ofcom of its bias against intervention is becoming impossible to believe in the face of so much evidence of the opposite." His remarks echoed his father's landmark 1989 MacTaggart lecture in which he criticised the "narrow elite" that he said controlled British broadcasting.

Ed Richards, Ofcom's chief executive, said the criticisms were inspired by its investigation into the UK pay-TV market. "If you look at some of these cases you often find it's a specific response to an area of activity," he told MPs this week. "We know full well Sky and Mr Murdoch are uncomfortable about our investigation into pay-TV because Sky is part of it."

Mandelson said the Digital Britain bill would reform Ofcom by requiring it to take a "new forward role" in ensuring the media market has the "right mix of impartial and national and local news". He said: "Ofcom represents an important means of securing media standards, securing strong public service content and securing investment in the future infrastructure of the digital economy. Ofcom should be strengthened, not emasculated."