

CASES

CASE 7-A

MURDOCH'S MESS

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It may have begun as an instance of “watching the watchdog.” For two years, *Guardian* reporter Nick Davies had been doggedly investigating whether Britain’s tabloid press—particularly the Rupert Murdoch owned *News of the World*—had been engaging in unethical activities to report the news. Specifically, Davies was investigating whether the voicemail messages left on cellphones had been accessed in order to gain information. In most instances, such practices would be illegal. A 2005–2007 investigation concluded that celebrities, the royal family, and politicians had been the subjects of phone hacking and that the hacking had been conducted by a single reporter. The rest of the British press dropped the story, and the public didn’t seem to care.

Murdoch, who was born in Australia but became a US citizen, continued to build his media empire, which included a sizable financial stake in BSkyB, the most lucrative broadcast holding in the United Kingdom. During this same period, Murdoch purchased the *Wall Street Journal*, adding it to his US holdings that include several other newspapers and, most prominently, the Fox network including both its news and entertainment divisions.

Davies worked for *The Guardian*, an unusual publication on any continent. *The Guardian* is owned by a trust; it is not a traditional profit-making enterprise and its exemplar journalistic status is a relatively recent phenomenon. *Guardian* employees are required to take public transportation to cover most stories, and the paper itself conducts and publishes an ethical audit once a year that includes the paper’s impact on the environment and its role as a citizen of its local community. In the British media market—almost all of which is focused in London—*The Guardian* competes fiercely with Murdoch publications, both tabloid and more traditional news organizations.

In July 2011, Davies reported that phone hacking extended beyond a single journalist and those usual and seemingly acceptable suspects.

Voicemail messages to families of British soldiers serving in Afghanistan, victims of the July 2007 London tube bombings, and, most grievously, the voicemails of murdered British schoolgirl Milly Dowler also had been hacked. In fact, according to Davies and subsequent investigations, Dowler's voicemail had not merely been hacked, it had been altered, leaving her family with the impression that the child remained alive after she had been murdered. Davies' later reports also revealed that the journalists involved appeared to have bribed Scotland Yard as part of the newsgathering effort. The outrage was immediate; major advertisers withdrew from the *News of the World* and many others threatened to follow. On July 10, 2011, the 168-year-old paper published its last edition. About 200 journalists lost their jobs, and James Murdoch, Rupert Murdoch's son and heir apparent, conceded that the paper had been irrevocably "sullied by behavior that was wrong."

On July 13, Murdoch announced he was withdrawing his bid to take over BSkyB. The announcement was made just a few hours before the British Parliament was scheduled to debate a resolution, supported by all political parties, calling on Murdoch to withdraw from the process. Despite the announcement, the House of Commons unanimously passed the resolution. On July 16 and 17, Murdoch published full-page apologies to the British public for the scandal and its impact. The next month, Wireless Generation, a NewsCorp subsidiary, lost a no-bid contract with the state of New York to build an information system to track student performance. New York State Comptroller Thomas DiNupoli said the revelations of corporate and individual malfeasance had made awarding this bid to Wireless Generation "untenable."

The elder Murdoch was politically influential on both sides of the Atlantic, but his power reached to the highest levels in Britain. At the time the phone-hacking scandal broke, a former Murdoch employee was serving as Prime Minister David Cameron's chief communications officer.

Rupert and James Murdoch were called before Parliament. Both admitted that the hacking had occurred, but each denied, in different terms, the existence of a corrosive organizational culture that could have led to a wide-spread ethical and legal breach. Rupert Murdoch testified that he was a victim of a cover-up. Concurrently, there were high level resignations throughout the Murdoch empire, including that of long-time Murdoch employee Wes Hinton, who had been serving as the chief executive of Dow Jones, owner of the *Wall Street Journal*. Hinton had testified to Parliament that there was never any evidence of phone hacking beyond the actions of a single employee.

However, as the scandal continued to unfold, it became apparent that other Murdoch-owned news organizations had engaged in similar news gathering tactics. The FBI opened an investigation into whether any phone hacking had occurred in the United States, with potential targets the victims of the 9/11 bombing among others.

About a year later, a British inquiry ruled that Murdoch was not a “fit and proper” person to be allowed to own or acquire media outlets in the United Kingdom. In the meantime, multiple lawsuits were filed over the scandal—and the Murdoch empire has paid more than 1 million pounds to settle them. As of this writing, there have been more than 30 arrests of current or former Murdoch employees.

Rupert Murdoch has been called the last of the media barons and the criticisms of him and his business practices parallel those leveled against Joseph Pulitzer and William Randolph Hearst at the height of the Yellow Journalism era in the United States. All were accused of building media empires that lacked an ethical foundation. Journalism professor Karl Grossman, State University of New York at Old Westbury, accused Murdoch of building the most “dishonest, unprincipled and corrupt” media empire in history and turning the notion of public service journalism on its head. He also accused Murdoch of changing the newsroom culture at his most recent acquisitions, among them the *Wall Street Journal*. *Newsweek* in July 2011 quoted one of Murdoch’s top executives as follows:

This scandal and all its implications could not have happened anywhere else. Only in Murdoch’s orbit. The hacking at *News of the World* was done on an industrial scale. More than anyone, Murdoch invented and established this culture in the newsroom, where you do whatever it takes to get the story, take no prisoners, destroy the competition, and the end will justify the means. . . . In the end, what you sow is what you reap. Now Murdoch is a victim of the culture that he created. It is a logical conclusion, and it is his people at the top who encouraged lawbreaking and hacking phones and condoned it.

While many were willing to blame Murdoch personally, other critics noted that the 24/7 nature of competitive news on the internet had created the sort of atmosphere in which hacking was not merely tolerated but encouraged. These critics noted that hidden cameras, lurking on websites, publishing stories before checking facts—all in the drive to increase web hits—were merely less illegal, but not less ethically questionable results, of the 24/7-celebrity driven news cycle.

Micro Issues

1. Phone hacking is illegal, but is it unethical? Why?
2. How would you, or could you, justify Davies' pursuit of this story about one of his major competitors?
3. In most of the phone hacking cases, none of the victims have said that the information collected about them was untrue. Is how a journalist collects information a component of the truthfulness of the story?
4. Contrast phone hacking to the other deceptive techniques evaluated by Investigative Reporters and Editors. How are they alike and different in an ethical sense?

Midrange Issues

1. What is the role of competition in the concept of "watching the watchdog"? Does the same sort of thinking apply to the media's watchdogging of other major institutions in society?
2. Does the 24/7 nature of the news cycle—and the sometimes wild west nature of the internet—encourage working at the very edge of acceptability? If you answer "yes," then what sort of rules, guidelines, or training might encourage contemporary journalists to stay on the "right" side of the ethical boundaries?
3. In light of this case, how do you respond to those who say that all journalists will do anything to get a story?

Macro Issues

1. What should be the role of democratic governments in policing the ethical behavior of corporate media owners?
2. Evaluate the notion of an ethical newsroom culture. Contrast the culture of *The Guardian* with that of the *News of the World*? What makes the ethical difference?
3. One role for the mass media as an institution is that of collaboration. Yet, journalists have historically been suspicious of the sort of collaboration and political influence Rupert Murdoch has had. Analyze what you believe is the most ethically defensible role relationship between the mass media as an institution and powerful political and economic institutions.

Fast Forward to 2018

In June of what was already a tumultuous news year, “Fox and Friends” news anchor Gretchen Carlson was apparently fired from her job with the conservative network. Fox News, which had supported the campaign of the then-candidate Donald J. Trump, was the flagship of the Murdoch empire in the United States.

Within a month, Carlson filed suit against the network, alleging that she had been fired because she refused the sexual advances of network chairman Roger Ailes. Within a week, six additional women came forward with similar stories, although only two were willing to go on the record. Fox and Ailes responded to the suit by saying that Carlson’s firing had nothing to do with sex and everything to do with ratings.

The Carlson suit was only the latest in a series of public allegations against various managers at Fox properties, dating back to 2004 when Bill O’Reilly was sued for \$60 million by one of his former producers for sexual harassment. In 2009, a former managing editor at the *New York Post*, another Murdoch property, sued her boss for racial and gender discrimination.

But with this history, and with allegations of sexual harassment becoming the focus of then candidate Trump’s campaign, Carlson’s allegations and those of the 25 women who ultimately came forward in the case struck a societal nerve. The network was forced to dismiss Ailes, who originated the tagline “fair and balanced” that the network had used to characterize its news operation, although that dismissal came with a reported \$40 million settlement. Rupert Murdoch, who shared a vision with Ailes about the potential financial and political impact of a conservative television network, continued to praise Ailes. Known as one of the most powerful, and vindictive, of media managers, Ailes died within a year of the Carlson suit, which the network settled for \$20 million including a rare public apology. O’Reilly’s departure came within a month of Ailes’ death.

The revelations about the various sexual harassment claims also came at a time when the Murdoch and the Fox corporation has renewed its efforts to purchase Sky TV for \$15 billion. In September 2017, UK culture secretary Karen Bradley ordered a thorough review of the process because of a “genuine commitment to broadcasting standards,” a review that postponed any purchase until at least 2018. However, in October 2017, the *New York Times* reported that O’Reilly had paid former news analyst Lis Wehl \$32 million in a settlement of a sexual harassment suit. Further, James Murdoch, Murdoch’s son and now chief executive of 21st Century Fox, said that the size of the settlement “was news to me.”

Then, on Nov. 20, 2017, *The Guardian* and a number of other news organizations reported that Fox had entered into potential talks with the Disney Corporation, a much larger corporation even than Fox. Disney was interested in the Fox movie studios and its television networks—in other words, Fox’s assets that produce content in an era of streaming video. Disney reached a \$52.4 billion deal in December 2017 to combine two of the biggest studios in Hollywood.

Macro Issues

1. Evaluate the impact of leadership on the Fox organization. Do you think that the standards set by managers and owners can make a difference in how individual employees behave? Why?
2. What are some of the potential corporate reputation problems that the now merged Disney and Fox studios might face? Are those problems surmountable?
3. In November 2017, John Lasseter, the creative force behind Pixar and Walt Disney animation studios, announced he would take a six-month leave of absence after allegations of inappropriate behavior towards women surfaced. In light of these continuing revelations, how should these potential financial deals be covered by media outlets such as NPR, *Variety*, the *Wall Street Journal*, or the *New York Times*?

CASE 7-B

WHO CONTROLS THE LOCAL NEWS? SINCLAIR BROADCAST GROUP AND “MUST RUNS”

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Americans take for granted that the news they watch on their local NBC, ABC, CBS, or Fox affiliate is local. But what if what we watch on our local news is produced at the corporate headquarters of the broadcaster rather than by local reporters and producers?

In May 2017, Sinclair Broadcasting Group brokered a \$3.9 billion deal to buy Tribune Media’s 42 television stations. Sinclair, the largest owner of local television stations in the United States, would subsequently reach nearly three out of four homes in the country (Zhou 2017). Sinclair has largely operated in small to medium markets, often owning multiple stations within one market. The addition of Tribune