

Time-codes**Dialogue**

00:00:01:07 **Presenter**

The BBC, The Daily Mail, The Telegraph, The Guardian and Mirror all have united in one cause today in what looks rather like the media equivalent of the Molotov Ribbentrop Pact. They've all signed a letter to Vince Cable, the Business Secretary arguing that a complete Rupert Murdoch takeover of BSkyB would reduce diversity in the media. Will it or will it just make life harder

00:00:24:01 for competing media groups?

00:00:26:09 **Presenter**

David Elstein is a former Head of Programming at BSkyB and Sir Christopher Bland is the former Chairman of The BBC. Good morning to you both.

00:00:35:12 **Sir Christopher Bland**

Good morning Adam.

00:00:36:04 **David Elstein**

Good morning.

00:00:36:17 **Presenter**

Um, Sir Christopher Bland. Do you get worried by the idea of a complete takeover of BSkyB by NewsCorp?

00:00:44:13 **Sir Christopher Bland**

Well it's not necessary to demonise Rupert Murdoch, I think it's foolish for The Guardian to compare him to Berlusconi but nevertheless the writers of the letter don't seem to have noticed that he's had de facto control of Sky for many years. He was Chairman of it himself, he made his son James CEO in 2003 and owning 39% has given him effective control so suddenly to wake up and

00:01:13:13 suggest that 100% is gonna make a huge difference to the control of the organisation I think is wrong. It's unlikely that the competition authorities will be strong enough to do what they should do which is to look at the 39% and make

him sell that down and no longer control the board.

00:01:31:07 **Presenter**

Okay so you in a sense think that the deed is already done and if anything you'd want to move it into reverse.

00:01:38:14 **Presenter**

David Elstein, why, given that you know, Rupert Murdoch, NewsCorp, whatever can more or less control Sky at the moment as Sir Christopher Bland has said why, what was in it, why does he want to take it over?

00:01:51:15 **David Elstein**

Well, primarily because he has identified that Sky is past its heavy investment phase and therefore it will, it's much less vulnerable than it might have been in the past. He's got the spare cash and also the biggest incentive is to be able to co-ordinate activity across frontiers. He's got Sky Italia, he's got a major interest in satellite television in Germany and it's easier to co-ordinate if you

00:02:20:21 have full ownership. Um, to be honest I...

00:02:23:05 **Presenter**

Pesky independent board members getting in the way with other shareholder interests obviously.

00:02:27:22 **David Elstein**

Well it's not a case of that, it's, they're not so much pesky, at 40% you can do X, at 100% you can do Y and you know, I'm completely indifferent as to whether er Vince Cable intervenes or not, it's just that the arguments that are being advanced are so thin. Er, the notion that somehow er NewsCorp going up from 40 to 100% of ownership of Sky will reduce media plurality is extremely

00:02:53:06 tenuous and I also think it's extremely unwise for The BBC's Director General and indeed the Chief Executive of Channel 4, publicly owned broadcasters to get involved in a commercial spat. The BBC doesn't have a dog in this race, it should not be uttering, it's probably a breach of The BBC's due impartiality

obligations.

00:03:12:22 **Sir Christopher Bland**

But it's more than a commercial spat, it's about the plurality of ownership of the media and I do think Channel 4 and The BBC have got a legitimate voice in that debate.

00:03:21:21 **Presenter**

Well in what...

00:03:21:24 **David Elstein**

But there is no, there is no threat to plurality, it was Murdoch who kept Fleet Street alive by moving The Times to Wapping, it was Murdoch who introduced Sky News.

00:03:29:24 **Sir Christopher Bland**

Well that was a long time ago and he deserves credit for it but that doesn't entitle him to dominate the news media.

00:03:37:02 **David Elstein**

But where is the evidence that anything would reduce in terms of news plurality as a result of this transaction? The only news organisation that has closed in recent years is ITN's 24 hour news which couldn't survive in the face of The BBC's licence funded 24 hour news service. It's nothing that Murdoch has done so far.

00:03:56:13 **Presenter**

Sir Christopher just to answer that point. Sir Christopher.

00:04:00:07 **Sir Christopher Bland**

Well that of course is an argument for making News sell down the 39% of Sky that they already own. That would be a genuine move towards proper plurality and would reduce the de facto control that already exists.

- 00:04:14:20 **David Elstein**
But surely in that circumstance erm, if it weren't Murdoch who was controlling Sky, Sky News wouldn't exist. It's a loss making division, has been for 22 years, it was launched by Murdoch, it was kept alive by Murdoch cos it suits him.
- 00:04:28:13 **Presenter**
Let's...
- 00:04:28:21 **David Elstein**
But if you were running the business as a business you'd shut it down.
- 00:04:31:10 **Presenter**
Let's pause a moment on media plurality, that is the argument that the newspapers and BBC and Channel 4 are putting today but there are other arguments as well surely, David Elstein, to do with cross media ownership and the dominant position that has obtained by someone. Nothing to do with plurality of voice in the media, but the simple ability to price packages in certain
- 00:04:53:18 ways that make it very difficult for competitors to compete in particular pieces of the market.
- 00:04:58:17 **David Elstein**
Two things on that Adam, first of all er Vince Cable's powers under the act don't apply er with cross media ownership, it's only to do with media plurality...
- 00:05:08:21 **Presenter**
It's European regulators who yeah...
- 00:05:09:19 **David Elstein**
Right, so er cross media ownership is dealt with in this country by the cross media ownership rules which were entrenched in legislation by the last Tory government er, they're effective and they've stopped Murdoch doing a number

of different things but some of the ideas that are being floated about, about merging different types of news, well Murdoch could merge the newsrooms of The Times and The Sun today, he doesn't, why would he? Why on earth would he inject Sky News into that mix?

00:05:36:07 **Presenter**

So, Sir Christopher Bland, do you have worries about the ability for example to get block subscriptions to newspapers and TV channels at discounted rates that would make it easier for example to sell The Times or The Times behind its pay wall than it would be for The Guardian to compete?

00:05:53:02 **Sir Christopher Bland**

No. Because that ability exists already and if Sky want to do that in conjunction with any of the newspapers in the News group they could, News International group, they can do it today. That's not the point. The point is that it's already controlled by Murdoch and that control is in the long term, not a good thing for the British media.

00:06:18:09 **Presenter**

Just want to get a last quick comment if I might from you Sir Christopher, on Mark Byford, Deputy Director General who is going, a significant saving in management costs at The BBC. What do you think of that particular move?

00:06:33:03 **Sir Christopher Bland**

Well Mark is the best Director General The BBC never had, er, David Elstein is the other by the way, and er...

00:06:41:14 **Presenter**

I think that's very gracious of you if I may say.

00:06:42:12 **Sir Christopher Bland**

And, and he, and he was a real force, he reorganised the World Service and changed it from being a Foreign Legion outpost into a properly and

appropriately integrated with The BBC, he stood in as acting Director General when a supine Board of Governors lost both their Chairman and Greg Dyke. And if anybody deserves an honourable retirement it's Mark Byford.

00:07:07:23 **Presenter**

We'd better leave it there, Sir Christopher Bland, David Elstein, the second best Director General The BBC never had. Thank you both very much indeed.

00:07:16:11 **Announcer**

It's three minutes to eight now and Chris Fawkes has arrived.

00:07:19:00 CUT