

THE NEW SA IN THE NEW WORLD MEDIA ORDER

BY NIGEL BRUCE



LAST year I was motoring from the little town of Nassau on Providence Island in the Bahamas to Lyford Cay on the other side of the island. On the seashore were the international hotels, no doubt all well served by CNN, and the villas of the rich and famous. On the left were the dwellings of the native Bahamians.

They are modest establishments, not much improved on the average shanty of a Third World country anywhere in sub-Saharan Africa. Perhaps they are best described to you as Guguletu in paradise. Life is not particularly difficult. The climate is warm, the sea full of fish to eat and the hotels full of tourists to exploit.

But the interesting thing was that there was no forest of television aerials above the shanties, as one would expect to see in lower middle class suburbs in Europe and America.

Instead there were eight-foot satellite dishes giving these families, they told me, access to seven or more television networks.

Their consequent sources of entertainment and access to news are as abundant as those available to the most sophisticated and wealthy communities in the developed world.

And, short of preventing the importation of satellite dishes, there is nothing the Bahamian Government can do to constrain that access, assuming it wished to do so. The advance of technology has rendered the hegemony of censorious politicians quite impotent.

It is not much different here. Except that the Post Office (or whatever its legal successor is called) has a government-granted monopoly on telecommunications and control over the right of the individual to use a satellite dish. Nevertheless, many of them do exist, some with the permission of the authorities, others by the cunning of their owners.

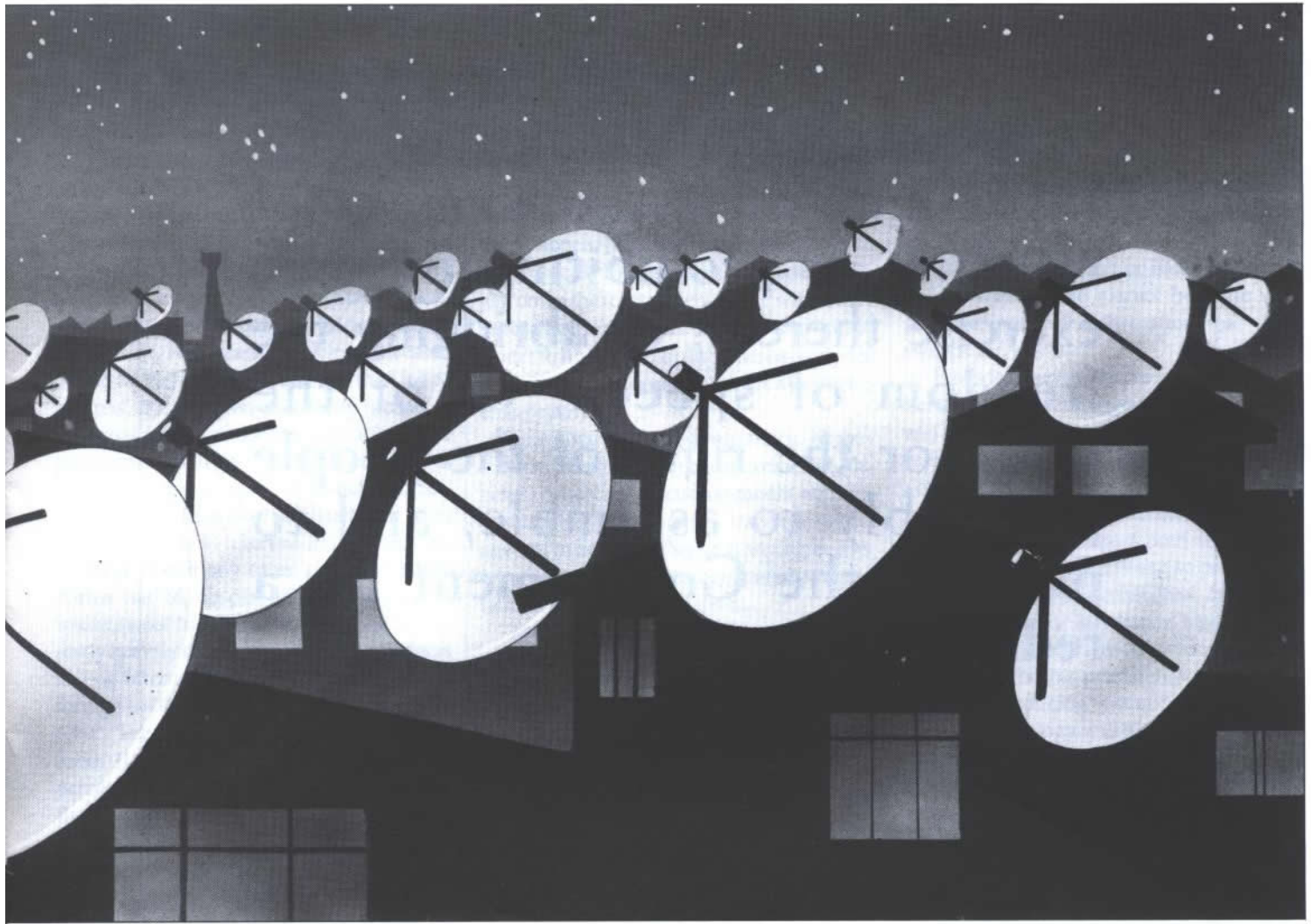
Simply put, the technologies already exist to render the control of televised and broadcast information by government an impossibility. That access is at present lim-

ited and too often clandestine. But the control by government of the minds of South Africans has essentially been broken by the march of technology.

The procedures we have just seen of the appointment of a new SABC board by a panel of politically correct lawyers was no more than a charade. Technology has surpassed their well-intended but ineffectual endeavours. The new chairman of the SABC board has, in consequence, come from nowhere and will, despite the best efforts of politicians, be going nowhere.

For the single most potent force driving communications in the world — and one that is breaking down national barriers daily — is the advance of technology. Just consider, the power of computers more than doubles every three years while their cost in real terms halves over the same period.

It is quite safe to say that some technologies that will govern our industries — be they broadcast or print — have not yet been discovered. But we do know that they will be relatively cheap, enormously powerful,



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impossible of constraint and will exist in our lifetime.

1993 was a watershed in the history of the advance of telecommunications technology. In July Rupert Murdoch spent \$525 million on a majority stake in Star TV, a satellite broadcasting system based in Hong Kong that reaches 38 countries, including China and India. At the same time, he began expanding his existing Sky Television satellite network, a British-based system now taking aim at the rest of the world.

The outcome is that one-third of the world's mass and two-thirds of its population are within reach of Murdoch's satellite broadcasting companies. And he has not finished yet.

He has gone into a venture with British-based National Communication to develop a digital satellite system that could deliver far more channels than current hardware can manage. He has connections, moreover, with a German firm with plans to span the television market in Germany, Switzerland and Austria and he is launching a Latin

American cable television channel to reach from the Rio Grande to Patagonia.

And when the hardware issue is sorted out, remember that in 20th Century Fox, Murdoch has an entertainment manufacturer producing enough nauseating soaps to send along these aerial outlets with unerring regularity. Governments, complaining of cultural imperialism, may try and control cable networks, but they can whistle when it comes to control over the air waves. Loving will yet be the scourge of many a discerning father.

Moreover, if you think his company News Corp is financially dicey, think again. Despite the cost of this new technology, Murdoch's one-half stake in Sky brought him a profit in 1992 of \$50 million and the profit for last year could double that. Simply put, our entertainment and news orientation will in the future be governed by what the mass audiences of America and Asia want to see. And they are not, you can be sure, going to reflect the composition of the population — disadvantaged or otherwise

— of the new South Africa. And whatever misgivings our politicians and media academics may have for our fledgling democratic endeavours, they are going to be swept away by the tide of technological events.

Besides, the social and political power of the media and its utility in the electoral process is rooted less in demonstrable fact than in the conceit of old journalists, the sensitivities of politicians and the vested interests of media and political academics who have to justify a spurious science. Never have they been more irrelevant to media developments — and good riddance.

The world has become a global village not only in terms of communications. Mature nations in Europe and America have found that they cannot pursue their own interest in almost any field, without taking into account the policies of their neighbours. That is why so many socialist governments, even before the fall of the Soviet Empire, adopted the free market economic policies of their trading partners. >

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They are now in the process of harmonising trade policies, through GATT, and social policies through such undertakings as the Maastricht agreements. National sovereignty in its old sense is no longer necessarily compatible with national prosperity.

The tragic incompetence of Sub-Saharan Africa, the world's political and economic basket case, is increasingly being addressed by the IMF, the World Bank and the United Nations. It is a region manifestly incapable of managing its own economic affairs and pursuing its own governance. The mercy is that it has begun to realise its deficiencies, despite the local opposition (such as it is) to the United States' intervention in Somalia.

More than many other countries South Africa has to be part of that process of international harmonisation. For we are already heavily dependent on trading partners and on international trade. In South Africa foreign trade contributes 60 percent of our GDP. The equivalent figure for the US is about 10 percent and Switzerland about 20 percent. If a new government tries to take further the isolationist policies of the apartheid government, it will entrench poverty and we will all starve in egalitarian fraternity. Even if we wished, we cannot in this country in this age avoid world trends, of which technological advance is by far the most potent and far-reaching.

For our daily and Sunday newspapers that will have profound consequences. Their circulations like those of similar newspapers in other countries, especially the United States, have for some years been in decline. They will have to accept that the technology on which their business is based is already outdated. There have been advances in newspaper and photographic production, and it is essential if these newspapers are to survive in some form, that they continue to keep abreast of the latest developments.

The competitor today of the daily and Sunday newspaper is no longer a similar product on the other block or in the next town, except in Britain where new and similar products have been brought to the market deliberately intended to close down the opposition. Success or failure has been rather mixed.

No, competition for these newspapers today is most certainly the electronic media, with information or entertainment transmit-

ted from another continent and beamed down from a satellite. Its scope, reach and price are going to leave that of the print media behind. While their main competitor might appear now in South Africa to be an electronic SABC, and to some extent it is, just down the track the challenge which they should be gearing themselves to face will be from the little satellite dish, increasingly fed at declining unit cost, by Rupert Murdoch's enterprises.

These newspapers have a choice. As they cannot, because of physical constraint, depend on beating electronic media with the urgency of news breaks, they can either attempt to add value by interpreting events, or move towards a greater element of entertainment and sensationalism.

The problem with the former is that a mass readership represents even in developed countries the very minimum standard of functional literacy. It is not something to which intellectual value can easily be appended.

The most beguiling — and probably the easiest — choice for them will, I guess, be entertainment. You have only to read the British tabloids with their preponderance of irrelevant sensational reporting on the private lives of ordinary people to taste the outcome. But, believe me, it is commercial.

Critical to their survival, as the cost of advertising in the international electronic media reduces, will be secure advertising markets in which, given their cost structure and constraints, they can predominate. Marketing men more innovative than I will determine those fields. But I would venture the guess that any daily or Sunday newspaper that is not firmly rooted in the smalls advertising market, able to offer focussed regional penetration to retailers, and keep its costs down so that it has a competitive edge, might as well begin a process of amortisation.

I do not intend to suggest that the mass print media will become irrelevant immediately to advertisers. But that this will happen — given technological development in telecommunications — if the print media does not itself use technology, and any other means at its disposal, to contain its costs and secure its markets. Its margins will depend more in future on reducing costs than the reach it can offer advertisers.

But in the foreseeable future there is no reason to believe that the electronic media will be able to provide the discerning reader with reflective and instructive material that is focused on specialist areas of interest, sometimes too difficult or inconvenient for him to identify and extract from the indigestible mass of information that daily sweeps the world.

Provided they maintain standards, market themselves with vigour and imagination and provide research that is not a parody of reality, specialist publications will offer advertisers increased marketing precision and greater penetration of a market consisting of an intellectual elite that is both affluent and exacting. They will in doing so provide for media planners an intellectual endeavour and professional legitimacy beyond their present aspirations and advertisers will pay a premium for this precision.

But the reducing cost of basic print publishing technology will also open up a market for local news that large newspaper groups cannot easily exploit. For they are not appropriately technologically equipped for very low cost production. Or because their size and success inevitably draws them towards sloth.

The large numbers of black South Africans whose literacy levels are rising and whose materialistic aspirations are becoming manifest, will increasingly provide the readership growth among these small local newspapers. For as democracy draws the country to a more benign attitude towards national politics, and the "struggle" gives way to a greater preoccupation with community concerns, these black readers, of wide geographical diversity, will seek the type of local involvement and pragmatic domestic purpose that demands vigorous and concerned local newspapers. But it is not a market yet capable of providing instant gains to hungry marketers. It is still embryonic and those who risk all to venture into it prematurely do so at some peril. There is neither a chronic shortage of opportunity nor of money for those with sufficient skills and daring to meet the challenges that reducing proportion costs and this emerging market is beginning to offer.

In these circumstances, the economic argument for fracturing the ownership of the English-language newspapers is a dubious one. Indeed, with the main competition >

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that these newspapers will face coming from the international electronic media, the argument for a further consolidation of these interests to promote efficiencies and reduce costs is the more compelling.

If the Anglo American Corporation wishes to remain invested profitably in newspapers, the savings in merging Times Media, the Argus Group and Caxtons into one commercial unit could in my view be enormous. It could enable greater clout and economies of scale in the acquisition of technology, it could enable editorial staffs to be streamlined and reduced in number, it should reduce administrative duplication and focus the mind of management on real competition — i.e. from the international electronic media — and avoid the managerial hubris currently so destructively evident in the Sunday newspaper market.

It is a fiction that domestic competition is a requirement both for efficiency and equity. The satellite dish has put paid to the first and indeed too small a domestic economic unit in the new world media order could be competitively inadequate. To achieve economic efficiency the only requirement is that the newspaper market be open to entry for all, without barriers such as excessive capital constraints. And that situation pertains now.

The unbundling of Anglo newspaper interests is really also a fiction in the correct sense of the term. TML's shareholding is such that "unbundling" would simply amount to Anglo selling it in full or part to someone else. And it is doubtful if the shareholders in the Argus Group were given a direct stake in its constituent newspapers that the value of their assets would be enhanced.

There may, however, be commercial advantage in hiving off and quoting separately Anglo's financial publications, for their synergy with the rest of its products is small if it exists at all.

Let us be very clear about notions of unbundling Anglo's newspapers. They are entirely political and rooted in the ANC's desire to cover its own communications shortcomings by acquiring, either compulsorily or at a knockdown price, a viable newspaper group of its own. If you can't manipulate them, acquire them.

It seeks justification for this by claiming that it would be at an electoral disadvantage

if it cannot dictate editorial policy to a major newspaper, an assertion which it couches in terms to suggest that black political aspiration has no means of vocal expression.

We already have a perverse situation in this country whereby the established newspaper groups — the commercial press as the down-and-outers like to call us — have agreed to pay what amounts to a tax to keep in publication the pamphlets which the political struggle spawned and on whose sustenance the Scandinavians have now welshed.

I know of no democracy in which newspapers have dictated the outcome of a general election against the wishes of the majority of voters. At different times the Labour Party in Britain, the Republican Party in the US, the Gaulists in France and the National Party in SA have achieved sweeping electoral victories with little if any support from mass circulation newspapers. In contrast, the Democratic Party has always enjoyed substantial English-language newspaper support, but to little electoral avail.

Nor in the modern world have newspapers been a successful means of propelling proprietors into positions of political power. And where proprietors have attempted to use them to further political ends contrary to the general view, they have failed. I refer you to Lord Beaverbrook's career on both counts.

It is not the ownership of a mass circulation newspaper that is important in an election or at any other time. What is important is how it conducts itself in the light of its readership profile. Most if not all large English-language newspapers in this country, including *The Citizen*, now have more black readers than white. If their interests are ignored, readership will decline.

Not only will blacks go to other newspapers where they feel more comfortable, but increasingly they will turn in the years ahead to the electronic media. And, in any event, at least one Anglo newspaper is such an apologist for the ANC that its political inclination is already manifest. What more does Mr Mandela want?

English-language newspapers predominate in this country not because they are a monopoly. And indeed they are not. They are a heritage and a valuable one which the Forty Percenters brought to this country

from the cradle of parliamentary government and the home of freedom of speech. It is a tradition and an endeavour that goes with the literary traditions of the English-speaking world. They are largely owned by Anglo today because the apartheid government tried through nefarious means to gain control of them to prevent their criticism of apartheid. Anglo, to its credit, provided an essential blocking mechanism.

If Anglo were to divest itself of them now, ownership would simply pass to other institutions controlled by English speakers. That would not answer the political sensitivities of the ANC, ensure fair elections or remove the resentment of old journalists fired for incompetence but awaiting the call from the ANC to repeat their mistakes.

It is manifestly plain to me that the economic argument should predominate and that Anglo, far from disinvesting, should prepare its newspaper interests to meet international competition emerging through technological advances, both manifest and still to come. And to do that a large and adequately capitalised group that is capable of exporting its skills would be an advantage.

The alternative won't be to ensure a more equitable election or successfully appease the ANC. Those are romantic notions held by special interests or those devoid of a sense of political and commercial reality. The alternative will be to ensure that productive newspaper assets atrophy in an alien environment or are overwhelmed by events beyond the control of those who manage them.

Anglo acquired its newspaper investments more by mishap than design. There is little doubt that its earlier policy of benign neglect contributed to the managerial and editorial malaise that brought about the closure of two of its newspapers in the early '80s. Since then it has acted as a more purposeful shareholder and the consequent financial results have been salutary.

Some have argued that at times Anglo's more energetic stance as a shareholder has resulted in profits becoming more important than the interests of the readers. To anyone who understands consumerism and the profit motive that statement is now a *non sequitur*. That criticism has come largely from editors who, at best, seldom turned a profit worth mentioning and who left the >

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group before the crisis of the '80s or from the disgruntled with other objectives in mind.

But it is also true that Anglo's newspaper aspirations remain unclear and it does not appear to want to change that perception. They are held partly one removed, through Johannesburg Consolidated Investments, of which it is the largest single shareholder and where its newspaper interests are presided over by as fine a band of mining executives as you will find anywhere. But it is not a structure that is calculated to communicate a strong sense of purpose from the main shareholder.

Anglo has made it clear that it does not want its newspaper interests to fall into the hands of any political party and to this end it is unlikely to respond positively to the ANC endeavour to launch a new "democratic" newspaper. Apparently the foreign funding of this paper is dependent upon a

local newspaper publisher having a financial involvement. In my view it is not a project that will achieve commercial viability in the foreseeable future, if indeed it is brought to fruition. But it will certainly increase the competitive pressures on existing publications.

The Afrikaans newspaper groups, while they will increasingly aspire to own English-language publications to avoid the marketing limitation of Afrikaans, are unlikely to attract the same political attention as the English-language groups.

The reason is that the ANC does not see Afrikaans or the Afrikaner as a cultural threat. The traditional opposition of confident and articulate English newspapers to government — regardless of whether apartheid was an issue — owned by powerful shareholders presents a phenomenon to a liberation movement with which it is uncomfortable.

To my mind, the existence of independent and successful English newspaper groups represent to the ANC as much a threat to their anticipated sovereignty as the desire of some Zulus for a constitution that incorporates confederation principles. Anglo American and its newspapers are, therefore, likely to remain a target of liberation rhetoric and become the focus of threatened anti-trust legislation to force dismemberment.

There is no commercial answer to this political standpoint save capitulation. My guess is that Anglo and the ANC are going to be eyeball to eyeball on this matter for some time — and that the outcome, while a compromise, will represent less a radical ownership change and, assuming Anglo's ultimate commercial purpose, more an adaptation to technological reality and the imperatives of international trade. ●

◆ Nigel Bruce — Editor, *Financial Mail*