

Olof Hultén, Sune Tjernström & Stefan Melesko (eds.):
Media Mergers and the Defence of Pluralism.
Göteborg, Sweden: Nordicom, 2010.

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Anyone wanting to understand how companies like Schibsted, in Norway, and Bonnier, in Sweden, developed as media conglomerates in the 2000s and how national authorities in vain tried to stop the market driven process, in fear that concentration of ownership might harm democracy, should read this volume. It contains a number of high-quality articles written by scholars and professionals who have been close to the process of media mergers and acquisitions in Northern Europe since the 1970s, who know the arguments and who have the intellectual capacity to challenge the concepts.

The authors evaluate the situation differently and some authors are more concerned about the future than others, but they all seem to share the normative idea that an informed public is essential for a modern society to function. With the words of Lou Lichtenberg, who was managing director of The Netherlands Press Fund from 1974-2011:

The media policy debates in our country start from the notion that the freedom of speech, being of fundamental importance to the social, economic, cultural and political development of each individual in society, consists not only of a freedom to express and distribute one's opinion, but also a freedom of information, the right to receive a wide and diverse range of information. Therefore, public freedom should encompass more than just the freedom to express views or to cancel a newspaper subscription. To guarantee real freedom of information, communication, speech and press freedom it was desired that in addition to this passive, defensive position, the government should be more active and create the con-

ditions for real freedom, i.e. to commit to a policy aimed at upholding and enhancing the diversity of the media. (p. 133)

One of the editors, Sune Tjernström, adds that it is “widely assumed that the diversity of media ownership is closely related to political pluralism.” This is one of the reasons why there are some forms of media ownership regulations in most countries (p. 164)¹. Sune Tjernström has served in many leading media related positions during his career, including Executive Director of the Swedish Newspaper Publishers’ Association.² His analysis of how Bonnier acquired TV4 in the 2000s clearly shows how powerless governments are in the “ownership concentration game” (p. 173).

Sweden’s Bonnier, Norway’s Schibsted, the UK’s Mecom and Germany’s Springer are the major players that acquire new platforms in the publicized analyses, while the sellers include Swedish Wallenberg and Kinnevik, Finnish Alma Media and Norwegian Orkla. Since the time when the empirical data were collected, the big buyers have continued to grow, so that today Bonnier has 175 media in 18 countries³ and Schibsted operates in 29 countries.⁴ The fact that these companies are so important in the present Nordic media landscape makes the analyses of how that happened relevant today as a historical perspective on the present situation.

Classical Western perspectives on media systems such as libertarian press concepts and social responsibility/communitarian press philosophies are represented by the different authors. Scholars who enjoy reading John C. Merrill’s libertarian testament, *The Imperative of Freedom* (1974), will probably also love to read the provocative article by Norwegian Professor Emeritus in Media Economy Rolf Høyer, because he argues in a similar way. Systematically he analyses “five of the basic assumptions and principles constituting the foundation” (p. 97) of the Norwegian law that should prevent big media conglomerates like Berlusconi, Murdoch or Schibsted from controlling the national press. The law defined a set of “threshold values of ownership,” – as an example, on a national level it was 33.3 percent of the total circulation of newspapers (p. 96). The basic assumptions and principles that he claims to be invalid are:

- a) The assumed relation between ownership and freedom of speech (p. 98)
- b) The presumed threat of ownership to pluralism (p. 99)
- c) The principle of “precautionary measures” (p. 101)
- d) The 33.3 percent level – an arbitrary criterion (p. 103)
- e) The principle of consolidation (p. 104)

Høyer writes that he has not found any empirical evidence to support the “assumption that high levels of ownership concentration had proven to be harmful to the basic values of freedom of speech” (p. 98) and that there is also no evidence of a “clear and direct connection between concentration of ownership and pluralism of any kind” (p. 101). According to Høyer, the “political efforts to implement” special regulations regarding media owner-

ship were “rooted in the socialist political environment” and “strongly supported by many media researchers” (p. 94). The ideas were based on studies of well-known international media “moguls” and emerged first among North American journalism scholars. Scandinavian media researchers imported these ideas, “claiming universal validity of the foreign empirical data and the normative inferences suggested by the American scholars” (p. 113). In the article, Høyer discusses the five basic assumptions and principles in light of how the Norwegian agencies in charge reacted in the years 2006-08, when Schibsted started the process of merging with four dominant regional media houses.

If Høyer represents the libertarian perspective, philosopher Jens Cavallin is a representative of the more communitarian perspective, and he is inspired by C. Edwin Baker, who wrote *Media Concentration and Democracy: Why Ownership Matters* (2007). Cavallin has published extensively about the threat of media concentration for more than 20 years⁵ and in his opinion the expansion of electronic media channels such as on the Internet cannot make up for the damage created by ownership concentration:

At best it is an illusion rooted in the technical and quantitative progress in media distribution. In the more likely case it represents a deliberate *delusion*, serving to cover up concentration of power over media and its consequences for public discourse and political diversity in the media landscape. (p. 177)

Three Finnish scholars, Lotta Häkkinen, Nina Nummela and Saara L. Taalas, have analyzed the process of selling the broadcast division of Finnish Alma Media to Bonnier, including the attempted takeover by Schibsted. Their article focuses on the motives for acquisitions and includes a very useful literature review. It is clear that acquisitions in the media market are not only one company's rational choice for its own development, but are heavily influenced by the context: what are the competitors doing; how are the laws changed; what new technologies disrupt the market? In the case of Alma Media Häkkinen et al. writes:

It can also be argued that the rise of digital technology created a limited time frame and a window of opportunity for decision-making, as Sweden was one of the first countries in the world to move the whole broadcasting business into digital format. (p. 32)

One of the motivations for Bonnier to acquire a Finnish broadcasting company was to get “around the Swedish ban on wine and beer advertising” (p. 32). They would distribute television from Finland to Sweden using digital technology facilities.

Swedish Professor Emeritus Karl Erik Gustafsson has written an excellent article about the driving forces behind mergers and acquisitions in the Swedish press since the “Golden Age of the industry, i.e., in the interwar period 1919-1936” (p. 75). Before the Golden Age, newspapers in Sweden were mostly organized as side operations to other activities like postal services. During the Golden Age, media houses usually expanded by creating papers in other towns and publishing more than one edition a day. In 1949 Sweden had a record 139 daily newspapers and the circulation was growing (p. 80).

However, from 1950-1973 many newspapers closed down. The leading newspaper in an area would typically survive and was not interested in acquiring the less successful newspapers. After that followed a period of stagnation; but in 1992-2012, Sweden experienced another wave of structural changes in the media industry, and in this second period the changes mostly took place in the form of mergers and acquisitions. According to Gustafsson, three types of factors started both waves of restructuring: 1) deregulation, 2) recession, and 3) a new market system (p. 80).

A summary of the main points are found in the first chapter: "The Challenge of New Technologies and New Business Practices". In this introduction, the three editors tell the story of how development in society changes the news business and the challenges the industry will continue to face. This article can be used as a basis for discussions about the future of journalism and press subsidies. The enormous impact of the Internet on the industry and on pluralism is only discussed very briefly in the book, but our students can contribute with insights and they may challenge the whole idea of press subsidies.

Notes

- 1 Regarding this information, Tjernström refers to D. Hutchison, *Media Policy: An Introduction*, Oxford: Blackwell, 1999.
- 2 "Sune Tjernström", consulted on 10 September 2013, <http://internationalmedia.pbworks.com/w/page/20075697/Sune%20Tjernstr%C3%B6m>.
- 3 "Om Oss. Vår vision är att ständigt återupptäcka media." Consulted on 10 September 2013, <http://www.bonnier.se/om-oss/>.
- 4 "About Schibsted," consulted on 10 September 2013, <http://www.schibsted.com/About-Schibsted/>.
- 5 Jens Cavallin's website, consulted on 17 September 2013, http://www.jenscavallin.se/min_webbplats/English_cv.html.

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