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Left thought & practice Aotearoa

‘It’s Neoliberalism, Stupid’

New Zealand Media and the NZME-Fairfax Merger

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AT THE JAIPUR literary festival in January 2015, the writer Eleanor Catton described New Zealand as a country governed by ‘neoliberal, profit-obsessed, very shallow, very money-hungry politicians who do not care about culture’.[1]

The comments generated much media controversy in her homeland. Catton was denounced for her insolence, ingratitude, and even traitory. Some right-wing pundits disparaged what they saw as her politically illiterate use of the term ‘neoliberal’. Her comments triggered a local version of a reactionary discourse that regards the concept of neoliberalism as the paranoid creation of left conspiracy theorists.

1 Alison Flood, Eleanor Catton blasts critics’ ‘jingoistic national tantrum’, *The Guardian*, January 30, 2015.

The blogger David Farrar (also known as the National Party's chief pollster) went as far as to pen an open letter to Catton at his Kiwiblog website, which chided her for picking a 'rather inappropriate' overseas setting 'to rage against the so called neoliberal agenda in New Zealand'.[2] 'The moment anyone starts ranting about neoliberalism, I regard that as a sad victory of sloganeering over substance', he opined. Just in case anyone was still unsure what he thought, Farrar posted another post two days later that reproached Catton for 'speaking nonsense', adding '[t]his Government is so far from neoliberal it isn't funny'.[3]

The condescending response to Catton is worth recalling in light of a recent development that shows how incoherent and disingenuous it is to dismiss arguments about the neoliberalised character of New Zealand society.

The May 11 news that the two main corporate players in the country's print media market, the Australian-owned APN and Fairfax, are in exclusive discussions about a proposed merger is the latest manifestation of a crisis in the national media system that can be traced back to the policies introduced by the different 'free market' governments of the 1980s and 1990s.

In the discourse implicitly appealed to by Farrar, the concept of neoliberalism – if it is talked about at all – is tied to the dislocatory politics of that earlier period. The implication is that the concept is no longer relevant to the New Zealand of the present. It's a spurious discourse, though it's textured into the malleable logic of 'actually existing neoliberalism'.[4] We might instead describe this moment as symptomatic of a society where

2 David Farrar, Dear Eleanor, Kiwiblog, January 29, 2015, http://www.kiwiblog.co.nz/2015/01/dear_eleanor.html

3 David Farrar, Herald on Catton, Kiwiblog, January 31, 2015, http://www.kiwiblog.co.nz/2015/01/herald_on_catton.html

4 Neil Brenner and Nik Theodore, Cities and the geographies of 'actually existing neoliberalism', Antipode 34, 2002, pp. 349–79.

bottom-line economic rationality has been so internalised (the journalism culture is no exception) that fatalistic acceptance of the inevitability of the merger has been the dominant impression in the media coverage of the past few weeks.

The merger would see the two Australian parent companies selling off their New Zealand businesses, and APN has already commenced the process of demerging its local operation New Zealand Media and Entertainment (NZME). The new corporate entity would control approximately 80-85% of the country's print media market, alongside the 50% of the radio market already owned by NZME. In a newspaper culture historically shaped by strong regional identities, nearly all of the country's national and regional newspapers (and most magazines) would end up in the same corporate structure; the most significant exception would be the Otago Daily Times. If approved, the level of concentrated media power would be so unprecedented that the media scholar Wayne Hope struggled to cite any fitting antecedent, other than tragic-comically envisioning a privatised version of 'the old Soviet Union'.[5]

The merger is contingent on the approval of the New Zealand Commerce Commission, the quasi-judicial statutory agency that regulates on competition issues. The prospect of a single corporation owning just about all of the country's newspapers and magazines might seem contrary to some intuitive hunch of how competition should work. Nonetheless, much of the commentary is already anticipating that the new corporate identity will become a reality before the end of the year. The strategic calculation of NZME and Fairfax is that arguments about the increasing convergence of print, radio, television and online news, and the increasingly globalised nature of advertising markets, will be

5 See: NZME and Fairfax merger – what it means for NZ media, Waatea 5th Estate, May 11, 2016, accessed May 12, 2106, https://www.youtube.com/watch?v=9hFPUtdHDYk

sufficient to sway the Commission. In one iteration of the globalisation argument, the distinction between news and advertising dissolves. The merged company becomes a symbol of the Fonterraisation of New Zealand media, heroically standing up for 'the local' in the face of global competition.

Lest I be accused of engaging in another 'rant' about neoliberalism, let me clarify how the concept casts analytical light on this development. Some conceptual clarity is important; simplistic definitions of neoliberalism (not just the province of the political right) that treat it as a byword for a spontaneously created market-order, or an ideology absolutely hostile to the state, will not get us very far. Instead, neoliberalism is best understood as a particular configuration of state and market, where the state internalises the interests of the corporations that dominate the market, to the extent that identification with other value systems is progressively eroded.

In light of this shorthand conception of neoliberalism, let's consider these different aspects of the proposed merger.

The Commerce Commission will be assessing the merits of the proposal in a regulatory context devoid of any media-specific competition law. Legislative restrictions on foreign and cross-media ownership did exist in New Zealand up until 1991, but they were removed by the National government as part of the shift to a more corporate-friendly media system.

The result is that competition in the media market will be evaluated from a perspective that renders it the same as any other market; as the apocryphal saying goes, selling journalism becomes no different from selling tins of beans. The Commission has no remit to consider the specific 'public interest' nature of media and journalism. What's more, a study of its previous decisions identified a general indifference to 'public interest issues'[6] considered by similar bodies elsewhere.

Normative concerns about media pluralism, and the importance of diverse media ownership as a democratic principle in its own right, will therefore play no meaningful role in the Commission's assessment of the merger. Indeed, the Commission is as likely to focus on the implications for advertising markets, rather than any notional market for news and public information. Its main concern will be determining whether the merger represents a case of 'market dominance', as informed by previous adjudications.

This prompts the question of how market dominance is defined, since its been a focal point of historical differences between different neoliberal schools of thought, namely the so-called ordoliberal tradition of post-war Germany (and the early Common Market) and Chicago School neoliberalism.[7]

The original architects of ordoliberalism saw the existence of different market players as a desirable end in its own right, as it curbed the ability of any single corporation to control the market. This was the utopian view of 'free market competition' invoked by the Fourth Labour government in 1984 against the monopolistic tendencies of the New Zealand state. It matches a common sense understanding of competition that assumes it would be better to have three separately owned newspapers competing in the Sunday newspaper market, rather than having one corporation own two newspapers that divvy up the market between them.

6 Nathan Strong, Alan Bollard and Michael Pickford, Defining Market Dominance, Review of Industrial Organization, 17/2, 2000, pp. 209-227

7 Philip Mirowski & Dieter Plehwe, eds., *The Road from Mont Pelerin,* Cambridge 2015.

Anyone familiar with the New Zealand media scene will not need reminding of how the free market story of the 1980s and 1990s has produced one of the most corporatised, and duopolistic, media systems in the world. But what is perhaps less well-known is that these quasi-monopolistic market structures are specifically justified by the Chicago School tradition, which had a much more sanguine view of private monopoly than early ordoliberalism. Colin Crouch suggests Chicago School economists are primarily concerned with securing 'general gain[s] in efficiency across the economic system';[8] how these economic efficiencies are socially organised and distributed is not so important. The official rhetoric of consumer choice masks a logic of consumer paternalism, where the best outcome for consumers is deemed to be the most economically efficient one.

Within the Chicago School frame, market dominance is therefore redefined in a way that is less concerned with a company's market share, and quite relaxed about monopolistic features so long as technical barriers to entering the market remain low. Monopoly is ultimately regarded, in Rob Van Horn's words, as 'ephemeral to the operation of the market',[9] because of a miraculous belief in the long-term efficacy of competitive forces.

A 2000 paper by Nathan Strong, Alan Bollard and Michael Pickford suggests that this is the definition of market dominance that has informed the New Zealand Commerce Commission since its establishment in 1986.[10] So long as no significant barriers to entry are evident, the principle of market competition is upheld. We can anticipate the form this argument might take in the evaluation of the merger. Anyone can set up a website and call themselves a journalist. Or, who knows, perhaps the esti-

8 Colin Crouch, *The Strange Non-death of Neoliberalism*, Cambridge 2011, p. 56

9 Rob Van Horn, Reinventing Monopoly and the Role of Corporations, in Philip Mirowski & Dieter Plehwe, eds., *The Road from Mont Pelerin*, Cambridge 2015, p. 229.

10 Strong, Bollard & Pickford, Defining Market Dominance.

mated 750 redundancies that follow the merger will unleash tremendous entrepreneurial energy in the New Zealand journalism culture? Let's not worry unduly, therefore, about a merely temporary scenario where one corporation assumes an extraordinary level of control.

The merger also illustrates the neoliberalised logic of a state media policy where, among other things, Television New Zealand is run entirely on a commercial basis and Radio New Zealand, which retains its public service remit, has had its funds frozen since 2007.

The government has indicated it is happy to leave the decision to the Commerce Commission. According to Broadcasting Minister, Amy Adams, it is not the job of government to comment on the merits of a merger between two private corporations, though she also made it clear that the government will not 'stand in the way' of the merger. [11]

The inability of the government to evaluate the merger from any perspective other than a corporate one recalls Will Davies' description of neoliberalism as 'the pursuit of the disenchantment of politics by economics'.[12] One can scarcely imagine a more perfect articulation of a docile neoliberal state. Political questions about how New Zealand's media system should be organised evaporate in the face of a discourse that recognises no other value system other than the tenets of 'capitalist realism'.[13] The very idea of democracy is decentred by a post-political regime that has nothing to say (other than platitudes) about the place of media institutions in enabling a culture of vibrant democratic participation and contestation.

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11 Fran O'Sullivan, NZME, Fairfax in merger talks to create media giant, New Zealand Herald, May 11, 2016, http://www.nzherald.co.nz/business/news/article.cfm?c_id=3&objectid=11637176

12 William Davies, *The Limits of Neoliberalism*, London 2014, p. 4

13 Mark Fisher, *Capitalist Realism*, London 2009

New Zealand politics and society is not completely colonised by neoliberal reason, even in a parliamentary sphere. Arguments recognising the political and civic importance of media have been voiced by different political parties and organisations over the past few weeks, including the Green Party, the Labour Party, and the Coalition for Better Broadcasting. These point to the possibility of a different configuration of state, market and civil society in our media ecology that, even if it might not completely depart from a neoliberal script, would represent a coherent alternative to the policies of the current government. We might also imagine a radical left programme committed to the democratisation and decommodification of New Zealand media, based on the establishment of a legislative regime that positively discriminates in favour of non-profit structures and co-operative models of ownership.

However, as we anticipate the next general election in 2017, one question immediately comes to mind: where do political arguments (let alone a radical left argument) about the need to regulate media ownership go in a world where the merger has already happened?

The bleakest answer – and perhaps the most likely answer – is not very far at all; maybe buried in page twelve of the newspaper, especially if the argument is made with little vigour. Or, in a theatrical fashion familiar to us from elsewhere (imagine if APN shareholder Rupert Murdoch becomes the owner of the new company?), maybe any attempt to give meaningful statutory expression to the concept of a public-interest media system will be represented as a form of totalitarian takeover – an attack on an image of 'press freedom' ruled by corporate imperatives.

None of the foregoing analysis implies indifference to the challenges currently facing news organisations and journalism in New Zealand. And perhaps one reformist reading of our media future might see a pragmatic alliance of state and capital in the upholding of public interest principles to address cases of ‘market failure’. The discourse of industry crisis can deflect from the obscene wealth still earned by some media corporations and executives.[14] Nonetheless, media companies the world over are struggling to adapt to a media landscape where traditional advertising models have collapsed and different mediums are encroaching on each other’s turf. In addition, their capacity to recoup advertising money online has been stifled by new corporate monoliths like Facebook and Google.

The point about this country, however, is that the political and cultural mediation of these challenges is entangled in a deeply neoliberalised public culture, which is destined to assume an even more democratically repressive form in the New Zealand of the future.

In that respect, naming the situation as ‘neoliberal’ is a necessary part of grasping the politics of the moment. To name it as such amounts to more than a form of sloganeering (though of course slogans have their political value). Rather, it gives analytical and ideological shape to a social condition that others want to keep invisible.

Postscript

The preceding article was originally published online by *Counterfutures* on May 25, 2016 (less than three weeks after plans for a proposed merger were first announced), so a brief postscript on where things stand now is appropriate. Surprisingly, the Commerce Commission has not yet ruled on the merger. A decision had been anticipated in August. However, the Commission is-

14 Des Freedman, *The Contradictions of Media Power*, London 2014

sued a statement on August 22 to indicate that a formal decision would be made in March 2017, prefaced by a 'draft determination' in November.[15]

The statement noted the 'large number' of submissions the Commission had received about the merger, most of which were against it on public interest grounds. I was part of one group submission (co-authored with five other New Zealand based academics: Julienne Molineaux, Peter Thompson, Donald Matheson, Merja Myllylahti, and Geoff Lealand), which attempted to capture some of the concerns of the original article in a language and register aligned to the Commission's statutory remit. The ideological and political limits of that remit are clear. Nonetheless, the argumentative force of the submissions was at least discernible in the Commission's recognition of the complexity of a merger involving 'two-sided markets: advertisers on one side and consumers (readers) on the other'. The Commission even flagged the possibility of a 'public conference' in December 'to test the views of NZME and Fairfax and interested parties on the issues raised in the Draft Determination' ahead of a final decision.

Nonetheless, even if it wants to cultivate the impression of an open-ended consultation process, the Commission is unlikely to arrive at a final decision that departs from the drift of previous rulings. Both companies may be ordered to sell off some minor media assets, but the general consensus is that the merger will be approved. Whatever happens, the need for radical media reforms in Aotearoa will not go away. Unravelling the corrosive effects of neoliberalisation on the country's media culture will need to be a core policy element, and strategic political concern, of any vibrant left alternative.

15 The New Zealand Commerce Commission, Media releases: NZME/Fairfax merger update, August 22, 2016, http://www.comcom.govt.nz/the-commission/media-centre/media-releases/detail/2016/nzmefairfax-merger-update

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