



Facebook's peace deal with Rupert Murdoch spooks the media world

Agreement between News Corp and the social network down under may not lay foundations for a lasting accord that helps all news publishers

By Ben Woods and Matthew Field

16 March 2021 • 4:40pm

    |  2

The chief executive of Rupert Murdoch's News Corp is a man transformed.

After [cash-for-journalism deals with Google and Facebook](#), Robert Thomson's accusations of "smugness" from Big Tech have made way for compliments.

Thomson lauded Google boss Sundar Pichai for his "thoughtful commitment to journalism" following an agreement with News Corp last month.

Praise was also saved for Mark Zuckerberg on Monday when Thomson credited the Facebook chief for "helping fashion the future of journalism" through a pay deal in Australia.

The latest agreement with Facebook may have cooled tensions between Murdoch's media dynasty and Silicon Valley in their long-running battle for influence and power – but questions remain.

'It's not just about News Corp'

It is unclear as to whether these deals can lay the foundations for an everlasting accord that benefits all news publishers, or whether such agreements will wither with time.

Advertisement



Advertisement : 10 sec

The 60-year-old boss of News Corp, which owns News UK, the publisher of *The Times* and *The Sun*, believes the dial has shifted.

Thomson told last month's Morgan Stanley TMT Conference that the "the terms of trade for content are changing fundamentally". "It isn't just about News Corp," he added. "It's also about providing some negotiating leverage for smaller publishers."

Not everyone is in agreement, however. Lord Rothermere, chairman of Daily Mail and General Trust (DMGT), made his opinion clear through a letter in the *Financial Times* last month: "As long as the platforms persuade enough desperate news publishers to sign take-it-or-leave-it deals, there will now be no fair, independent arbitration."

'People will revolt!': Facebook's news ban riles Australians



Google and Facebook made A\$4.3bn (£2.6bn) and A\$700m in advertising revenues in Australia respectively, according to official filings.

At one stage News Corp argued it was owed up to A\$1bn by the tech giants for its news stories. Australia's major publishers are said to have secured deals worth A\$150m with Google last month, [according](#) to the *Australian Financial Review*.

News Corp's new deal with Facebook covers newspapers such as *The Australian*, the *Herald Sun* in Melbourne and Sydney's *Daily Telegraph*, with a parallel agreement for Sky News Australia.

It followed a bitter stand-off between Facebook and the Australian government.

Facebook enforced a [seven-day blackout that prevented Australian users from seeing news stories](#) in their feeds, or Australian publishers being available anywhere on the social network.

That ended when the Australian government agreed to amend legislation forcing Facebook to pay news organisations. It included a looser deadline for negotiating with publishers and assurances they could pull out of news in the future.

News Corp's recent deals are scant on detail, but one key piece of information stands out: the time frame.

The contracts with Google and Facebook are for a three-year period, suggesting the tech companies could roll back terms, or mount fierce re-negotiations, within a short period.

Can these deals really claim to be the starting point for long-lasting agreements with publishers, or are they merely short-term tests for the tech firms?

'Tactical victories'

Douglas McCabe of Enders Analysis says News Corp's deals were "tactical victories" and it had done "an impressive job of keeping this issue front of people's minds".

“But the strategic question remains in place,” he adds. “How to improve the incentives for independent, quality news origination in the digital age, assuming we all agree that that plays a critical role in a healthy democracy.”

“We hope the UK’s digital markets unit will deal with such strategic questions – designing for new definitions, norms, practices and market outcomes – regarding origination, curation and content distribution, rather than carving out a series of time-stamped deals.”

Concerns from the UK’s regulators and politicians have only intensified following Australia’s dust up with Facebook and Google. Two years after the Cairncross review into the future of journalism, and following the Competition and Markets Authority’s market study into Big Tech, the UK is now on the verge of launching a unit to tackle tech’s dominance.

Damian Collins, the Conservative MP, says: “Letting publishers and tech firms come to an agreement is the best way to go, but that will be much harder if there is no compulsion and the tech giants can just walk away.

“The lesson of Australia is that deals are possible, but only if there is a sense something has to be in place and if publishers are not happy, the regulators can step in.”

Whether the UK will go the whole hog and lump Facebook and Google with a blanket threat of paying for news is less certain.

Key dates: The fallout between Australia and Facebook

Dec 4 2017 The Australian Competition and Consumer Commission (ACCC) begins an inquiry into social media companies.

Jan 19 2018 Facebook says it will prioritise "trustworthy" news outlets and reduce news posts in feeds by 20 per cent.

Jan 22 2018 Rupert Murdoch, News Corp chairman, attacks Facebook and Google for popularising "scurrilous news sources" and insists they should pay for content.

July 26 2019 Final ACCC report out, with 23 recommend-ations, including a code of conduct for treating news businesses fairly.

April 19 2020 Government orders ACCC to draw up a code of conduct, including shared revenue, after negotiations between platforms and news groups fail.

Dec 9 Treasury Laws Amendment Bill 2020 enters parliament, including a mandatory code of conduct requiring social media companies to pay publishers for content.

Jan 22 2021 Google says it would have "no real choice but to stop making Google Search available in Australia" if the law passed unamended. Prime minister Scott Morrison said the country would not yield to "threats".

Feb 12 Senate economics committee recommends the bill be passed without amendments. It is reintroduced to Parliament on Feb 17.

[Show more](#)

Facebook and Google have both already agreed to launch news products in the UK, which see them investing in deals with select publishers.

But media companies hope things will go further than behind-closed-doors agreements that see small subsidies for newsrooms.

A News Media Association spokesman says: “The deals that news publishers are reaching with the tech platforms are a welcome acknowledgement of the principle that journalism has to be paid for. This does not however diminish the requirement for a robust regulatory framework underpinned by legislation to level the playing field.”

In the US, the narrative around Big Tech and journalism has undergone a rapid shift. Brad Smith, president of Microsoft, appeared before politicians on Friday saying his company would agree to pay for news even if it hit their bottom line.

Anna-Sophie Harling, of NewsGuard Technologies and an adviser to Ofcom, says: “We have seen a 180-degree turn from the US being proud of its tech platforms to deciding something needs to change. It is a bipartisan issue.”

The Journalism Competition Preservation Act would give Facebook and Google a four-year window to come to a deal with publishers.

David Cicilline, a Democrat representative, said the bill “will give hardworking local reports and publishers the helping hand they need right now”.

NewsGuard's Harling believes one challenge the UK faces is making sure smaller publishers are not left behind.

“The UK is less likely to present a nuclear option to US tech platforms – for one thing there is a trade deal to negotiate,” she adds. “Smaller publishers are worried that the focus will be on massive news organisations. Will they be left out?”

News Corp's Thomson has won ground in his decade-long tussle with the tech giants, but heaping praise on Google and Facebook may be a move he comes to regret.

Facebook's talks with the Australian government have shown the social network's propensity to lash out when at the negotiating table.

Thomson will be hoping history does not repeat itself when his Australian agreement with Facebook is up for renewal in 2024.

Technology Intelligence newsletter

Your essential guide to technology today, from London and Silicon Valley.



Sign up

Related Topics

Australia, Facebook, Rupert Murdoch



The Telegraph values your comments but kindly requests all posts are on topic, constructive and respectful. Please review our [commenting policy](#).

2 comments | [Anna-Sophie Harling](#)

Comment input area

Post comment

[Newest](#) | [Oldest](#) | [Top Comments](#)