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Rupert Murdoch: 'There's no such thing as a free news story'

News Corp chief Rupert Murdoch tells US regulators that users will pay for news – and aggregation is theft

Mercedes Bunz

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Rupert Murdoch: customers are smart enough to know they must pay. Photograph: Shannon Stapleton/Reuters

Rupert Murdoch has today reiterated his belief that internet users will pay for content, saying they would be happy to shell out for "information they need to rise in society".

Murdoch, the chairman and chief executive of News Corporation, gave a wide-ranging address to US media regulators that attacked internet news aggregation as "theft" and claimed that advertising-only business models were dead.

"From the beginning on, newspapers have prospered for one reason: giving readers the news that they want," he said.

He said newspapers should not blame technology if they failed. "If we fail, we fail like a restaurant that makes meals that no one wants to eat."

His company's customers were "smart enough" to know they had to pay for news, Murdoch told a US Federal Trade Commission workshop on the future of journalism in the internet age.

Referring to his much-criticised plans to put his newspaper sites behind a paywall, Murdoch said he had succeeded before when nobody had believed he would, adding: "We started Fox when everyone said it couldn't be done."

One News Corporation newspaper, The Wall Street Journal, already charges for content and has 1 million subscribers. "We will expend to extend this model to all our news organisations such as the Times in London. At The Times, there are journalists who invested days and weeks into their stories, and our customers are smart enough to know that they can't get something for nothing," he said.

"Producing journalism is expensive. We invest tremendous resources in our project from technology to our salaries. To aggregate stories is not fair use. To be impolite, it is theft.

"Without us, the aggregators would have blank slides. Right now content producers have all the costs, and the aggregators enjoy [the benefits]. But the principle is clear. To paraphrase a great economist, [there is] no such thing as a free news story."

Murdoch said that making the reader pay was the only way to create future revenue streams: "The business model that relies on advertising-only is dead. Online advertising is increasingly only a fraction of what is being lost from print advertising, and it is under constant pressure."

Murdoch, who read his speech from printouts and not his laptop at the FTC workshop, announced that News Corporation had worked on a two-year project to spread news content from TV and newspapers to mobile devices, because "today's news consumers do not want be chained to boxes in their homes".

He attacked plans to protect newspapers with public funds, saying it could damage democracy. It would lead to "papers giving up their rights to endorse politicians".

"In other words, it subsidises their failures. The press is the only institution that is truly accountable. The founding fathers put the first amendment first for a reason."

Murdoch ended his speech with a plea to adhere to a series of clear principles in the digital world. "Let them innovate when they want and how they want. Let consumers pay. Let aggregators desist and start employing their own journalists.

"When we think of the future of newspapers, we think of the future of democracy. It doesn't matter if we are reading our news from paper or on another device, but the basic truth is that to make informed decisions free man and women need news. If they come on electrons or dead trees is not that important. Therefore the news industry should remain free and competitive."

Two men heckled Murdoch as he ended his speech, shouting from the audience: "Do you agree that Obama is a racist?"

This was a reference to the controversy surrounding Glenn Beck, the presenter on News Corp-owned Fox News, and his controversial criticism of the US president. Murdoch did not reply as he left the stage at the FTC event and the two men were ushered out quickly.

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