

*Sports is the surreptitious 'battering ram' of Rupert Murdoch's campaign for global media dominance.*

**By Alan Deutschman**

**The Mogul**

hey could have prolonged their Super Bowl junkets and stayed in San Diego, but many of the top buyers in the advertising community had to rush back to the wintry cold of Manhattan for a luxe cocktail party at the Theater at Madison Square Garden. For this tribe, accustomed to fancy schmoozefests, it wasn't just another party: it was a pivotal event that heralded the future of sports under the new dominance of media conglomerates. In Gatsbyesque fashion, the host was mysterious and fabulously wealthy, and he wasn't even there. Rupert Murdoch was in London on other business, as if to show, ever haughtily, that his takeover of big-time sports in America wasn't sufficient cause to merit his actual presence. He wasn't there, but in a way he was — his live image was projected on a giant screen as if he were Big Brother. Framing his ominous mug shot were a proliferation of smaller screens, each showing a different sports contest that was being telecast live by Murdoch's empire. Murdoch already had the American rights to broadcast the National Football Conference and Major League Baseball and the National Hockey League. Now, at this event, he was about to further his hegemony.

Dwarfed by the gargantuan face of Murdoch, Mayor Rudolph Giuliani stood next to Charles Dolan, the 71-year-old czar of New York's TV sports. Dolan's company, Cablevision, is the majority owner of the Garden, the Knicks and the Rangers and owns rights, in whole or in part, to televise all the local teams to their "hometown" fans in the metropolitan area. He reached for a giant lever, a prop that was as over-the-top as everything else about the party. As he threw the symbolic switch, he joined the Murdoch alliance, which would pay him \$850 million for his support. Murdoch was already in business with John Malone, who will soon run Liberty Media, the programming unit of one of the largest cable operators, TCI. Now, with the Dolan deal, Murdoch and Malone were taking over sports broadcasting in New York, Chicago, Boston, Philadelphia, San Francisco and the state of Ohio. With this final piece, Fox Sports Net, as the 50-50 joint venture of Fox and Liberty was chris-

tened, would control the local TV rights to 69 of the 75 professional teams in baseball, basketball and hockey — an astonishing coup. The meaning was simple: Murdoch would own the home-team sports fan almost everywhere. If you wanted to watch teams from other parts of the country, you could turn on ESPN or the Big Three networks. If you wanted to watch teams from your own city or region, you'd probably have to tune in to Fox.

The party at the Garden received little attention in the outside world, but the deal's impact has been far-reaching. From a narrow

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business view, it marked a triumph by Murdoch against his rival media-entertainment mogul, Michael Eisner, whose company, Disney, owns ABC and ESPN. Until two years ago, ESPN ruled cable sports, making it the most profitable TV station. In a remarkably short time, Fox Sports Net has become a serious challenger. By televising up to nine baseball games in scattered regions on a single night, for example, Fox attracts more than twice as many viewers as ESPN does for its one-size-fits-all national broadcast. "In terms of ratings, the most effective sports programming is local," says Neal Pilson, a New York media consultant and former president of CBS Sports. Murdoch's end run around Disney was brilliantly inventive: "It would have been frightfully expensive for Fox to create a national network to compete with ESPN, so they did it a different way."

Murdoch's global strategy has relied on sports programming to establish the market for pay TV. In Britain and Australia, his broadcasts of rugby, soccer and cricket were what compelled people to get cable boxes or satellite dishes. Sports was the "battering ram" of his invasion, he said. In the United States, though, the war was already over: cable was well entrenched and ESPN was so popular that it could extort high payments from cable operators like Malone, who was used to being the one who called the shots. No wonder Malone joined forces with Murdoch.

CONSIDERED MORE BROADLY, THE EXISTENCE of Fox Sports Net raises a variety of troubling questions about the nexus of big

sports and big media. Murdoch's lock on the "distribution" of sports is itself unnerving, but that's not all: he is also vying to own more of the "content," meaning the teams. It's a situation oddly reminiscent of the lost days when the Hollywood studios made the movies and owned the theaters to show them in, a cozy arrangement until the anti-trust cops ended it.

Earlier this year in Los Angeles, Murdoch bought the Dodgers for \$311 million and took options to buy stakes in the Lakers and the Kings. Sitting on \$10 billion in cash, his

News Corporation could easily buy franchises in other sports. Charles Dolan already controls the Knicks and the Rangers. Recently, Dolan almost succeeded in buying the Cleveland Browns, and he has expressed a serious interest in buying the Yankees. "Why pay large numbers for the TV rights when if you buy the team, you get the rights forever?" Pilson asks. John Malone is thought to be eager to purchase teams, too.

It's not hard to envision scenarios in which the Murdoch partnership would find itself in what laissez-faire capitalists would call synergistic opportunities and critics would call conflicts of interest. What if Cablevision buys the Yankees, Fox buys the Dodgers some new stars and the two teams are paired in a championship contest? "You can imagine a World Series in which Rupert Murdoch plays himself," says Alison Rogers, Stadium and Arena Financing News's editor. Already Fox Sports has been in several situations that suggest the potential for future conflicts of interest:

*Interfering with coaching decisions.* In mid-August, the executives at Fox Sports were excited that their Saturday game of the week would broadcast one of the best pitching duels of the year. The veteran Randy Johnson, the 6-foot-10 so-called Big Unit of the Houston Astros, was scheduled to start against the rookie sensation Kerry Wood, the strikeout phenom of the Chicago Cubs, who had whiffed 11 Astros in his outing the previous week.

Fox Sports was inundating viewers with on-air "promos" touting the dream matchup, when one of its people read a rumor on the Internet: Cubs manager Jim Riggleman had decided to use the club's No. 5 pitcher, Don Wengert, instead of Wood. What hap-

pened next is a subject of debate. The Cubs claimed that Fox operatives called to pressure them into the Wood-Johnson duel, which was sure to draw a much larger viewership. Fox claimed the network's staff members were merely trying to get the story straight. Whatever happened behind the scenes, Riggleman stuck with his choice. "Kerry going against Randy is what the fans wanted to see," he admitted. "But I have to run my ball club the way I see it."

As a result there was a blowout for the Astros. The hapless Wengert gave up a home run to the very first batter. Johnson struck out nine Cubs, including the home-run whiz Sammy Sosa. What could have been great TV sports was boring TV sports.

Even assuming the Fox phone calls came from rank-and-file employees trying to do their jobs (which is quite plausible), the incident begs the question: What if, in the future, it was a top Fox executive who tried to interfere with the "reality" of sports for the sake of better TV? And what if the team in question was owned by Murdoch or Malone or Dolan or another of the media lords who are caught up in various cross-ownership schemes? Or what if the team in the place of the Cubs had wanted to negotiate a lucrative TV deal with Fox Sports Net, which has a nearly monopolistic position in regional sports TV?

*Serving the broader interests of the media conglomerate rather than the interests of the individual teams.* Already, the Fox-Liberty-Cablevision venture has directly influenced trades in which it has a financial entanglement in both teams. Chase Carey, the co-chief operating officer of News Corporation and one of Murdoch's closest advisers, was personally involved in trading Mike Piazza from the Dodgers to the Marlins, who then quickly traded him to the Mets. The complicated maneuver was part of a plan by the Marlins' owner, H. Wayne Huizenga, to reduce the team's payroll, making it more attractive for a future sale. Sports analysts wondered at the time if in aiding Huizenga, Murdoch was promoting his own interests in locking up the Marlins' broadcast rights and buying Huizenga's stake in a regional Florida network. An unusual 27-year TV deal has been in the works between Fox and the Marlins for about a year, an eyebrow-raiser at a time when rights deals usually last 3 to 10 years.

Another case came when Joe Sakic, the star of the N.H.L.'s Colorado Avalanche, who are televised by a regional Fox network, was lured by a \$21 million offer from the Rangers, who are owned by Cablevision. But in the end, Sakic stayed in Denver. Fox Sports Net extended its TV contract with the Avalanche, and Liberty Media agreed to pay \$15 million toward the construction of the

team's new arena. This gave the Avalanche the cash it needed to match the Rangers' offer and keep Sakic in Colorado.

These incidents, while fairly benign, nonetheless show that Fox's executives are already involved in managerial decisions that hinge on considerations beyond the welfare of isolated teams. What would prevent them from viewing a star player as a property of Fox itself rather than of his team? And why couldn't Fox attract star talent with compensation packages that other owners couldn't match, like the promise of movie contracts at the end of a sports career? Such deals are prohibited now by some leagues, but Murdoch has a proclivity for doing what he wants and dealing with any litigation later.

*Applying pressure to change the games so they play better on TV.* This has happened throughout the history of televised sports. The N.B.A. introduced the shot clock to speed up play and the three-point line to draw defenders away from the basket and increase scoring. The N.F.L. did away with the referee's videotape review because it took too long and made for bad TV. Generally, such changes haven't damaged the integrity of the sports, and have often made the contests more exciting. But now that the media companies are betting such huge sums on sports programming, and media moguls like Murdoch have unanticipated reach and influence, there's a danger that the pressures may intensify.

The N.H.L. is already making major changes, even though many fans think hockey is fine the way it's played now and matches usually sell out the arenas. But hockey's broadcast TV ratings have fallen substantially, and Fox lost money on its \$155 million rights deal despite spending heavily on promotions and coming up with innovations like the glowing puck, which was easier for TV viewers to follow. Nonetheless, Disney's ABC and ESPN were so desperate for new ways to reach young male viewers that the company paid \$600 million to take away the broadcast rights and renew its cable rights. To make the game more offensive and thus telefriendly, the N.H.L. changed its rules, like moving the goal farther from the boards, allowing offensive players to hover closer to the goal and shrinking goalie pads.

With Murdoch maintaining such a strong presence in baseball — he has the national broadcasts, the local broadcasts and a major team — critics are already worrying about his ubiquity. Murdoch has shown a taste for tampering with hallowed traditions of covering sports. In his native Australia, David Hill, who later went to work for Murdoch, played an important role in jazzing up the presentation of the stately game of cricket.

FOR THEIR PART, FOX EXECUTIVES DISMISS THE varied speculations of their malicious intentions. "We view the teams as our partners

whether we own part of them or not," says Tracy Dolgin, the chief operating officer of the Fox-Liberty-Cablevision alliance, who adds that the Murdoch-Malone-Dolan ownership of pro teams is "irrelevant," since the leagues "put up walls," requiring franchises like the Dodgers to be run separately from their corporate parents. True enough, in theory, but the walls seem rather porous. For instance, Murdoch's two top lieutenants at News Corporation, Peter Chernin and Chase Carey, attend Major League Baseball owners' meetings even though they rank high above the executives who nominally oversee the Dodgers. And Carey himself handled the Piazza trade.

As for the issue of the media powerhouses applying pressure to change the sports to suit their own designs, Dolgin says: "Television has a positive influence on sports for one reason — you can see the next day if it did well. Ratings are a device for immediate feedback from the fans." Although Murdoch hasn't committed any egregious sins, there's still suspicion in the sports business that his plans include trying to change some of the longtime rules of the various leagues. With satellite networks in Europe, Asia and Latin America, it seems natural that Murdoch would want to televise American sports to an international audience. The Dodgers, with Chan Ho Park from South Korea, could do especially well in Asian markets.

Currently, the leagues control the international rights, with the notion of sharing any overseas revenues among all the teams. The question is whether Murdoch will bother to heed this rule. "If Murdoch is right, and Asia wants to see the Dodgers, he's bought content incredibly cheaply by buying the team," says Alison Rogers of Stadium and Arena Financing News. Since Fox Sports was inaugurated in 1994 with its coverage of the N.F.L., the theory has been to treat sports as entertainment rather than religion, explains Dolgin. To its credit, by introducing new camera angles and styles of shooting, Fox has succeeded at making sports more lively and refreshingly irreverent, but the new mind-set also has risks.

Television networks traditionally ran their sports coverage from New York as an offshoot of the news division, with the notion that sports was a type of news, a real-world event that was covered rather than scripted. At Fox, the sports operation is on the old back lot of the movie studio in Los Angeles, as if to underscore the new connection to the entertainment business. The sense of reality is tenuous at best. The Fox Sports executives' windows look out over a row of palm trees at a few blocks of perfectly decaying old New York City tenements and streets, a portion of the back lot that was built for filming "Hello, Dolly!" and is now used by Steven Bochco for exterior shots on "N.Y.P.D. Blue." The overall effect is disarming and surreal. It's Hollywood. It's fantasy. And now, it's sports, too. ■