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## HOW RUPERT MURDOCH'S EMPIRE OF INFLUENCE REMADE THE WORLD

### ***Part 1: Imperial Reach Murdoch And His Children Have Toppled Governments On Two Continents And Destabilized The Most Important Democracy On Earth. What Do They Want?***

By Jonathan Mahler And Jim Rutenberg  
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#### **1. 'I LOVE ALL OF MY CHILDREN'**

Rupert Murdoch was lying on the floor of his cabin, unable to move. It was January 2018, and Murdoch and his fourth wife, Jerry Hall, were spending the holidays cruising the Caribbean on his elder son Lachlan's yacht. Lachlan had personally overseen the design of the 140-foot sloop — named Sarissa after a long and especially dangerous spear used by the armies of ancient Macedonia — ensuring that it would be suitable for family vacations while also remaining competitive in superyacht regattas. The cockpit could be transformed into a swimming pool. The ceiling in the children's cabin became an illuminated facsimile of the nighttime sky, with separate switches for the Northern and Southern Hemispheres. A detachable board for practicing rock climbing, a passion of Lachlan's, could be set up on the deck. But it was not the easiest environment for an 86-year-old man to negotiate. Murdoch tripped on his way to the bathroom in the middle of the night.

Murdoch had fallen a couple of other times in recent years, once on the stairs while exiting a stage, another time on a carpet in a San Francisco hotel. The family prevented word from getting out on both occasions, but the incidents were concerning. This one seemed far more serious. Murdoch was stretchered off the Sarissa and flown to a hospital in Los Angeles. The doctors quickly spotted broken vertebrae, which required immediate surgery, as well as a spinal hematoma, increasing the risk of paralysis or even death. Hall called his adult children in a panic, urging them to come to California prepared to make peace with their father.

Few private citizens have ever been more central to the state of world affairs than the man lying in that hospital bed, awaiting his children's arrival. As the head of a sprawling global media empire, he commanded multiple television networks, a global news service, a major publishing house and a Hollywood movie studio. His newspapers and television networks had been instrumental in amplifying the nativist revolt that was reshaping governments not just in the United States but also across the planet. His 24-hour news-and-opinion network, the Fox News Channel, had by then fused with President Trump and his base of hard-core supporters, giving Murdoch an unparalleled degree of influence over the world's most powerful democracy. In Britain, his London-based tabloid, *The Sun*, had recently led the historic Brexit crusade to drive the country out of the European Union — and, in the chaos that ensued, helped deliver Theresa May to 10 Downing Street. In Australia, where Murdoch's power is most undiluted, his outlets had led an effort to repeal the country's carbon tax — a first for any nation — and pushed out a series of prime ministers whose agenda didn't comport with his own. And he was in the midst of the biggest deal of his life: Only a few weeks before his fall on Lachlan's yacht, he shook hands on a London rooftop with Robert A. Iger, the chief executive of the Walt Disney Company, consummating a preliminary agreement to sell his TV and film studio, 21st Century Fox, to Disney for \$52.4 billion. But control of this sprawling empire was suddenly up in the air.



The Murdoch Family, 1973: Lachlan, Rupert, Elisabeth, Anna, James.

The four grown children had differing claims to the throne. The 61-year-old Prudence, the only child of Murdoch's first marriage, to the Australian model Patricia Booker (whom he divorced in 1965), lived in Sydney and London and kept some distance from the family business. But the three children from Murdoch's second marriage, to Anna Mann (whom he divorced in 1999), had spent at least parts of their lives jockeying to succeed their father. Elisabeth (50), Lachlan (47) and James (46) all grew up in the business. As children, they sat around the family's breakfast table on Fifth Avenue, listening to their father's tutorials on the morning papers: how the articles were selected and laid out, how many ad pages there were. All of them had imagined that his ever-growing company might one day belong to them. As friends of the Murdochs liked to say, Murdoch didn't raise children; he raised future media moguls.

It had made for fraught family dynamics, with competing ambitions and ever-shifting alliances. Murdoch was largely responsible for this state of affairs: He had long avoided naming one of his children as his successor, deferring an announcement that might create still more friction within his family, not to mention bringing into focus his own mortality. Instead, Murdoch tried to manage the tensions, arranging for group therapy with his children and their spouses with a counselor in London who specialized

in working with dynastic families. There was even a therapeutic retreat to the Murdoch ranch in Australia. But these sessions provided just another forum for power games and manipulation.

Over the years, Lachlan and James had traded roles, more than once, as heir apparent and jilted son. It was no secret to those close to the family that Murdoch had always favored Lachlan. (“But I love all of my children,” Murdoch would say when people close to him pointed out his clear preference for Lachlan.) But it was James who spent the first decades of the 21st century helping reposition the company for the digital future — exploiting new markets around the world, expanding online offerings, embracing broadband and streaming technology — while his older brother was mostly off running his own businesses in Australia after a bitter split from their father. When Lachlan finally agreed to return to the United States in 2015, Murdoch gave him and James dueling senior titles: All the company’s divisions would report jointly to them. It was an awkward arrangement, not only because they were both putatively in charge of a single empire. James and Lachlan were very different people, with very different politics, and they were pushing the company toward very different futures: James toward a globalized, multiplatform news-and-entertainment brand that would seem sensible to any attendee of Davos or reader of *The Economist*; Lachlan toward something that was at once out of the past and increasingly of the moment — an unabashedly nationalist, far-right and hugely profitable political propaganda machine.

Only one of Murdoch’s adult children would win the ultimate prize of running the world’s most powerful media empire, but all four of them would ultimately have an equal say in the direction of its future: Murdoch had structured both of his companies, 21st Century Fox and News Corp, so that the Murdoch Family Trust held a controlling interest in them. He held four of the trust’s eight votes, while each of his adult children had only one. He could never be outvoted. But he had also stipulated that once he was gone, his votes would disappear and all the decision-making power would revert to the children. This meant that his death could set off a power struggle that would dwarf anything the family had seen while he was alive and very possibly reorder the political landscape across the English-speaking world.

As the children hurried to their father's bedside in Los Angeles, it seemed as if that moment had finally arrived.

## ***2. 'I'VE NEVER ASKED A PRIME MINISTER FOR ANYTHING'***

Media power has historically accrued slowly, over the course of generations, which is one reason it tends to be concentrated in dynastic families. The Graham family owned The Washington Post for 80 years before selling it to Amazon's founder, Jeff Bezos. William R. Hearst III still presides over the Hearst Corporation, whose roots can be traced to his great-grandfather, the mining-baron-turned-United-States-senator George Hearst. The New York Times has been controlled by the Ochs-Sulzberger family for more than a century. The Murdoch empire is a relatively young one by comparison, but it would be hard to argue that there is a more powerful media family on earth.

The right-wing populist wave that looked like a fleeting cultural phenomenon a few years ago has turned into the defining political movement of the times, disrupting the world order of the last half-century. The Murdoch empire did not cause this wave. But more than any single media company, it enabled it, promoted it and profited from it. Across the English-speaking world, the family's outlets have helped elevate marginal demagogues, mainstream ethnonationalism and politicize the very notion of truth. The results have been striking. It may not have been the family's mission to destabilize democracies around the world, but that has been its most consequential legacy.



*Rupert Murdoch In New York, 1977.*

Over the last six months, we have spoken to more than 150 people across three continents about the Murdochs and their empire — some who know the family intimately, some who have helped them achieve their aims, some who have fought against them with varying degrees of success. (Most of these people insisted on anonymity to share intimate details about the family and its business so as not to risk retribution.) The media tend to pay a lot of attention to the media: Fox News is covered almost as closely as the White House and often in the same story. The Murdochs themselves are an enduring object of cultural fascination: “Ink,” a play about Rupert’s rise, is opening soon on Broadway. The second season of HBO’s “Succession,” whose fictional media family, the Roys, bears a striking resemblance to the Murdochs, airs this summer. But what we as reporters had not fully appreciated until now is the extent to which these two stories — one of an illiberal, right-wing reaction sweeping the globe, the other of a dynastic media family — are really one. To see Fox News as an arm of the Trump White House risks missing the larger picture. It may be more accurate to say that the White House — just like the prime ministers’ offices in Britain and Australia — is just one tool among many that this family uses to exert influence over world events.

What do the Murdochs want? Family dynamics are complex, too, and media dynasties are animated by different factors — workaday business imperatives, the desire to pass on wealth, an old-fashioned sense of civic duty. But the Murdochs' global operations suggest a different dynastic orientation, one centered on empire building in the original sense of the term: territorial conquest. Murdoch began with a small regional paper in Australia, inherited from his father. He quickly expanded the business into a national and then an international force, in part by ruthlessly using his platform to help elect his preferred candidates and then ruthlessly using those candidates to help extend his reach. Murdoch's news empire is a monument to decades' worth of transactional relationships with elected officials. Murdoch has said that he "never asked a prime minister for anything." But press barons don't have to ask when their media outlets can broadcast their desires. Politicians know what Murdoch wants, and they know what he can deliver: the base, their voters — power.

The Murdoch approach to empire building has reached its apotheosis in the Trump era. Murdoch had long dreamed of having a close relationship with an American president. On the surface, he and Trump have very little in common: One is a global citizen with homes around the world, a voracious reader with at least some sense of self-awareness. (Murdoch was photographed last year on the beach reading "Utopia for Realists," by Rutger Bregman, the Dutch historian who later told Tucker Carlson in an interview that Carlson was a "millionaire funded by billionaires.") The other is a proudly crass American who vacations at his own country clubs, dines on fast food and watches a lot of TV. But they are each a son of an aspiring empire builder, and their respective dynasties shared the same core value — growth through territorial conquest — and employed the same methods to achieve it, leveraging political relationships to gain power and influence. In Trump's case, these relationships helped him secure zoning exemptions, tax abatements and global licensing deals; in Murdoch's case, they allowed him to influence and evade antimonopoly and foreign-ownership rules.

Murdoch has carefully built an image during his six decades in media as a pragmatist who will support liberal governments when it suits him. Yet his various news outlets

have inexorably pushed the flow of history to the right across the Anglosphere, whether they were advocating for the United States and its allies to go to war in Iraq in 2003, undermining global efforts to combat climate change or vilifying people of color at home or from abroad as dangerous threats to a white majority.

Even as his empire grew — traversing oceans, countries and media — Murdoch saw to it that it would always remain a family business. Underpinning it was a worldview that the government was the enemy of an independent media and a business model that depended nonetheless on government intervention to advance his interests and undermine those of his competitors. The Murdoch dynasty draws no lines among politics, money and power; they all work together seamlessly in service of the overarching goal of imperial expansion.

It would be impossible for an empire as sprawling as Murdoch's to be completely culturally and ideologically consistent. He is a businessman who wants to satisfy his customers. His assets also include entertainment companies, sports networks and moderate broadsheets. Murdoch embodies these same contradictions. He's an immigrant stoking nationalism, a billionaire championing populism and a father who never saw any reason to keep his family separate from his business, and in fact had deliberately merged the two.

Most dynasties break apart eventually, as decision-making power is dispersed across individuals and generations with different attitudes about their family business and the world in general. No one knows this better than Murdoch, who in 2007 took over Dow Jones, publisher of The Wall Street Journal, by exploiting divisions within the Bancroft family, which had run the paper for more than a century. Murdoch thought he had protected himself from a similar fate by keeping a controlling interest in his empire; no one could take it away from him.

The challenge would be holding it together.

### **3. 'A PRESS DICTATORSHIP'**

To understand how the Murdoch empire works, it is essential to return to its origins. On the day in 1931 that Rupert Murdoch was born, his father, Keith Murdoch, was in the midst of his first campaign to elect a prime minister from his newsroom in Australia. As a young newspaperman, Keith gained fame by evading military censors to report on the slaughter of his countrymen during the British-led Gallipoli campaign of World War I. He leveraged that fame to become a powerful executive at the Melbourne Herald and Weekly Times news company, a position that he in turn leveraged to punish his enemies and reward his allies: The candidate he was supporting for prime minister, Joseph Lyons, earlier helped Keith overcome regulatory restrictions to start a radio station for his company in Adelaide, according to the historian Tom Roberts's 2015 biography of Murdoch's father, "Before Rupert." Lyons won, and as Keith saw it, Australia's new leader served at his pleasure: "I put him there," he reportedly said when the two later squabbled. "And I'll put him out."



*Rupert Murdoch In 1968.*

As Keith was creating one of the country's first national news chains, a regional Australian newspaper editorialized about the danger of his ambitions, warning, Roberts wrote, that he was creating "a press dictatorship for all Australia with Murdoch-inspired leaders and Murdoch-trained reporters." Bound up with Keith's business interests were ideological inclinations not just about how power should work but also about who should be allowed to exercise it: He was a member of the Eugenics Society of Victoria and in an editorial once wrote that the great question facing Britain was "will she, if needs be, fight — for a White Australia?"

Keith never built a true media empire. He did own two regional newspapers, one of which had to be sold to pay off his death duties when he died suddenly in 1952. That left only the 75,000-circulation News of Adelaide for his 21-year-old son, who was

finishing his degree at Oxford. But Rupert Murdoch had already received something much more valuable from his father: an extended tutorial in how to use media holdings to extract favors from politicians.

His first order of business was to establish a proper Murdoch-owned empire in Australia. After buying a couple of additional local papers, he founded the country's first national general-interest newspaper, *The Australian*, which gave him a powerful platform to help elect governments that eased national regulations designed to limit the size of media companies. He would eventually take control of nearly two-thirds of the national newspaper market. With the construction of his Australian media empire underway, Murdoch moved on to Britain and Fleet Street, using his newest acquisitions, *The News of the World* and *The Sun*, to successfully promote Margaret Thatcher's candidacy for prime minister. Once elected, her government declined to refer his acquisition of *The Times* of London to antimonopoly regulators, giving him the country's leading establishment broadsheet to go with his mass-circulation tabloids.



*Rupert Murdoch In 1969.*

Television was next. After Murdoch lost the bidding for the British government's sole satellite broadcasting license, Thatcher again came to his rescue, looking the other way when he started a rival service, Sky Television, which beamed programming into

Britain from Luxembourg. The bigger Murdoch's empire became, the more power he had to clear away obstacles to further its expansion. His influence became an uncomfortable fact of British political life, and Murdoch seemed to revel in it. "It's The Sun Wot Won It," The Sun declared on its front page in 1992, after helping send the Tory leader John Major to 10 Downing Street by relentlessly smearing the character of his opponent, Neil Kinnock. ("Nightmare on Kinnock Street," The Sun headlined a savage nine-page package that included a satirical endorsement from the ghost of Joseph Stalin.) Murdoch could switch parties when it suited his purposes and ably supported Britain's "New Labor" movement in the 1990s: Conservatives at the time had proposed regulations that would have forced him to scale back his newspaper operations in order to expand further into TV.



Murdoch used the same playbook in the United States. In 1980, he met Roy Cohn — the former adviser to Senator Joseph McCarthy and a Trump mentor — who introduced him to Gov. Ronald Reagan's inner circle. It was a group that included Roger Stone Jr., another Trump confidant and the head of Reagan's New York operations, who said in a later interview that he helped Murdoch weaponize his latest tabloid purchase, The New York Post, on Reagan's behalf in the 1980 election. Reagan's team credited Murdoch with delivering him the state that year — Murdoch gave Stone an Election Day printing plate from The Post over a celebratory meal at the 21 Club — and his administration subsequently facilitated Murdoch's entry into the

American television market, quickly approving his application for American citizenship so he could buy TV stations too.

The Reagan administration later waived a prohibition against owning a television station and a newspaper in the same market, allowing Murdoch to hold onto his big metro dailies, The New York Post and The Boston Herald, even as he moved into TV in both cities. The administration of George H.W. Bush suspended rules that forbade broadcast networks to own prime-time shows or to profit from them. That move allowed Murdoch to build the nation's fourth broadcast network by rapidly filling out his schedule with shows from his newly acquired 20th Century Fox studio — "The Simpsons," "21 Jump Street" — while also earning substantial profits from the production unit's syndicated rerun hits like "M\*A\*S\*H" and "L.A. Law."

Maybe more than any media mogul of his generation, Murdoch exploited the seismic changes transforming the industry during the waning years of the 20th century (another lesson from Keith, an early adopter of radio and newsreels). These changes were driven by technology: It was now possible to transmit endless amounts of content all over the world in an instant. But they were also driven by regulatory changes, in particular the liberation of TV and radio operators from the government guidelines that ruled the public airwaves. The Reagan administration's elimination of the Fairness Doctrine, which had for decades required broadcasters to present both sides of any major public-policy debate, spawned a new generation of right-wing radio personalities who were free to provide a different sort of opinion programming to a large, latent conservative audience that was mistrustful of the media in general. It was only a matter of time until similar programming started migrating to the burgeoning medium of 24-hour-a-day cable television. And it was of course Murdoch who imported it.

Murdoch had watched enviously as his younger rival, Ted Turner, built his own cable news network, CNN. In 1996, he and Roger Ailes, a former media adviser for Nixon and George H.W. Bush, started their conservative competitor, Fox News, which catered to those Americans whose political preferences had gone unaddressed on television news. Another political favor was crucial. When Time Warner, which owned

CNN, refused to carry the new network on its cable system in New York, the city's Republican mayor, Rudolph W. Giuliani — another future Trump adviser and a lion in the pages of *The Post* — publicly pressured the cable company as the two sides moved toward an eventual deal.

A round-the-clock network with a virtual monopoly on conservative TV news, Fox conferred on Murdoch a whole new sort of influence that was enhanced by politically polarizing events like the Monica Lewinsky scandal and the post-Sept. 11 war in Iraq that marked its early years. If Murdoch's papers were a blunt instrument, Fox's influence was in some ways more subtle, but also far more profound: Hour after hour, day after day, it was shaping the realities of the millions of Americans who treated it as their primary news source. A 2007 study found that the introduction of the network on a particular cable system pushed local voters to the right: the Fox News Effect, as it became known. In a 2014 Pew Research poll, a majority of self-described conservatives said it was the only news network they trusted. Murdoch's office above the Fox newsroom in Midtown Manhattan became a requisite stop on any serious Republican presidential candidate's schedule.

Fifty years and an untold number of deals after taking possession of *The News of Adelaide*, Murdoch had arrived at the pinnacle of global influence. "Republicans originally thought that Fox worked for us," David Frum, a former speechwriter for George W. Bush, said in an interview with "Nightline." "And now we're discovering we work for Fox."

#### **4. 'A SINGLE PRODUCT WITH A CHARISMATIC FOUNDER'**

Murdoch's success in building his empire inevitably raised the question of who would rule it after he was gone. As he grew older, he would often say privately that he didn't want to become another Sumner Redstone, the aging media mogul who had refused to cede control of CBS and Viacom, even as he was losing the ability to speak or eat unassisted. But as he turned 75, and then 80, Murdoch, too, had declined to lay out a plan for the future of his empire.

Initially he favored Lachlan, installing him as the general manager of one of his Australian newspaper chains at age 22 and overseeing his rise to the post of deputy chief operating officer of News Corp by age 33. But Lachlan's rise was cut short after he clashed repeatedly with seasoned executives who viewed him as an entitled princeling. Furious at his father for siding against him in these disputes, Lachlan left the company — and the United States — in 2005, returning to the Murdochs' ancestral homeland with a \$100 million payout from the family trust. James, then the chief executive of British Sky Broadcasting — formerly Sky Television, later shortened to Sky — took over the mantle of heir apparent.



*Murdoch With His Sons, Lachlan (Left) And James, In Adelaide In 2002.*

But by the summer of 2015, Murdoch, now 84, had changed his mind: James was out, and Lachlan was once again next in line. The news was delivered to James not by his father but by Lachlan and the company's president, Chase Carey, over lunch in Manhattan: Lachlan was moving back to the United States to take over the business. James would report to him.

James was livid. The two brothers and their father had explicitly discussed succession not even two years earlier. James was supposed to take over, and Lachlan would never assume more than a symbolic role. As James saw it, he had not only been

promised the job; he had earned it. He had devoted years of his life to trying to build the company — moving his family to Hong Kong and London, making monthly trips to Mumbai to push the family's satellite-TV businesses into emerging technology and new markets — while his brother was off in Australia spearfishing and making dubious investments. Angry and appalled, James threatened to quit, heading straight from lunch to the airport for a flight to Indonesia.

With a clipped, near-British accent and a penchant for wearing bluejeans and espadrilles, James reads as an archetype of today's global power elite. Years ago, he was the family rebel, piercing his ears, dyeing his hair and having a light bulb tattooed on his right arm. As an undergraduate at Harvard, James flirted with becoming a medieval historian and joined the staff of *The Harvard Lampoon* before dropping out in 1995 to follow the Grateful Dead and start an independent hip-hop label, Rawkus Records, whose artists included Talib Kweli and Mos Def. A year later, his father bought Rawkus and brought James into News Corp, ending his short-lived foray outside the family business. In 2000, James married Kathryn Hufschmid, a fashion-marketing executive and part-time model from Oregon, whom he met on a mutual friend's yacht bound for Fiji and whose more liberal politics made her an outlier in the Murdoch family. She argued frequently with her father-in-law over Fox's politics. The constant sparring grew tiresome for Murdoch, who worried that Kathryn had too much influence over his younger son. He would often suggest to James that the two of them just go out to dinner alone when they needed to discuss something, according to a person close to Murdoch.

Even inside his father's empire, James continued to view himself in idealistic terms, as the one best suited to drag the sprawling, often backward-thinking company into the future, whether that meant making all of its offices carbon-neutral, leading investments in digitally oriented businesses like Hulu or moderating the wilder impulses of Fox News. A self-described political centrist, James saw the network as one of the biggest obstacles to his efforts to diversify and expand the company. In a meeting of senior executives, one attendee recalled, he said he wanted to change the

image of the Murdoch empire so that it was no longer viewed as a company “defined by a single product with a charismatic founder.”

Lachlan identified closely with that charismatic founder. His trajectory was very different from James’s. He shared his father’s attachment to Australia, both to his family’s long history inside the country and to its hypermasculine, rough-hewed culture. When he was younger, he worked as a jackeroo, herding and vaccinating sheep and lambs in rural Australia, and culled kangaroos from the family’s ranch in Cavan with a shotgun. (His father stuck to clay pigeons.) After graduating from Princeton, Lachlan returned to Australia to work in the family business, becoming an instant celebrity, known for wearing outback boots with his suits, riding a Kawasaki motorcycle to work, showing off his armband tattoo while rock climbing and courting the Australian model Sarah O’Hare, whom he married in 1999.

Lachlan doesn’t speak publicly about his politics, but his employees in Australia found that he took a hard line on many issues. Chris Mitchell, the longtime editor of *The Australian*, recalled in his 2016 memoir, “Making Headlines,” that “Lachlan’s conservatism is more vigorous than that of any Australian politician” and that his views were usually to the right of his father’s. Lachlan once presented himself at one of the family’s papers to express displeasure with its decision to run an editorial in support of same-sex marriage, according to three people who knew about the interaction at the time. (Lachlan said through a representative that he had no recollection of the incident and that he supports same-sex marriage.) According to people close to him, Lachlan questions what he sees as the exorbitant cost of addressing climate change and believes that the debate over global warming is getting too much attention.

Lachlan viewed his brother as a good executive, but he felt that he was the one who had taken risks and proved himself in Australia. It was true that some of his investments had failed — he’d bought a TV network, Ten, that went into receivership after losing \$232 million in six months — but others, including a group of Top-100 and easy-listening radio stations, were earning tens of millions of dollars a year.

Murdoch had been trying for years to coax Lachlan back from Australia. Murdoch's 2013 divorce from his third wife, Wendi Murdoch, helped change Lachlan's mind. He and James had tried to talk their father out of marrying Wendi over a 1999 dinner at the Manhattan restaurant Babbo — she was the rare subject on which the two sons agreed — and both of them had grown even less fond of her in the years that followed. James and at least one other company executive had heard from senior foreign officials that they believed she was a Chinese intelligence asset. And family members felt that she treated their father terribly, calling him “old” and “stupid.” (A spokesman for Wendi Murdoch denied these claims.)

Apart from Wendi, the sons were at odds about almost everything. They were not only fighting over control of their father's empire; they were fighting over one of his homes, a 8,651-square-foot Spanish-style mansion in Beverly Hills. Murdoch bought the house furnished in the 1980s from the music mogul Jules Stein, and his sons had a sentimental attachment to it, having spent a lot of time there as children. According to six people close to the family, James and Lachlan were upset to learn that their father had put the house on the market and had a \$35 million offer on it from Leonardo DiCaprio. The brothers briefly discussed buying the house together; whoever happened to be in L.A. at any given moment could use it. James finally agreed to buy the house himself at a discounted price of \$30 million, though after he and Kathryn did so, they learned that it needed four new retaining walls, costing them millions of dollars more. Lachlan was upset that his brother had gotten the house. As a gift, Murdoch gave him some of the antique furniture inside, even though James and Kathryn thought they had bought it furnished.

While James was overseas, ready to quit, his father and brother came up with a compromise: All of 21st Century Fox's divisions would report to both of them. James would be chief executive, while Lachlan would share the more exalted title of co-chairman with his father. The announcement would be carefully worded to suggest that they were coequals, to protect James from the public humiliation, even though Lachlan was technically the senior executive. Their salaries were identical, roughly \$20 million a year to start. Each would have access to corporate planes for

professional and personal use. James would be based in the company's corporate offices in Midtown Manhattan, Lachlan on the other side of the country, in the vast chairman's office formerly occupied by his father in Building 88 on the 21st Century Fox lot, which he decorated with a picture of the Cavan ranch and a 1979 black-and-white photograph of Murdoch standing in front of a New York Post printing press.



*Rupert Murdoch In 1978, As The New York Post Resumed Publication After A 57-Day Strike.*

James warily agreed to the terms, but the question of succession was not fully resolved. The news coverage of their promotions made no distinction between the seniority of their respective positions: Publicly at least, James was still seen as the heir apparent. When the dust finally settled, the two sons sat down for an interview with The Hollywood Reporter headlined, "The New Age of Murdochs."

Lachlan described the transition as "seamless."

### **5. 'NO CLOWN COULD HAVE DONE ALL THIS!'**

In early 2015, Murdoch got a call from Ivanka Trump, proposing lunch with her and her father.

They met soon after in the corporate dining room of the Fox News building in Midtown Manhattan. Ivanka's husband, Jared Kushner, came, too. Just as the first course was being served, Trump told Murdoch that he was going to run for president.

Murdoch didn't even look up from his soup, according to three people who independently shared the story. "You have to be prepared to be rapped up badly," Murdoch replied, using an expression for taking some knocks.

Murdoch was deeply entwined with the Trump family. Trump had aggressively cultivated The Post during his rise to celebrity in New York in the late '70s and '80s. Kushner became close to Murdoch after he purchased The New York Observer in 2006. An improbable friendship blossomed between the octogenarian mogul and the 30-something publishing parvenu, with Murdoch and Wendi even taking Kushner and Ivanka on vacation in the Caribbean on Murdoch's yacht. After Murdoch's divorce in 2013, Kushner, who was also in the real estate business, helped him find a decorator for his new bachelor apartment. Ivanka was one of five individuals designated to oversee the trust for Murdoch and Wendi's two daughters, which held \$300 million in stock in News Corp and 21st Century Fox. (She relinquished her role as a trustee in 2016.)



*Donald Trump, Anna Mann And Rupert Murdoch In The 1990s.*

Murdoch recognized Trump's appeal as a tabloid character and ratings driver, but he did not see him as a serious person, let alone a credible candidate for president. "He's a [expletive] idiot," Murdoch would say when asked about Trump, three people close to him told us (Through a spokeswoman, Murdoch denied that he ever used this phrase to describe Trump.).

Roger Ailes, the longtime head of Fox News, was no more generous, at least when Trump was out of earshot. Ailes was close to Trump, too: Their alliance dated back to Rudolph Giuliani's 1989 New York mayoral campaign, for which Ailes worked as a media adviser and Trump as a fund-raising figurehead. It was Ailes who, in 2011, gave Trump his regular Monday-morning slot on "Fox & Friends," which Trump used to advance his "birther" campaign. Still, Ailes ranted indignantly about the notion of a Trump presidency, saying that he wasn't remotely worthy of the Oval Office, a person close to him at the time told us.

Fox News's initial resistance to promoting his candidacy came as an unpleasant surprise to Trump, who had assumed that his relationships with Murdoch and Ailes would ensure positive coverage. Ailes had even written Trump an email asking what

he could do to help him. (After scrawling an enthusiastic note on top, Trump sent a printout of that email to his campaign manager, Corey Lewandowski.)

During the campaign's early months, it fell mostly to Ailes to manage the network's tumultuous relationship with Trump, who complained constantly that Fox favored Ted Cruz and Marco Rubio. Trump was driven into a near-weekly rage by the Fox News host Bret Baier's Friday-night segment, "Candidate Casino." Opening with a graphic of a spinning roulette wheel and Vegas-style lights, Baier and his round table of political analysts would place bets on the probable party nominees. Even though Trump was winning in most of the polls, Baier's parlor of experts regularly placed him toward the bottom of the pack.

It was especially galling to Trump because he and Baier had golfed together, and Baier had briefly been a member at the Trump International Golf Club in West Palm Beach. (Baier dropped his membership when it became clear that Trump was likely to run for the presidency.) After the Fox contributor and Weekly Standard editor Stephen F. Hayes called Trump "a clown," Trump faxed Baier a copy of his résumé, with a note scrawled across it in black marker: "Tell Hayes no clown could have done all this!" Trump even complained about Fox while appearing on Fox, ticking off, during a live interview with Sean Hannity, the contributors who should be fired because they were "biased" against him.

Trump wasn't without leverage in his relationship with Fox. The Murdoch formula was to deliver the enthusiasm of reactionary readers and viewers to chosen candidates, but Trump was already generating plenty of enthusiasm on his own. His hard-core supporters made up Fox's core audience, and his social media accounts gave him a direct connection to them. If these supporters had to choose between Trump and Fox, Ailes might not like the results. At the same time, a new crop of right-wing outlets — Breitbart, Gateway Pundit, One America News, Sinclair — were embracing his candidacy, and mainstream broadcasters were no less aware of what he could do for their ratings. "I can go on the 'Today' show in my pajamas, and five million people will watch," he warned Ailes, a former Trump campaign official recalled.



*Donald Trump During The First Republican Presidential-Primary Debate In 2015.*

After the Fox News anchor Megyn Kelly asked Trump, during the first Republican primary debate in the summer of 2015, to defend his comments about women — “You’ve called women you don’t like fat pigs, dogs, slobs and disgusting animals” — Trump demanded that Ailes force her to publicly apologize, according to the former Trump campaign official. (She didn’t.) Six months later, on the eve of another Republican debate in Des Moines, which Trump was boycotting because Kelly was once again moderating, Ailes tried desperately to persuade Trump to change his mind. His hopes were dashed when Trump called him from the tarmac in Iowa to refuse, having just watched the Fox News contributor Charles Krauthammer mock him on the network. Without Trump, the event drew just half the viewership of Fox’s first debate.

Kushner was privately lobbying Murdoch to reconsider his attitude toward his father-in-law, showing him videos of the candidate's overflowing campaign rallies on his iPhone. Even as Trump gained momentum, Murdoch continued to look for alternatives. Over the summer of 2015, he wrote a personal check for \$200,000 to the super PAC of Gov. John Kasich, the relatively moderate Republican from Ohio, according to Federal Election Commission filings.

Aware of her father-in-law's dim view of Trump, James's wife, Kathryn, tried to broker a meeting between Murdoch and Hillary Clinton. Having worked for the Clinton Climate Initiative, she knew both the Clintons and their inner circle of advisers and hoped Murdoch might consider an endorsement, or at least commit to staying neutral. The idea was not so far-fetched. Murdoch had, after all, backed Tony Blair, a Clinton-style Labor Party centrist, and had once even hosted a Senate fund-raiser for Hillary. Murdoch felt he didn't need his daughter-in-law's help. In fact, he called Clinton personally, leaving a message at her campaign headquarters. Clinton called back almost immediately but declined his invitation to meet with him. (A spokesman for Clinton did not respond to a request for comment.)

During the primaries, Trump honed his political identity, railing against military intervention, free trade and immigration. They were all positions that directly contradicted Murdoch's own, more neoconservative views. Murdoch had enthusiastically supported the Iraq War, evangelized for open immigration policies — even urging Australia to avoid the “self defeating” anti-immigration debate in the United States — and endorsed international trade agreements like the Trans-Pacific Partnership. His attitude toward Trump's emergent ideology was often captured on the unremittingly anti-Trump editorial page of The Wall Street Journal. The page's editor, Paul Gigot, was in frequent contact with his paper's owner, according to sources familiar with the conversations. And yet Murdoch was in a sense responsible for unleashing the forces that were now propelling Trump's rise. During the Obama years, Fox News had found ratings and profits with its wall-to-wall coverage of raucous Tea Party rallies and the opinion shows that advanced the campaign to delegitimize the country's first African-American president. As the Republican nominating process

progressed, this populist, anti-establishment energy was unmistakably coalescing around Trump.



*Rupert Murdoch And President Trump In 2017.*

By March 2016, Donald Trump, the man Murdoch had so quickly dismissed a year earlier, was now the clear front-runner, and Murdoch was taking his first tentative steps toward embracing him.

“If he becomes inevitable, party would be mad not to unify,” he tweeted.

## **6. ‘INDEPENDENCE DAY: RESURGENCE’**

Across the Atlantic, a similar right-wing wave was threatening to drive Britain out of the European Union. Murdoch had a hand in that as well. His most influential tabloid, *The Sun*, had long been advocating for an exit from the E.U., and so had Murdoch himself, distilling his opposition to the E.U. into a single quote to Anthony Hilton, a columnist at *The Evening Standard*: “When I go into Downing Street, they do what I say; when I go to Brussels, they take no notice.” (Murdoch subsequently denied saying this; Hilton stood by the quote.) Prime Minister John Major told a judicial inquiry that in 1997 Murdoch said that he could not support him if he didn’t change his stance toward Europe, which the prime minister took as a demand for an E.U. referendum. (Murdoch

denied this, too.) As the summer of 2016 approached, that referendum was finally coming.

The idea of Britain's splitting from the E.U. had always seemed more like a nativist fever dream than a realistic political goal. But in 2016, Brexit proponents could scan the globe and see cause for optimism. Not only was Trump's campaign surging in the United States, but reactionary nationalism was also gaining supporters worldwide: In Austria's presidential elections, the candidate of the Freedom Party, founded by former Nazi officers, narrowly lost in a runoff. The Philippines had just elected as president Rodrigo Duterte, following a campaign during which he inveighed against the country's business and political elites and promised to kill so many criminals that the fish in Manila Bay would "grow fat" from feeding on their dead bodies. Hungary's prime minister, Viktor Orban, had already built his own version of a border wall, miles of barbed wire aimed at turning back what he later called "Muslim invaders."

In the weeks leading up to the vote, The Sun led the London tabloids in hammering the case for leaving the European Union. It cast Brexit as a choice between the "arrogant europhiles" and the country's working class, while railing against "mass immigration which keeps wages low and puts catastrophic pressure on our schools, hospitals, roads and housing stock." It still looked like a long shot, and Murdoch's other British newspaper, the more sober Times, had encouraged its wealthier and more politically moderate readers to vote in favor of remaining in the European Union. But The Sun was where Murdoch's heart — and influence — lay.



*James And Rupert Murdoch At A 2011 House Of Commons Hearing About The News Of The World Phone-Hacking Scandal.*

How much influence he still wielded in British politics was an open question. Murdoch had effectively been chased out of London five years earlier in the wake of the biggest crisis of his career: the revelations that his News of the World tabloid had, in search of dirt, been systematically hacking into the phones of politicians, celebrities, royals and even a 13-year-old schoolgirl. The scandal that followed, itself fit for tabloid headlines, would permanently alter the course of both the family and its empire. One of Murdoch's executives, Rebekah Brooks, a virtual seventh child to Murdoch, was arrested, tried and acquitted. Andy Coulson, a former Murdoch editor who had gone to work for Prime Minister David Cameron, was sent to prison for encouraging his reporters to engage in illegal practices. In a futile effort at damage control, the company spent millions of dollars settling claims from hacking victims. Murdoch and James, who was running the company's European and Asian operations from London at the time, were grilled in a public hearing before Parliament. James denied knowing that the phone-hacking was widespread but was publicly confronted with an email he was sent in 2008 alerting him to the potential severity of the problem. (He said that he had not reviewed "the full email chain.")

It was a corporate scandal, but because of the nature of this corporation, it was also a family matter. James blamed his father for having allowed the freebooting, anything-goes culture to take root at the paper and for forcing him to absorb so much of the blame for the scandal, when the hacking itself took place before he took charge. As James saw it, his father was angry that he wouldn't conduct a cover-up; James went so far as to tell some members of the board that he was concerned about Murdoch's mental health. For his part, Murdoch blamed James for surrounding himself with feckless, sycophantic advisers who failed to neutralize the crisis when it still could have been contained. Elisabeth, having long been out of the succession mix, reinserted herself, urging her father to fire James and replace him with her, four people familiar with the conversations told us. (Through a spokesperson, Elisabeth denied that she encouraged her brother's firing or asked for his job.) Murdoch agreed to fire James but reversed his decision before it became public. Lachlan used the opportunity to play the family savior in a time of crisis, calling his father from Bangkok — en route to Britain from Australia — to urge him not to do anything rash. He swept into the company's London offices looking tan, fit and rested, despite the daylong flight from Australia. His presence appeared to be an instant comfort to his father.



The public shaming did not end with the scandal — a worldwide news event for months — or the interrogation by Parliament. A judicial inquiry investigated the practices of the British press, with Murdoch’s papers front and center. The resulting document, the Leveson Report, depicted a country in which a single family had amassed so much power that it had come to feel that the rules did not apply to them. “Sometimes the very greatest power is exercised without having to ask,” the report said. In their discussions with Murdoch, “politicians knew that the prize was personal and political support in his mass-circulation newspapers.”

By the time the Leveson Report was released in 2012, Murdoch had shut down The News of the World and was keeping a low profile in Britain. Several factors accounted for his return in 2016, including his recent marriage to his fourth wife, Jerry Hall. They

met in Australia, where Hall was playing Mrs. Robinson in a stage adaptation of “The Graduate.” Hall had a teenage son in London, and she and Murdoch were spending a lot of time in the 26-room house that she owned with her former partner, Mick Jagger.



Now back in the city where he once wooed Margaret Thatcher, Murdoch used Britain’s largest tabloid to rally readers to vote to leave the European Union. The Sun’s cover on the day of the Brexit referendum was a picture of corporate synergy: “Independence Day: Britain’s Resurgence,” it read, over a mock version of the poster for the 21st Century Fox movie “Independence Day: Resurgence,” which opened in Britain that day. Murdoch flew in to London from Cannes for the vote and soon visited the newsroom of the anti-Brexit Times to gloat, joking to his reporters about their glum faces. Later, he likened the country’s decision to leave the European Union to “a prison break” and celebrated the vote with Nigel Farage, a leading architect of Brexit (and a future Fox News contributor), at a garden party at the London mansion of the Russian oligarch Evgeny Lebedev.

The referendum represented the realization of a long-deferred dream for Murdoch. But it also returned him to a position of influence in British politics that seemed inconceivable just a few years earlier. Not only had The Sun played a critical role in delivering the Brexit vote, but in the ensuing political upheaval, it had swung behind Theresa May, helping ensure her election as prime minister. Once in office, she found time for a private meeting with Murdoch on one of her first foreign trips: a less-than-36-hour visit to New York to address the United Nations.



*Murdoch, Trump And Jerry Hall At Trump's Golf Course In Scotland In 2016*

Days after the vote, Trump, who had seemed to be struggling with the basic principles of Brexit in an interview with The Sun a few weeks earlier, visited Scotland for a victory lap of his own: “I said this was going to happen, and I think that it’s a great thing.” He, too, found time for Murdoch, inviting him and Jerry Hall to dinner with Kushner and Ivanka at his golf course in Aberdeen. Photographers captured them riding off in a golf cart, with Trump at the wheel and Murdoch lounging in the back.

## **7. ‘MY RETIREMENT JOB’**

The summer of 2016 was a good time to be a network with a dedicated audience of right-wing viewers. And yet the future of Fox News had never seemed more uncertain: Murdoch’s flagship network was now backing a Republican presidential nominee who not only represented a radical departure from the party’s traditional platform but who

also seemed destined to lose in a few months. What's more, that network's lodestar, Roger Ailes, had just been forced out following multiple claims of sexual harassment.

It was James and Lachlan who teamed up to push Ailes out, over the initial objections of their father. Ailes was another rare subject on which the two sons agreed, though they disliked him for different reasons. Lachlan had clashed repeatedly with Ailes early in his career in New York. He told friends that he reached his breaking point with his father in 2005 when he learned that Murdoch had said to Ailes, "Don't worry about the boy." For his part, James saw Ailes as a boorish showman who embodied many of the most retrograde impulses of the network's opinion programming: its nativism; its paranoiac attitude toward Muslims and undocumented immigrants; its embrace of conspiracy; and, maybe most of all, its climate-change denialism.

James saw in Ailes's exit an opportunity to push the network in a new direction. He wanted to bring in an experienced news executive who would reposition it as a more responsible, if still conservative, outlet — one whose hosts would no longer be free to vent without adhering to basic standards of accuracy, fairness and, as he saw it, decency. One candidate he had in mind was David Rhodes. Then the president of CBS News, Rhodes was a former Fox News executive, as well as the brother of Ben Rhodes, a foreign-policy adviser for Obama. Both Murdoch and Lachlan dismissed the idea. They wanted continuity, not change. Like his father, Lachlan considered the idea of meddling with such an important profit driver a form of madness.



*Rupert Murdoch With His Son Lachlan (Right) In 2016, After Roger Ailes Was Forced Out At Fox News.*

Rather than replace Ailes with a new executive, Murdoch moved into his office and took over the job himself, a short-term solution intended to reassure both shareholders and talent. He was soon back in the newsroom, attending meetings and visiting sets — “my retirement job,” he called it — and was having more fun than he’d had in years.

Having once dismissed Trump’s candidacy, Murdoch now threw himself wholly behind it. During the final stretch of the campaign, Fox cut back appearances by anti-Trump analysts and contributors and added pro-Trump ones, while also ramping up its attacks on Hillary Clinton. Sean Hannity built shows around the same sorts of false claims that were circulating on far-right internet sites and suspected Russian social media accounts, suggesting that Clinton was suffering from a possibly life-threatening illness and that one of her Secret Service agents was carrying a diazepam pen, which is commonly used to treat seizures. (It was actually a flashlight.) One anti-Clinton segment was built around an appearance by Jeff Rovin, who had for years been the editor in chief of *The Weekly World News*, the supermarket tabloid best known for claiming that Hillary Clinton was possessed by Satan and had carried on an affair with a space alien named P’Lod. Other Murdoch outlets were swinging behind Trump, too: At *The Wall Street Journal*’s editorial page, Trump critics felt increasing pressure to

moderate their positions. (The Journal's news side, by contrast, broke the first story about The National Enquirer's role in Trump's efforts to buy the silence of women claiming affairs with him.)



*Jared Kushner, Ivanka Trump, Kathryn Hufschmid And James Murdoch In New York In 2014.*

With Clinton taking on an air of inevitability, James and Kathryn invited Kushner and Ivanka to a small dinner salon they were hosting at their Upper East Side townhouse with a guest speaker: Adm. James Stavridis, a Democrat who had been talked about as a possible vice-presidential pick for Clinton. James and Kathryn knew Kushner and Ivanka socially and considered the invitation a gesture of empathy, a person who attended the dinner told us. They had endured their own public humiliation during the hacking scandal in London and wanted to show solidarity with the couple, and they also let them know that they would be welcomed back into polite Manhattan society after Trump lost.

As the early returns came in on election night, Kathryn received a text message from her father-in-law, who was in the Fox newsroom: "Looks like your girl's going to win."

## **PART 2: INTERNAL DIVISIONS**

*President Trump's Election Made The Murdoch Family More Powerful Than Ever. But The Bitter Struggle Between James And Lachlan Threatened To Tear The Company Apart.*

### **8. 'THE HIGHEST STANDARDS OF CORPORATE CONDUCT'**

In a matter of months, Rupert Murdoch had married a former supermodel, led Britain's historic vote to break with the European Union and played a pivotal role in the American election. He now had a close relationship with the British prime minister, Theresa May, and an even closer one with the incoming American president, Donald J. Trump. But his media empire was more vulnerable than ever. Netflix, Amazon, Apple and a host of other new technology companies were streaming content directly to consumers and were growing at unabated rates across the globe. It was an overwhelming existential challenge to legacy media companies like 21st Century Fox. Once viewed as a global colossus, Murdoch's empire was now in danger of being too small. He desperately needed international scale to compete. The answer seemed obvious: The Murdochs had to take full control of Sky.

With annual revenues of some \$16 billion, Sky was the largest pay-TV provider in Britain and across Europe. The Murdochs currently owned only 39 percent of it, and that share already generated the company three times the revenue of Fox News. What's more, Sky had its own 24-hour news channel in Britain, Sky News, which could be built into a global news network to take on the Murdochs' longtime rival, the publicly financed BBC.



*Murdoch At A News Conference In 1993.*

For James, who would be leading the Sky acquisition, the potential deal also represented something more personal: an opportunity for redemption. He tried to buy Sky five years earlier, in part by forging a close alliance with David Cameron, then a Conservative member of Parliament who was eyeing the prime ministership. What began with Cameron's dropping by a Murdoch family vacation near the Greek isle of Santorini turned into a mutually beneficial friendship between James and the candidate. The aims of both parties were clear. Cameron wanted the support of the Murdochs. James wanted Ofcom, the British regulatory agency that would rule on whether the Murdochs were "fit and proper" operators of Sky, out of his way. With the 2010 election approaching, Cameron publicly promised that under a Conservative government, "Ofcom as we know it will cease to exist." Not long after, James summoned Cameron to the George, a private club in the Mayfair area of London, to

tell him that The Sun would reverse 12 years of support for the Labor Party and endorse him. (James and Cameron have each denied that there was any quid pro quo for the endorsement.) But just as James was getting all of the pieces in place, the phone-hacking scandal broke. He and his father were hauled in front of Parliament, and James was forced to withdraw their \$12 billion bid for Sky. Ofcom survived.

Lachlan and others inside 21st Century Fox were concerned about James's leading this second Sky bid, given how closely associated he had been with the hacking scandal and with the family's first failed attempt to gain full control of the satellite company. But James, who knew the company best, was adamant, and in December 2016, he struck a new deal with the owners of Sky. The lawyers for 21st Century Fox, Allen & Overy, sent a lengthy memo to Karen Bradley, Britain's secretary of state for culture, media and sport, detailing why this bid was different from the earlier one. Not only had the Murdochs shut down The News of the World, the newspaper that had been found guilty of widespread hacking; they had also divided the empire into two different entities: News Corp and 21st Century Fox. The company that would be purchasing Sky, 21st Century Fox, had thus been separated from the family's newspapers. Further, the lawyers wrote that the company's culture had changed substantially since the hacking scandal: It "has adopted strong governance measures and controls to ensure it meets the highest standards of corporate conduct." James expressed similar confidence on a conference call with Wall Street analysts: "We do think that this passes regulatory muster," he said.

One other factor made the proposed deal especially attractive. Thanks to Brexit, the Murdochs would be getting full ownership of Sky at the steeply discounted price of \$14.8 billion if the deal went through. The British government was paralyzed, unable to reach an agreement to implement the break with the European bloc. Foreign companies were pulling out of Britain, destabilizing the country's job market and the economy and, in turn, significantly depressing the value of the English pound — and with it, the price of Sky's shares.



*Prime Minister Theresa May Of Britain On The Day Of The Vote About Brexit In March 2019.*

All that needed to happen was for the government to approve the deal. With the Sky bid once again pending before Ofcom, James embarked on a campaign of contrition and humility designed to convince the British establishment that he and his family business could be trusted to own Sky.

## **9. 'TRUMP'S AUSSIE MATES'**

Even as James was pursuing his bid to take full control of Sky in Britain, the company's Australian division — Lachlan's domain — was closing a much smaller but still significant deal for the family to take full control of a different Sky subsidiary: Sky News Australia, which it jointly owned with two Australian media companies. It was the country's only 24-hour cable news channel and an unexploited opportunity for influence on another continent.

The Murdochs' newspaper holdings accounted for some 60 percent of the Australian print market, and included the country's sole national general-interest paper, *The Australian*. As the face of this continental newspaper empire, Lachlan wielded an enormous amount of political power in the country. Over the previous decade, Murdoch papers helped push out two different prime ministers, Kevin Rudd and Julia Gillard. When Gillard's treasurer, Wayne Swan, was worried that the Murdoch attacks

were hurting the national economy, he sought out Lachlan to make an appeal, Swan told us. Lachlan built alliances, too, drawing close to Tony Abbott, a member of Parliament whose right-wing politics and confrontational style had earned him frequent comparisons to Newt Gingrich. When Abbott served as prime minister, from 2013 to 2015, he would discuss legislation with the Murdochs' editors — and occasionally the Murdochs themselves — before introducing it, the former editor of *The Australian*, Chris Mitchell, wrote in his memoir.

Now Murdoch's Australian empire was expanding into cable news. The country's dominant broadcaster was the Australian Broadcast Corporation, a publicly financed institution modeled after the BBC. Its reporting was similarly straight and sober. Sky News Australia — which also airs in New Zealand — was, notionally, a competitor, but its audience was small, even by Australian standards. Still, the network offered Lachlan his own opportunity for redemption: After his split with his father, he presided over the implosion of the Australian TV network Ten. His failed efforts to save it included giving a reality-TV dance show to his wife and signing off on a weekly show for a controversial right-wing firebrand, Andrew Bolt. A columnist at the Murdoch-owned *Herald Sun*, Bolt had impressed Lachlan years earlier at a company retreat in Pebble Beach, Calif., when he aggressively questioned Al Gore after Gore presented his slide show on climate change. When Bolt was awarded his show on Ten, he was facing charges for violating the country's Racial Discrimination Act by writing that light-skinned Aborigines were claiming indigenous status for personal gain. (Bolt was found guilty, and the publisher was forced to print a lengthy statement acknowledging the offense.)

**Sky News Australia offered Lachlan his own opportunity for redemption.**

With the acquisition of Sky News Australia, Lachlan would have a second chance. The Murdochs won full control of the network in December 2016, while James's Sky deal in Britain was still pending. Sky News Australia's programming had historically been politically balanced. But as the Murdochs' takeover approached, the network began increasing the amount of right-wing commentary it broadcast during prime time.

Not long before the deal closed, Lachlan's old Ten host Andrew Bolt was brought in to do a nightly political program. Immediately after the purchase, Sky signed up as a host and commentator Caroline Marcus, a columnist for The Daily Telegraph of Sydney who had supported a ban on burkinis in France and lamented what she described as reverse discrimination against whites in cultural debates. Ross Cameron — a former member of the Australian Parliament prone to anti-gay slurs who later spoke at an event hosted by a far-right organization that describes itself as Australia's leading anti-Islamic group — co-hosted a program called "The Outsiders." He and his fellow hosts described themselves as "Trump's Aussie mates" and half-joked that their show would provide "absolutely no balance whatsoever." After one host, Mark Latham, was fired for making a series of offensive comments, including a homophobic remark about a high school student who participated in a video for International Women's Day, he ran successfully for state office as a member of One Nation, the country's far-right anti-immigrant party. Soon after Lachlan took over, an old political ally, Tony Abbott's former chief of staff, Peta Credlin, became a prime-time host on Sky. Still closely allied with Abbott, she used her platform to argue that Australia should slow down its efforts to combat climate change, take a stricter line on immigration and resist the liberal drift of Prime Minister Malcolm Turnbull, a bitter Abbott rival.

Known as Sky After Dark, the opinion-heavy, almost-uniformly right-wing lineup was an entirely new phenomenon in Australian TV. Its nighttime ratings spiked as the network quickly became required viewing for the country's political class.

#### **10. 'YOU LOVE THE ACTION, DON'T YOU?'**

By the early months of 2017, Murdoch's interim leadership of Fox News, which started with Ailes's ouster before the election, was now beginning to look permanent. He installed beneath him two of Ailes's loyal deputies: Jack Abernethy, who was in charge of operations, and Bill Shine, a close friend of Hannity's who had been overseeing the opinion lineup but would now also run the entire news operation. Neither was known for his independent thinking. A rival executive called Shine "the butler" because of his uncanny tendency to appear at Ailes's side to address his needs. Even as Murdoch

was elevating Shine, numerous accusations — some of them in lawsuits against Ailes — were surfacing that Shine had protected and even enabled Ailes during his years of allegedly sexually harassing women at the network. (Shine has denied any wrongdoing.)

After the election, Murdoch moved even more forcefully to support Trump. When Greta Van Susteren, a former CNN host and a somewhat ideologically unpredictable presence in the Fox lineup, left the network, Murdoch enthusiastically endorsed the idea of replacing her at 7 p.m. with Tucker Carlson — a conservative writer and a founder of the Daily Caller website who was earning praise from white nationalists heading into Trump's election. Murdoch marked the occasion by taking Carlson out to brunch with Jerry Hall in New York. When Megyn Kelly, who sealed her fame by clashing with Trump, left Fox in early 2017, Murdoch opted not to replace her with another Trump antagonist.



*Sean Hannity Interviewing President Trump Before A Campaign Rally In Las Vegas In September 2018.*

Murdoch also kept in close touch with the White House. He and Kushner had always spoken frequently, but now he was in regular contact with Trump too. Trump enjoyed getting his calls. As someone who prized wealth and power, Trump had long admired Murdoch; for decades, it had invariably been Trump who called Murdoch, asking for

help. Now it was Murdoch reaching out to Trump on a regular basis. “Rupert, Rupert!” Trump would say, talking on the phone with Murdoch in the Oval Office, according to a former White House official who overheard the conversations. “You love the action, don’t you? You can’t get enough of this shit.”

Trump was also spending a lot of time on the phone with Hannity, who regularly called the president after his show. Trump had often found him to be too much of a supplicant for his purposes: He preferred his more combative interviews with Bill O’Reilly, which he felt better showcased his pugnaciousness, according to a former White House official. But Trump appreciated Hannity’s loyalty. The Fox host had effectively been a member of his campaign team, for instance pressing Trump’s personal lawyer, Michael Cohen, to be on the lookout for former girlfriends and employees who might make trouble for the candidate ahead of the election, two people familiar with the interactions told us. (Hannity, through a Fox representative, denies having done so.) His show became a nightly hourlong campaign infomercial. Hannity’s audience was Trump’s most devoted base. In an interview with *The New York Times*, Ailes once described Hannity as presiding over a “segmented” show whose appeal was limited to hard-core conservatives. Now he was the network’s biggest star. He set the tone for the rest of Fox’s opinion lineup, which quickly became a nightly counterpoint to the mainstream media’s coverage of Trump.

As a former media adviser, Ailes recognized that the Fox News brand depended on the perception that it was a credible alternative to the liberal media. He would even sometimes rein in his opinion hosts when their rhetoric threatened to undermine that perception. Ailes also thought that presenting a monolithic view night after night was bad television. He was careful to make sure that the network always had some hosts who challenged Republican orthodoxy at least occasionally.

These were matters that did not appear to concern Murdoch. Some of the network’s news anchors could deliver at times stark counterprogramming to opinion hosts like Hannity. Shepard Smith became increasingly pointed in his critical coverage of Trump, expressing disbelief at the “lie after lie after lie” coming from the administration; the

Fox anchor Chris Wallace emerged as one of the toughest interrogators of Trump surrogates and officials on television; and Bret Baier's straight coverage regularly infuriated Trump. But the network's prime-time lineup is its biggest draw, and by the fall of 2017, that lineup was notably more pro-Trump than it was under Ailes, with Carlson at 8, Hannity at 9 and the right-wing radio star Laura Ingraham at 10. They were joined, of course, by the morning hosts on "Fox & Friends," the show with which Trump always started his day.

### **11. 'PEOPLE JUST DON'T TRUST YOU'**

Years earlier, when James was fighting in Britain for the first failed Sky deal, he expressed contempt for government meddling in the media's affairs and impugned the nationally esteemed BBC as a "chilling" media monolith. "The only reliable, durable and perpetual guarantor of independence," he said in a lecture at the annual Edinburgh International Television Festival, "is profit." In the spring of 2017, as James made the rounds with civic and business leaders in London, he took a far more conciliatory tack. He praised the BBC and assured former critics that he respected Britain's strict regulations designed to ensure impartiality in England's news coverage. At an annual conference held by the influential media analyst Claire Enders, a leading critic of his first Sky bid, James professed an "aspiration for us to be better" and promised to "behave in the way that we imagined we would want to and be expected to in the future."

Even as James was in the midst of this campaign, the company's behavior was once again threatening to jeopardize the Sky deal. In April 2017, The New York Times reported that the Fox News host Bill O'Reilly and the network had doled out some \$13 million to address multiple complaints from women about O'Reilly's lewd comments and unwanted advances and that Fox had nevertheless renewed his contract for \$25 million. Ofcom was soon receiving submissions from O'Reilly's victims. Lisa Bloom, a lawyer representing one of his accusers, drew a direct link between Fox's sexual-harassment scandals and the phone hacking: Both, she wrote, revealed "a lack of oversight, intervention and decency."

After James and several other senior executives from 21st Century Fox were grilled about the company's culture by Ofcom regulators in the agency's headquarters overlooking the Thames, the Murdochs scrambled to protect their Sky bid. They quickly fired O'Reilly, giving him a \$25 million exit package. When rumors started circulating that Ailes's once-loyal lieutenant, Shine, might be next, Hannity tried to protect him, sensing that his old friend and ally was about to become a victim of the Murdochs' broader global agenda: "Somebody HIGH UP AND INSIDE FNC is trying to get an innocent person fired," he tweeted, presumably referring to James. Shine was pushed out, too.

In June 2017, Ofcom finally issued its report on the acquisition: It recommended that the deal be reviewed by yet another regulatory body. The Competition and Markets Authority would investigate whether Sky would give the Murdochs too much influence over the British media.

The decision set off still more scrambling. To prevent any potential problems with the British regulators, Fox executives directed a furious Hannity to dial down his coverage of the death of a Democratic National Committee staff member named Seth Rich, which had spurred wild conspiracy theories and wide public criticism, as well as an advertiser boycott. The Murdochs also pulled Fox News off the air in Britain, where it had been the subject of several formal complaints of "unfair and inaccurate content." (A separate investigation by British regulators found that Sean Hannity and Tucker Carlson had violated British impartiality standards: Hannity for ridiculing critics of Trump's proposed travel ban without presenting a full version of their views or giving them an opportunity to respond, and Carlson for allowing Nigel Farage to make baseless claims that British officials had failed to protect "thousands of underage girls" from rape and abuse by Muslims.)

To prevent any potential problems with the British regulators, the Murdochs pulled Fox News off the air in Britain.

In September 2017, James delivered the keynote address at the Royal Television Society's annual convention in Cambridge, using the occasion to make the case for the Sky deal and to sketch out his vision for the future of the global media company that he still hoped to run. He ticked off some of 21st Century Fox's better-known brands — National Geographic, FX, Fox Sports, Sky Atlantic — and described how these and other outlets had “explored the opioid epidemic, gender identity and race relations” and “told powerful stories of slavery in America, the rights of women in Pakistan and the coming and inevitable exploration of Mars.” Absent from his list, and from his entire address, was one of 21st Century Fox's best-known brands, Fox News. In the question-and-answer session that followed, an interviewer speculated about why the deal was taking so long. “I wonder if the message that comes through,” she said, “is that you presided over this rotten culture at News International and, again, at Fox News, and that people just don't trust you. Is that what you think the message is?”

That November, a bipartisan coalition of British ministers of Parliament took their concerns about the deal to a hearing in Victoria House on Southampton Row, the headquarters of the Competition and Markets Authority. They were led by [Ed Miliband](#), a former leader of the Labor Party and a supporter of antimonopoly media legislation who had tangled with the Murdochs a couple of years earlier, when *The Sun* fulminated against his candidacy for prime minister, dubbing him Red Ed and Shameful Mili. They highlighted Fox's promotion of the Seth Rich conspiracy and its airing of false claims that there were zones in London controlled by Shariah law. If the Murdochs gained full control of the satellite broadcast company, the M.P.s warned, they could transform its 24-hour news channel, Sky News, into a British version of Fox News. The question of the Murdochs' influence over the media led, inevitably, to the question of the Murdochs' influence over the country's politics. “I know Rupert,” Ken Clarke, a member of Parliament, said. “The idea that Rupert is interested in a detached influence in the politics of the countries where he owns his media — anybody who knew him, you could not put that proposition to them without them breaking into a very broad smile.”

In January 2018, the Competition and Markets Authority issued its ruling on 21st Century Fox's acquisition of Sky: Full ownership of the company would give the

Murdochs “too much control over news providers in the U.K. across all media platforms (TV, radio, online and newspapers) and therefore too much influence over public opinion and the political agenda.” It was a full-blown repudiation, setting up a final ruling that no member of the Murdoch family should ever be allowed to serve in any capacity at Sky — not even on the company’s board. It would be an especially harsh blow to James, who was serving as Sky’s chairman at the time.

For Lachlan, it was a validation of his view that James was the wrong public face of the campaign for Sky, reminding the public of the hacking scandal and all the hostility toward the Murdochs it had stirred up. For James, the failure of the deal was a bitter vindication of his view that his family’s empire could not survive its own politics and culture.

## **12. ‘AND LACHLAN?’**

In early August 2017, Rupert Murdoch invited Robert A. Iger, the chief executive of Disney, to Moraga, his \$28.8 million Tuscan-style vineyard estate in the hills of Bel Air, and offered him a glass of wine. The two moguls commiserated about the threat they both faced from the new breed of tech giants and what they could do to confront it. Disney also wanted to get bigger. Talk about combining some of their assets soon evolved into something much more significant: a conversation about Iger’s buying 21st Century Fox, the Hollywood studio that Murdoch wrested away from the Colorado oilman Marvin Davis in 1985. For 65 years, Murdoch had been ruthlessly expanding his empire. He was now thinking about doing the most un-Murdochian thing imaginable: He was going to shrink it.



*James Murdoch (Left) With The Disney Chairman Robert A. Iger In 2012.*

It was, in a sense, an admission of defeat. Murdoch's ambitions had been subverted, finally and definitively, by his own failings — the family squabbles, the reactionary drift of Fox News, the Sky News debacle. But he had a new plan. He would cleave off the Hollywood studio that was responsible for about two-thirds of the company's revenues and keep his main tools of influence, his newspapers and Fox News. James would move on, perhaps following 21st Century Fox to Disney, and he and Lachlan would run the remaining leaner, scrappier company together like a pirate ship.

The decision was driven not only by the imperatives of the business but also by those of the Murdoch family. Joint custody of the empire wasn't working. It was easy for the company's senior executives to see which one Murdoch preferred — Murdoch's face would light up when Lachlan would roll his chair nearer to him at meetings — and they quickly learned which son to go to with questions and requests. ("And Lachlan?" Murdoch would ask, whenever executives told him that they had spoken to James about something.) As James saw it, his brother was mainly interested in the unique fringe benefits and trappings of power that came with the job. He bristled when Lachlan built a rock-climbing wall on an old soundstage on the studio lot and hired a private security guard to accompany him everywhere. Lachlan, meanwhile, chafed at James's fixation on corporate governance, which he felt was inconsistent with the company's swashbuckling spirit.



*Rupert Murdoch And His Son Lachlan In Adelaide In 2003.*

The Trump presidency was also exposing a deeper divide between the brothers. James was becoming increasingly troubled by Fox News. He didn't object to the idea of a conservative news network, but he did object to what he felt it had evolved into at certain hours: a political weapon with no editorial standards or concern for the value of truth and a knee-jerk defender of the president's rhetoric and policies. After Trump issued his executive order banning immigration from some Muslim-majority countries in early 2017, James pushed his father and Lachlan to agree to write a companywide memo reassuring its Muslim employees in the United States and abroad. James wanted the note to forcefully and unequivocally establish their opposition to the policy and to tell employees who felt threatened by it that the company would do everything in its power to protect them. Lachlan wanted it to be less confrontational and to not specifically mention Trump or the Muslim ban, which Fox News's opinion hosts were defending night after night. Even getting Lachlan's approval for the watered-down version that ultimately went out was "like pulling teeth," James would later say privately, according to people close to him.

Months later, when Trump blamed "both sides" for the violence at a white-supremacist rally in Charlottesville, Va., saying that there were some "very fine people" among the white supremacists, Kathryn insisted that they write their own open letter of opposition, without consulting with his brother or father first. "If we're not going to say something

about [expletive] Nazis marching in Virginia, when are we going to say something?” she told James, according to a person familiar with the conversation.

Kathryn had historically kept her complaints about the network and the business inside the family, in accordance with the unofficial Murdoch code of conduct. But Fox opinion hosts’ embrace of nativism and white nationalism during Trump’s rise had eroded her restraint. Her frustration with the family business occasionally broke through on her Twitter account. She wrote supportive replies to posts from the Parkland shooting survivor and gun-control activist David Hogg — who had been taunted by Laura Ingraham over his college rejections and was leading an advertising boycott against her show — as well as from Never Trump Republicans like Bill Kristol who had left the network. And she complimented a Washington Post opinion article that noted that the neo-Nazi website The Daily Stormer had praised Carlson for “covering all our talking points.”

### **13. ‘YOU WILL NOT HAVE A SON!’**

The resentment that had been steadily building between James and Lachlan over the past two and a half years exploded in the fall of 2018, as the Disney deal became a possibility, then a probability and then a reality.

James instantly seized on the idea, seeing it both as a way out of the family business and as a possible route to the biggest job in the media. He started speaking with Iger separately over lunches and meetings, discussing among other things what role he might play at Disney. Iger was in his late 60s; his contract was set to expire in the summer of 2019, and the company had not yet named a successor. A top job in Disney’s corporate hierarchy could put James in the running to take over. It had long been his dream to run his family’s empire, but Disney, when combined with 21st Century Fox, would be more than three times its size — the largest media conglomerate in the world, one with no ideological baggage to prevent it from growing and evolving further. James immediately championed the deal during his conversations with fellow 21st Century Fox board members.



*Rupert Murdoch And His Son James In England In 2010.*

Lachlan was furious. His father was talking about dismantling the empire not even three years after coaxing him back from Australia to run it, an empire that had taken a lifetime to build. He argued that 21st Century Fox was big enough to compete as it was. The smaller piece of the empire that he would be left with — a network with an aging audience in the increasingly anachronistic business of cable television — was hardly a growth business. As the talks with Iger progressed, Lachlan’s opposition hardened. “Why the [expletive] would I want to run this company?” he told people close to him. Lachlan’s anger at his father boiled over during a dinner in Manhattan in the fall of 2017, three people who were familiar with the incident told us. “If you take one more call on this deal, you will not have a son!” he threatened. “I will never talk to you again.” (Representatives for Murdoch and Lachlan denied that he made these threats.)

Over the course of our reporting, we spoke to a dozen people with direct knowledge of the Disney negotiations. What emerged were two diametrically different narratives

of how the next act in the history of the Murdoch dynasty unfolded. Those closer to James say that Lachlan saw his birthright slipping away and tried to undermine the deal, even encouraging a rival bid from a different company that wouldn't buy as many of 21st Century Fox's assets. Those closer to Lachlan say that James was pushing the deal forward to advance his own career ambitions and was ready to settle for less than they could get for their father's life's work. Lachlan's perception was affirmed, they said, when his father told him that he had received a call from a banker on the deal, reporting that James was trying to make his future at Disney part of the negotiations. Murdoch personally assured Iger that it wasn't. (People closer to James say that there was no attempt to make the deal contingent on his role at Disney and that his primary concern was reaching the best agreement for the family and the shareholders.)

The family's dysfunctional dynamics were readily apparent to Iger. Seeing James as a strong champion of the deal, he kept him close during the negotiations but never committed to offering him a specific, high-level position; publicly, he said only that he was considering the issue.

Negotiations nearly fell apart in October, according to Securities and Exchange Commission filings, when Murdoch called Iger to say that Disney's valuation of the company was "inadequate" and that talks should "cease." But they kept talking, meeting in London — Iger had come for the premiere of Disney's "Star Wars: The Last Jedi" — to iron out more details. On Dec. 13, 2017, they announced an initial deal valued at \$52.4 billion.



*Donald Trump During The First Republican Presidential-Primary Debate In 2015.*

Accompanying the announcement was a photograph of Iger and Murdoch, their arms placed awkwardly on each other's shoulders, standing on the rooftop of a London building, St. Paul's Cathedral looming in the background. It was a peculiar image: the mogul who built the country's most polarizing, rage-stoking political brand beside the one who presided over a media conglomerate whose very name was synonymous with equanimity and uplift. Inside the Murdoch empire, the incompatibility of Fox News and 21st Century Fox had long been a source of private complaint and ironic humor: "The Simpsons," a Fox show, once parodied Fox News with a rolling news ticker featuring headlines like "Do Democrats Cause Cancer?" and "Study: 92 Percent of Democrats Are Gay." Showrunners on the West Coast would press the Murdochs to get the network under control when a Fox News host would say something they considered offensive, for instance during the network's coverage of the Charlottesville rally. But for many 21st Century Fox executives, the offenses had become a nightly occurrence during the Trump era, as the network's opinion hosts fueled white resentment and anti-immigrant furor. Now, 21st Century Fox would be merged into a company that famously and assiduously avoided politics.

As for Fox News, the network would have one fewer corporate impediment preventing it from giving its viewers what they wanted.

## Part 3: The New Fox Weapon

*The Disney Deal Left The Murdochs With A Media Empire Stripped To Its Essence: A Hard-Core Right-Wing News Machine — With Lachlan In Charge.*

### 14. 'YOU'LL BE HEARING FROM ME'

It was in the midst of this moment — the biggest deal of his career — that the 86-year-old Murdoch tripped on his way to the bathroom on Lachlan's yacht and had to be transported to Los Angeles. With their father laid up at the Ronald Reagan U.C.L.A. Medical Center at the start of 2018, Murdoch's children descended on Los Angeles, unsure if this would be the end. Lachlan and his wife, Sarah, met them at the hospital. Elisabeth and her husband, Keith Tyson, came from London, James and Kathryn from New York. Murdoch's surgery was successful. Not long after his children arrived, his condition stabilized. Following his near-death experience, Murdoch joked that he did not realize how serious his condition was until he had seen all his children gathered around his hospital bed.

Murdoch would be laid up for the next few months but still in command, running things from his bedroom at Moraga. In an email to his senior management leaked to Vanity Fair's Gabriel Sherman, he described the incident as "a sailing accident" and said that he would be working at home for a little while. "In the meantime," Murdoch wrote, "you'll be hearing from me by email, phone and text!"



*Lachlan Murdoch (Center) In Australia In 2006.*

The negotiations continued. As they did, Lachlan and James adjusted to their new realities. Unable to secure a job at Disney that he wanted, and wary of its aggressively safe and hierarchical culture, James decided in the winter that he would not try to follow the family's assets to their new home, according to three people who are close to him. Lachlan would take over what was left of the Murdoch empire without interference from his brother.

In early June 2018, before the final terms were settled, another bidder emerged. Brian Roberts, the chief executive of Comcast, offered Murdoch \$65 billion for 21st Century Fox, \$12.6 billion more than Disney was prepared to pay. Murdoch didn't want to sell to Comcast, according to three people familiar with his thinking. He preferred Disney for a variety of reasons, including his personal admiration for Iger, whom he viewed as a risk-taking leader in his own image. What's more, the Comcast offer was all cash, which would create a big tax burden for Murdoch. But Murdoch did like the prospect of a bidding war. And he had a potential path to securing both a higher price and his

preferred buyer in the Justice Department's ongoing lawsuit to block a proposed merger between AT&T and Time Warner.

Comcast's interest in 21st Century Fox allowed Murdoch to drive up Disney's purchase price to \$71.3 billion. Iger and his team delivered what they hoped would be their final offer personally to Murdoch in London, traveling through Ireland because they were worried that Comcast might be tracking the movement of private planes flying in and out of London from the United States. Murdoch had Disney on the hook.

His back now healed, Murdoch attended the Allen & Company media conference in Sun Valley, Idaho, in July 2018. With Roberts and Iger nearby, he seemed exhilarated; once again, he was in the middle of the action. The problem for Murdoch was that if Comcast made another counteroffer, he might have a fiduciary responsibility to present the offer to his board, and it might accept it, absent extenuating circumstances. He didn't want his stalking horse to overtake his favorite.

The Trump Justice Department came to Murdoch's rescue, appealing a federal court ruling in the AT&T and Time Warner case. On its face, the lawsuit had nothing to do with Comcast, but because the company had its own history of tangles with government regulators, the appeal would give Murdoch the cover he needed to accept Iger's latest bid: Comcast now looked risky. There is no evidence that the Justice Department factored Murdoch's interests into its decision-making process; nevertheless, he had gotten another \$20 billion for his company while still selling to his preferred suitor.

When the deal was finalized, Murdoch would personally make roughly \$4 billion, bringing his net worth to \$18 billion. All six of his children would receive \$2 billion each. Lachlan and James would get even more — an additional \$20 million in Disney stock, plus golden parachutes worth about \$70 million each. Yet neither one was getting what he had really wanted.

### **15. 'A DEAL THAT'S NOT GOOD FOR THE COUNTRY'**

Media empires are built on the foresight and audacity of their leaders, their ability to anticipate and embrace sudden changes in an industry that's constantly evolving. But they are also built on something far more mundane: government regulations. More than anything, it's the moving of lines, the lifting of caps and the rewriting of rules that enable moguls to transform businesses into empires. These decisions are invariably opaque, the product of a labyrinthine bureaucratic process and the inherently subjective definition of what's in the public interest. Under President Trump, these decisions have almost always broken Murdoch's way.

The Time Warner-AT&T deal was itself a good example of the ambiguities of this bureaucratic process. It worked out perfectly for Murdoch, but Trump had his own reason to try to block the acquisition: Time Warner was the owner of CNN, with which he was constantly feuding. He called it a "a deal that's not good for the country," and privately urged his chief economics adviser, Gary Cohn, to stop it, according to two people who were told about the conversation. (The exchange was first reported in *The New Yorker*.) Deals like this, a "vertical merger" between two companies in separate businesses, rarely face antitrust scrutiny. And yet Trump's Department of Justice sued to prevent it, the first time the federal government had taken such a step in 40 years. The Justice Department antitrust enforcer who filed the government's lawsuit against the deal, Makan Delrahim, was in fact on record saying earlier that he didn't see it "as a major antitrust problem." And yet when a federal judge, Richard Leon, dismissed the Justice Department's case, calling one of its key arguments "gossamer thin," the government appealed, and just in time to stave off Comcast's next bid for 21st Century Fox. The process had dragged on for more than two years.



Robert A. Iger, The Disney C.E.O., Talking To A Fox Business Correspondent In 2013.

The speed with which Murdoch's Disney deal was approved stood in stark contrast. This type of agreement — a "horizontal merger" bringing together Hollywood's largest and third-largest studios — would give the combined company near-monopoly power to raise consumers' prices and limit their choices. Such deals ordinarily invite strict government scrutiny. The Department of Justice approved it in just six months. (Fox executives credit the company's thorough preparations for its speedy and successful review.) After calling Murdoch to ensure that the deal wouldn't affect Fox News, Trump had applauded it: "This could be a great thing for jobs," his press secretary, Sarah Huckabee Sanders, said when asked to characterize the president's reaction to the agreement. Wall Street analysts predicted that the deal would result in thousands of layoffs.

The ambiguities of the regulatory process were also evident in another deal with major implications for Murdoch's empire. In the spring of 2017, months before Murdoch started negotiating with Iger, the Sinclair Broadcast Group agreed to buy Tribune Media for \$3.9 billion. Sinclair was already the largest owner of local TV stations in the country. It was also overwhelmingly pro-Trump: Its local stations, many of which were in key swing states, provided Trump with positive coverage during the campaign — a result, in part, of a deal that Kushner had personally struck with Sinclair's chairman,

David Smith. Murdoch had been concerned about the company's steady growth. With Sinclair's acquisition of Tribune, which was already in 39 percent of American households, the company would now be in more than 70 percent. What's more, Tribune owned WGN, an unremarkable cable channel with unexploited potential: It reached nearly 80 million homes and could easily be converted into a right-wing national news network — an instant competitor to Fox News. In conversations with colleagues, Murdoch worried that Sinclair might hire O'Reilly as the marquee star of the new Fox rival.

Sinclair seemed to have a friend and ally not just in Trump but also in the Federal Communications Commission's chairman, Ajit Pai. Days after the election, when he was still just a commissioner at the agency, he appeared at a Sinclair executive retreat at the Four Seasons in Baltimore, according to a Politico story. After he became chairman in 2017, he effectively enabled Sinclair's bid for the Tribune stations, easing limits on how many stations a single company could own. There was enough suspicion that Pai might be inclined to give Sinclair favorable treatment that the F.C.C.'s inspector general started an investigation into the commissioner's relationship with the company. But then, in the summer of 2018, Pai basically blocked the deal, announcing that he had "serious concerns" about it. Sinclair officials said they were "shocked."

Once again, things had broken Murdoch's way. The report cleared Pai of inappropriate conduct — either to help or hurt Sinclair — though it left some questions unanswered about Fox, like what Pai and Jared Kushner discussed during a conversation just before the deal was announced. Pai was asked if anyone from Fox News had tried to influence the ruling. He "responded in the negative," the investigators wrote.

#### **16. 'DO YOU THINK MALCOLM IS GOING TO SURVIVE?'**

In the middle of August 2018, Lachlan Murdoch emerged from his Gulfstream G550 in a T-shirt and jeans and climbed into a black Range Rover waiting for him on the tarmac. Australian paparazzi were waiting there, too, as they often were when Lachlan or his father arrived in Sydney. This time, they were both in town: Murdoch had landed

two days earlier. They went for a company awards dinner, but they had another agenda as well.

The night after his arrival, Lachlan invited a small group of Sky employees and managers to his \$16 million mansion in Sydney for drinks. With its new prime-time lineup of hard-right opinion hosts, Sky had become a force in Australian politics. Its audience was still small by American standards, but it was the network of choice in the capital, Canberra, and it was finalizing a deal to expand its reach into the Australian Outback — demographically speaking, the equivalent of Trump country.



Former Prime Minister Malcolm Turnbull Of Australia In 2018.

It was a mirror of Fox News, with its fixation on race, identity and climate-change denial. Night after night, Sky's hosts and their guests stirred anger over the perceived liberal bias of the media, "suicidal self-hatred" of Western civilization and the Australian equivalent of the Central American "caravans" that were dividing the United States: asylum seekers coming to the country by boat from Indonesia and Malaysia, many of them Muslim. Days before Lachlan's arrival, a national neo-Nazi leader, Blair Cottrell — who had recently been fined for "inciting contempt for Muslims" — appeared on one of the network's shows. Cottrell had been interviewed on Australian TV before, but his deferential treatment by Sky caused a national outcry. Under gentle questioning, he

called on his countrymen to “reclaim our traditional identity as Australians” and advocated limiting immigration to those “who are not too culturally dissimilar from us,” such as white South African farmers. (Sky apologized and suspended the program.)

Inside Lachlan’s living room, the talk turned to national politics. “Do you think Malcolm is going to survive?” Lachlan asked his staff. Malcolm was Malcolm Turnbull, the relatively moderate Australian prime minister who took office a few years earlier. Inside the government, a small right-wing uprising had been brewing over his plans to bring Australia into compliance with the Paris climate accord. It is well established among those who have worked for the Murdochs that the family rarely, if ever, issues specific directives. They convey their desires indirectly, maybe with a tweet — as Murdoch did in the spring of 2016 when he decided to back Trump — or a question, the subtleties of which are rarely lost on their like-minded news executives.

In the days that followed, Sky Australia’s hosts and the Murdoch papers — the newspaper editors had their own drinks session at Lachlan’s mansion — set about trying to throw Turnbull out of office. Alan Jones, a Sky host and conservative radio star, called for a party “rebellion” against him on his program. Days later, the Murdochs’ major paper in Sydney, *The Daily Telegraph*, broke the news that a leadership challenge was in the works. Cheering on the challenge, Andrew Bolt, the Murdoch columnist who was once convicted of violating the country’s Racial Discrimination Act, told his Sky viewers that Turnbull’s “credibility is shot, his authority is gone.” Peta Credlin, the commentator who was Tony Abbott’s former chief of staff, chewed out a member of Parliament for the chaos inside Turnbull’s administration. *The Australian*, the Murdochs’ national newspaper, was soon declaring Turnbull a “dead man walking.”

Word got back to Turnbull about Lachlan’s remark to his staff. He knew that Sky After Dark had been becoming increasingly critical of him: Months earlier, an aide showed him a video montage of promotional clips from the network questioning his leadership of the country. “Is it always like this?” the aide recalled him asking. But he now believed that this tough coverage was part of a concerted campaign. One of his senior aides confronted the Murdochs’ Australian executives in a text that was shared with us. The

Turnbull camp knew, it said, that “Lachlan had made it clear at the editors drinks on Tuesday night that he would like MT to get rolled.”

Turnbull heard, too, that Rupert Murdoch was miffed at him because he had not reached out to him since he landed in the country, according to three former officials in Turnbull’s government. Turnbull’s chief of staff had been trying to set up a meeting with Murdoch; he now redoubled his efforts. Turnbull settled for a phone call, pleading with Murdoch to back off. “Let me have a look at it, and let me talk to Lachlan,” Murdoch said. “I’m retired. I’ll talk to Lachlan.” (Through a spokesman, Murdoch denied that he felt slighted by Turnbull.)

Two days later, Turnbull’s right-wing opponents ousted him through a definitive intraparty vote, known in Australian politics as a leadership “spill.” Chaos ensued, creating round-the-clock political theater for Sky Australia, which logged its highest ratings in the network’s history. (The Murdochs have denied any role in the ouster.)

It was always difficult to separate the personal from the financial and the ideological with the Murdochs. All appeared to be in evidence in their decision to turn against Turnbull. To begin with, he took office a few years earlier by ousting Lachlan’s friend Tony Abbott, and it was Abbott who helped lead the Turnbull uprising. Turnbull’s policies were also not perfectly aligned with the Murdochs’ interests. For instance, he had expedited the construction of the country’s national broadband network, which directly threatened the family’s highly profitable cable business by giving Netflix a government-subsidized pipeline into Australian homes.

The small number of Australian media outlets that the Murdochs did not own portrayed Turnbull’s ouster as a Murdoch-led “coup.” Kevin Rudd, a former prime minister whom the family had helped push out of office years earlier, described Murdoch in an op-ed in *The Sydney Morning Herald* as “the greatest cancer on the Australian democracy.”

Turnbull was replaced by the right-wing nationalist Scott Morrison, who quickly aligned himself with Trump. The two met in person for the first time in late 2018 at the G-20 summit meeting in Buenos Aires. “I think it’s going to be a great relationship,” Trump

said afterward. With a national election scheduled for May 2019, Morrison quickly staked his party's prospects on the polarizing issue of immigration, promising a new hard-line approach. It dovetailed with Sky's regular prime-time programming. Andrew Bolt, who previously warned of a "foreign invasion," said in one segment, "We also risk importing ethnic and religious strife, even terrorism," as the screen flashed an image of Australia's potential future: rows of Muslims on a city street, bowing toward Mecca. When the opposing Labor Party managed to muscle through legislation that would allow doctors to transfer severely sick migrants in detention centers on the islands of Nauru and Manus into hospitals on the mainland, Sky Australia's prime-time hosts went on the offensive.

### ***17. 'NO, I'M NOT EMBARRASSED'***

The third generation of the Murdoch dynasty was finally taking control. The Disney deal was still pending regulatory approval in a few countries — the two companies had overlapping operations in China, Mexico, Brazil and elsewhere — but Lachlan was already shifting to his new role as chairman and chief executive of the new Fox. The empire was much smaller, but in political terms, at least, it was no less powerful, and its direction was clear.

Lachlan generally avoids on-the-record interviews, but now that he was taking ownership of the family business, it seemed appropriate to make at least one public appearance. He chose the New York Times-sponsored DealBook conference about corporate leadership. On Nov. 1, less than three months after the Australian "coup," Lachlan appeared onstage in the Time Warner Center in Midtown Manhattan. Tieless, in a white shirt, a navy suit and his trademark black outback boots, he offered a selfless account of the Disney deal. "We immediately saw that this made a great deal of strategic sense," he told his interviewer, the New York Times columnist Andrew Ross Sorkin. He asked Murdoch if there was any part of him that was disappointed at the prospect of the shrinking of his would-be empire. "Your first thought is shareholders," Lachlan replied. During the brief Q. and A. that followed, Lachlan dismissed the critics of Fox News as narrow-minded. "No, I'm not embarrassed by what they do at all," he

said of the network's prime-time hosts. "I frankly feel that in this country, we all have to be more tolerant of each other's views."



*Lachlan Murdoch At The New York Times Dealbook Conference In November 2018.*

In the days leading up to the conference, some Fox News hosts and guests had been moving ever closer to openly embracing the most bigoted sentiments of the white-nationalist movement. A few days before the anti-Semitic attack on a Pittsburgh synagogue that killed 11 Jewish worshipers, a guest on Lou Dobbs's show had said that a migrant caravan headed to the United States border from Honduras was being funded by the "Soros-occupied State Department." (The network apologized.) The shooter, according to a post he made on social media, had come to believe that Jews were transporting members of the migrant caravans. When Tucker Carlson came under fire for his increasingly pointed attacks on immigration — "We have a moral obligation to admit the world's poor, they tell us, even if it makes our country poorer and dirtier and more divided" — he received personal text messages of support from Lachlan, according to two people familiar with the texts.

The lines between Fox News and the Trump White House were continuing to blur. At Hannity's urging, Trump hired the unemployed Bill Shine as his deputy chief of staff for communications in the summer of 2018, ushering in a new era of increased hostility between the White House and the mainstream media: Within days of his arrival in

Washington in July 2018, Shine called the Fox control room to change an onscreen chyron about Ivanka Trump that he considered unflattering, according to a source inside Fox, who says his request was denied. Shine also barred Kaitlan Collins, a CNN White House reporter, from an event after she asked Trump several questions about Michael Cohen and President Vladimir Putin of Russia.

Unlike his father, Lachlan did not have a long-term relationship with Trump, but he hired the former White House communications director Hope Hicks as the new chief communications officer for the new Fox. Hicks was only 29, but she was the rare member of Trump's inner circle who left the administration on good terms, and she remained very close to the president, the Trump family and others in the White House. (Kushner has privately told people that he provided a reference for her to Murdoch.)

Lachlan's first initiative was Fox Nation, a subscription-only, on-demand streaming service started last fall for Fox "superfans." It would be a platform for a new generation of Fox stars and viewers. One of its most prominent personalities was Tomi Lahren, a 26-year-old recent graduate of the University of Nevada, Las Vegas, who had built a large social-media following with bite-size quips; for instance, she referred to Black Lives Matter as "the new KKK" and to refugees as "rape-ugees." Most of its shows would be live-streamed during the day, making it a convenient alternative to the network's daytime news programming, which was too politically neutral for many Fox watchers. And because Fox Nation was on the internet, the content could be even less restrained than the network's evening programming. In addition to opinion-heavy political coverage, there would also be lighter fare — such as a cooking show with the "Fox & Friends" host Steve Doocy — and "deep dives," including a documentary about the former anchor of the CBS Evening News: "Black Eye: Dan Rather and the Birth of Fake News." Lachlan's longer-term plan was to take this undiluted, unchecked form of Fox News overseas.

Roger Ailes once blocked Sean Hannity from hosting a Tea Party fund-raiser on his show. When Hannity and the Fox host Jeanine Pirro joined Trump onstage at his final rally before the November midterm elections, the old Ailesian concern that the network

should keep at least some distance from its political allies had come to feel quaint. Hannity played to the crowd, referring to all the reporters in the press pen as “fake news” and praising Trump’s accomplishments. After a tepid rebuke from management for participating in the rally, he clarified his comments about the press: They were not intended to refer to Fox’s reporters at the rally, he said, just the rest of the media.

At times, Fox News seemed to be dictating presidential policy, or at least channeling the base that appeared to control the White House’s agenda. In late 2018, Trump was heading toward a budget deal with the newly ascendant Democrats until guests and hosts across the network started shaming him, demanding that he not sign any government spending bills that didn’t include \$5 billion for a border wall. “Don’t listen to squish advisers,” urged Pete Hegseth, a “Fox & Friends” host. He didn’t. He listened to Fox instead and shut down the federal government. It was the made-for-TV climax of a campaign started months earlier. And like the enduring paralysis of the British government and the political upheaval in Australia, it was the legacy of a single family that was now descending into a chaos of its own.

## **18. ‘I CAN’T LEAVE’**

Having spent almost his entire adult life trying to prove that he was worthy of running the Murdoch empire, James had finally broken with it. He struck out on his own at the end of 2018, setting up his own family office in a new building in Greenwich Village to manage his vastly expanded fortune and invest in technology start-ups. By now, he and his brother were barely on speaking terms.

James had always accepted as a given the interlacing of politics and business that had built his family’s fortune. He had even practiced his own version of it, however unsuccessfully, in London. He had stayed with the company for more than two decades, to prove himself to his father and because of dynastic obligation. “I can’t leave,” he told a friend during the hacking scandal. “I was brought up to do this.” The bonds were not just emotional: His fortune was tied up in his holdings in the family business. In the end, his father had chosen Lachlan. The empire that James had long sought to run was being dismantled. Lachlan had won their lifelong competition to

become their father's heir, but then, what had he really won? To friends, James dismissed his brother's new company as "an American political project."



*James And Lachlan Murdoch At Fox Studios L.A. In 2013*

But even now, James couldn't fully distance himself from the new company: He was still holding a large chunk of its voting stock, and as long as that was the case, his fortunes would be tied to Lachlan's "American political project." He couldn't cash out, because Murdoch had made sure that none of his children would be able to sell their voting shares to an outsider. And yet, as levers with which to influence the company, these shares were virtually useless because their father remained the controlling shareholder in the family trust. James saw only one solution. He would sell his stock to Lachlan and his father, and maybe his sisters would join him. What was once a complex family dynasty would become a simple hereditary monarchy. Elisabeth and Prudence enthusiastically agreed. Murdoch, too, was excited about the idea, seeing it as an opportunity to rid the company of an in-house critic. He urged Lachlan to do it: The two of them, father and son, would own the company together. The documents were drawn up, but in late 2018, given the chance to have the company to himself, Lachlan balked. (Through a spokesman, Lachlan said that buying out his siblings wasn't financially feasible.)

Had Murdoch won or lost? On the one hand, Murdoch had achieved everything he wanted. He had made all his children multibillionaires, while not only keeping the division of his company that was most dear to him but also passing on control of it to his favorite son. Everyone, Murdoch included, had thought Hillary Clinton was going to win in 2016, but he had made a bet on a different candidate — and the power of a countervailing historical force — and he'd been rewarded with ratings, money and access. And yet that bet had torn apart both his family and his company. What was left was not a sprawling media empire that contained all his ambitions, but a political weapon.

James and Kathryn were planning to devote some of their fortune to try to neutralize that weapon. In early 2019, their foundation, Quadrivium, announced initiatives to defend democratic nations against what they saw as the rising threat of illiberal populism and to bolster voting rights.

The Disney deal was scheduled to close in the spring. During the family's final months as the owners of the storied 21st Century Fox, they attended the Oscar festivities one last time. It had long been an annual event for the Murdochs; in an earlier era, the family hosted a few events of their own, celebrity-filled parties at their Beverly Hills home.

There was a brief but memorable exchange at the Vanity Fair dinner during the ceremony. In one sense, it was a recapitulation of the ideological conflict that was dividing both the Murdochs and the world. In another, it was just a family spat. When it came to the Murdochs, was there really a difference?

At the Vanity Fair dinner during the ceremony, Kathryn was seated next to Jon Lovett, a former speechwriter for Barack Obama and Hillary Clinton and a host of the vehemently anti-Trump podcast "Pod Save America." Lovett did not seem thrilled with his table assignment, but as he and Kathryn started talking, it quickly became clear that she did not share the politics of the Murdoch family business. The conversation inevitably turned to Fox News and the damage it was doing. Kathryn offered to introduce Lovett to the chief executive of the network, her brother-in-law, who was

seated at a table nearby. Lovett initially resisted — “I don’t need to talk to this person. It’s not going to be pleasant for anyone” — but later in the evening, Kathryn brought them together.

“Do you feel proud of what’s happening between 8 and 11 every night?” Lovett asked. “You think this is good for the world?”

“Yeah, I think they’re doing a great job,” Lachlan replied. Then Lachlan threw the question back at Lovett: *Were there any conservative voices he would accept on Fox?* Before Lovett could answer, Kathryn interjected, ticking off a list of anti-Trump Republicans.

Lachlan turned away and joined another conversation.

### **19. ‘I DON’T SEE HOW IT CAN GET MUCH BETTER THAN THIS’**

On the morning of March 19, 2019, the new, streamlined Fox officially became a publicly traded, if Murdoch-controlled, company, with Lachlan as its chairman and chief executive and Murdoch as co-chairman. Its name was simply Fox Corporation. A week earlier, Fox News held its first “upfront” for advertising agencies, trying to reassure skittish ad buyers that the network represented a “safe” brand for their products, according to a report in *Ad Age*. There were videotaped interviews with Fox News viewers — “they deliver the news accurately and honestly” — and a panel discussion with Fox personalities, who expressed optimism about the state of the country and the network. “This is a great time to be an American,” Laura Ingraham said. “Pretty much right now, I don’t see how it can get much better than this.”

In the 22-year history of the network, the Fox News Effect had never been more pronounced. A March study by Navigation Research, a Democratic firm, found that 12 percent of Fox News viewers believe that climate change is mostly caused by humans, compared with 62 percent of all other Americans. At the same time, 78 percent of Fox viewers believe that Trump has accomplished more than any president in American history, compared with 17 percent of other Americans.



*President Trump Greeting The Fox News Host Sean Hannity At A Political Rally Before The 2018 Midterm Elections*

The same could be said of the more global Murdoch effect. Brexit-inspired chaos continued to rattle Britain. Both of Theresa May's proposals to formalize the country's break with the European Union were rejected by the British Parliament. The possibility of a "no-deal Brexit" — in which the country would simply crash out of the European bloc, quite possibly triggering a historic economic collapse — loomed. In late March, more than a million protesters took to the streets of London to demand a second Brexit referendum. With May's fellow conservatives questioning her continued leadership of the party, a former Murdoch columnist, editor and friend, Michael Gove — now a member of Parliament — was being talked about as a possible replacement.

Thousands of miles away, another consequence of the global ethnonationalist fervor that the Murdoch empire had amplified and mainstreamed was playing out in New Zealand, where an Australian white nationalist, Brenton Tarrant, stood accused of killing 50 worshipers at two Christchurch mosques on March 14. There was no direct connection between Tarrant and Sky Australia, but critics of the network quickly drew attention to its consistently anti-Muslim rhetoric. In an online comment, unearthed by the Australian Broadcasting Corporation, Tarrant had described Trump's election as "one of the most important events in modern history." He was also a fan of the white

nationalist Blair Cottrell, whose appearance on Sky Australia over the summer caused American Express to pull its ads from the network. Following the massacre, a young Muslim employee of Sky News in Australia quit in protest. “Over the past few years, I was playing a role — no matter how small — in a network whose tone I knew would help legitimize radical views present in the fringes of our society,” she wrote in a post on the Australian Broadcasting Corporation’s website.

In the United States, what remained of the Murdoch empire was already gearing up for the 2020 presidential election. One of its first steps was to bring The New York Post more in line with Fox News. The paper had long been Trump’s first read — it was delivered daily to the White House — but its coverage was not uniformly favorable. In January, the Murdochs brought back one of the paper’s former editors, Col Allan, to help run the paper. An old Trump golf partner, Allan had come up through Australia’s tabloids and has been described as “Rupe’s attack dog.” Jesse Angelo, The Post’s publisher — and James’s lifelong best friend — resigned shortly after hearing the news.

Across Fox News, hosts treated the submission of the Mueller Report in late March as the end of a two-year witch hunt and the beginning of Trump’s re-election campaign. The probe had resulted in the indictments of 34 individuals; guilty pleas and convictions from five former Trump business associates or former campaign officials; and a number of ongoing state, federal and congressional investigations. But on Fox’s prime time, Mueller’s decision against bringing new indictments was portrayed as vindication of what the hosts had been telling the audience all along: The investigation was a deep-state coup by the Democrats, helped along by mainstream reporters who were deliberately misinforming the public. The Democrats and their allies in the press had failed to overthrow Trump this time, Fox’s hosts and their guests warned, but their efforts would only grow more intense in the coming months. “They need to be pummeled into the political dirt and become acknowledged as the minority they are,” Rush Limbaugh, the dean of the right-wing radio hosts, said on Hannity’s show. The 2020 campaign and the new era of the Murdoch dynasty had begun.

