THE STEVE HEWLETT MEMORIAL LECTURE 2019, SEPTEMBER 24TH 2019

THE UNIVERSITY OF WESTMINSTER

THE ROYAL TELEVISION SOCIETY AND THE MEDIA SOCIETY

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**\*EMBARGOED UNTIL 18.30 BST ON 24/9/2019\***

**Mark Thompson President/CEO New York Times and Former Director General the BBC**

**QUESTION OF SOVEREIGNTY**

**Brexit, digital disruption and the fate of British media**

My subject this evening is sovereignty – though there won’t be much about Brexit tonight, certainly nothing for or against. The questions I plan to raise don’t depend on whether Brexit goes ahead. They’ll matter whether or not we stick with Beethoven’s *Ode to Joy*, or head down the pub with Boris and Nigel for a chorus of *Roll Out the Barrel.* Or even if it turns out that we’re all characters in a play by Samuel Beckett – *Waiting for Brexit* – and the whole point is that nothing ever happens.

Claire Enders and others have used the term *sovereignty* before in the debate about the UK and digital to press the case for proper national oversight and regulation of digital services and content.

It’s a compelling case, at least in a democracy – I’m less comfortable when Xi Jinping uses the phrase *cyber sovereignty* to justify the suppression of free speech in China.

But I want to use the word *sovereignty* more expansively to refer to our ability in the UK to fully express ourselves and our many stories and opinions and traditions to each other and to the world.

If you claim that the concerns which led to the Brexit debacle relate to *political* rather than this kind of *cultural* sovereignty, my reply is that it’s impossible to separate the two, that national *self-expression* – recognising *your* language, *your* life experience, *your* community in the prevailing culture – is not just an important element, but a necessary pre-condition for national *self-determination* and a sense of individual and collective agency.

A society which loses its shared culture loses much of its sense of distinctive identity. A society in which different communities and groups can no longer listen to and come to understand each other’s pasts and presents shouldn’t be surprised if mutual incomprehension and division are the result. If you doubt that any of this connects to big politics and national well-being, you’re not paying attention.

Our culture comprises much more than media. Language, literature, education, theatre, music, dance, the visual arts, much else besides. But I doubt anyone would dispute the centrality of media – digital media, regular TV and radio, movies, newspapers and magazines, local and national – in British life.

But to state the obvious, many of these categories – and therefore much of our cultural sovereignty – are now under economic and audience threat from a process of digital disintegration and reinvention that is still accelerating, in many areas just getting going, and particularly from its *globalizing* effects, which are driven not just by the borderless character of digital distribution, but by its intrinsic scale economics.

It’s hard for anyone other than the US or China to produce global digital platforms. The UK hasn’t produced one. Nor has any other European country, with the arguable exception of Sweden and Spotify. British creators make first-class programmes for Netflix, Amazon and the other American streamers, but there’s a crucial difference between producing great content to fit someone else’s creative agenda, and commissioning and controlling it yourself. It’s the *commissioners* who decide what gets made – and reap most of the economic upside. If real scale is what it takes in digital content distribution, we don’t have a horse in that race either.

Indeed one of the triumphs of British policy-making over the last decade or so has been to hobble the chances of the UK’s only credible global contender – the BBC – of fulfilling its full potential to bring British talent and British ideas to the world’s audiences. More on that later.

Sky – another transnational broadcaster with a strong track record of digital risk-taking and innovation – won’t face the same obstacles. I’m sure it will continue to commission plenty of outstanding British shows. But it’s also a fact that Sky is no longer an independent publicly-quoted British company, but itself a unit within Comcast, another of those US megaliths, which quite understandably has global ambitions and priorities of its own.

The media world has changed greatly in the seven years since I moved to New York. Local and regional media has its back to the wall, the long-term future of national newspapers *and* public service and ad-funded commercial TV is in question. What hasn’t changed much, if at all, is British public policy about media.

Policy-makers have largely concentrated on tightening the funding pressure and other constraints on the BBC further, refining technocratic regulatory theory, and pondering such weighty matters as whether the Times and Sunday Times of London should be allowed to share some editorial resources, the answer – after much deliberation – being a cautious yes. One can be forgiven for wondering if that is a *complete* solution to the crisis threatening to engulf British journalism.

No doubt the relevant government departments and regulators do plenty of good work too across this difficult and rapidly evolving terrain.

I want to say to them: policing the beach for litter is a virtuous activity, but it’s time to glance out to sea. That grey band on the horizon is a tsunami.

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The idea that Netflix and others are changing the game in broadcasting is hardly news of course. It was a big theme of last week’s RTS Cambridge convention. As for digital disruption of newspapers, that’s been with us for years.

What I hope to bring to the party is my experience of leading a large-scale and generally encouraging *response* to the digital tsunami. I hope that this experience – with real audiences, a real creative organisation, real technology and real dollars – will help convince you that successful transformation is possible, at least for legacy players who accept the daunting investment and drastic change required. It’s also, I believe, a useful perspective from which to view and propose changes to current policy.

I’m going to proceed as follows. First I’ll talk about the perilous and seemingly intractable set of threats that faced The New York Times when I walked into the lobby as chief executive in late 2012. I’ll tell you how we responded, draw some general lessons from that – lessons which in my view are just relevant for TV, movies, radio and music as they are for the news business – and apply them to today’s UK media landscape. Finally, I’ll turn to the question of public policy.

So let’s start with The New York Times. In 2012, it was still a profitable, cash-generative company. Its journalism was as strong as ever. It had been an early investor in digital and its website was still recognised as a market leader.

But pretty much every economic indicator was trending down. Print advertising, which had collapsed during 2008/9 was still falling like a stone. The number of print *subscribers* was also falling, albeit more gradually. Newsstand sales were plummeting. To everyone’s consternation, after years of growth, digital advertising was going into reverse. Even the digital subscription model – launched the previous year, and the company’s great hope – seemed to be running out of steam at around the 600,000 subscriber mark. Innovation had stalled. Strategy was at a stand. It remained a largely analogue company not just in revenue but in spirit and expertise.

Terrifyingly, it was nonetheless one of the highest performers in the entire US industry. Since 2004, more than one in five US newspapers have closed. Employment in the industry fell from over 400,000 in 2000 to 140,000 last year – a nearly two-thirds attrition. It’s not just the closures – even the survivors have been savaging headcount. More journalists have lost their jobs in recent years in America than coal miners.

The economic object of any legacy media digital strategy is to develop digital products and services which can grow revenue and profitability aggressively enough to offset the inevitable declines in print. Most American newspapers were finding it impossible to do meet this brutally clear benchmark. They still are.

A significant recession in the next year or so will likely decimate the survivors and leave great swathes of the country without professional newspaper journalists and the civic accountability they provide. One can’t look at this country or much of Europe and not fear something similar.

The New York Times did have important advantages. Its brand heritage and the obstinate determination of the board and controlling Ochs-Sulzberger family interest *not* to savage the newsroom, no matter how bleak the forward economics looked. That digital head-start. Its untapped global potential.

All strengths to build on, though quite how was as yet unclear. Wall Street, not known for its sentimentality, had reached its verdict – which was that The Times was the best of a bad lot. The stock price which had touched $50 a share at its peak was now stuck at around $8.

So what did we do? Over the next few years, we devised and executed a strategy which had the following elements:–

First, we believe in journalism. It’s what we stand for. It’s the only thing we have to sell. So – unlike almost everyone else – we’ve *invested* in journalism.

We now have around 1,750 journalists working for The New York Times. That’s three hundred *more* than in 2012 and the greatest number in the company’s 170 year history.

Heavy investment in content is Netflix’s strategy. It’s Disney’s strategy. They know that *distinctiveness* – providing something clearly different, more valuable, more trustworthy than what’s available for nothing on the web – is essential. Distinctiveness is a no-brainer if you want to succeed as a provider of high quality digital content of any kind.

A good slice of our investment has gone into building classic journalistic breadth and strength. Take investigations. You’ll be familiar with some of Times’s work in investigative journalism – Harvey Weinstein and Bill O’Reilly, Trump’s taxes and so on – but what I want to stress is the sheer *number* of original stories The New York Times delivers every week, a drum-beat of high impact headlines previously unknown anywhere in digital, print or broadcasting.

We’ve also invested in new specialists in critical areas like tech and climate – on which we delivered more than 800 stories last year – as well as video, audio and other new forms of story-telling.

By contrast, instead of investing, most of the world’s news organizations have either chosen or been forced to try to *cut* themselves to a digital future.

That may drive higher short-term profitability, but it’s a strategy that leads off a cliff. You can’t degrade your journalism and keep your audience, let alone sell them subscriptions.

This is unavoidably a *capital-intensive* period in media. You have to invest not just in content, but data science, digital product, engineering. We now have around 900 specialists – in addition to that big newsroom – working on our digital machine. Most are new to the company.

There is a difference – one we had to learn – between “trying digital”, meaning letting a handful of people play around the edges of the business, and trying as if the company’s life depended on it. Which it does. You have to throw everything and almost everyone into the fight.

This level of commitment is hard for publicly-listed companies who find themselves competing for creative and engineering talent – and for the best intellectual property assets – with tech players who typically have vast cash reserves or access to seemingly unlimited venture capital.

But building an ark doesn’t come cheap. Not if you want it to *float*.

Next, we believe in developing close, long-term *relationships* with the most engaged consumers of our journalism with a current hypothesis that the single best way to turn these relationships into revenue is by converting these loyal users into paying customers.

Until fairly recently, very few people in news publishing believed that either. People just wouldn’t pay for news on digital devices, we were told. Many were amazed when The New York Times reached even half a million subscribers. Now most print and many digital players are trying to follow us.

Meanwhile in ad-funded TV or radio almost no one on either side of the Atlantic is contemplating more than a marginal shift towards direct end-user subscriptions. Some have instead been licensing their libraries to Netflix and the other streamers – in other words, taking cash in return for helping to build the very platforms that wish to replace them. It’s only recently thatlegacy players have spotted the strategic danger of *that* tactic.

A relationship strategy depends less on raw page-views and click-rates than it does on *engagement* and *frequency* – in other words, how deeply and how often a given reader uses you. So we poured people and money into the task of improving the digital experience of The New York Times and optimising the pay model and our subscription tactics.

From 2014, we focused most of our efforts of the mobile phone experience, because that was where the users were. Peak time for news use on mobile phones is 7 am, so the whole circadian rhythm of the newsroom had to change.

We invented new regular experiences – morning and evening briefings, a mini-crossword every morning, for instance – to encourage return visits. One way to think about our breakthrough podcast *The Daily* is as a habituation tool – it now reaches two million listeners on a typical day, ten a month, and it’s still growing.

We’ve experimented everywhere and with everything. At any given moment we now have multiple simultaneous separate experiments running in the field.

We’ve launched successful new products – our digital crossword and cooking products are in their own right two of the news industry’s largest subscription products – and unsuccessful ones.

We started taking international digital sub growth seriously – they’ve grown ten-fold since 2012. Audio arrived – The Daily is only one of our podcasts – as did VR, AR, and this year TV with The Weekly.

We changed everything that needed to change. A generation of new leaders came in. We massively expanded training. As the business changed, so too did large parts of the employee base. In some departments, the need for different skills and expertise mean as much as an 85% change in the workforce.

Today growth in digital revenue comfortably outstrips print losses. Company revenue is now growing quarter after quarter. At the end of our most recently disclosed quarter, we had around 5 million total subscriptions, triple the highest number ever achieved in the print era. We plan to double that again to ten million by 2025. Far from plateauing as the model enters its ninth year, in recent quarters the rate at which we’re adding net new subs has accelerated again.

Our projections suggest the ultimate size of our global subscription base could be far larger even than that ten million.

In 2015, we set ourselves the challenge of doubling digital revenue from $400 million a year – the figure then – to $800 million by 2020. We expect to hit that target well ahead of time. The stock price has more than tripled.

We’re not *there* yet – no one in digital is there yet, perhaps never will be there, if there means a secure and stable end-state – but we’re on our way again.

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But how applicable is this experience to media more broadly? In my view and despite the unique features of The Times, very applicable. First, it helps us dispel some persistent myths.

Digital advertising can support quality journalism on its own. No it can’t. It was never going to. Most of the spoils of advertising go to those who control distribution. Once that was newspapers and magazines. Now it’s the major Silicon Valley platforms. The distribution advantage we once enjoyed with our presses and our trucks has already shrunk. In due course it will disappear entirely.

We’re building a different kind of distinctive digital advertising at The Times based around strategic partnerships with the world’s biggest brands. It’s showing real promise.

But that’s an option only available to a handful of publishers. Unless the others can pivot away from dependence on advertising, to subscription or other revenue streams, the future looks bleak. And that includes not just legacy firms, but former digital darlings like the Huff Post, Buzzfeed and the rest, players who today have begun to resemble legacy publishers but without the actual legacy.

The fact that TV advertising has not yet gone through the same scale of disruption, is only a timing issue. It’s inevitable as audiences switch from privileged tradition distribution channels to digital. The same economic logic applies.

Linear broadcasters everywhere are also undergoing the same ominous early stage audience-loss that hit the west’s newspapers years ago – particularly the differential flight of the young.

Effective counter-measures are possible. *The Daily* is by many measures the most popular news popcast in the world, but it’s also reaching and deeply engaging a substantially *new* audience for The New York Times. Three-quarters of its audience is 40 or under. 45% are 30 or under.

I grew up in broadcasting being told that very few young people would ever listen to serious speech audio. It’s rubbish and probably always was.

Bucking the trend requires not only investment but creativity and lateral thinking. Yet the reality is that any media company which fails to crack this problem, and can no longer replenish its audience, doesn’t have a long-term future. The effects won’t be immediate – older audiences are typically very loyal – but it’s ultimately non-survivable. It’s as simple as that.

Myth number two: it’s all Google and Facebook’s fault. They stole our business and something must be done about it.

Now it’s convenient to have someone to blame for your woes – and it’s true that policy-makers and regulators across the western world have any number of searching questions to put to these two giants about their business practices.

Yes, Google and Facebook should do more to help news publishers and other providers of civically and culturally valuable content. Google has taken some modest but promising steps, Facebook is talking seriously about doing the same.

But let’s be realistic. The true source of legacy media’s tribulations is not these two companies – and wouldn’t be solved if they were regulated more tightly, or even replaced by other search and social providers. The true culprit is the internet itself.

It was the internet which allowed hundreds of millions of users to switch from old media distribution channels to digital. It was the internet which robbed newspapers – and is now robbing linear TV – of the advertising pricing-power that went with the old privileged distribution.

And the politician or regulator has yet been born who can uninvent *that* magnificent and scarifying Pandora’s box. We’re stuck with it and therefore might as well make the most of it.

So for those brave souls – whether in news or entertainment – who opt to truly take the plunge, what are the fundamental conditions for success?

Scale. You need scale of audience, scale of engagement, scale of subscriptions. The goal is to reach the point at which *operating leverage* begins to rise – in other words, that moment in a company’s arc of digital growth beyond which investment and other costs no longer need to rise at the same pace as revenue, and the fundamental profitability of the business starts to increase.

Say we spend x hundreds of millions of dollars on journalism at The New York Times to serve five million subscribers. We won’t have to spend 2x to serve ten million. Nor 2x on product and technology or many of the company’s other expenses.

Some costs will no doubt continue to rise but, going forward, margin – meaning the gap between total revenue and total cost – will grow wider and wider. We see not just a *viable* fully digital news business in prospect, but an increasingly profitable one. But it’s impossible without scale and without that high initial investment.

The next condition is a super-clear *value proposition* for your customers, one that meets real-world demand and reflects real-world media consumption.

At The New York Times, we know what our mission is: to seek the truth and help people to understand the world. Our research suggests enormous and growing global demand for serious news. I’ve already talked about how we hope to satisfy that demand and about the critical role of quality and originality in our offering.

We’re not alone. It’s no coincidence that all the really successfully digital subscription models come from titles at the very top of the market. The future looks much tougher in the middle and bottom of the market. If your journalism isn’t special enough to sell to consumers, and you’re losing out in the ad market to the major digital platforms, I don’t see how you keep your head above water.

Some of the same dynamics are playing out in the unfolding global battle for the future of TV.

The streamers may drive much of their current *consumption* with reruns from conventional broadcast, but they’re putting their *commissioning* dollars into the kind of distinctive, ambitious programming which used to be reserved for premium cable and satellite – HBO or Showtime, say – or indeed the BBC and Channel Four. So it’s not reality shows and soaps, but *Fleabag* and *The Crown*. The best US linear players are fighting back with the same: *The Terror*, *Chernobyl*, even *Game of Thrones*.

Perhaps you saw some of these pieces on conventional British TV channels. That too is a timing issue.

For now it makes sense for the streamers to co-produce and share rights in the country of product. Don’t expect that to last. Soon they’ll want it all. Given the struggle that is now gaining momentum – they’ll probably *need* it all too.

Conventional broadcasters – and I include conventional cable and satellite players – who do not have a compelling pure-play digital strategy of their own risk being priced out of the best talent and best content. Even in their hey-day, they’d have struggled to compete with these giants. Now with ad revenue – and in the case of the BBC, licence-fee – squeezed, their financial firepower is waning.

Note also the impact of all this on some of the traditional arguments for public service intervention.

The great programmes I mentioned come out of a British creative culture and talent base which the UK PSBs have nurtured and sustained and conditioned audiences to expect. But will that role still be as critical in the future as the global players ramp up their investment in exceptional, high-risk work?

One could ask a similar question about purely *financial* support for the UK production sector. Last week at Cambridge, Reed Hastings announced that Netflix is spending half a *billion* dollars this year on British film and TV. Does that mean that the BBC’s and Channel Four’s investment is becoming less vital?

Finally, there’s trust. According to dataEd Williams of Edelman presented at the RTS last week, Netflix’s net trust score in the UK is now on a par with the BBC’s and a point ahead of Channel Four’s. If the PSBs ever enjoyed a special status with British audiences when it came to trust, that too seems to be in question.

Now, as you’ll hear, I believe the case for public intervention in media is stronger than ever – and indeed that, in many categories, aggregate market failure risk actually growing. Nonetheless the case for it needs, not just to be *restated*, but refined and sharpened.

The third lesson and condition for success is the *how* of building an effective digital media operation. It requires what is in many regards a new organisation.

Much of your existing tech and data architecture should go in the skip. Everything needs to be rebuilt. So too those traditional functional departments with their hierarchies and territories.

At The New York Times, we organize now around specific digital *missions* – engagement, subscription growth, for instance – with multi-disciplinary teams drawn from many fields working under unified leadership to achieve specific strategic goals. They test, they learn, they make most of the decisions usually without needing sign-off either from department heads or senior leadership.

Most legacy media structures are still shaped around the old, rather than the new business. They still operate with traditional pyramidal command-and-control. This is one of the main reasons why many are seeing such desultory results from their digital businesses.

You can’t invent the future if you’re spending 80% of your time on legacy operations. Hive them off even if they drive most current revenue and profitability. Everyone knows them backwards. Get a handful of trusted colleagues to look after them so that everyone else can concentrate on the harder task.

And, if you’re a leader, get retrained yourself. You can’t wing this stuff on instinct and vague memories of business school when the world was young. At The New York Times, we leaders are literally back in the classroom doing graduate-level classes in statistics and data science so that we can understand our own business better.

Of all the ills afflicting the world’s legacy media companies, ignorant, risk-averse, outwardly arrogant, inwardly defeatist leadership is probably the most lethal. No one can bluster or lobby their way out of this one. God knows, enough still try.

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So how does Britain’s media industry look when we consider it through this rather stark lens?

The good news is that the future of the UK’s pool of talent, its writers, actors, directors, producers, designers and crafts, even the very best of its journalistic talent, looks better than ever.

The independent production sector posted a record £3 billion in revenues last year. There’s no reason why, given the growing global appetite for it, this inward investment shouldn’t grow much further.

Unfortunately, that’s where the good news largely runs out.

The media world is dividing into potential global winners, probable survivors, and the rest. The UK certainly has possible *survivors* – among national newspapers, the Daily Mail and Guardian for instance. But with due respect – and notwithstanding the sizeable international audiences which several UK newspapers have built up – none looks like a potential global winner.

None has achieved the digital transformation of a Schibsted, or the digital diversification of a Naspers or Springer. Their heritage is domestic, and most have yet to change that or even their print-centric ways of working.

I don’t see how all the current national titles survive. At regional and local level, it looks like something close to a wipe-out without dramatic intervention.

The UK’s established broadcasters still have deep roots in the national consciousness. They still command big audiences. Their current schedules – and extensive libraries – still speak to many of those aspects of collective identity and national self-expression I mentioned at the start.

But none looks strong enough to be a true contender in the coming global contest. All are seeing adverse trends which are familiar from other digital disruptions – trends that can quickly turn from disquieting to terminal.

We’ve talked about the loss of the best talent and projects to the digital insurgents, and the inevitable loss of linear advertising revenue. Both are already realities in UK broadcasting, as is the arterial – and, as I said, ultimately insupportable – loss of young audiences.

BBC1’s average age is 61. It’s the youngest of the BBC’s television channels. The average of the audience for the main Channel Four – the youthful, edgy alternative to the BBC – is 55.

Effectively reaching younger audiences is creatively hard and culturally difficult even for relatively recent legacy arrivals. For the BBC, it’s also harder to justify to an Establishment which tends to assume that if it’s aimed at the young, it must be nakedly commercial.

But BBC 3 bucked the trend. At its peak, it had a larger share of 16-34 viewing than Channel Four, and a reach among that audience of nearly 30%.

And yet when the BBC was forced to shed a television service for financial reasons a few years ago, it was one selected. Online only, its reach among 16-34s has declined to less than 10%.

The switch to digital was ultimately inevitable given the young’s progressive move from analogue. But that broadcast window was still helping it build precious familiarity and loyalty. And it was an important signal to this audience about the BBC’s commitment to *them*. Removing it was a fateful signal too.

The BBC as a whole should be a shoe-in as a probable global winner. It’s the only British media brand with truly global recognition and potential. Its international audience runs in the hundreds of millions. Its indispensable presence in the lives of most British households is a testament, not just to its heritage, but to the talent it still attracts, and the creativity and excellence it still fosters.

But – at a moment when Britain contemplates setting out on a brave new voyage in search of new friends and new global markets – we can’t put Britain’s media flag-carrier on the list.

That’s because of an essentially hostile public policy stance on the BBC, which began to coalesce more than a decade ago but has hardened notably in recent years. One of its fruits was the 2015 settlement which included the disastrous withdrawal of Government funding of free licence-fees for the over-75s.

In their excellent forthcoming book, *The War on the BBC*, Patrick Barwise and Peter York chronicle the orchestrated campaign that led to this moment, a campaign that involved politicians, commercial media interests, think-tanks and other lobbying organizations, as well as the popular press. The campaign was grounded in gross distortion, exaggeration and straightforward lies – the carnard, for example, promoted among others by the *Daily Mail* that the BBC spends less than half of the licence-fee on programmes. The true number – even on the narrowest reasonable assumptions – is 78% of the total.

The last words uttered in the outstanding HBO/Sky coproduction *Chernobyl* are the question: what is the cost of lies? Unless policy towards the BBC changes – a policy to a significant extent predicated politically on lies and distortions – we may soon find out. If one was a conspiracist, one might even wonder if the players behind the campaign that led up to the 2015 settlement weren’t using it as a test-run for a more ambitious project.

The question of funding is only one of the blockers which the BBC faces. Equally damaging has been an officious governmental and regulatory environment which has sought to stymie or limit digital transformation and innovation by the BBC as much as possible.

The threat of the global TV streamers, not just to the BBC but to every British broadcaster and channel operator, wasn’t just foreseeable. It was foreseen.

In 2007, just before we launched the BBC iPlayer, I had a conversation in Silicon Valley with Reed Hastings, who was then about to unveil Netflix’s own streaming service. A important moment for him, just as the iPlayer was for us.

“I don’t know why you’re bothering, Mark,” he said to me in a rather Reed-like way: “you’ll never beat my algorithm. Why not just give us all your content instead?”

Reed is one of the most impressive business leaders I’ve met. Particularly since I’ve been at The New York Times, he’s given me regular doses of candid and incredibly useful advice.

However, I came back to the UK from this and other meetings on the West Coast with the clear conviction that streaming would change consumption of TV out of all recognition; that we absolutely *must* double-down on the iPlayer; and that we should also urgently find a global streaming solution not just for the BBC but the *whole* of British television.

Why shouldn’t the UK’s broadcasters develop their own collective worldwide platform to project British talent and British content to audiences everywhere?

This idea – which we named Project Kangaroo – quickly gained the support of the other UK PSBs, but was blocked in early 2009 by the UK Competition Commission which cited domestic market competition concerns. Another eight years would go by before the launch of the altogether more modest Britbox.

In the breakneck rush of digital transformation, eight years is an eternity.

I’m not suggesting that Kangaroo could have achieved the scale of a Netflix. I do believe it could have given the UK far more agency and economic upside in the world streaming market than it enjoys today. Its fate speaks to a peculiarly British approach to the BBC and media policy more broadly: which is talk global but act parochial. Indeed in our blinkered discourse about media, the more extravagant the talk of global opportunity, the more narrow and inward-facing the true worldview tends to be.

If we’re serious about opening up new international market opportunities, why *wouldn’t* we unleash our only truly global media brand and exploit it, not just to bring a British perspective to audiences everywhere, but to introduce and project the work of the rest of the British creative sector as well?

Because it might offend local political influencers. Because our approach to digital competition regulation hasn’t caught up yet. Because moving quickly and boldly is rather un-British and probably best left to Americans and other foreign types.

All these controls and obstacles have a similar effect: which is to discourage and punish innovation and, as far as possible, to keep the BBC locked up in its traditional broadcasting box. This despite, or perhaps *because* of the fact that everyone knows that linear broadcasting is time-limited and will one day come to a full stop.

Radio will probably fare better. It’s sticky and relatively cheap to make. It’s readily relocatable to digital devices and environments. In some countries, including this one, it may be the last life-line for those without the money to *pay* for high quality news, music, documentary, entertainment.

But even here talent may become a problem. In the US, we’re already seeing a brain-drain of some of the brightest creative talent into the flourishing, and increasingly lucrative world of podcasting.

And for ITV, Channel Four and other broadcasters who today depend disproportionately on advertising for their revenue, I don’t see much alternative to the kind of root-and-branch transformation we’ve undertaken at The Times.

I don’t know what the new revenue mix should be, between subscription, free, sponsorship, e-commerce, retrans and other rights fees, and digital diversification. But they still have time to find the answer – although, as in the earlier cases of music and newspapers, it may be less time than they think.

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So how should British policy-makers respond to all this? To provide a context for my answer, I want to turn briefly back to another pivotal moment in British history – the end of the Second World War – to lay out two contrasting views of the future of Britain and of its culture.

The first is the most famous dystopia of them all, *Nineteen Eighty-Four*. When the Berlin Wall fell, many people assumed that – whatever its literary merits – *Nineteen Eighty-Four* had lost much its predictive power. History, you will recall, was now over.

Things look a little different today. The geopolitics of our world has surprising echoes of *Nineteen Eight-Four’s*, which you’ll remember consists of three vast vast superpowers – Oceania, Eurasia and Eastasia – each with its own hermetically-sealed political and social operating system.

On the home front in the novel: fake news, constant surveillance, the secret collection of everyone’s data, the internet – you’ll remember that the “telescreen” in Winston’s flat has a connected camera – and of course Prolefeed, an endless stream of mindless entertainment to tranquillize the public.

In *Nineteen Eighty-Four*, UK has lost its freedom and identity. Now it is Airstrip One, a military platform from which Oceania can wage its wars. Insofar as its citizens enjoy any intellectual or creative autonomy, it is underground, furtive, mortally dangerous.

Compare that with this other notable – and almost exactly contemporary – vision of future national culture:

By provision of concert halls, modern libraries, theatres and suitable centres, we desire to assure our people full access to the great heritage of culture in this nation. How satisfactory it would be if different parts of the citizenry would again walk their several ways as they once did. Let every part of merrie England be merry in its own way. Death to Hollywood!

Britain is still at war with Japan. The gigantic task of post-war reconstruction has yet to begin. But John Maynard Keynes is talking arts policy on the BBC’s Third Programme. It’s July 1945 and he is the first Chairman of a new institution, the Arts Council.

In those days, even a world war couldn’t stop imaginative British policy-making.

Perhaps you find Keynes’s words paternalistic. They’re certainly awkward and redolent of the elitism which critics of the BBC and other public cultural intervention have always latched on to, sometimes with justice.

But the vision is still captivating. It recognises that national culture isn’t one entity but a manifold of different experiences and stories and traditions. It isn’t just heritage, but alive. Keynes doesn’t suggest it should be *imposed* on the population, or even merely made *accessible*, but *chosen*, *owned*, even in a sense *controlled* by them.

It’s a vision in other words of *cultural sovereignty*, which is not in fact a post-war liberal invention but part of a centuries-old British understanding of the societal centrality of culture which stretches back, past the founding of the BBC and the early 20th century national development of repertory theatre, to the mid-Victorian establishment of free public libraries, perhaps even the creation of the British Museum.

And then Keynes cries: “Death to Hollywood”.

I don’t think he’s really wishing murder down upon America’s global entertainment machine. Then, as now, Hollywood was capable of outstanding, original work. Then, as now, British audiences loved it.

No, I think Keynes is merely suggesting that something vital would be lost if Hollywood product was *all* that the British public saw. In his conception, a central purpose of the Arts Council was to make sure that our own talent and our own voices were not entirely replaced by what were – even then – global players.

It wasn’t the *fault* of Hollywood that it couldn’t do justice to the richness and plurality of the British experience. It wasn’t their job, any more than it was their job to fully reflect the culture of Nebraska or Rhode Island for that matter. But there was a risk, Keynes implies, of a crowding out – of attention, of funding, of talent. Not quite Airstrip One, but perhaps the fateful first steps in that direction.

*This* is the central argument for public involvement and intervention in culture and media today. It’s not enough to say that it’s to guarantee that the public have access to high quality content. Nor even that it’s about trust in some generic sense of the word.

It’s specifically to ensure that – alongside all the other content, great or otherwise, that they consume – the British public can still find news, drama, comedy, documentary and arts content which is commissioned out of and whose principal mission is to speak directly to *this* culture, *these* communities, *these* ways of life.

Experience suggests that original programming conceived with this end in mind often has a truthfulness and energy about it which allows it to play brilliantly in other countries too. There’s no reason, in other words, why it shouldn’t play a significant part in that global commercial opportunity for the creative industries. But that’s a secondary benefit. The priority must be to serve audiences *here*.

So, as Lenin used to say, what is to be done?

First the BBC. Please don’t wreck it, we’ve only got the one. The over-75s policy is blatantly expedient and self-evidently flawed. At the least, having agreed to give BBC the freedom to reform the entitlement, let them get on with it without hindrance or sniping from the sidelines. At best, rethink the whole thing.

For all the reasons I’ve suggested this evening, the UK needs a liberated, properly-funded BBC. By no means in all but in many categories of media, market failure – the economic justification for public intervention – is already growing and will worsen in the years ahead. At present, public policy seems to hold that the correct response to a failure of private provision – say, of regional and local news – is to restrict *public* provision of it as well.

Even for those who only accept market failure arguments for the continuation of public service broadcasting, this defies logic and risks exacerbating the loss of the quality and choice still further. By all means require that the BBC does what it can to help local commercial media, but give it the means and the regulatory room to do more.

The BBC has proven itself more adept at digital innovation and broad transformation than most private media companies – the iPlayer is only one example. Give the Corporation greater freedom to accelerate its own pivot to digital, but look to it to build digital products and platforms which can be used by the rest of the industry too.

Rethink the BBC’s global role. At present government funding for the BBC’s international services is heavily concentrated on the world’s geopolitical hotspots. Our interests – both diplomatic and trade interests – are much wider than that. Leverage the BBC and use it as a calling card for the whole of the UK creative sector in the world’s markets, and indeed for the UK itself.

Channel Four remains an essential creative alternative to the BBC and an enduringly valuable creative catalyst of the entire industry. No brand is better placed to begin to turn the tide when it comes to younger audiences. But Channel Four needs a serious digital strategy and the wherewithal to deliver it – a job not just for Horseferry Road but Ofcom and government.

The shift of the BBC and Channel Four out of London and into some of the UK’s other great creative cities is essential if the whole country is to make a successful digital transition. Tony Hall is quite right to deepen the BBC’s national and regional commitment still further.

Government should encourage the whole media industry to play a bigger role in growing national capabilities in digital technology and infrastructure. We need a multi-sector partnership – to include the UK’s universities – to develop and train many more data science and applied machine learning specialists, digital product UX and design professionals, and to build on existing British strength in many of the creative digital crafts.

In media, the future belongs to those who can do great work in the boundary between content creativity and tech innovation. The UK’s great success in gaming and CGI suggests we have a competitive edge here that we should exploit.

The other broadcasters must find their own commercial path to the future, much as we’re having to do at The New York Times. But let’s learn the lesson of Project Kangeroo and let them collaborate more freely with each other – and with the BBC when it can help with innovation and scale.

And let Fleet Street find its own path without regulatory distractions. Over time questions of standards and ethics should sort themselves out, at least among the survivors. Quality content is the only kind that works in subscription models – and the best advertisers are also becoming choosy about where their brands appear.

The UK and its constituent nations need a comprehensive rescue plan for local and regional journalism. No western country has cracked this yet.

Mixed private and public provision, scalable tech solutions, community involvement, higher education, philanthropy, the support of the BBC – the solution will probably have many elements and certainly shouldn’t solely consist of a large public cheque. But without a policy impetus and careful coordination, the present downward spin will continue. Here more than anywhere time is running out.

Like that moment in the late 1940s, this is not the worst but the best time to address the really big questions about the future of our culture, and the place of the media within it. It would great if we could recapture at least some of the ambition and panache of that glorious post-war zenith of policy creation, but what we need most is action and practical changes of policy.

It can be done. Successful navigation of this digital storm is not just possible but may even lead to stronger, better, more sustainable business and institutions. In recent years we’ve begun to prove that at The New York Times. And, to the consternation of cultural pessimists everywhere, we’re doing it by turning the quality knob *up* rather than down.

No one wants to see the UK turn into a cultural Airstrip One. But with newspapers struggling and broadcasters outgunned, it’s a clear and present danger. The global digital giants do a great job of providing new choice – and often real quality – but it’s vital that British audiences still get access to great news, drama, comedy, documentary made first and foremost for *them*.

But it won’t happen if we carry on like this. It won’t happen if public policy keeps its head down, or maintains a set of hackneyed free market assumptions about the digital future which haven’t changed much since they were articulated in the 1980s. If we want to save our cultural sovereignty, government media policy needs a fundamental change in direction.

Instead of the policy of no – no, you can’t – no, that’s too dangerous – no, one of our political backers wouldn’t like it – it needs to turn to a policy of yes. Yes to the power of British creativity. Yes to the future.

Thank you.

*Notes to editors.*

*The Steve Hewlett Memorial Lecture was established by the Royal Television Society and the Media Society in 2017 to honour Steve Hewlett who died of cancer that year. It raises money for the Steve Hewlett Scholarship Fund.That gives an annual scholarship to university students with limited parental income who are studying Broadcast Journalism.*

*There have been four scholarships awarded to date.This year's awardee is*

*Oisín-Tomás ['OT' ] Ó’Raghallaig from Strabane in Northern Ireland.*

*This is the third 'Hewlett';the previous two were delivered by Nick Robinson and Charlotte Moore.The Hewlett Fund is administered by a small committee chaired by Sir Clive Jones with Rachel Crellin,Steve's wife and John Mair as the other members. The Fund is still open for donations*.