

The Greatest Resource of All
Rupert Murdoch
Abu Dhabi Media Summit
March 9, 2010

Thank you, Ed, for those generous words. I am grateful for the invitation to be with you today.

Each time I visit this part of the world, I experience your fabled hospitality. Making guests feel at home is a long and honored tradition in your culture – and you have happily shown that the best traditions are fully compatible with a modern skyline. Nowhere is this wisdom more clear than in your plans for Abu Dhabi 2030 – a capital city for the 21st century.

I have looked at your plan, and it is visionary. Your new capital district will be built on four guiding principles – cultural heritage, economic development, social cohesion, and the natural environment. You will have state-of-the-art transportation. Architecture that draws from the past while pointing to the future. Great new universities, medical research facilities, museums and the like. And a sense of community that will make this city not just a showcase for visitors – but a home for your people.

You have set a high bar for your ambitions. Today I hope to use this conference on the media to share my thoughts about the contributions that a thriving creative sector might make – to your society, to your economy, and to your future.

In this I am mindful of the Arab proverb: “if a wind blows, ride it.” As I speak, there is a powerful wind blowing through this region. This wind is the creative energies of your people, who are aching to make their own mark on the world around them. Without this creative spirit, the museums, universities, and other fabulous buildings you have planned will be empty shells. But ride this wind and you will raise from these desert sands something extraordinary: a capital of creativity that is modern ... that is global ... and that is fully Arab.

These days our homes and offices are cluttered with the latest electronic devices. It is easy to be dazzled by this new technology. But the bright and shiny wonders that technology gives us can be like the desert sun – they can blind us to what is real and valuable. Amid the digital dazzle, we risk missing the magic: the creative content that brings these devices to life.

That is the point I wish to discuss with you today. What is a Kindle or an e-reader worth without books or newspapers or magazines to read on them? What is a cell phone without the access to e-mail, the photos of your children or your favorite

websites? What is the most advanced high-definition TV without the dramas and comedies and news and sport to watch on it?

The answer is this: Without creative content, these electronic devices are merely expensive playthings.

Your citizens know this, because they are among the earth's most sophisticated consumers. They watch films from all parts of the world. And they own all the best and latest gadgets.

That is a good thing. Your citizens should be free to take full advantage of human creativity wherever they find it. But they also deserve the opportunity to add their own creative contributions to our vast and growing media world.

Left alone, these creative talents remain constrained by arbitrary boundaries. To make this talent bloom, you need businesses willing to invest in creativity, to nurture talent, and to build audiences that will buy and enjoy the fruits of this enterprise. That takes the right incentives. By unlocking the creativity of your people, you can diversify your economy ... provide millions of jobs for a rising generation ... and give the Arab people a global voice and influence commensurate with your importance.

A few months ago, I spoke in Beijing about the critical importance of having good copyright laws that protect the value

people create. Today I wish to speak more broadly about values, competition, and incentives.

In particular, I wish to emphasize the incentives that will help money flow to those who invest in creativity ... the need for global competition to help make local media companies strong ... and the reminder that a creative sector flourishes best in societies where governments intervene with a light hand. With these incentives in place, you will build a creative sector worthy of the great capital you have planned.

Let me start with content. Right now the world does not think of the Middle East when it thinks of creative content. Even your own citizens often look elsewhere for a film or television show or news site. As a result, many of your own citizens prefer Hollywood movies or American television shows to local production.

You can change this. Recently I had dinner with the trade minister from another Muslim country, Indonesia. We started talking about the economic value of a creative sector. She told me that the creative sector now accounts for more than 5.4 million jobs and 6% of the Indonesian economy – and is the country's fifth largest source of exports. She also told me her government set a target that would nearly double the contribution to GDP by

2025. Think of the millions of stimulating new jobs that would mean for the Indonesian people.

Now think what a growing creative sector would mean here. A recent Arab Human Development Report suggests that this region must create 50 million new jobs in the next ten years. A thriving creative industry would contribute many of these jobs – most of them environmentally friendly, well paying, and contributing to a better quality of life for all.

The good news is that the geographic borders that once limited your potential are today largely irrelevant. Let me give you an example that you might know about. It's a film called *My Name Is Khan* ... it is the story of a Muslim boy in San Francisco after the September 11 attacks ... and it made its international debut in this city last month.

In all its aspects, this film speaks to the cross-border soul of the creative industry. The film is a joint venture between an Indian company and an American company. It is a story told from the point of view of a Muslim. It was financed in part from Abu Dhabi. It features Indian stars who are popular in this region. It is attracting huge audiences here in the Middle East ... in India ... in the U.K. ... in the United States. The popularity of *My Name Is Khan* reminds us that no nation has a monopoly on creative content. If you tell a good story, people will respond.

Let me give you an example from the business end. One of our company's biggest films right now is *Avatar*. It's playing all over the world. It's already grossed two and a half billion dollars and is on its way to three billion. Those of you who have seen it – if you have not, ask your children – know that *Avatar* has revolutionized 3-D and film animation. What many of you may not know is that a good part of this remarkable film was produced in New Zealand.

That's right. Each night, when the lights went out at the production studios in Los Angeles, their collaborators in Wellington were starting up a new day – using their computers to generate the film's jungle environment. If a visual-effects company in a faraway island like New Zealand can find its niche in the most technologically advanced film of our time, you can be sure that the Arab people are fully capable of making their own contributions to this fast-growing global industry.

So what do you need to encourage your creative sector? Obviously you need money. High-quality content is expensive. The simple fact is that if you want quality content, you need to encourage a marketplace where money flows to those who invest in and create that content.

Take television. Right now television is still a young market in this part of the world. The potential, however, is huge. If you want higher-quality television, you need a transparent market that helps ensure that people receive a fair price for the value they create.

- A more transparent advertising market means having effective tools to measure who and what people are watching. Advertisers and creators need metrics that tell them who they are reaching and how effective their message is – or else they are simply throwing money in the dark.
- A more transparent advertising market will also encourage media buyers and sellers to compete for business. By contrast, opaque markets tend to be unfairly dominated by one or two players. This can be a cozy arrangement for those players. But a nation pays a very high price for this cozy arrangement – because it takes away the financial engine needed to drive investment in local content.

Advertising is only one part of this financial engine. In many parts of the world, we are finding that the best way to finance quality content is by having a balance of advertising and subscription revenue. So a thriving creative sector also needs to be open to new business models that allow companies to know

their customers better. The stronger the relationship between media companies and their customers, the more they will cater to local tastes – and invest in the technology that makes for a better experience. That's exactly what we are doing with our Sky pay-television businesses in the U.K., Italy, and now Germany and India.

Some people will say that you cannot build a creative sector here. I do not believe that for a moment. The beauty of creativity is that the raw materials are all in the human mind. With the right economic incentives, you will find creative Arab enterprises rising higher and faster than your most modern buildings.

Another critical ingredient for a vibrant creative sector is global competition. Our company operates in almost every media market in the world. Everywhere I have been, one thing is clear: the local companies that are in the best position to challenge us are those whose home markets are open to foreign competition.

Sometimes nations seek to promote their own creative industries by limiting foreign participation and protecting local producers. And sometimes these restrictions and protections do keep us from entering such a market – or limit us to a tiny share.

Unfortunately, when that happens you are also making your market smaller and less competitive. Japan is a good example of

a modern nation with a protected – and limited – creative sector. As a result, Japanese citizens pay higher prices for more limited fare. The Japanese economy has fewer jobs for its workers. And Japanese culture is denied the global voice that a nation which boasts the world's second largest economy ought to have.

In short, creative protectionism is as destructive as other types of protectionism. It is expensive ... it is unfair ... and it guarantees that local companies coddled by protection will never be strong enough to compete outside their own borders.

By contrast, if you open your creative market up to competition, your companies can challenge the biggest players. I have seen it done. Most of you probably think of News Corporation as an American company, because we are now based in New York. But we did not start out this way.

We started in a provincial Australian city called Adelaide. When I brought our company to America, we were still a small Australian firm. We had a few media properties in Britain – and a single newspaper in San Antonio, Texas.

We succeeded because the open American economy let us compete on our talents. So we grew. And as we grew, we expanded our reach and influence to other parts of the world – and created thousands of jobs. Today News Corporation has

64,000 people working for us across the globe – and many thousands more working for us indirectly.

I have every confidence that Arab companies can do the same – and more. I also believe that Abu Dhabi can lead the way. In two decades, your plans will transform this desert city into a gleaming capital of the future. By welcoming foreign competition, you will call your people to their best – and cultivate a world-class industry on par with the finance and oil giants that now dominate this region.

Finally, I'd like to say a word about freedom and regulation. This city is the capital of one of the Middle East's most cosmopolitan societies. Your people have one of the highest GDP's per capita in the world. And every day you continue to grow – in size, in sophistication, in wealth, and in the attention of the global press.

With this increased global attention comes the occasional inconvenient or unwelcome story. Again, I speak from some personal experience. Throughout my life, I have endured my share of blistering newspaper attacks ... unflattering television coverage ... and books that grossly distort my views or my businesses or both.

I have learned that this kind of coverage is a fact of life in a modern media society. I have learned too that it is the price one pays for success.

For a nation, the stakes are even higher. In face of an inconvenient story, it can be tempting to resort to censorship or civil or criminal laws to try to bury it. This is not only a problem here: In France a criminal defamation law remains in place. In the long run, this is counterproductive. Markets that distort their media end up promoting the very panic and distrust that they had hoped to control.

Certainly each nation and culture has the right to insist that the people they allow into their countries to do business respect their national values and traditions. This is best administered, however, with a gentle touch. Human creativity flourishes in freedom. By making the decision for greater openness, you will signal the importance you have assigned to creativity in your plans for the future – and declare your confidence in your people.

Now, I'm sure there is no shortage of experts who fly in here and give you nice words. It's very easy to chatter on about talent and creativity. For our company, this is more than talk. We've been here for some time. And we are expanding our presence at a moment when others are paring back.

Our presence here cuts across many different forms of media. We've had reporters for the Times of London and the Australian and the Wall Street Journal and Dow Jones Newswires for decades. We opened up a branch of HarperCollins. We've also been broadcasting some of our Fox International Channels.

More recently, we took another step by investing in a local media company that also is the world's largest producer of Arab music. The company is called Rotana. To be frank, Rotana does not really need our financing. We are partnering with Rotana for something more ambitious: To tap into Arab talent and ultimately produce original Arab content for markets both here and abroad.

Yesterday we further extended our presence by announcing a strategic partnership between Fox International Channels and Abu Dhabi's twofour54. First, we will move some of our satellite channels from Hong Kong to here. Second, we will establish a production office here for one of our documentary filmmaking companies. And third, we will headquarter the Middle Eastern operations for our global online advertising network business in Abu Dhabi as well.

I mention these partnerships only to emphasize that my words are backed up by my investments. With these new partnerships, we are sending a message. When we look to the

future, News Corporation is betting on the creative potential of the more than 335 million people who make up the Arab world.

Ladies and gentlemen, you know your history better than I do. You know of your contributions to global knowledge and wealth. The West rediscovered Aristotle through Arab translations and Arab commentaries. We owe much of our mathematics, science, and medicine to discoveries by your scholars. Europe traded with Asia via routes pioneered and developed by Muslim merchants. And the leading economies of our world would grind to a halt without your oil.

While oil is undeniably vital to our world, the untapped creativity in this region represents a resource infinitely more precious. In this bright new century, the most advanced societies will be those that are most creative. Creativity is a resource that excites the imagination ... expands jobs and opportunity ... and improves our quality of life. It is clean, and it is high-value. Most of all, because it is rooted in the human mind, creativity is the one economic resource that is truly inexhaustible.

Your people are eager, talented, and young. They have aspirations in common with their peers in other parts of the world – yet they hold fast to the traditions that make them unique. Give them a society that rewards creativity. When you do, you will

breathe life into your blueprints – and build a future worthy of your grand boulevards and glistening skyscrapers.

Thank you for listening.

-30-