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Berlusconi vs. Murdoch: Italy's Real Reality TV

By Jeff Israely

Media moguls [Rupert Murdoch](#) and [Silvio Berlusconi](#) were once business buddies. Beginning in the mid 1990s they occasionally lunched at one of Berlusconi's villas, plotting ways they could work together to expand their empires.

That was then. Today, the septuagenarian pair are increasingly hostile business rivals, whose subordinates snipe in the Italian press and target each other's star television talent. "It's getting aggressive now, some low blows," says Pietro Candela, a media consultant with Booz and Co. in Milan. "This is what real, nasty competition looks like." ([See pictures of Rupert Murdoch.](#))

The trouble started in 2003 after Murdoch established [Sky Italia](#) by combining two struggling television outfits. At the time, Italy's free-to-air mogul Berlusconi, who also happened to be the country's prime minister, gave Sky Italia the green light. But Berlusconi, 72, has increasingly used both his political and entrepreneurial muscle to undercut his cable competitor. Murdoch, 77, is now hitting back by going after Berlusconi's big name presenters. ([See Berlusconi's worst gaffes.](#))

On Feb. 9, Enrico Mentana, the most respected newsman on Berlusconi's Mediaset network, abruptly announced his resignation after company executives refused his request to cut into a reality television show following the death of Eluana Englaro, a comatose Udinese woman whose right-to-die case had riveted the nation. Almost immediately, Mediaset accused Mentana of striking a deal to go to Murdoch's All-News Italian station.

Mentana vigorously denies any deal has been done, but it's not hard to see why such rumors swirl. Just last month, Sky Italia recruited Rosario Fiorello, one of Italy's top television entertainers, to present a new variety show. Fiorello has worked for both Mediaset and state-owned television and radio network [RAI](#).

Before Fiorello's Sky Italia's deal was signed, Berlusconi invited the Sicilian singer-impersonator to his Rome palazzo to convince him not to work for "the enemy," according to Fiorello. The wooing session failed ([See pictures of the good life in Italy.](#))

Still, Berlusconi, has some weapons that Murdoch does not. Last fall, the prime minister pushed through a government decree that doubled to 20% the Value Added Tax (VAT) on pay television subscriptions. Sky Italia responded with a series of advertisements aimed at their subscribers (who also happen to be Italian voters) outlining how the Berlusconi government's decision was unfair to consumers. Mediaset and RAI also recently joined forces to launch a digital terrestrial service called Tivù, modeled on a British free-to-air platform that has cut into the market share of [BSkyB](#), Murdoch's U.K. satellite television operation.

Candela says Murdoch is doing well in Italy. Sky Italia registered earnings of \$3.2 billion last year, closing in on RAI (\$3.7 billion) and Mediaset (\$4 billion). The Berlusconi-Murdoch showdown is the inevitable result of the "convergence" of free and pay television, Candela says, and may finally lead to the end of the 20-year-old duopoly between Mediaset and Rai. "As the TV system reaches maturity, we're now seeing open combat for ratings, profit and talent," says Candela. ([Read TIME's TV blog, Tuned In.](#))

But the former lunch pals know that there is an upside in getting along. Murdoch, whose net worth Forbes tallies at \$8.3 billion, has only to gain by patching up his relationship with the sitting Prime Minister of the country that is host to his fourth largest holding. Berlusconi, who comes in at \$9.4 billion on the Forbes list, owns [Endemol](#), producers of global variety and reality television programs, which sometimes run on Murdoch networks. ([Read a TIME cover story on Reality TV.](#))

Dennis Redmont, professor of international communication at the University of Perugia, says both moguls may be realizing they have misjudged the situation. "They underestimated each other," says Redmont, a former Associated Press bureau chief in Italy. "Murdoch thought he was getting a monopoly on [pay TV], and Berlusconi didn't expect that Sky would grow so quickly." Given that both men are known for their business pragmatism, perhaps it's time for another lunch.

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