The future of Network Ten is not primarily about business or economics. It is primarily about power. Yet the formal processes the network's proposed sale has to go through take no account of this reality.

At present there is an offer on the table from Lachlan Murdoch and Bruce Gordon. Until recently they were on the Ten board as chair and director respectively. Then they, along with James Packer, pulled the plug on their guarantees underwriting the Commonwealth Bank's A$200 million overdraft that keeps the company afloat.

When that happened, the board called in the administrators. Then, last week, the bank appointed receiver-managers, and it is they who are now formally presiding over the network's future.

So far, two parties have emerged to express interest in buying it. One is from Murdoch-Gordon through their private companies Illyria and Birketu respectively, and the other is from a US investment management outfit, Oaktree Capital.

The first regulator to look at this is the Australian Competition and Consumer Commission (ACCC). Its remit is all about business and economics.

In preparing to review bids for the network, the ACCC has asked questions about the competition for content, and the capacity for Ten to strike favourable content deals with production companies.

Doubtless there will be further questions – about competition in the advertising marketplace, for instance.

If the Oaktree overtures go anywhere, the Foreign Investment Review Board (FIRB) would get involved.

Neither of these agencies is in a position to ask the central question: what would be the political and social effects of concentrating media power across newspapers, radio stations, free-to-air TV, pay TV, and a major online news site in one pair of hands?

As a matter of principle, it doesn't matter whose hands they are. As Lord Acton’s dictum states:

All power tends to corrupt and absolute power corrupts absolutely.

No-one person is more susceptible than another: everyone is equally vulnerable.

There has never been the opportunity for such a concentration of media power before. When Paul Keating put in place the existing media ownership rules in 1987, there were only three media platforms: newspapers, radio and TV.

Now, digital technology has given us the internet, which both extends the reach and multiplies the outlets of media content-makers. It has also created means by which the various types of platforms converge: newspapers broadcast audio and video; radio and TV stations publish text.

If the Murdoch-Gordon joint venture were to acquire Network Ten, then the Murdoch empire in Australia would acquire an unprecedented share of media power in a landscape that is already one of the most concentrated in the Western world. It would achieve this because Lachlan Murdoch is also co-chairman of News Corp, part of his father Rupert's global media operations.

Rupert has a long history of using his media platforms, especially his newspapers and his Fox News network in the US, to prosecute his political agenda.

So, the effect would be to place unprecedented concentration of media power in the hands of a proprietor who shamelessly uses that power for political ends. This would confront the federal government with an acute dilemma.

Digital technology has made nonsense of the current media ownership laws. It is nonsense to have rules preventing a media owner from reaching more than 75% of the national audience when the national audience can get anything from anywhere on digital platforms.

It is nonsense to have a rule that says one owner can have only two out of three of the original platforms – print, radio and TV – in the one market when the distinctions between them have been more or less erased by digital convergence.

But if these rules are removed – and the legislation to do that is now before the Senate – the way will be open for the Murdoch-Gordon joint venture to acquire Ten.

Ten is the weakest of the three commercial TV channels, so it is unlikely that the ACCC will object to this on competition grounds.

That leaves the political question: will the federal government be prepared to act to prevent such a concentration of media power in a single pair of hands, regardless of whose hands they are? It is not just an anti-Murdoch question, although his propensity to use his media platforms for political purposes gives it a sharper edge. It is a question about power.

How much power is the government prepared to allow any single media proprietor to have, and what would be the consequences for the Australian body politic of allowing that to happen?

It would be preferable for this question to be addressed in parliament, where voters could see who was saying what to whom. However, it is entirely possible that it would be decided in a room made up entirely of senior politicians and interested businesspeople.

There is a precedent. In 1991, the Canadian newspaper proprietor Conrad Black obtained a 14.9% interest in Fairfax

, enough to give him effective but unstable control. In 1992, he asked Prime Minister Paul Keating to let him have 25%.

According to Black in his 1993 autobiography , Keating had privately promised to let him raise his Fairfax stake if the newspapers' political coverage was "balanced". Keating denied having made any promises, but confirmed that he had told Black:

We'll think about it, but we want a commitment from you that the paper will be balanced.

Forget your receiver-managers, your ACCCs and FIRBs. Forget the public interest. When the crunch comes, that's how media policy gets done in Australia.

Denis Muller does not work for, consult, own shares in or receive funding from any company or organisation that would benefit from this article, and has disclosed no relevant affiliations beyond the academic appointment above.

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