

**IN THE MATTER OF THE LEVESON INQUIRY INTO THE CULTURE, PRACTICES  
AND ETHICS OF THE PRESS**

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**EXHIBIT SJM5 TO THE WITNESS STATEMENT  
OF SIR JOHN MAJOR KG, CH, PC**

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18 August 1993

PRIME MINISTER

*Alex*  
As requested by  
the PM, I faxed this  
two to him on  
Wednesday  
evening. *Wina.*

cc: Mr Allan

RUPERT MURDOCH

*18/8.*

Rupert Murdoch has large business interests in the US, the UK, Australia and the Far East. Annex A lists his UK media interests. He is therefore very interested in what is happening to the world economy. He will be particularly keen to hear your views on the prospects for the UK economy. Given Murdoch's high level of debt, he is very keen to see interest rates as low as possible.

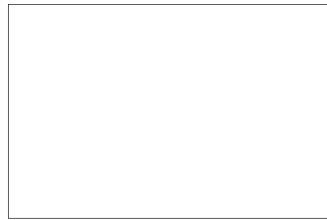
Overall, Murdoch's views are very much anti-union, pro-free markets and floating exchange rates. I was surprised to learn, given the worldwide scale of his business, that he 'phones Kelvin MacKenzie most days to keep up to date on the British scene.

This explains why Murdoch frequently obtains very biased views of what is happening here. It is also clear that Murdoch is aware, in outline terms at least, of the line taken by his papers. However, I very much doubt whether he reads them regularly.

I would suggest that you use the opportunity to deliver the following messages:

- a. UK economy recovering well. Will be the fastest growing European economy this year and next.
- b. Recovery started in middle of last year, just after election. Period in ERM invaluable in squeezing inflation out of the system. German reluctance to lower rates made it impossible for us to stay in ERM. German attitudes haven't changed and no surprise that ERM has now broken down. EMU timetable unrealistic. But many Europeans will try to revive the corpse.
- c. We have got inflation under control, hence lowest interest rates for 15 years. Now tackling public sector deficit. Will need tough decisions to keep to announced public expenditure levels.

- d. Government's ability to take tough decisions is constrained by size of majority and behaviour of some rebels.
- e. Your papers have made matters worse. They have ceased to make rational criticisms of policy. They are now simply anti everthing and anti me in particular. (see attached cuttings.) This is bad for economic confidence and hence, bad for business. Longer term political repercussions difficult to assess. Conservative MPs now see no reason to be helpful to media. [Pressure growing over privacy rules, VAT on newspapers, cross-ownership. I am not keen to move on any of these areas but MPs from all parties becoming increasingly attracted to them.]



**A T O'DONNELL**

Annex AMurdoch's UK media interests

<u>Newspaper Circulation</u>	Jan-Jul 93	% change on Jan-Jul 92
Sun	3,527,000	-2.0%
Today	537,770	+8.6%
Times	365,876	-6.3%
News of the World	4,619,596	-2.2%
Sunday Times	1,224,317	-1.8%

The decline in circulation of most of these papers has taken place despite big spending on promotion, eg the Sun spent £5.4 million during the past year. This is one reason why the Sun decided to lower its cover price to 20p from 25p, while its main rival, the Daily Mirror, increased its price to 27p. I am told that the Sun has gained readers as a result of the price cut, but it would be interesting to know if their total revenue has gone up.

The Times is the paper that should be worrying Murdoch the most. The July figures show a further drop in circulation. They have toyed with the idea of cutting its price (and have done so in Kent as a trial) but the real problem is that the Times keeps changing its strategy. It has had five editors in the last 10 years. Rupert Murdoch must be wondering whether he should have held out for his first choice, Paul Dacre, who has increased the Daily Mail's circulation by 5%, instead of Stothard. The only good news for the Times is that the Independent is doing even worse, down 9%.

Murdoch also owns BSkyB which is now doing rather well. They are planning a launch of a new subscription package from 1 September. (You will remember he invited you to the 'celebration'.)



# CHAPTER OF ACCIDENTS

The prime minister faces a fateful summer's end

A week ago it seemed that John Major might measure out his summer without too much fear. Parliamentary tempers, which had flared from terrace to tearoom under the hot June sun, were exhausted. The Tory party had already made up its mind on the key issue and did not want to unmake it so soon: the prime minister was on 12 months' probation and no amount of Maastricht social chapters, Christchurch by-elections or babies-for-sale scares would distract it from the serious business of winding down for the holidays and waiting for prosperity's return.

Today the view from Westminster is more troubled. The prime minister faces a vote next Thursday on an issue which he has made his own, and which he may lose. The threat from Labour's motion on the social chapter is twofold, to undermine one of the last pillars of Mr Major's authority and to put in doubt the ratification of the Maastricht treaty. The first is more likely than the second. But one outcome is now wholly certain: the enervating atmosphere of Wimbledon fortnight has gone with the sun. Like the sun, its reappearance cannot be guaranteed, even in August.

To many Tory MPs today, even those desperate for peace, the dominant prospect is of security collapsing with the polls. Tales of the prime minister's edgy demeanour after the Tokyo summit have vied with correspondingly brightened assessments of Kenneth Clarke. Tory constituency agents, as *The Times* has discovered this week, are depressed, enraged and, in some cases, sharing the same dole queues to which their masters have condemned so many others. Tory voters — if they are led to think about politics at all — are damning. Tory managers, who like to see politics as a pendulum by which popularity inevitably returns to those who wait, are beginning to think that a different metaphor is in order, a knitted square of unravelling wool.

The Labour leader, John Smith, scents blood that for once is not his own. Mr Smith has had a rough week from his union "allies" but at least he has at last joined personal battle against them. Against Mr Major he has been belatedly emboldened too. On Thursday he will oppose the government's "opt-out" from the chapter with a three-line whip. He will lead the debate himself. Mr Major himself must answer.

Depending on the outcomes, the Maastricht treaty could be passed through forever, pitched into limbo or brought back time and time again until a version finally acceptable to Parliament is found. Mr Major plans to put himself on the line at the

beginning of the process and hurl himself against all obstacles until the end. The government remains absolutely determined to ratify the treaty. But some of the prices — such as ignoring altogether the most recently expressed will of Parliament — would be high. At the end of this chapter of accidents it can only be guessed where Mr Major's authority will lie.

By the close of next week the Christchurch by-election will be itself only a week away. With good governmental luck the House will have risen early and MPs will be long scattered; but with ill luck the House will have barely risen before the voters speak. In either case the obliteration of the Tory vote will take place without the general indifference that seemed possible a week ago. The holiday period before the party conference season may be so short this year as hardly to be a holiday at all.

Mr Major's central aim of the next few days must be quickly to win the vote on the social chapter, avoid the need for confidence votes of any kind and prevent the collapse of Christchurch as one of those regrettable things that happen from time to time while the world's serious men are at play. He has properly set about the task as though his political life depended upon it. The best way to win the social chapter vote is to persuade enough of the Tories' Maastricht rebels that the government might, if defeated, embrace the chapter rather than lose the treaty. Many opponents of Maastricht would balk at rebellion if they both had to vote for a Labour amendment and be later accused of forcing German welfare costs upon innocent British employers.

That is the overt theme of the government whips; it will be the underlying theme of the prime minister himself who is due this weekend to give a lengthy television interview. It is hard to see, however, why all those Tory MPs who have fought so fiercely for their beliefs this year should fade before such a threat. A few may do so, fearing Mr Major's demise because of the worse men that may follow. But it is simply not credible that Mr Major would accept the chapter — or that the cabinet would allow him to do so without revolt and resignations. It is an empty threat, as empty as this week's threat to the Tory voters of Christchurch that their disloyalty would lead to a general election. Any election that does take place this autumn will be for the leadership of the governing party, not for the occupancy of seats in Parliament. The unravelling of power which began last September has since then quickened and slowed but never stopped; it is quickening again now.

## Implication

From Professor Michael

Sir, Much of the press report of the Royal Commission on Criminal Justice, served, has been based on a mental misapprehension.

The first relates to the excited most criticism — about trial by jury in respect of "offences where the present has the right to a jury. This recommendation on our view that the present is plainly not working satisfactorily.

Our proposal to remain insist on jury trial concerning 90 per cent of Crown Court defendants now opt for jury trial are charged with offences be tried in the Crown Court) or are sent to the (the magistrates, even would have preferred magistrates' court (52

Of those who opt for less than 83 per cent guilty. Thus there is resulting waste of time in preparation of the case of witnesses coming and considerable additional Crown Court cases. Few who plead guilty the becomes irrelevant.

The proposal that only affects the remainder of the 30 per cent who — i.e., 5 per cent of defendants. It would urge the C. Service, and failing magistrates, that under criteria jury trial would many of these cases jury trial; but so charged with trivia not seem, on any view Court trial.

In Scotland the "way" cases as to defendant is tried by jury the prosecution. To create no controversy commission took the system, when prosecutors cannot agree, may heard representatives sides, could equal this decision sensible.

Moreover, we rejected the common that defendants should jury trial simply that gives them a better

## Mighty change

From the Right Hon. John Bickersteth.

Sir, "Judges will jury" runs your (July 6). Yet in that there is no jury does not exist at the present time.

## OPENING WHITEHALL'S DOOR

Reducing official secrecy will be a daunting task



# OUT OF THE HOUSE

## The prime minister's strength and authority remain in doubt

Gratefully, like children chastened by the mere threat of a beating, the Tory party at Westminster dispersed yesterday. After the public disorder of Thursday night, Friday was quieter. On Thursday the prime minister had taken his true gamble; he had decided that a general election would follow defeat in the confidence vote. The practical enacting of that decision, the winning of the vote, was much less dramatic. Only the hardiest Tory opponents of John Major and the Maastricht treaty were likely to vote for an election which they would lose; and eventually none was hardy enough to do so.

On Thursday the story was of a fine prime ministerial speech, whose virtues were undone behind the scenes. The humiliating price that he paid was not for that day's performance but for all the mistakes of policy, personnel and principle he has made since September. Yesterday it was the opposite story. Mr Major was tired and dull — and could be forgiven for that. But in corridors and offices the mood was of unity, a peculiarly sullen and defensive form of unity but unity nonetheless. The party bosses want to draw a line under the past.

That will not be easy. Can a prime minister, whose authority has been brought so low, ever rise again to command the respect necessary to lead? At a time when good economic news has so little impact upon his personal standing, can he even stop his fall? Will the Conservative party, famously ruthless in pursuit of its ends once roused, endure a leader whose problems have appeared so endless?

The answers were not clear yesterday. The general drift of the verdicts, however, was not encouraging for Mr Major. Douglas

Hurd made a spirited appeal for a fresh start but enhanced his own reputation more than the prime minister's. The power of Kenneth Clarke's interventions was contrasted favourably with that of the prime minister — not just by John Smith, who greatly enhanced his leadership of the Labour party this week, but on the Tory benches too. Mr Clarke should perhaps not have given his supporters that opportunity. But he did. The point was made.

Nor will the right-wing candidates be quiet in the face of such new possibilities. On Thursday senior cabinet members agreed that only a dissolution threat would stem the anti-Maastricht tide. But part of the national tide is against Mr Major himself — and that may be stemmed without a general election.

Meanwhile the Treaty on European Union remains as federalist as its title originally proclaimed. The only difference is that more people are more aware now of the gambles that the prime minister originally took; also of the extent to which the success of those gambles — in keeping Britain free of monetary union and intrusive social legislation — depended on Mr Major's own strength and authority.

That authority remains in doubt. Mr Hurd tried hard in his speech to be generous to the rebels. But they do not want the generosity of the victor; they want increased determination to fight for their concerns in the next three years of negotiations. More blood will be spilt during this process — on both sides. "The political mood in the country begins in the House of Commons," Mr Hurd said. The country will remember Thursday's mood rather longer than that of yesterday.

# END OF AN ERA

## Changing of the old guard in Italy

Under the dyspeptic eye of its leader Mino Martinazzoli, dubbed "the gravedigger" for his tendency to draw on funereal metaphors to characterise his party's plight, Italy's once formidable Christian Democrat party is meeting in Rome this weekend. The DC is still the largest party in Italy, but its legendary ability to garner 35-40 per cent of the vote through a cunning fusion of appeals to family, church and state has evaporated in

find minor consolation in the near-dismemberment of the socialists in the wake of the scandalous parliamentary vote last April not to lift the immunity from prosecution of its former leader, Bettino Craxi. But there is none in last month's relatively solid performance of the Democratic Party of the Left (PDS), the renamed ex-communists, which hung on to its own central "red belt". As the old political system disintegrates, the PDS

# Dentists of HIV

From the Chief Editor of the British Dental Journal

Sir, The headline of your article (July 1993) "Dentists won't follow patients' lives" is a rate and misleads patients' fears and an unjustified attack on the profession. Your remarks in general must be the safety of dentistry.

The Acer case is an incident anywhere a patient becomes ill after seeing a general dentist.

Mr Mangold's 99.994 per cent Acer's virus that The Centre for Disease Control (CDC), the world's leading authority on the spread of Aids, has reported that "Acer's virus somehow enters patients". In other words, the infection was transmitted to patient, not another.

There seems to be in the USA that have been spread could conclude that the CDC has ruled out including hand hygiene as a mode of HIV transmission. Tom Mangold's cure patient-to-patient dental handpiece any evidence of world that this is transmitted as HIV.

There remains a possibility that the source of cross-infection is the Bacteriological Action's guidelines should be sterilised after each use. It is a lesson in adherence not "for reasons" because they do not follow the guidelines" but that many have been by the process.

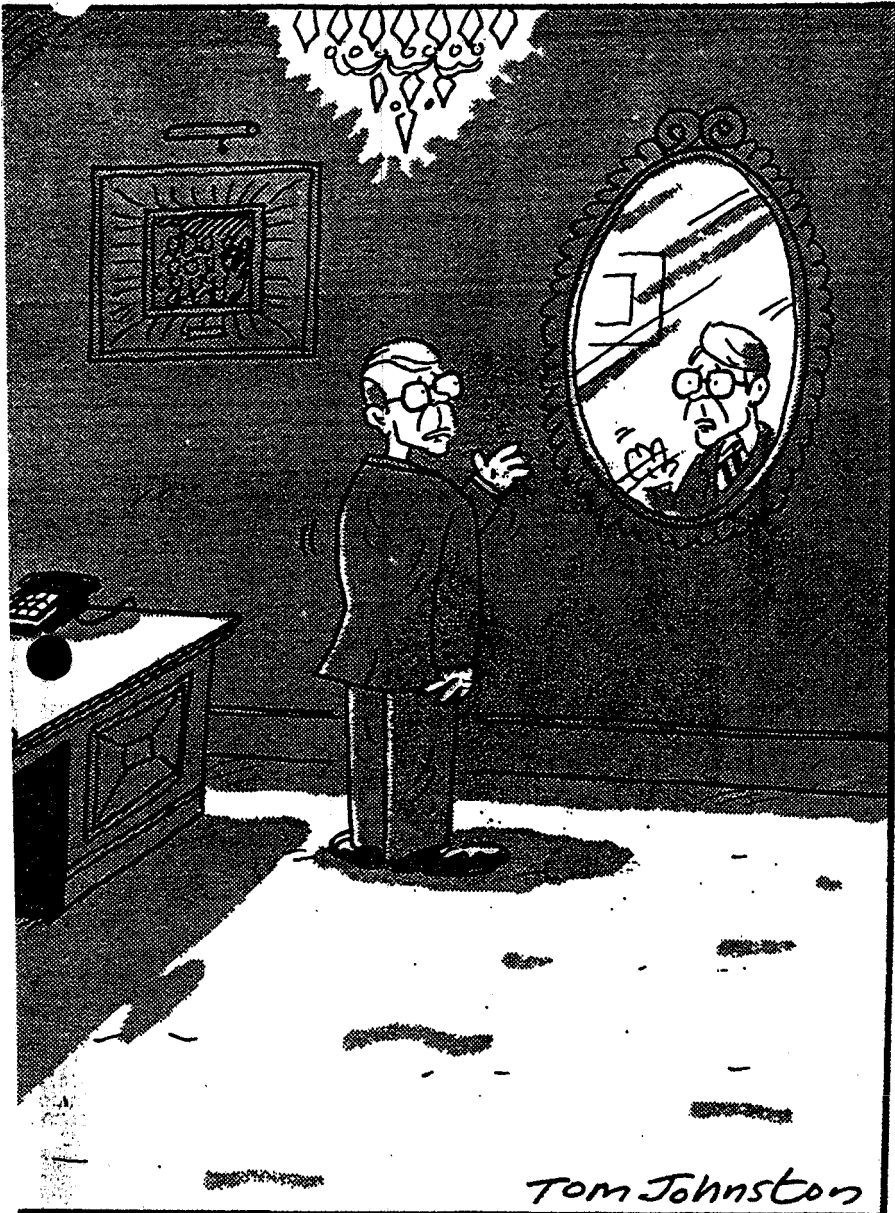
Guidelines exist and Tom Mangold's actions exist and are incorrect in that they have been struck off the Council (GDC) the guidelines are off, although

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Tom Johnston

HAVE MY 100 PER CENT BACKING!"



Kevin... yesterday

## Maxwells charged over lost £303m

FRAUD charges surrounding the collapse of the late Robert Maxwell's empire have risen to £303million.

Original allegations against the tycoon's sons Kevin and Ian and four other men ran to £130million.

But London Magistrate's Court yesterday heard of alleged fraud totalling

# JUDGE BACKS PROBATION FOR KILLER

A JUDGE said yesterday he was right to give a mugger three years' probation for killing a pensioner — and apologised for bringing him to court.

Judge Henry Pownall caused a storm on Friday by sentencing schizophrenic Paul Gordon for the manslaughter of William Horsley, 83. Yesterday he re-listed the case to explain his decision.

He told the Old Bailey: "This was not in normal circumstances a very serious assault. Mr Horsley was frail and could have collapsed at any time."

Gordon, 26, was free on the care in the community programme when he pushed Mr Horsley over a wall in New Cross, South London. The old man had a heart attack.

The judge said he had raised the case again to make sure he knew all the facts.

**Iraq oil will make petrol**

## THE SUN SAYS

# The sleaziest con trick of all

"POLITICS has been pretty silly. It's been a sleazy period."

With those words, John Major dismisses the past 12 months.

You'd almost think the mess the Prime Minister is in has nothing to do with the Tories.

Mr Major seems to think it's mostly the fault of the Press.

*So who was sleazy?*

David Mellor was caught with his shorts down and took a freebie holiday.

*And who was silly?*

Michael Mates sent bail bandit Asil Nadir an engraved watch.

### Unpopular

Mr Lamont went over his Access credit limit and forgot to pay the bill.

Between them, the Cabinet managed six U-turns in 10 months.

*That's why Mr Major is the most unpopular Premier ever.*

But he's about to pull off the sleaziest, silliest trick of all.

If he loses Thursday's vote on the social chapter, he'll just ignore it.

The people have been denied a voice on Maastricht in a referendum.

Even the will of Parliament will not prevail.

So much for democracy:

*Or is that just another silly idea?*

## Banking spies

YOUR friendly bank manager isn't just interested in how much you earn.

He could be anxious to find out your politics and religion, too.

The NatWest has admitted compiling secret computer files on customers' personal lives.

It reeks of Big Brother to us. But the bank insists there's nothing sinister about the files.

*Well in that case, they won't mind sending customers a copy, will they?*

Ask your NatWest manager today what he's got on you.

## What an insult

17.7.93

3G



...ING NIGHTMARES AGAIN, MUM?"

# ASS GAY GENE SAY DOCTORS



On the march. . .homosexuals at a Gay Pride demo in London last month.

## THE SUN SAYS

### Dithering Major

**IT'S a wonder the Cabinet don't feel dizzy.**

John Major has done his second U-turn in 24 hours.

That makes it six in 10 months: over the ERM, the pits, unit fines, school tests, adoption charges and now unmarried mothers' benefits.

That's why the Prime Minister's popularity is at a record low.

He floats ideas then retreats when they prove to be unpopular.

A strong government is supposed to stick with what it honestly believes in.

Mr Major gives the impression of not knowing if he's coming or going.

If he's not careful, someone will make a big decision for him...

**And then he'll be going.**

### Brave Stella

**THE boss of our Secret Service isn't a secret any more.**

Stella Rimington, the head of MI5, boldly steps out into the limelight.

It is the first time one of Britain's spy chiefs has spoken publicly and gone on TV.

Stella, who spearheads the successful campaign against the IRA, bravely shrugs off the obvious dangers.

She also reveals that more spies are women than men.

**Who says women can't keep a secret?**

### Cooked books

**IT'S not just meat and two veg being prepared in the canteens at Whitehall.**

They've been cooking the books as well.

The taxpayers — that's YOU — have been cheated out of £1million.

Even the Inland Revenue is owed £450,000.

Incredibly, the blame lies with the Treasury.

**What hope is there for the country when the keeper of its purse strings can't be trusted to run a tuck shop?**

geneticist Dr Dean Hamer said | engineering." Dr Richard Nich-



"WE'VE INSTALLED A CAT-FLAP FOR HIM!"

# Major is astute enough to know the game may be up

FOR a few days last month John Major thought he was back on a winning streak.

Unemployment was falling, inflation was low, Maastricht was out of the way and Margaret Thatcher had called off the dogs.

It turned out to be what City slickers who watch the rise and fall of the Stock Market call "dead cat bounce".

"It looked good, but it couldn't last," said one senior minister last night—and yesterday's Gallup opinion polls seemed to prove him right.

The survey findings are devastating for the Tories who are now in third place behind the Liberals. But for Mr Major they may be terminal.

## Brutal

Only 10 out of every 100 voters think he is any good as Prime Minister—the lowest rating ever recorded.

Already, brutal comparisons are being drawn with Canada's embattled Conservative Government before Premier Brian Mulroney threw in the towel.

"Mulroney saw the writing was on the wall and made way for a new leader," said a Tory MP pointedly.

Fragile signs of recovery have failed to stem the haemorrhage of Tory support. If anything, they seem to have reinforced anger in Tory shires where recovery is slowest.

And for all his bravado before

## RUTHLESS TORIES COULD BE SET TO DUMP HIM SOON

By TREVOR KAVANAGH, Political Editor

leaving Japan, John Major himself is astute enough to know the game may already be up.

He is deeply depressed by the relentless tide of bad news, bad publicity and bad luck which has dogged his premiership.

He is fed up with carrying the can for a bickering, divided party which ignores the reality of a tiny 17-seat majority in Parliament.

And he has signalled he is not prepared to stay forever to be kicked around by MPs who are ungrateful for his 1992 election victory.

## Rumour

There is even a rumour he has made a private deal with leadership rival Ken Clarke to back him now in return for a clear run later.

That rumour is being vigorously denied by friends of the Prime Minister, but it is running hot among Tory MPs who want to believe it.

The Tory Party is

loyal," said one minister last night. "But it is also quite ruthless. John is a decent man who has had more than his fair share of misfortune.

"That won't save him if the party decides he will cost us the next election."

Another crisis is looming as the party faces up to near certain defeat in the Christchurch by-election on July 29.

The date deliberately coincides with the start of the long summer recess in the hope that the bitterness of defeat will fade by the time MPs return in the Autumn.

It will be a brief respite. The Government is taking heavy fire over its vital but unpopular battle to control spending and slash the soaring cost of the welfare state.

Labour's decision to duck the issue and cash in on the backlash against John Major may be cowardly and despicable, but it will be effective.

Chancellor Ken Clarke is

now talking about raising



JOHN MAJOR... prime target

taxes. That would be suicidal.

Even a slow and steady economic recovery, plus a cut in interest rates would not bail the Government out.

It is now hard to see any circumstances in which Mr Major's ratings are likely to recover. Indeed they could fall still further.

They may even drop to the 12 per cent point which triggered Mr Mulroney's decision to step aside.

## Effort

"If that happens there will be a collective nervous breakdown," said an old Tory hand.

"It has happened before when leaders have lost their authority. If John's rating continues to fall, it will not be a question of whether he goes, but when.

"If that happens, there will be no leadership challenge. He will be thanked enthusiastically for his effort and told to peck his bags."

Have you ever heard such nonsense?

## Welfare

It's like telling a couple they can't adopt a handicapped baby because they haven't lost a leg and don't understand what it's like to limp.

The only thing that matters in an adoption is the future welfare of the child.

Not some airy-fairy social worker's political manifesto.

## Taken in hand

A GENTLE smack now and then does a child no harm.

Every parent knows that. But childminder Anne Davis had to go to court to win the right to discipline the kids she looks after.

We congratulate her on a victory for common sense.

It's a shame some of today's louts didn't get a clip round the ear when they were young.

## Price of idiocy

A GIRL of 14 is turned off a bus at 9.45pm.

The reason: She is 2p short of her fare.

As she walks home, two youths drag her into a park and rape her three times.

The driver of Sunday night's 171 bus in Peckham, South London, has a lot to answer for.

Does he lack compassion? Does he lack an understanding of the dangers to women at night?

Or does he just lack brains?

# THE SUN SAYS

## A SPITEFUL ATTACK BY PIGMY PM

**JOHN MAJOR has one talent at which he succeeds like few Prime Ministers in history.**

The ability to shoot himself in the foot.

In an unguarded moment, he brands three of his Cabinet Ministers "bastards."

*It is a spiteful, vindictive attack*

*of the kind only a small-minded man would make.*

Worse, it comes as the party is promising "no recriminations" after the Maastricht debacle.

If Mr Major wanted to reunite his party, this was not the way.

It is no surprise that the three "bastards," as the Prime Minister

so uncouthly puts it, are the champions of the Right, which has given him so much aggro.

**MICHAEL HOWARD:** The Home Secretary shows a gut instinct for the way ordinary people think. If The Sun could choose the next Prime Minister — which sadly we can't — Michael Howard might well be the man.

**PETER LILLEY:** The Social Security Secretary has quietly got on with one of the most difficult jobs in Cabinet. But the wimps are afraid to listen to his sound, but unpopular, advice.

**MICHAEL PORTILLO:** The Chief Secretary at the Treasury staunchly believes in lower taxes and lower public spending. But he must sometimes wonder about his boss, Chancellor Ken Clarke.

### Leadership

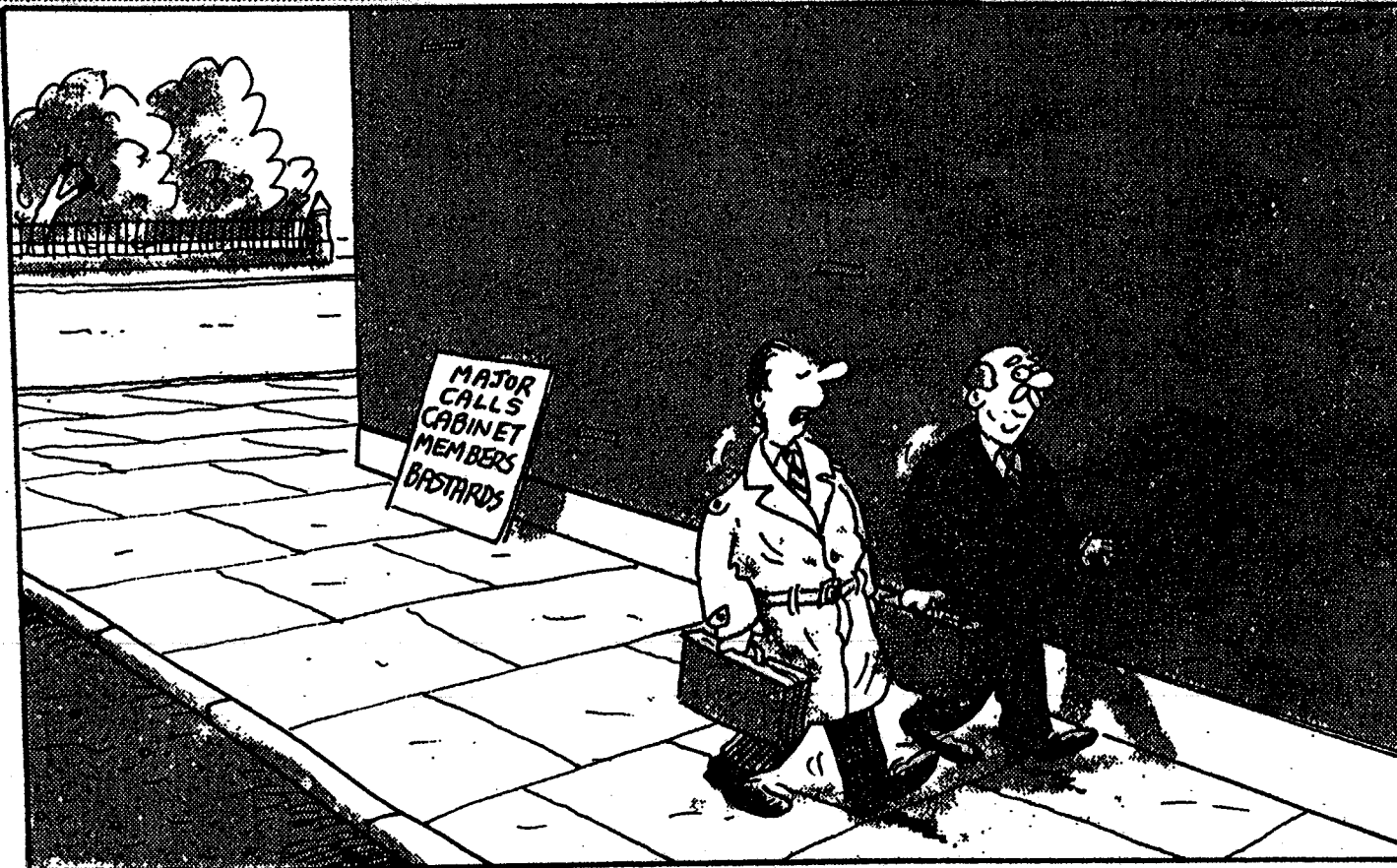
Mr Major damns himself with his remark about the Thatcher years being "the golden era that never was."

When Maggie was at No 10 we had firm leadership. We had low unemployment and high growth. We felt proud to be British.

John Major was happy enough to hang on to her coat-tails on his meteoric rise from nowhere.

Compared to Lady Thatcher, Major is a political pigmy.

**What colour era has he presided over? A grey one.**



"AT LEAST I AGREE WITH HIM ABOUT SOMETHING!"

**CONFIDENCE**



**Richard**

★ *IT was only a matter of time before Lady Di picked up the lorry. You can't spend your life snogging with lepers.*

FRANKLIN

# It's worse than that you're dead, John

By TREVOR KAVANAGH,  
Political Editor

JOHN Major won and lost yesterday. He **WON** a back-me-or-sack-me showdown with his MPs—and finally cleared Maas-tricht off the Commons timetable.

He **LOST** by revealing to his troops that under his leadership they will crash to defeat when a general election is called.

In the words of a senior minister yesterday: "He's had it. Having been forced to stare in the face of certain election defeat, people realised they cannot risk keeping him as leader."

## Quit

It is hard to find anyone at Westminster who believes John Major will survive to celebrate his third anniversary as Prime Minister on November 28.

Some would like him to do the "decent thing" and quit this weekend.

Others want the men in grey suits to carry out a mercy killing to put him and themselves out of their misery.

Sixteen months after an heroic general election triumph, John Major is mortally wounded and is unlikely to lead the party into the next



ON THE FLOOR . . . troubled John Major in the Commons

one. But he could survive another year—which will be a long, unhappy one for a sensitive, insecure man who hates personal criticism.

Behind the lightning-quick professional smile, John Major rages against what he sees as the injustice of his position.

He does not see it as his fault that the Pound crashed out of the Euro-money system last year, or that it took so long to sack Norman Lamont, Michael Mates and David Mellor.

Or that he had to order U-turns over the pits closure fiasco, armed services cuts or income-linked fines.

In the aftermath of his sur-

prise election victory last year, a jubilant Mr Major boasted: "I have never knowingly made a political mistake." He still clings innocently to that view.

One former admirer said: "Even today, he believes that if he gets a feeling about something, it is certain to prove right. He is so charming about it that you fall into line and accept his vision.

"It has led to some extremely embarrassing Government decisions."

The taste of this week's defeat will stick in the throats of Tory MPs as they face up to angry and bewildered voters in their constituencies. It will be bitterly reinforced on Thursday

when the party faces an historic hammering in the Christchurch by election.

It will linger on through the summer to the party conference in Blackpool, where grass-roots Tories will seize the chance to have their say.

It will simmer until the local elections in the Spring, when flagship councils like Wandsworth in South London—symbol of Toryism—fall to the Liberals:

But it will burst into life again in June as Lefties sweep into power in elections for the European Parliament.

The mood from the Cabinet down to the most humble fundraiser trying to stop the Tories going bankrupt is that Major is a busted flush.

## Angry

Downing Street was yesterday pushing the line that the worst is now over, with Major drawing a line under the European issue which has split the party. They claim the Prime Minister will bounce back, strengthened after brandishing an iron fist in the face of 23 rebel hardliners.

But they saw the faces of panic-stricken Tory MPs sitting behind Mr Major as he made his back-me-or-sack-me ultimatum yesterday.

And they know this is a weapon the Prime Minister can use only once.

at a time when it needed it most—is leadership.

Instead we have had a dithering Government that has lurched from crisis to crisis, most of them self-made.

John Major is an honest, decent, likeable man.

He has done his best but, sadly, it just doesn't seem good enough.

## Wicked lies

THERE are lies, damned lies and Daily Mirror exclusives.

Today we expose the wicked way the Daily Mirror manipulated the tragic death of an old lady.

They used her to make a political point. The truth, and the hurt it caused her husband, did not matter a damn to them.

The holier-than-thou Mirror is a disgrace.

And that's no lie.

## It's a bowls up

OUR cricketers are pathetic. Just like their excuses.

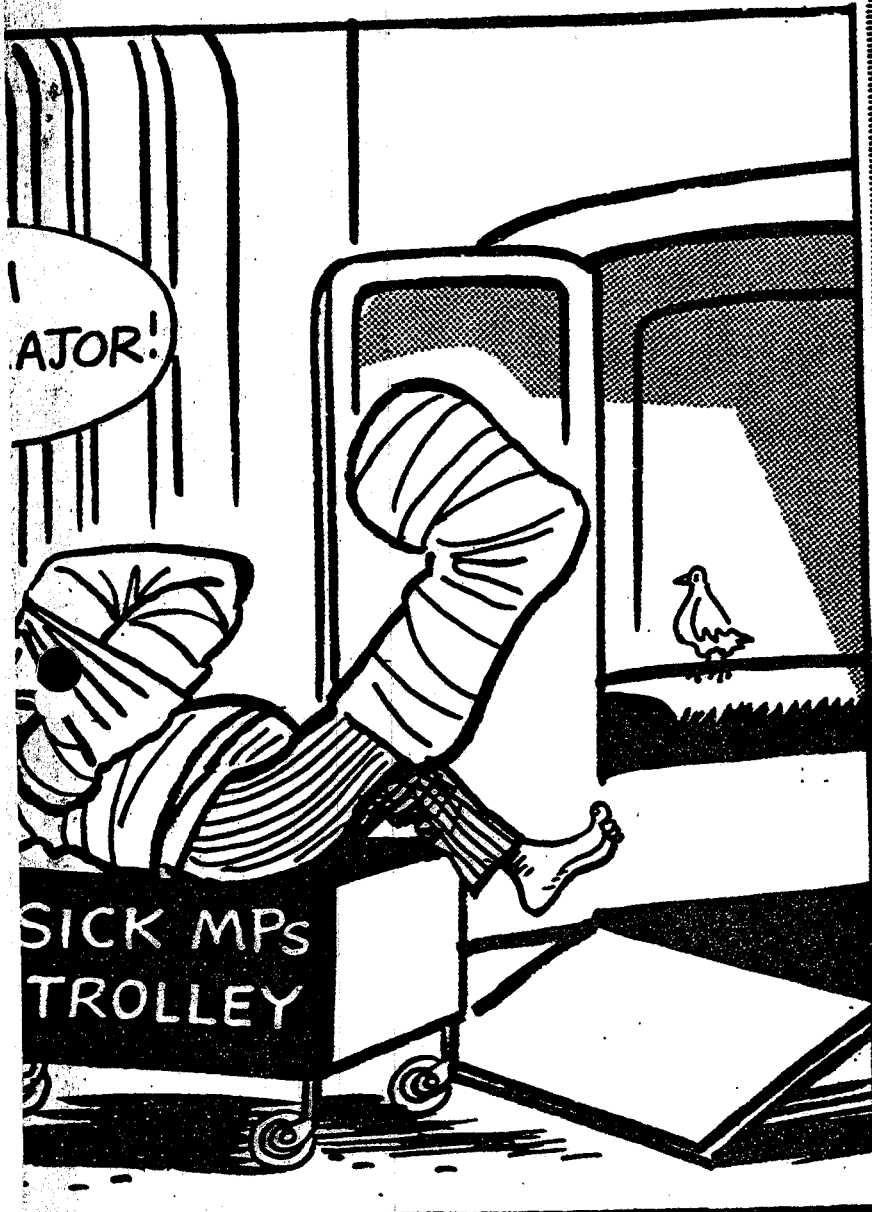
As we kiss goodbye to the Ashes, they whine that the wrong pitch has been dug up at Headingley.

That's almost as daft as British Rail's excuses about the wrong kind of snow blocking the lines.

We'll see how bad the Test pitch is . . .

When the Aussies start bowling.

24/7/93 The Sun



# Worse than that dead, John



when the party faces an historic hammering in the Christchurch by election.

It will linger on through the summer to the party conference in Blackpool, where grass-roots Tories will seize the chance to have their say.

It will simmer until the local elections in the Spring, when flagship councils like Wandsworth in South London—symbol of Toryism—fall to the Liberals.

But it will burst into life again in June as Lefties sweep into power in elections for the European Parliament.

*The mood from the Cabinet*

## THE SUN SAYS

# A nice guy but not up to job

**THE rebels came to heel. Tory MPs rallied round their humiliated Prime Minister.**

*But they would, wouldn't they?*

Every Tory MP knew that a General Election would spell suicide.

It would have been the first recorded instance of turkeys voting for Christmas.

John Major may have won the bloody battle over Maastricht.

**But has he lost the war?**

His authority is in tatters, his credibility in pieces.

To many at Westminster the question is not can he survive, but when will he go?

### **Humiliation**

Next Thursday the Tories face further humiliation when the voters of Christchurch, among the most true-blue in the country, deliver a by-election verdict.

When a Prime Minister cannot inspire victory in a constituency like that, when he can only get a crucial vote through the Commons by threats and deals, the time has surely come for a change.

What the country has lacked — at a time when it needed it most — is leadership.

Instead we have had a dithering Government that has lurched from crisis to crisis, most of them self-made.

John Major is an honest, decent, likeable man.

**He has done his best but, sadly, it just doesn't seem good enough.**

## Wicked lies

**THERE are lies, damned lies and Daily Mirror exclusives.**

Today we expose the wicked way the Daily Mirror manipulated the tragic death of an old lady.

They used her to make a political point. The truth, and the hurt it caused her husband, did not matter a damn to them.

The holier-than-thou Mirror is a disgrace.

**And that's no lie.**

# RICKSTERS

THE real vote of confidence comes at Christchurch on Thursday. This time John Major won't be able to twist arms, throw webbies, do shabby deals or cajole a bunch of men in bowler hats and Rangers football shirts to march to his rescue.

(The antics of the Ulster Unionists deserve to be rewarded with direct rule from Dublin tomorrow.)

He won't be able to hide behind the sham of parliamentary "democracy." With any luck, he will be annihilated.

The cynical linking this weekend of rumours that plans to impose VAT on domestic heating may be scrapped in an attempt to buy off the hypothetical votes won't work.

The beneficiaries will be the Liberals. But they shouldn't interpret it as an endorsement of their policies.

People aren't only sick of the sight of John Major, they are sick of the sight of all politicians.

The best possible result at Christchurch would be for everyone to stay at home to register their disgust. But we'll have to settle for a Tory humiliation as the next best thing.

## Desperate

I have never known a time when the gulf between the political classes and those they were elected to represent—and who pay their wages—has been so wide.

We're stuck with a federal Europe, without a referendum, without any choice, despite Major's blatant lies about the Maastricht Treaty now being meaningless. (If that's the case why was Jacques Delors so desperate for us to sign it?) We will just have to make the best of it.

Do you trust John Major or any of his ministers to fight our corner within the EC? You can't rely on our MEPs either. They're all game players. So would you on their money and perks.

We need a strong Minister for Europe who will represent British interests. If Major is serious about making peace with the Tory rebels, there is only one candidate for the job. Step forward Bill Cash.



# Richard Littlejohn

IRRITANT OF THE YEAR

# Major's secret life as a traffic warden

WHENEVER anyone mentions the Tory MP Rupert Allason—who went missing last week—it is always considered necessary to point out that he is also known as Nigel West, the spy writer.

But Mr Allason is by no means the only Member of Parliament leading a double life.

Investigations by this column have revealed that few of our leading politicians are who or what they appear to be.

John Major is, in fact, a traffic warden called Eric Blenkinsop, living a lonely existence in a bed-sit in Southorpe, with only his three cats and his subscription to Health and Efficiency for company.

John Smith is a pox doctor's clerk from Kilmarnock whose real name is Hamish Glenfiddich. A promising footballer, he once had trials in goal with a number of



## LONELY... Eric Blenkinsop

Scottish clubs but was rejected for being too good.

Paddy Ashdown is a milk-mixed driving instructor christened Michael Schmeichel by his German parents. He is a pacifist whose hobbies include flower arranging and embroidery. He lives with his partner, Justin, in Swindon.

Virginia Bottomley is a shop assistant called Tracey Stacey, who supplements her income by

working part-time as a strip-ogram girl in the pubs and clubs of Oldham.

Margaret Beckett is an estate agent called Rodney Froggatt and—when not at Westminster wearing a pink frock—smokes a pipe and lives with his wife and four children on a new estate in Peterborough, where he is a prominent member of the Rotary Club.

## Surgery

Douglas Hurd is a space alien from the Planet Zog. Every evening when he leaves the Foreign Office he beams up to his spaceship, hovering in geo-stationary orbit over Maastricht.

Michael Portillo was born Cecil Jenner in Dartford, Kent. He changed his name after his brother became a successful pop star and, once considered having plastic surgery on his lips to eliminate all family resemblance.

At weekends he works as a waiter in a trattoria in West Bournemouth. But the most amazing double life is led by Dennis Skinner, the left-wing Labour MP.

Away from the Commons, Den-

...time before Lady Di picked up the lurgy. You can't spend your life snogging with lepers cuddling cholera patients and stroking AIDS victims without contracting something unpleasant. You wouldn't catch me shaking hands with her unless I was clad from head to foot in surgical rubber. It's not that you don't know where she's been, it's that you know exactly where she's been. Perhaps she now realises why Her Maj always wears gloves.

his assumes his true identity of the Right Hon Tarquin Farquarson, Eton-educated heir to the Duchy of Bolsover and a multi-million pound estate which controls a number of privately-owned coal mines in South Africa. He has homes in Kensington, Gstaad and Barbados.

There are many others. Tony Blair is a member of Take That and his colleague Robin Cook used to be the lead singer in the Bay City Rollers.

Michael Heseltine was the third Chippendale from the left until his recent illness forced him to hang up his milk jockey for good.

David Mellor MP is a freelance and radio celebrity called David Mellor MP.

And it's not only politicians who lead mysterious double lives. At this point I feel I must make a confession.

When I'm not writing this column under the name of Richard Littlejohn, I am in real life a black cab driver from Ilford called Monty Schnozzer.

But then you'd always suspected that, hadn't you?

DON'T MISS RICHARD LITTLEJOHN'S SHOW ON LBC NEWSTALK 97.3FM BETWEEN 9am AND NOON MONDAY TO FRIDAY

26-7-93

# Richard Littlejohn IRRITANT OF THE YEAR



# 1001 reasons why you are such a plonker, John

**N**O one ever seriously believed the wholly unfounded rumours of an affair between John Major and caterer Clare Latimer.

To be perfectly honest, I fell about laughing when I first heard them from a Tory MP.

I assumed it had all been dreamed up by Central Office to make the Prime Minister seem a bit more exciting.

John Major in flexible rogering horror? Do leave off. Even if he could find the time, we are talking about a man who tucks his shirt in his underpants and probably wears his socks in bed.

What would an attractive and intelligent single girl like Clare Latimer ever see in him?

I've always found it difficult to imagine him sleeping with his own wife. As I remembered at the time, it's a bit like finding out your parents are still at it.

It was clear from the very start that these scurrilous allegations were completely untrue.

That's why Fleet Street refused to print them, even though some of the poster prints dropped a few cryptic hints—like The Sunday Times mischievously profiling an unknown caterer, linking her with senior politicians and explaining that she got her experience "on the job". Nudge, nudge.

**T**HE Sun didn't stoop to that level. But if the story had been true, you can bet you would have read it here first. That didn't stop MPs repeating the rumours to anyone who would listen.

Politicians gossip like fishwives. And it is worth pointing out that all these disgraceful allegations originated from politicians, not from the newspapers.

Eventually the Left-wing New Statesman magazine became convinced that there was a conspiracy afoot to smear the Prime Minister. They like their conspiracy theories down the Statesman.

So the magazine published the rumours, dressed up as investigations, while at the same time heading over backwards to point out that they contained not a scintilla of evidence.

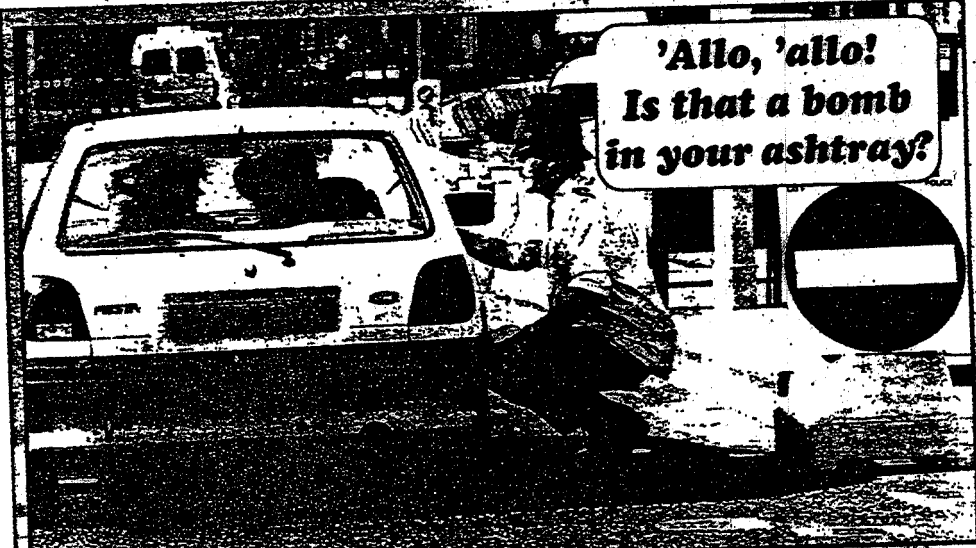
Back at the ranch, we all looked at the New Statesman article and decided to ignore it.

And that's how it would have remained had not Major—either through panic or stupidity—issued an official denial and a writ for libel.

Then it became a legitimate story. Prime Minister Denies Affair With Caterer. No one had actually suggested in print that he was having it off with anyone. Nor would they have done.

But once Downing Street and Mr Rumpole were on the case, the story was elevated from a small circulation magazine to the front pages of the national dailies. Who is this woman that John Major isn't having an affair with? And so on.

By the time this nonsense had run and run for a few days, there was not a single person in Britain who believed he was having an affair—even those who would never have heard about the rumours in the first place if it hadn't been for the denial.



## CAUGHT BY BLOCK-HEADS

*[Faded text, likely bleed-through from the reverse side of the page]*

But Major persisted with his vindictive action against the New Statesman—suing the magazine's printers and distributors, too.

**T**HE Statesman maintained that there had been no libel, although it apologised for any distress which may have been caused to the two parties involved.

The printers and distributors lost their nerve and coughed up pronto, lumbering the Statesman with a bill for at least £150,000.

Now, five months down the line, Major has accepted derisory £1001 damages for the distress the original article caused.

He waited until the very last moment to take the settlement, which he could have had months ago. And a story which we had all forgotten about has been resurrected, right in the middle of an economic summit which was supposed to take our mind off domestic affairs. Such judgment, such timing, such a plonker.

Now that Major has received his damages for "distress" perhaps he would like to compensate the hundreds of thousands of homeless, jobless and bankrupt people who voted for him for the distress they have suffered at the hands of his government.

## LET'S HAVE JURIES TO FOX RACISTS

**U**NTIL this week, my instinct would have been to oppose leading juries with representatives of ethnic minorities. Then I read the story of Kenny Fox, turned away on his honeymoon night by hetero-

Edward Moskvysh because of the colour of his skin.

This may well have been an isolated incident, though I doubt it. Were I Mr Fox and found myself being a tramped-up charge in

## Mob need a sharp shock

**T**HE Dykes For Peace who invaded Buckingham Palace to protest about nuclear testing in Nevada, which isn't taking place anyway, can consider themselves lucky to be alive.

Apparently, the military are allowed to defend the royal palaces with armed force.

The Grenadier and Coldstream Guards would have been entirely within their rights to shoot on sight. The harridans were eventually rounded up by sniffer dogs. That can't have taken long.

It would have been more effective—and much more fun—to have fixed bayonets and given them a taste of cold steel.

I think I can say, without fear of contradiction, that these are not the kind of women who like it up 'em.

DON'T MISS RICHARD LITTLEJOHN'S SHOW ON LBC NEWSTALK 97.3FM BETWEEN 9am AND NOON MONDAY TO FRIDAY



### HERE'S MISSING RTUNE BANK?

promoter Frank... being sued... 1,000 he is said... spent on a... of limos and a... loan... issued a High... writ claiming... failed to meet... payments... suddenly denies... the money... firm... leasing... and his... into... cars... included a... Turbo, a... Corniche... two... and a Ford... Bentley fea... the trial of... Terry Marsh... of shooting... in the street.

**W**rit... of November... a year after... was shot in... East End... Leasing also... it loaned War... 10,000... ren's lawyers... also said in a... "Mr Warren... denies he... monies to... Leasing. His... one have been... has not been... because a meet... to be held... we believe will... receivers of... at Leasing ac... cum are due."

**C**orrupt... of... rd, Essex... his lights... were recom... to help... least Corb... ants' bread.

### SPOT n stolen is found

less jewel hunt... from tycoon... Davis and his... as found under... outside a road... 5, ex-beat of... Henry Fox, was... ed by four gun... he and wife... were being... to Nice airport... South of France... we men arrested... where the... were dumped.

**W**Y'S BAY... ben on women... inking club near... a was lifted for... to film a TV... MFF 00...



# A DISCREDITED PRIME MINISTER

JOHN MAJOR'S hollow victory yesterday may have bought the Commons' Maastricht marathon to an end. But has not saved his political life.

The Prime Minister is living on borrowed time, a leader incapable of leading, whose only means of staying in power is to threaten a general election.

He has effectively polluted his cabinet with his own incompetence, because if the country goes to the polls tomorrow, the government would be routed. The blame for such a comprehensive defeat would be entirely on Mr Major and his Gov-

ernment. The Prime Minister is now reduced to pleading on television for an end to the bitter in-fighting which has riven his party asunder and brought the Government to its knees.

*But the situation will not change. The Euro-rebels have only been temporarily tamed, and their deep-seated mistrust and lack of confidence in Mr Major's leadership will rear up in the future time and time again.*

The air may have been full of platitudes from Tory MPs last night, pledging their support for the Prime Minister. But this sounded suspiciously like a foot-

## TODAY COMMENT

ball club chairman expressing full confidence in his manager shortly before sacking him.

The truth is that the atmosphere within the Parliamentary Conservative Party is full of poison and sulphur.

For members of Mr Major's Cabinet there is also a problem.

How long will those with aspirations to do his job put up with being tarred by the same brush as their hapless leader? No doubt Kenneth Clarke and Michael Howard will be pondering just that question this weekend.

A change in leadership cannot come a moment too soon for party workers burdened with the thankless task of trying to sell Mr Major's Government on the doorstep of Christchurch. A disastrous result there next Thursday will be another nail in the Premier's coffin.

The plain facts are that the Government is clapped out, bereft of ideas, unable to defuse the tiniest political bombshell, and patently

without any coherent strategy or philosophy to guide their actions.

Never was this more evident than in Mr Major's insistence on staking his career on a treaty most of the country could not give a damn about.

*There is a smell of decomposition surrounding this Government. The fragile economic recovery is still being held back because the vast majority of the country lacks confidence in the Prime Minister.*

Yesterday he won a temporary reprieve; but the bell is still tolling. And it's tolling for John Major.

# Why Norma could soon have her way

NORMA MAJOR loathes the bitchy gossip that swarms through Westminster. She has her own friends and has trained them to talk about the children. But never about her husband's job.

They understand her motives. Talking about her latest meeting with world leaders would only put a barrier between them. And far from wanting to flaunt her husband's position she is both embarrassed by the criticism that dogs his premiership.

It is the accident that Norma gets her own way with her friends. They know only too well that she has always lived a proper family life with her husband. That she seems the intrusive demands of politics which have denied her a normal life.

As if her husband's reputation is a grip on power she will not budge. Indeed she would find it difficult not to show he was pleased.

Yet when she quivered under the TV lights in Downing Street and clutched the new Prime Minister's arm, and few people guessed the alibie of the backbone beneath her desperately ordinary blue suit.

### Confident

Her body language bricked of a woman who was shy, awkward and plain. It was known she had never shared her husband's ambition for high office, and he quickly made it plain she would not spend much time in Downing Street.

She didn't. But slowly she did look more confident. She posed for Thatcher, and strode around the country at her husband's side when they both knew he could lose the election.

Her hair lost its home-set look and she learned to hide whatever she really felt behind the kind of professional poise cameras respect.

And when her husband's

darkest hours (so far) came this week, she was there at his side, gliding through the Number Ten door where she is so rarely seen.

She wore an elegant jacket and carried a Chanel handbag. If she wasn't exactly a fierce tigress, she certainly wasn't a frightened rabbit. She was standing by her man, just as she did when his name was unfairly attached to the caterer Clare Lattimer.

Throughout her husband's premiership she has always done her duty. But she has spent much more time in the family's home in Great Stukeley.

And the truth is that Norma has not really changed at all.

She may have been sensible enough to invest in sleek suits and silk shirts. But her priorities have not changed, nor her determination to live the domestic life she relishes ("I am fulfilled by domesticity," she once said) rather than the one convention dictates for first ladies.

So when there is no imminent election she disappears. She still shops at Tesco, still waits her turn at the hairdresser, still does the ironing and still gets on with good works in Huntingdon.

When her husband dashed off to Tokyo or Washington, she stayed at home writing her book on the history of

## At the next crisis, she'll beg the PM to come home

by PENNY WARK

Chequers. She genuinely preferred that to making small talk, or being bussed round tourist attractions. She could not see the point of spending taxpayers' money on sending her along too, she said. Her place was at home.

Of course she has been piloried for her suburban preferences and her staunch anti-feminism, not least by Spitting Image where her role was to serve peas to her husband.

But the real Norma Major is not at all submissive. She is a woman who hates showing off yet who is actually capable of being on first name terms with 300 people at a function in her constituency.

She is not timid. She is someone who has defined the territory where she feels comfortable and stays there.

### Precious

She has never sought public approval because she never saw herself as having an important public role.

She is not a woman who naturally excites in public. She would rather retreat to her home, where she is in control and beyond the reach of Press or Party.

That order and routine is her security, and it is all the more valuable as her husband's fragile hold on the premiership ebbs away.

It takes guts to follow your instincts and reject the role

of the public and Party expects of you. Norma has plenty.

Yesterday morning she gave photographers a rare sight of the Prime Minister and his wife leaving Downing Street together. She smiled easily for the camera.

*But when John Major meets his next crisis she will not persuade him to stay on. She will know that his time has gone and hers is about to begin.*

She always wanted a proper family life. At last she might actually get one.



Norma and John at home, living the domestic life she craves

## 'We say, we say'

TODAY took a trip to Mr Major's Huntingdon constituency to find out what the locals think about him. This is what they said:

"I wasn't overjoyed when he became PM but anything seemed better than Mrs Thatcher. Whatever happens now, he's got a hell of a job restoring things to an even keel."

- David Fendley

"I think he's made a bit of a mess of this Maastricht thing."

- Julie Maddocks

"He's had a rough ride. I think he's suffered all the time from all the disgruntled Thatcherites. If he

stays in power I think the Tory rebels will stand on their heads and they'll end up with Maastricht AND the Social Charter."

- Michael Alexander

"His major problem is to sort out unemployment and not to relax. He's got to slug it out and be more of a strategist and take more notice of what people say."

- David Sinfield

"He's not a good leader. He comes across as weak."

- Jenny Murray

"He's got a hard job to follow Mrs Thatcher. She was a very strong person. The whole thing is mixed up now and MPs seem to be all against each other."

- Jane McPherson



David Fendley



Julie Maddocks




Jane McPherson



David Sinfield





# The Lazarus option

THE Tory party came to heel in the end. But it was a grudging act of obedience that still leaves John Major in a parlous position, his future the dominant item on the political agenda. To ensure the survival of his government he was forced to take the desperate expedient of threatening his own party with mass destruction in an election. Such a terrifying prospect cowed the rebels into submission on Friday; but as a formula for maintaining Tory party discipline during the rest of this parliament it only serves to underline the prime minister's continued weakness. The fact that Mr Major had to wheel out his nuclear deterrent to keep his job shows how diminished his authority and prestige have become. The Westminster consensus is that, despite Friday's victory, Mr Major is holed below the water line and likely to sink during the next 12 months. There is much evidence to support this prediction, above all Mr Major's predilection for shooting himself in the foot. But it need not come true.

Maastricht was supposed to be the foundation stone for a European edifice that is unlikely ever to be built. The arguments throughout the European Community are now going Mr Major's way; his vision of Europe is the one that matters. At the same time he presides over an economy that is recovering well and could be in Europe's premier di-

vision by the end of this decade. Last week's events proved he has resilience and determination in adversity. What he must now muster, as this newspaper has argued before, is the strategic vision to drive Britain forward and the single-mindedness not to be diverted from the pursuit of that vision. With Maastricht out of the way and the economy recovering, the conditions exist for a revival in Mr Major's fortunes. He could yet become the Lazarus of British politics. The stock-market of politics is not an investment for widows or orphans. But the shrewd investor with cash to spare could do worse than buy a few Majors, especially when the price is so low.

As ever, Mr Major's salvation is in his own hands. He should get away for a complete break during the recess, top up his batteries and make sure, on his return, that his government has a sharper focus and a more concentrated agenda. His first priority is clear: the economy, stupid. Britain's prospects have been transformed by the breakaway from the dead hand of the European exchange-rate mechanism (ERM). British products are world-beaters once more and the British labour market properly reflects market conditions for the first time in living memory. The economy has grown so strongly in the first half of this year that the Treasury's budget forecast of 1.25% growth for the whole of

1993 is already being achieved barely half-way through. Manufacturing productivity has jumped 10.5% over the past year while unit wage costs have fallen by 5.3%. All we need to complete the recovery is a return of confidence in the government. Given that, Britain could achieve 3%-4% growth rates for the rest of this decade. That must now be Mr Major's overriding strategic goal.

That means clearing away the Treasury's remaining cobwebs. Kenneth Clarke, the chancellor, must stop regretting Britain's exclusion from the ERM. This is no time to look back. This weekend finds the whole ERM system in crisis. The French franc could fall at any moment while the Belgian franc, the Danish krone and the Spanish peseta are all under pressure. The ERM is the gold standard of the 1990s, as destructive of jobs and prosperity as its predecessor was in the 1930s. Its demise will be a further sign that European events are going the British way.

The danger to the Tory party is that while the electorate has grown weary of it all, the government has yet to shed its disaster-prone image and realise that John Smith's Labour party has learned the value of unity and discipline, which used to be the Tories' secret weapon. Some Tory MPs no longer care over-much. The Euro-sceptics have organised an opposition within a governing party, without

any remorse about what they did last week. Infuriated by their bravado, government loyalists talk of revenge and deselections. That way lies ruin. The rebels have served notice that one inch further towards Euro-federalism and they will revolt again, election threat or no. Mr Major's managerial task in the coming session will be to show that after 14 years and four general election victories, the Tory party is not crumbling through metal fatigue.

Is John Major the man to turn his party's fortunes round? This week's Christchurch by-election result will cast fresh doubt on that but, in truth, nothing can be done to prevent the seat's loss. Christchurch, along with Maastricht, the ERM and past disasters is part of a gruesome legacy from the last general election that Mr Major must hope has finally run out. Christchurch will be a serious loss, all the same. Ministers may scoff at the Liberal Democrats snatching a normally ultra-safe Tory seat; but Mr Major's government has a diminishing majority to rely on and excuses about mid-term reverses are wearing thin. He must pull the Tories round by spring at the latest if they are to stand a chance in next year's local and European parliament elections. Heavy reverses then would spell the end of his time in No 10.

As parliament rises for its long summer recess this week, Mr Major must hope no more

time-bombs are ticking away in Whitehall, that the party will make do and mend at its annual conference in October, that Michael Heseltine will make a speedy return from convalescence, that Mr Clarke will make a political success (as well as economic sense) of his first budget in November and, above all, that the economy will continue to recover, blurring the pain of 30 months of recession, the horror of negative equity for nearly 2m households and a rising young generation for whom unemployment is the norm.

Some hard lessons have been learned since the general election. Europe, which continental leaders thought destined for ever-rising prosperity, has fallen back in its fight to compete with North America and East Asia's tiger economies. Twenty years ago, Europe's unemployment rate was 60% of the United States'; today it is 60% higher. The federalist urge has left most of the European Community suffering from a severe attack of economic sclerosis, complicated by an obsession with social welfare regardless of cost. As the ERM heads further into crisis, Britain must ensure that sounder foundations for European co-operation are laid in its place.

Mr Major has been battered by setbacks since the general election. After Christchurch he must mount the biggest comeback of any prime minister — or go under.

## While police huff and puff, crime blows the house down

The next chance for Tory high blood pressure is coming along nicely. The police and their critics in the Sheehy committee are trading hefty punches. Plain people are worried enough about mugging and vandalism in their everyday lives (a bigger feat than



The force must be honest in the face of the critical Sheehy report — and it must account for itself

still treats the police with sympathy. But people are growing up. They have seen through civil servants, they are suspicious of teachers, they see the faults in doctors' and nurses' unions. There are no heroes left and



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*From the Private Secretary*

C93/4597

Alex Allan Esq - *By Fax*  
Principal Private Secretary  
10 Downing Street  
London  
SW1A 2AA

19 August 1993

*Dear Alex,*

**RUPERT MURDOCH**

... I attach some briefing on the performance and ambitions of BSkyB for today's  
> meeting. I also attach a brief note on News International's Press Interests. I am  
copying this letter to Peter Smith at DTI.

*Your sincerely*

[Redacted signature box]

**ALAN DAVEY**  
Private Secretary

BROADCASTING: BSKYB

Present financial position

1. In February 1993, BSKYB announced losses of £188m before tax for the year ending June 1992. Turnover was £233m. 70% of the revenue came from subscriptions and 20% from advertising. At that time, its operating profit was £1.7m a week; in May 1992, it was breaking even. Weekly revenues were £7m in the nine months to 31 March 1993.

Market share

2. BSKYB's weekly share of viewing in homes with cable and satellite services is about 20%. This represents only about 3% of all television viewing in the UK.

X 3. Although 85% of homes cannot yet receive satellite television, the ITV companies are becoming restive about the growth of BSKYB and want satellite services to be regulated more closely. BSKYB does not have the same requirements on the range and quality of programmes as the ITV companies. However, it is bound by the EC Directive on Broadcasting, which requires most programmes to be of European origin, where practicable. BSKYB imports much of its programming, except for Sky News. It plans to commission more original programmes, but this is not one of its priorities.

Plans for expansion

4. BSKYB was formed in November 1990 by the merger of News International's Sky TV and British Satellite Broadcasting. Since then, it has increased its channels and moved towards 'encryption' so channels can be received only by people who pay a subscription.

5. In September, BSKYB will launch a UK subscription package of 16 channels; six will be BSKYB channels and only Sky News will not be encrypted. BSKYB is organising the

ANNEX A

NEWS CORPORATION'S INTERESTS (wholly owned, or shares)

	U.K.	EUROPE	USA	AUSTRALIA	HONG KONG/ NEW GUINEA
<u>NEWSPAPERS</u>	The Times The Sunday Times The Sun News of the World Today	<u>Hungary:</u> Mai Nap Reform Tallazo	New York Post Boston Herald	The Australian (national paper) & 108 other titles	<u>Fiji:</u> The Fiji Times  Papua New Guinea The Post Courier  <u>Hong Kong</u>  South China Morning Post (50%) Sunday Morning Post (50%) Wah Kiu Yat Po (50%)
<u>MAGAZINES</u>	Times Supplement Shoppers Friend		Mirabella TV Guide FSI Division	7 titles including: New Idea TV Week Australian Post	
<u>BOOKS</u>	Harper Collins (Fontana, Grafton, Thorsons & Tolkien)		Harper Collins (Harper Collins, Perennial & Zondervan)	Harper Collins	
<u>TELEVISION</u>	BSkyB (6 channels) 50% Nickelodeon, QVC	<u>Spain</u> Antenna 3	Fox Broadcasting Co (+ Fox affiliated stations) 20th Century Fox	Seven Network (15%)	Star Television (63%)



The Rt. Hon. Michael Heseltine MP  
President of the Board of Trade

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19 August 1993

*Dear Alex*

RUPERT MURDOCH

As requested, I attach a short briefing note on the Murdoch Companies for briefing for the Prime Minister's meeting later this week. Please do not hesitate to contact me if you need anything further.

I am copying this letter to Alan Davey (DNH).

*you*



ELIZABETH JONES  
Private Secretary

PE8044

888-888



**BRIEFING FOR PRIME MINISTER'S MEETING WITH MR RUPERT MURDOCH**

Background

Mr Murdoch is the Chairman and Chief Executive of News Corporation, the Australian based media group.

Its principal activities include printing and publishing of newspapers, magazines and books; commercial printing; television broadcasting; film production and distribution; and motion picture studio operations.

Principal activities of associated companies include airline passenger and freight services; hotels and resorts; newsprint manufacture; newspaper publishing; and satellite television broadcasting.

Estimated turnover is £7 billion.

Performance

News Corporation has grown dramatically in the last 6 years. In his last Chief Executive Statement Mr Murdoch said that total assets had increased from A\$8.5 billion to a\$26.2 billion through acquisitions and through starting new businesses. This growth was financed principally with short-term bank debt and retained profits.

News Corporation has also been engaged in a continuing programme of investment in its primary businesses amounting to more than A\$4 billion. They built two new printing facilities in the UK and are building four in Australia; launched Sky TV, expanded Fox TV and increased production at Twentieth Century Fox Film.

News Corporation currently derives over 60% of its revenues and over 55% of its income from the US and expects results there and in the UK to increase proportionally. They expect growth from all geographic areas in the future. By industry, operating profit is broadly spread, but newspapers continue to contribute the largest proportion of earnings. Magazines' contribution has been reduced with the sale of the US and Australian operations. Television and filmed entertainment are expected to grow disproportionately.

Strategic planning

News Corporation intends to continue to invest in multimedia and examine opportunities for owning and operating media and entertainment ventures around the world. Most recently it regained a presence in the Australian television industry when it acquired a 15% stake in Seven Network.

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NEWS CORPORATION: SOME CURRENT CONCERNS

**NEWSPAPER TRANSFERS**

The Fair Trading Act 1973 provides that the transfer of a UK newspaper to an existing newspaper owner (like Rupert Murdoch) whose newspapers after the transfer would have a daily circulation of 500,000 or more copies, may not be made without the consent of the Secretary of State for Trade and Industry. Except in certain limited circumstances, such consent may not be given without there first being a report from the MMC on whether such a transfer may be expected to operate against the public interest.

**JOHN SADLER'S REPORT ON CROSS MEDIA PROMOTION**

John Sadler's recommendations were directed at the newspaper industry and they have been invited to develop a code of practice. DTI officials are in discussion with the Newspaper Publishers Association, Newspaper Society and Scottish interests about such a code.

Background

Partly in response to concern about promotion of Sky Television in News International Newspapers, John Sadler was asked by the Secretary of State for Trade and Industry in 1989 to conduct an enquiry into standards of cross media promotion. He concluded that as far as cross media promotion in the newspaper industry was concerned, a code of practice should be introduced. At a meeting with the DTI Minister for Corporate Affairs (Mr Hamilton) on 4 March the industry agreed to develop a modified code. This is being prepared by the industry in consultation with DTI.

**VAT ON PUBLICATIONS**

Publishers are campaigning against the possible imposition in the Budget of VAT on currently zero rated products. It is customary for DTI ministers to refrain from commenting on tax policy in the run-up to the Budget. Nevertheless the DTI takes an active interest in these issues and notes the industry's concerns.