WITNESS STATEMENT TO LEVESON INQUIRY AND ANSWERS TO LISTED QUESTIONS BY THE RT HON LORD MANDELSON.

1. *Brief summary of career.*

I have spent most of my working life engaging in politics in some form. I have been a student political activist, a local councillor and a producer of a weekly current affairs programme. It was with this CV that I became director of campaigns and communications of the Labour Party in 1985 and managed the party's election campaign in 1987 when we moved up from third place in the polls at the beginning of the campaign to displacing the SDP-Liberal Alliance as the main opposition party at the end of it. From that time on I have been active in frontline politics in the UK or Europe. I stood down from my role in the Labour Party's HQ in 1990 and was elected to parliament to represent Hartlepool in 1992.

By 1994, I was playing a role advising Tony Blair on his political and media strategy as he ran for leader of the Labour Party and when he won I was appointed to manage his and the party's general election campaign up until 1997. With Labour taking office, I became the minister without portfolio in the Cabinet Office (with ministerial responsibility for the presentation of government policy) and was then appointed Secretary of State for Trade and Industry in 1998. I returned to office in 1999, following my first resignation, as Secretary of State for Northern Ireland and then, upon leaving office for a second time in 2001, went to Brussels in 2004 to take up the role as Trade Commissioner in the European Union. Prior to this, in 2003-4, I advised the Prime Minister, Tony Blair, on a personal basis on political and communications strategy.

In 2008, I returned to the government under Gordon Brown, re-joining the Cabinet as Business Secretary in the wake of the financial crisis. In 2009, I was appointed First Secretary of State and Lord President of the Council. Throughout this period, I had daily contact with Gordon Brown, including on matters relating to the media. I subsequently chaired Labour's general election strategy committee in 2010. I am now a member of the House of Lords and have a number of different commercial and political roles.

Throughout my political career I have had an almost continuous dialogue with the media in all its forms. I have seen it evolve from the era of short-hand note-takers and nightly newscasts to the age in which we live today with 24-hour news outlets, competing with streams of live online coverage. It is in this dramatically changing environment that the relationship between politics and media must be viewed and understood.

General questions about the relationship between politicians and the media

2. Extent to which, as senior New Labour strategist and minister, I had responsibility for managing media strategy and how I exercised my influence.

My relationship with the media, and any influence I exercised, was established principally in two different periods of my career. The first was between 1985 and

1990 when, as a full-time official of the Labour Party, I witnessed the hostility and vitriol which Neil Kinnock encountered as he sought first to expel the hard-Left from the party and then make it a credible party of government.

The second period was between 1994 and 1998. This covered the time as an adviser to Tony Blair along with my role running the election campaign in 1997 and then my first period in office. This latter role did not require a day-to-day relationship with the media so much, I was not running a press office, but I came into contact with print and broadcast journalists on a regular basis. This was more often at their request than my own, drawing on the relationships which I had established during my earlier time at the Labour party.

As I said in my autobiography, *The Third Man*, these two periods were times when I was not playing a public role in the traditional sense of the word. The extent to which I influenced the media is really for others to judge – and they have done so frequently. But from my own point of view I was able robustly to defend the Labour Party and its leading figures, to challenge untruths that were being told by our opponents and I was able to update our campaigning techniques and skills. To do this I utilised the primary and often only form of mass communication which is available to politicians: print and broadcast media.

Ever since the growth of democracy and expansion of the franchise in the 19th century the media have become the principal vehicle for mass communication between those who seek to govern and the electorate. If politicians could directly communicate en masse they would happily do so. They do not want to be under an obligation to the media but, in a democracy, popular elections require mass communication, and as the media in the UK are not owned or controlled by the state, this means that politicians must develop some sort of relationship with commercial and independent media. They must remain, at the least, on neutral terms with private proprietors, editors and journalists whose views and prejudices are continuously mixed in with their professional and ownership roles and who represent a powerful and unelected force in society.

While I was doing my job I used to say: "you can be friendly with journalists, but journalists are never your friends" or "you can take journalists into your confidence, but not trust them". What I meant is that it is a transactional relationship, where both sides should know exactly what the boundaries are, and problems occur when one side or the other forgets that reality. Journalists, in my experience, can be fair and honest or not in their reporting, but those who are professional will want to feel they are maintaining their objectivity and independence. Other journalists, for personal reasons or because of news room and proprietor pressure, will not care so much about their objectivity. They are the hardest to deal with. But in both categories, as a politician or party representative, you are engaging in a form of trade: help with stories in return for some hope of favourable treatment. That is the nature of the relationship. Given the media system, it is often crude and sometimes debasing, but nonetheless unavoidable. If I was asked what advice I would give to a politician (or a journalist) about how best to handle their relationship I would encourage them to rely on the friendly but not friends dictum. To maintain a friendly but wary and professional relationship.

In my experience there have been two emerging phenomena in political/media relations: an increasing assumption of the media's right to total, immediate disclosure; and an increase in their scepticism that the information they receive is accurate. This attitude, coupled with every journalist's desire to be another Woodward or Bernstein, has created an almost unbearable tension in the relationship between politician and journalist. Both sides believe they are being treated with less than candour and respect; both think the other is unreasonable in their expectations.

Remember that the popularly accepted definition of news is something that someone, somewhere does not want to see broadcast or in print. This covers not only genuine news but manufactured news, by which I mean stories that are put together and sensationalised to meet the needs of news editors and their circulation-hungry employers.

'Spin', on the other hand, is what someone, somewhere wants to see broadcast or in print because it helps their cause. It may stretch or put a gloss on the truth but without being untruthful. Just as journalists need to be realistic about spin, so politicians have to accept 'manufactured' news going with the territory. As is often said, for a politician to complain about the media's treatment of news is like a sailor complaining about the weather. You resign yourself to it.

This whole changing relationship is also being driven by the loss of deference in society, the fact that so little of what happens in parliament is covered, the fact that the broadcasters have such a fantastic reach. The intensity of the relationship has grown as the 24/7 news cycle, with its rapacious demand for instant information and answers, has placed the political world under intolerable pressure. This is magnified many times for government.

It is within this context of the necessary but difficult relationship between politicians and the media that I would like to address the inquiry's questions about my own experiences.

At the time when I came to work at Labour HQ in 1985 the Conservative government had an intimate relationship with much of Fleet Street, and Mrs Thatcher was able to call on the virtually uncritical support of both publishers and editors. The Labour Party in the mid-1980s on the other hand not only started out with most newspaper circulation hostile to it, but we also managed to alienate, in addition, those who were more sympathetic to us because of our vote-losing policies and divisions. Until the latter part of the 80s, the bulk of the Labour Party seemed content to operate on a rule of "no compromise with the electorate", as one local activist once put it to me. The approach of the Labour leader, Neil Kinnock, which I reflected, was that refusing to address the public with policies and language they could accept was, to put it mildly, counter-productive for a political party.

In seeking to change this situation, Neil Kinnock appreciated, as I did, that in order to communicate our message with the electorate we had to have a plan for how we could use the media to do so. As he used to say, "there is no point in having a good message and throwing it away on bad presentation". As such, it was essential to secure sympathetic coverage from the media, so talking to journalists and garnering goodwill were high in my priorities. My job, until I left the post in 1990, was to do

everything in my professional power to make the Labour Party electable again. Even so, I would describe my relations with journalists, in the main, as professional rather than convivial.

3. *What are the benefits of the relationship between politicians and the media? What are the risks to the public interest? How is it possible to maximize the benefits and minimize the risks?*

The benefits for the public are clearly the opportunities to be acquainted with political news and information and to be kept abreast of how, in the broadest sense, they are being governed; for those in public office, the benefits are that their actions and policies are scrutinised and judged and the basis created for their re-election.

The risks to the public interest lay chiefly in the opportunities for the media to mislead them, either through mischief or mistakes, and these risks in the main (but not exclusively) apply to the printed media as broadcasters have standards of balance and truthfulness regulated by law. The shift – widely and better described by others – from conventional news to a pre-occupation with celebrity, scandal, gossip and sexual revelation was pioneered by News International titles, but by no means limited to them. It has downgraded or degraded political coverage which is to the public's disadvantage. But, significantly, it has also reduced the newspapers' political influence and encourages the public to look to more objective and genuinely independent sources of news and comment.

For all the trend of the printed media's decline and the growing importance of the broadcast and online media, newspapers are hanging on and retaining an ability to set an agenda and create an atmosphere which cannot be ignored by those in public office. The web's role is surging as a source of information and opinion and can be used to a certain extent to ignore the other media. But non-web media retain a position in our national life and an ability to influence politics which remains unique.

It has been said that the "free press", because it is in hock to nobody, is a pillar of our democracy. And that press regulation imperils democracy. I would agree with this statement if it were true that the press as a whole in Britain was independent, fact-based, objective and thorough. In parts it is, but in the main it isn't. In my experience, newspapers and their journalists tend to reflect the slant and inclinations of their proprietors and editors. We live with this because newspapers in private ownership are preferable to newspapers being the creatures of the government. But let us not pretend it creates a perfect democracy or that effective regulation of press standards and ethics and truthfulness would threaten democracy.

Are close or cosy relations between politicians and newspaper owners also a danger to democracy? I think there is a risk that the inevitable, daily transactional relationship between politicians and journalists (in which information of all sorts is continuously 'traded') could be abused at this level. Of course, there will be inevitable social contact but a professional distance is preferable. If politicians have problems with a newspaper's coverage, their complaints should normally be directed to editors not proprietors, so that they not placed under an obligation to proprietors. And conversations with ministers and the Prime Minister that might indirectly affect

proprietors' commercial interests should be held in appointed meetings with an official present.

4. *Distinguishing between government and opposition politicians in this context.*

Because of the particular and specific public duties of a minister, and the requirement for these to be carried out in a transparent and accountable manner, my strictures would apply more to government than opposition politicians, but not exclusively. And, of course, the circumstances of a minister's job are very different from opposition. The intensely scrutinised fishbowl world of government places incredible demands on the time, energy and focus of those who inhabit it. Ministers have less and less time in the day for policy deliberation and formulation because of media (as well as parliamentary) demands. On the other hand, politicians – ministers in particular - have greater opportunities than ever to communicate directly with electorates.

The dawning of the digital age means that these down and up sides are multiplying to an infinite degree. I do not profess to understand every aspect of how digital technology is changing our lives, but I think that neither politicians nor the media - and regulators - in the UK have worked out a strategy or a method of dealing with a new phenomenon like social media. I will return to this point at the close of my statement.

5. *Benefits and risks to public interest of interaction in run up to general elections and other national polls. Concerns about the nature and effect of such interactions and any framework for these.*

By convention, it is important to a political party to gain the support of national newspapers at election time. As I have said, newspaper influence is shrinking. But the combined and cumulative effect of daily heavy pounding by a group of newspapers still cannot be dismissed, if only for the demoralizing impact it has on the targeted party and the time it takes to rebut their false allegations and attacks. It wears you down and dispirits the troops. So you want to avoid it if possible and, if an opening appears, a party leader and staff will try to win support from a newspaper group and their proprietor. That is in the nature of British politics. It is difficult to regulate. But, as a general rule, contacts are best conducted in ways that do not suggest any sense of obligation to the other. I cannot offer further recommendations than this. I saw in 1987 and 1992, the effect on the Labour Party of the combined and relentless hostility of the News International, *Mail*, *Telegraph* and *Express* groups. It was horrible and bloody. So I do not blame Tony Blair for wanting to do everything he could to avoid the same daily bombardment in 1997 and subsequent elections. If others do not want politicians to court newspaper proprietors, then they should try doing something about the partisan and adversarial behavior of many of these people. I say, good luck.

6. *Lessons from recent history of relations between politicians and media. What changes to conduct and governance?*

To state the obvious, politics is intensely competitive. It is a race in which you attempt, within the law and accepted ethical behavior, to harness every advantage to your side. The media know this and enter the game with gusto, offering opportunities, punishing those they dislike and playing one off against the other. This is life in the fast lane. I cannot think how the relationship might be regulated or even whether this is desirable. In my experience, on the political side of the fence, it is best to identify those newspapers and journalists who want to be fair and professional and concentrate your efforts on them, leaving the others to swim in their own pool.

For all the reasons we are familiar with – and are behind the setting up of this Inquiry - News International has come under particular and deserved scrutiny, together with their relations with politicians. As far as the Labour Party is concerned, I do not believe, generally speaking, that the public interest was subordinated to the party's interests in seeking good relations with News International. I reject the view that, under either Mr. Blair or Mr. Brown, some sort of Faustian pact was forged between the government and Rupert Murdoch involving commercial concessions to him in return for support from his newspapers. As I will explain in answer to a later question, I think the contrary is true.

It is also arguably the case, however, that personal relationships between Mr. Blair, Mr. Brown and Rupert Murdoch became closer than was wise in view of the adverse inference drawn from the number of meetings and contacts they had. The same, I am sure, can be said for Mr Cameron and, no doubt, his predecessors. I also regret that the voluntary framework of self-regulation of the press, following Calcutt and countless parliamentary inquiries and debates and attempts at legislation, remained inadequate and not a policy or legislative priority for the Labour government. I return to this issue in my answer to question 11.

I want to distinguish, however, between the regulation of press standards, and the wider regulation of the media market where I would strongly contend that the Labour government did not shy away from action and certainly was not biased in favour of Rupert Murdoch's interests. I will explain this view in answer to later questions (12-16).

7. *Distinguishing between the press and other media.*

Broadcast media are effectively regulated to ensure political balance and objectivity and therefore there is a procedure for complaint by politicians if they believe that standards have been compromised. I have submitted complaints over the years and while I have been disappointed by their frequent rejection, I generally accept the process for the BBC, ITV and Sky. Although not perfect, it is preferable to the PCC, despite the sincerity and commitment of many of the fulltime staff employed by the PCC.

8. *Engaging with media proprietors, senior editorial and executive staff.*

As my contacts with these people go back to 1985 and I have no records of any of my meetings and discussions, I am afraid it is not possible to offer any detailed response.

At different times, I have had contact with senior representatives of almost all media organisations. Some hospitality was involved. The interactions were helpful to me for the reasons I have explained in answer to question 2 onwards. In most cases, political support for the Labour Party was not touched on as – tragically – this was rarely in contention, but it did not stop me making the best overall case possible for my party and its policies. The conversations I had would have been of a general, wide-ranging political nature, probably quite topical. For example, I talked to the late Lord Rothermere in the 1990s because he was a personal supporter of Mr. Blair and of New Labour, but I did not do so with any expectation it would influence the *Mail*'s editorial stance.

In respect of News International, I had contacts with journalist staff, less so with editors and management. My relations with the *Sun* and the *News of the World* were poor from the 1980s onwards, partly because of their strong antagonism to Labour and partly because at a personal level there was not much friendliness towards me. For example, I had a working relationship with Trevor Kavanagh, the political editor of the Sun throughout the period, but he made little secret of his dislike of my views on Europe and I suspect this affected his general attitude to me. I saw Rupert Murdoch from time to time at social events, and later his son, James, likewise. I was a social friend of his daughter, Elisabeth, and remain so.

In the run up to the 1997 election, naturally I was aware of the efforts being made to secure a friendly attitude by News International towards Labour but I was more on the margins of this activity as it was conducted principally by Mr. Blair and his press staff.

For most of my period in and out of government before I went to Brussels I did not have much contact with News International at any level. When I returned to government in 2008, I was a point of contact for Rebekah Brooks and we talked intermittently, but we were not close socially (for example, I was not invited to her wedding to Charlie Brooks in 2009). After the announcement of support for the Conservatives in September 2009, I remained in irregular contact with Ms. Brooks, for example on matters to do with the *Sun's* reporting of Mr. Brown and the conduct of government policy in Afghanistan. I also expressed public criticism of the closeness of Conservative leaders to the company and what I regarded as the convergence of their policies and commercial interests, notably in respect of Ofcom and the BBC. I refer to this later in answer to question 13.

Harper Collins, owned by News Corp, published my book, *The Third Man*, in July 2010 and I had contact with Ms Brooks and Times journalists, including the editor, James Harding, as *The Times* serialised the book. I have remained in contact with Mr. Harding since.

I have seen Ms. Brooks on a couple of occasions since then, although not recently.

9. *The Phillis review*.

This was established in the wake of the Iraq invasion and the controversy surrounding government communications which were the subject of the Hutton Inquiry. The aim

was to restore public and professional faith in the government's media and information service. I think the remedies helped in this as they were seen as a reasonable response, and the changes in personnel made in the context of the review were generally well received.

10. *Spin.*

Attempts to manage the government's media relations did not begin or end with New Labour. It is true that we came to office following Mr. Major's administration which acquired a particular reputation for its poor relations with the media and its overall lack of media handling skills and so we felt a strong challenge in this area. But the first "spin doctor" I remember reading about was Clement Attlee's. He was Francis Williams, a former newspaper editor. Mr. Attlee had a reputation for indifference to the media, but if so, why did he employ a "public relations adviser to the Prime Minister", to give Mr. Williams his formal title? All prime ministers since have had such personnel working for them- the number growing as the media, and their demands and omnipotent presence, have proliferated. The most famous Conservative 'spin doctor' was Bernard Ingham; in Labour's case, Alastair Campbell. Mr. Ingham, during his time in the post, was as well-known and, to some, as controversial as Mr. Campbell. I think many in the media rather like to bring stories back to such personalities because it enables them to talk about the process of news and information gathering rather than its content. My own reputation was earned, as I have described above, in the 1980s. I think it was Peter Riddell then of *The Times* who first described me as a spin doctor in 1987. From then on, I became an integral part of the 'news management' story so beloved of journalists and had to struggle to be heard on the policy issues and subjects that I championed later when I became a frontbench politician and minister.

In the 1980s, dealing with the media on Labour's behalf, was like living in a jungle, engaging in almost daily hand to hand combat with people who never seemed prepared to give you a break. I have described the overall situation above. I wish I could have played soft cop to someone else's hard cop – no doubt I would have gained a more emollient reputation - but the opportunity did not arise. The so-called "control freakery" came later in the 1990s when we were able to instill unity and discipline to our famously fractious party. Without this, we would never have won. I am sorry if journalists felt deprived of their "Labour split" stories and if occasionally they felt a little bruised by our robust defence of our party's interests but, in the main, I suspect they enjoyed the fight.

Early on in government, the media managed to turn the tables on us by presenting everything we said or did as 'spin'. I recognized this at the time and the Inquiry may be interested in what I wrote then. **This is attached at Annex 1**. It is contained in the introduction to the 2002 edition - *The Blair Revolution Revisited* - of the book I originally co-authored in 1996. I defended New Labour's media skills and our effective presentation techniques, but suggested that our skills had been overused, and sometimes misused in inexperienced or over-zealous hands. I accepted that the government's character had been harmed.

11. *Reforms in press regulation*

I wrote the remarks quoted in the question in an article in the *Guardian* (see below for reference). I thought it was as well to be direct: the government, like its predecessors, did not want to take the press on over regulation because of their inevitable hostile reaction and the damage it would cause to our media relations.

In January 1993, as a newly-elected MP, I criticised the then Prime Minister (John Major) in the Commons for his taking a mere 72 hours following the Calcutt report to reject any possibility of introducing statutory-based regulation of the press. It was the same for us. It would have taken considerable political courage to attempt to introduce statutory changes to press regulation. It would have been like inviting the press to beat us with steel rods until we gave in and backed down. Very soon, even the most enthusiastic supporters of effective regulation would have begun wondering why the Prime Minister had taken leave of his senses and exposed the government to this torture (just note their hostile reaction to the speech Mr. Blair gave about the press in May 2007). The Opposition would, of course, have opportunistically sided with the press against this so-called attack on 'press freedoms'. The press would have ensured that the rest of the government's policy agenda barely got a look in while the legislation remained under consideration. The public would start to believe that jobs, health and schools were being ignored. And before you knew where you were, support for legislation would have collapsed.

The fact is, the press has been too powerful for any government, in normal circumstances, to take on. Like the trades unions of old, they want to operate above the law. And like the trades unions, when you try to apply the law, they shout from the roof tops about basic freedoms and fundamental rights. In the 1980s, the time finally arrived to do something about the unions, voluntary restraint and poorly constructed legal restrictions having failed under previous governments. Perhaps, because of all that has now happened and been revealed about the invasions of privacy, law-breaking and deceptions, the time for the press has also finally arrived. But it will take a brave government and I would not bank on their nerve holding.

However, I should make a further important point in this context.

Phone hacking did not happen because the Labour Party pre-1997 tried to improve its relationship with News International or because the government failed to reform the system of press regulation. It happened because the News of the World was unable to rise above its competition, so chose to sink below it. The problem is not that politics and media have a relationship, the problem is not good journalism, the problem is not even necessarily journalism that breaks the law – if it is definitely in the public interest. The problem is journalism where there is invasion of privacy, breaking of the law, unacceptable covert methods used simply for the sake of gossip, celebrity or a 'good story'. But, arguably, this is more an argument for media responsibility and news judgement rather than the law.

Sometimes it may be a matter both for responsibility and the law.

It has been well documented that invasions of privacy were not the exclusive domain of News International. I am most familiar with the case relating to the work of

Southern Investigations and Jonathan Rees. Last year I was made aware of work undertaken by Southern Investigations that were documented in a series of invoices that referred to invasions into the privacy of myself and my family. The exact nature of these actions were unclear from the paperwork that was reviewed, but I understood it to cover accessing (or trying to access) my bank account along with making inquiries about other member of my family, including I believe surveillance of my elderly mother. I understand this case was being pursued by the police officers working on the Operation Motorman inquiry. I understand that incidences of the type that I was subject to are not uncommon, as the Information Commissioner outlined in the report which he published in 2006. In June 2011, I wrote to the Metropolitan Police through my solicitor asking them to look into these incidences in more detail and on the 9th June 2011, I released a statement to the press which highlighted these abuses. It is published below for your records:

> "Lord Mandelson has today contacted the Met Police following details published in the media this morning regarding unlawful investigations into his and his family's personal information.
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> He said this afternoon: "It really isn't acceptable to keep pointing the finger at one newspaper when, clearly, the use of unlawful means of investigating was, or is, widespread. This is a bigger issue than the wrongdoing of one rogue investigator and that's why this whole issue should be pursued more widely. That is why I have contacted the Met Police today to ask them what information they may hold from current or previous investigations."

Of course, there is always, then, the question of the professionalism of the Met to contemplate on matters to do with the media. I have every reason to believe that the current investigations are being carried out by them thoroughly and competently. But I cannot deny that my faith in them was called into doubt when I viewed from afar the 'Cash for Peerages' investigation and the running commentary of media leaks and anonymous police briefings shared with journalists. When the CPS dropped the whole thing, I was quoted in the *Guardian* criticizing the leaks and briefings. I did not mention Asst Commissioner Yates in this context but the Inquiry may be interested in reading the letter I received from him subsequently (**Annex 2**). I was very surprised to receive the letter which I regarded as bullying in tone as well as unpersuasive. All that I have learned since about the investigation has confirmed and reinforced my original perceptions of police behaviour.

There are some changes that should be made to the PCC as I argued last year: http://www.guardian.co.uk/commentisfree/2011/jul/11/fear-labour-media-reform-pcc.

But, to repeat, what happened in the *News of the World* was about the relationship between the paper and its journalists not its proprietor and politicians. Technological changes and the proliferation of information sources have radically changed the media landscape and the events at News International were a product of the fact that the media has not learned how to deal with these changes. Faced with unprecedented competition from online sources, the *News of the World* reacted with increasingly desperate, gossipy stories, errors of judgement as to what constituted the public interest and a failure to enforce a regime of high journalistic standards and ethics.

Effective regulation would certainly help to counter this, but at root it is a question of economics, culture and quality of management, not just ethics.

General questions about media influence on public policy

12. *Media influence on party's policies in general.*

The media's influence exists but it is not the major factor in deciding the party's policies. If there is influence, the media would argue it is an extension of the public's views and interests (rather than the public's views being shaped by the media). The media certainly have an ability, in the way they present a party's policies, to shape how these policies are received and seen and that has a bearing on party leaders.

Because newspapers like to see themselves as 'campaigning' and agenda-driven, they would justify their slanted presentation as merely standing up for their readers even when the slant owes more to their editor's or proprietor's particular world view.
In my experience, there are three general categories of policy where the media's influence is most felt: tax and public spending; crime, immigration and asylum seeking; and Europe. This is not an exhaustive list, but when I look back at my experience of government, these are the areas that ministers, and the Prime Minister, would be most sensitive to media opinion. The degree of aggression – and inaccuracy - would depend on the newspaper. But over the years, most newspapers have developed finely honed techniques of mixing news and comment, and of allowing just enough space for the alternative view in order to claim balance when reporting political actions and policies they dislike.

Home Secretaries are particular targets for the *Sun* and the *Daily Mail*. If an incumbent gets a reputation for being a 'liberal' or an 'innovator,' they can expect fairly relentless, sometimes vicious, criticism at best, far worse if they make a mistake or something can be held against them – there will be little or no benefit of the doubt, as Charles Clarke discovered when he was forced out of the Home Office for allegedly failing to repatriate released foreign prisoners. The Prime Minister is left with an invidious choice: stand by his minister or give in to the howling mob.

In respect of Europe, this is a policy area where all perspective – and usually truth – flies out of the window. Of course, newspapers are entitled to their editorial views but more often than not these appear on the front and news pages of the newspaper rather than the comment pages.

In 2001, as I describe in *The Third Man*, (p.336) Mr Blair partly made the case for replacing Robin Cook with Jack Straw as Foreign Secretary on the grounds that, as a Eurosceptic, Mr Straw would have greater credibility with the anti-Europe media when it came to selling a decision to join the single currency. In 2004, when any aspiration to join had been extinguished, Mr Blair was further bounced into conceding the anti-Europe media's demand for a referendum on the European constitutional treaty. He disagreed with this in principle and hated conceding it. But, as I also describe in my book (p.386), the pressure (a combination of internal and News International) was too great to resist at a time, following Iraq, when Mr. Blair was politically weakened.

Some might say that Mr. Blair had long since sold the pass over Europe when in 1997, before the general election, he had allowed an article in his name to be placed in the *Sun* expressing his devotion to the pound sterling. It is said that, at this point, Rupert Murdoch finally made up his mind to back New Labour. In my view, he would have reached this decision in any case and that the concession on the currency was not necessary, but who can tell. What is clear is that Mr. Murdoch does not make a habit of backing losers and in 1997 there was only going to be one winner of the general election and, given his standing and that of his government, it was not going to be John Major. I have no hesitation in saying that for Conservative and Labour governments alike, Britain's national interests have too often come second place to pandering to media prejudice on Europe.

13. *Media influence on the formulation of a party's media policies.*

I can only comment from direct knowledge of my own party's experience although I publicly expressed my suspicions about the alignment of Conservative party policies and News International's policy wish list concerning Ofcom and the BBC before the 2010 election. This was reported in the *Guardian* newspaper and others at the time and I am submitting the *Guardian* story with this statement (**at Annex 3**). I am also submitting a relevant extract from my speech in the 2nd Reading of the Digital Economy Bill (**at Annex 4**) that I introduced to parliament in 2009 and was subsequently enacted. If there is any doubt about their mutual fault-lines in policy you only have to study James Murdoch's MacTaggart lecture to see how close they were. Indeed, the lecture and Conservative policy almost read as if they were written by the same author.

I have had a consistent interest in this subject. Prior to my election to Parliament in 1992, I had acted as a consultant to the BBC. I remain a strong believer in public service broadcasting and I regard the BBC in particular as one of the finest institutions we have in our country today. It is the source of boundless pleasure, authoritative information and education at home, and a source of immense soft power for Britain internationally. I have championed public service broadcasting over many years in ITV and Sky as well. Following my election in 1992, I initiated an adjournment debate in the House of Commons on July 8, 1993 (Hansard extract enclosed at **Annex 5)** in which I expressed my disapproval of previous Conservative attempts, as I saw it, to privatise the "values and ethos" of ITV. I spoke of the cash crisis in ITV and the ramifications for Channel 4.

I also joined the debate about cross media ownership and Mr. Murdoch's power. My argument was that rules should be relaxed so that media companies with interests in newspapers and television could grow and become big enough to challenge Mr. Murdoch's dominant position.

In an article published in the Daily Mail on January 7, 1994, I wrote:

> "A change in the rules created by the 1990 Broadcasting Act now allows ITV companies to merge, as long as they hold no more than two regional television licences and do not flout the important programme conditions laid down when these licences were issued. As a result, London's Carlton TV is merging with

> Central Television, and Granada is trying to gain control of London Weekend Television.
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> But those are only the opening shots in the bidding war - and only the start of likely further changes in the media rule book.
>
> At present, the law prevents newspaper publishers from owning more than 20 per cent of an ITV company, despite the natural business alliances that can be built up between the two. And despite the fact that Rupert Murdoch, an American citizen, has been allowed, through a legal loophole, to accumulate ownership of 35 per cent of Britain's national newspaper sales and control the 20-plus channel BSkyB, which will soon be bigger than the whole of ITV put together.
>
> This muddle needs to be sorted out by the Government. If Murdoch cannot be beaten - and there are many who believe that his media holdings need to be cut down to size - we should encourage more British media companies to grow, compete, and give Mr. Murdoch a harder run for his mega-bucks."

I went on to argue:

> "A free and diverse media is the lifeblood of Britain's democratic system, and this would come under even greater strain than at present if business interests were given a free hand at the expense of journalists and programme-makers.
>
> For these reasons, Parliament needs to agree a framework of regulation that gives adequate power to the Mergers and Monopolies Commission to prevent excessive concentration of media ownership, and give more teeth to the Independent Television Commission to ensure that programme standards and political impartiality are maintained throughout ITV.
>
> Cable and satellite broadcasting need to be brought into this framework, too, although European rather than national action is inevitably required to tackle these issues properly".

The full article is submitted along with this witness statement (**at Annex 6**).

Although not all my advice was taken, I think Mr. Murdoch would be justified in accusing the last Labour government of a strong pro BBC bias. When at the beginning of our time in office a review recommended a very substantial increase in income for the BBC, Mr. Blair backed this against the views of News International (and the Treasury). The size and scope of the BBC grew with new digital channels and its website came to dominate on-line news. I cannot think of any substantive request that was not granted to the BBC. In contrast, when Sky wanted to buy Manchester United this was rejected by the Competition Commission. And in the case of newspapers, a public interest test was introduced for consideration of mergers, and privacy provisions were introduced via the Human Rights Act.

In reality, the interests of News Corporation in Britain were contained through Ofcom, created by the Labour government in the Communications Act 2003, and

offset by our strong support for the BBC, although that is not how it was understood or put at the time. With the possible exception of a specific review of cross media and foreign media ownership, it can be argued that the Labour government ticked all the boxes of those who were concerned about 'Murdoch media power".

As a minister, I was never on the receiving end of News Corporation lobbying on any policy except that concerning trade union legislation in 1998. I did not need to be persuaded by Mr. Les Hinton, who had a meeting with me in my Trade and Industry department, that while fairness at work required some restitution of union rights, it was not acceptable to change the law in ways that would have allowed the print unions to restore their grip on the industry. In the 1980s, I had been frustrated by, and opposed to, the boycott imposed by Labour's NEC on journalists who had crossed the picket line to work at Wapping.

14. *Media influence on the content and timing of government decisions affecting the media.*

I am not aware, without anyone jogging my memory, of any such instance.

15. *Influence of media on government policy more generally.*

I think I have given a full answer to this in response to question 12. The influence exerted is not, in the main, by means of direct argument but by the, often bullying, editorial content of newspapers. I was aware of *Sun* 'campaigns' that intruded into government policy making and Rebekah Wade (as was) was adroit as editor in pushing her views with ministers and No 10. The only direct contact I had with such newspaper lobbying was with the *Daily Mail* when I was approached by the paper as Business Secretary to support their campaign on Cadbury against the Kraft takeover. I had some sympathy with their case, but I was powerless to intervene.

16. *Media influence over public appointments.*

None come to mind.

Particular questions about interactions with leading media figures

17. *Relationship with Rupert Murdoch.*

I would describe my relationship with Rupert Murdoch as polite and interested, but not close. Some years I attended his annual summer party, some not. Otherwise, socially, I would say hello when our paths crossed.

a. I have commented above on the stance of the *Sun* in the 1997 general election. I welcomed this support, but I was not instrumental in soliciting it and I did not like the policy concessions – if only in tone – I thought we were making

on Europe. I also felt uneasy about our adoption of their instincts and tone on immigration and 'law and order'.

b. I was not part of the trip to News Corporation in Australia and I did not hear Mr. Keating say this but it sounds plausible to me. Mr. Murdoch is a shrewd and subtle political operator and he knows how to speak to politicians.
c. I have no first hand knowledge of what Mr. Blair told Andrew Neil. I would only make the observation that, in government, Mr. Blair championed Mr. Murdoch's arch foe, the BBC, much more than he delivered to News Corporation.
d. Rupert Murdoch was regularly in touch with both Mr. Blair and Mr. Brown, in person or by phone. All these individuals would have been aware of the sensitivity of Mr. Murdoch being shown in and out of No 10 by the front door.
e. I do not know what Lance Price bases this suggestion on.
f. I can understand why Lance Price makes this observation, but I think he is exaggerating to make a point.
g. Of course Mr. Blair was sensitive to such accusations in view of his personal closeness to Rupert Murdoch and his family but, I repeat, I think the claim that Mr. Blair met Mr. Murdoch's media regulation demands is wrong and unfair.
h. I am not sure what 'touchy' means in this context. Downing Street officials always need to shield the Prime Minister from harmful perception and inference but, ultimately, it is for the Prime Minister to decide who he meets and in what circumstances.

18. *Relationships with media organisations other than News International.*

Although many newspaper representatives liked the company of politicians, I think it is true to say that News International executives were more active in soliciting contact with politicians at the highest senior level than other newspapers, and Les Hinton and Rebekah Brooks were especially assiduous. Ms. Brooks was a strong supporter of Tony Blair and she undoubtedly used her personal influence to keep the weight of News International titles behind him over Iraq, public sector reform and Home Office issues and other policy areas where there was an overlap of view. This was because of Mr. Murdoch's stance on these matters rather than any commercial interest. In the continuing political struggle between Mr. Blair and Mr. Brown, Ms. Brooks and News International were firmly on Mr. Blair's side. This did not make Mr. Brown an enemy of News International or Mr. Murdoch - far from it - and this perhaps accounts for the strength of Mr Brown's personal feelings when their support was switched to the Conservatives in September 2009.

In the case of other media organisations and proprietors, I had intermittent contact with BBC, ITV and Sky executives; I was a member of the international advisory board of Tony O'Reilly's *Independent* newspaper group between 2001-2004; my *Guardian* relations were minimal except in the case of a few journalists I liked and admired; I went to have lunch once with Richard Desmond; I have met Jonathan Rothermere from time to time, as I did his late father; I had regular contact over the years with *Mirror* Group editors and wrote a column in the *People* for a few years in the early 90s; I remember meeting the Barclay brothers in the early years of the

Labour government. Probably the most intensive contact I had from the 1980s onwards was with Hugo Young and Peter Jenkins (both sadly deceased) and even now, my most frequent conversations are with political commentators rather than other journalists. Amongst proprietors, I now see Evgeny Lebedev regularly, but not others.

Particular questions about media influence on public policy.

19. *The relationship between Labour Party policy on Europe and Rupert Murdoch.*

a. The decision not to call a referendum on the euro in 1998 is described in *The Third Man* (p.254). Mr. Blair believed there was no point in taking the pain of doing this unless we had a firm intention of entering and, no doubt, Mr. Murdoch's opposition was a factor in this.
b. I believe that Mr. Blair was in contact with Irwin Stelzer as well as other News International personnel around Easter 2004 in circumstances I describe in *The Third Man* (p.386).
c. I cannot confirm Lance Price's account but it is improbable that the government would have made any important move on Europe without at least warning News International beforehand.

20. *Cross media ownership policy 1992-97.*

I am aware of the issue – that a manifesto commitment was made in 1992, but dropped subsequently - but have no recollection of being involved in any discussion about it. This would have been a matter for Mr. Blair, after 1994, and the then National Heritage/Media frontbench spokesperson.

I do not recall having any discussion at any time with Mr. Murdoch or his representatives about media or cross media ownership policy, the BBC licence fee or Ofcom. In view of my position on these questions I would hardly have been seen as a sympathetic target for their lobbying.

21. *Communications Act 2003*

I was not a member of the government at this time and I have no knowledge of what conversations took place in relation to Channel 5 or other matters in the Act.

Conclusion

I would like to conclude this statement with two observations that I think are relevant to the Inquiry.

The first is the reason why the media have such a magnified role in Britain and impact on its politics. The British media market is the largest, single, national market of its kind in the world. This gives it more scale and influence than in other countries. For many decades, and still now, a political spokesman could gather together, centrally, in

the press gallery at the House of Commons all the correspondents of every media organisation and deliver a message that, if reported, will reach every corner of the country and every person who watches, listens to, or reads the news. That is power. The political message is literally mediated across the nation by a small number of people, albeit with varying degrees of professionalism, prejudice and judgement.

This process is now digitised, infinitely multiplying its impact, magnified by the capacity of the BBC which is the highest quality public service broadcaster in the world, is genuinely national and regional but, nonetheless, is often more comfortable following rather than breaking news and therefore often takes its lead from the national press.

This is the second observation. New technology provides the backdrop to this story of media power. 'Electronic news gathering' in the 1980s revolutionised political coverage, especially in elections as reporting could be collected easily from any part of the country and could change rapidly through the daily news cycle. The 1990s saw the advent of 24-hour satellite and cable news which further quickened the pace of reporting. The 2000s saw digital technology provide media with multiple channels to distribute content. Yet it is also undermining the business models of conventional media organisations, thus simultaneously boosting and blunting the media's footprint. This has led to a relative decline of the UK print media market. Only the *Mail* and *Telegraph* groups are profitable at a national level. Regional and local print media are struggling to keep alive. Each paper has pursued their own strategy for survival. In many ways, the 'tabloidisation' of the media has been the industry's response – a rather desperate scramble for circulation which has tended to result in a race to the bottom of the market, with notable exceptions. But technology has had another effect: it enables less scrupulous journalists to be even more intrusive and even less concerned about privacy than before, as the hacking into personal phones and voicemail demonstrates.

In view of these developments, the questions this Inquiry is looking at - the nature of the relationship between the media and politics - are important ones but, from my view point, largely historic. The internet and digitalization of media mean we live in a much more transparent age. The public demand a level of insight and information that would have been unheard of a generation ago. They expect the media brands which they 'consume' to be accountable and accessible. They believe their governments should be constantly responding to their needs and providing a running commentary on how they are doing so. On the whole these are all positive trends. And even if they were not, there is not a great deal we can do to reverse them.

The era when politicians and journalists could operate in the shadows is well and truly over. The whole can of worms, if that is how people perceive it, will have a lingering death but does anyone imagine that a Murdoch or Murdoch equivalent will be welcomed back into Downing Street as before, or that a minister will again sit down to a cosy fireside chat over mulled wine in Oxfordshire with their favourite mogul to discuss media regulation? No. I think both sides are rapidly learning the lessons, and life will not go on as before.

While the Inquiry should not shy away from looking into the problems of the past and correcting them, it has to think about the issues of the future. Namely, how to

develop trusted media brands when their business models are coming under sustained threat (is it adequate that the *Guardian* is now effectively a charity and the *Independent* has been saved by a benign Anglophile Russian family ?) How can we ensure that the line between news and opinion which became blurred in print some time ago is not made even fuzzier by social media and bloggers? How can our domestic media market be subject to some form of self-regulation in an era when access to news respects no national boundaries?

There used to be a trade-off – the politicians gave publishers access and privileged information in return for them reporting it to millions. But what happens as these platforms evaporate? Where do politicians go to provide the news which drives so much of our democracy? Where will the Commons press gallery of the future be located?

Possibly the most fascinating and useful witness statement to this Inquiry has come from Martin Clarke, employed by the *Daily Mail* since 1987 and now the executive in charge of *MailOnline*. This is the biggest newspaper website in the UK and, apparently, most visited newspaper website in the world. It is the digital expression of the *Daily Mail* and *Mail on Sunday* newspapers. It claims to be a new product for a new media (although demonstrates a close resemblance in content and tone to its parent publications).

The point is that digital content is taking over from print circulation. The advertising revenues are following, competing not against the *Express* and the *Telegraph* but the social media, *Facebook*, *Twitter* and *Google*, with the entire English-speaking world providing the marketplace.

If regulation of content is going to have a future, this is where it will have to go. At the moment, online news services claim they abide by the same rules as UK newspapers. But how long is this going to last and what sort of regulatory machine will be needed to keep track of it all? Bloggers are not bound by the PCC code. Are we going to start licensing bloggers? What about those and other news sites, that operate abroad? How will our reach extend there? Are Internet Service Providers going to become the agencies of this regulation? They do precious little to combat piracy – are they going to be any more willing agents in combating privacy invasion? Do they have the practical means?

The internet is international. Will UK regulation apply only to the UK offerings of internet services? As Mr. Clarke of *MailOnline* observes, it was relatively simple to ban reporting of Edward Vlll's affair with Mrs. Simpson, but now that information is just a click away.

I realise the Inquiry is looking at digital media with a print history, but this hardly amounts to coming to grips with the internet as a whole. Media business models are being ransacked, governments are losing control of the information flow and the public are being given access to a flood of undigested and unmediated 'news', all in the name of free speech.

Important as are the issues of who said what to whom about the Communications Act 2003, or the boasts of self-aggrandising media lobbyists and the intriguing new

meaning of "LOL," it seems to me that there are bigger media issues confronting our society. I do not know what the answers are, but I can sense a runaway train when it is hurtling down the track towards me and I wonder who or what is going to control it.

Peter Mandelson

May 2012