

Witness: Rt. Hon. N Clegg MP
Statement number: 1
Exhibits: 1
Dated: 30 April 2012

IN THE MATTER OF

THE LEVESON INQUIRY INTO THE CULTURE, PRACTICES AND ETHICS OF THE
PRESS

WITNESS STATEMENT OF THE RT. HON. NICK CLEGG MP

I, **THE RT. HON. NICK CLEGG MP**, Deputy Prime Minister, of 70 Whitehall, London SW1A
2AS WILL SAY:

1. I make this statement in order to address a number of specific questions put to me by the Leveson Inquiry, which are set out below. Before answering the questions I would like to begin this statement by commenting on the broader role of the Inquiry.
2. A strong, free, diverse press is the lifeblood of a democratic society. Yet the evidence of widespread phone hacking at *The News of the World*, culminating in the revelation that Milly Dowler's phone had been hacked, led to widespread and justified public revulsion. In a very vivid way, illegal newsroom practices were shown to have impacted on the lives of ordinary people in the most distressing of circumstances.
3. These revelations have shaken public faith in journalism and the media more widely. Yet the media play a critical role in seeking out truth, holding the powerful to account and informing public and political debate. It is in everyone's interest that this inquiry is a first step to rebuilding public confidence in the press, so media organisations can continue to play this role with independence and vigour.
4. There are four specific areas in the interaction between politics and the media which I believe are worth examining and which form the framework for the approach I have taken to answering the Inquiry's specific questions.

(a) Media influence over government policy

5. The media are not, and never have been, neutral observers of public life. Newspaper editors and proprietors in particular have their own strongly held views on policy, and use their power to try and influence the government of the day, whatever its political colours, in specific policy directions. This is entirely legitimate and adds to the public discourse.
6. Newspapers often raise issues that politicians have failed to engage with, for example, *The Guardian's* campaign for an investigation into phone hacking, or newspaper campaigns to raise public concerns about failures in the immigration system. Sometimes however, the influence of newspapers create an environment where highly emotive and partisan coverage makes it almost impossible to have an evidence based discourse on a policy issue. In these cases, the newspapers tend to present their stance as grounded in public concern. In truth, it is often difficult to determine whether newspapers are reflecting or driving public opinion.
7. It is here that pluralism in media ownership is so critical. Liberals have always been deeply sceptical about concentrations of power in any sphere, whether that is politics, the economy or the media. What is important is maintaining a wide array of competing voices, so that the public draw from a range of views on a given issue. This requires strong rules around media ownership that protect plurality in the market place. It also highlights the importance of protecting impartiality rules for broadcasters, in order that alternative sources of impartial information are available.
8. Media pressure must not tip over into media intimidation, and newspapers need to tread a careful line between legitimate expression of forceful opinions and simply projecting propaganda. Yet, while proprietors and editors have a duty to consider how they use the influence they hold, politicians cannot escape the fact that as public representatives, they have the primary responsibility in this relationship and should resist undue media pressure, just as they should resist undue pressure from any source.

(b) The relationship between the media and political parties

9. The impact of newspaper endorsements of political parties in the run up to an election is often exaggerated. Political leaders, of course, will always want their party to secure support from as many newspapers as possible in an election period. However, the tone and content of newspapers over the long term is almost certainly

a much more significant driver of public opinion than a single editorial declaration a few days before a poll.

10. Politicians are always therefore going to be under pressure to build relationships with the media. We should not seek to prohibit relationships between newspapers and political parties. It is a critical function of an open democracy that politicians engage with those channels through which information is provided to the public. However, we need to get the balance right: mutual interest will always exist but mutual dependency and political clientelism must be avoided. I want to see relationships that serve the public interest rather than those that insulate politicians and the press from proper scrutiny.
11. To meet these aims, we need relationships that are transparent, properly understood by the public, and laced with scepticism on both sides. Politicians have to be resolute in standing up to editors and proprietors, and editors and proprietors must be conscious of the privileged position they hold.

(c) Commercial interests of the media

12. Like any other sector, the media expect to be able to lobby politicians and input into policy that affects their industry. However, the media sector is unique in having such frequent contact with the politicians they seek to influence. Although my own experience of being directly lobbied on media policy issues is that it has happened comparatively rarely, these factors make it important that consideration is given to the role of the media as lobbyists in their own interest.
13. The fact that politicians need the good will of the media to get their message to the public, enhances the danger of inappropriate relationships. Few other industries have something to offer that is of such value to politicians and which – because of its intangible quality as opinion and not, for example, cash - is not susceptible to prohibitions on corruption or graft.
14. The media is also unusual in having a direct route to influence public opinion on issues important to the sector. Previous attempts to address media standards, for example at the time of the Calcutt Report, met with resistance. Similarly, the editorial line taken in many newspapers around the role of public service broadcasting often seems to reflect the commercial interests of media organisations rather than the public interest.

15. This is nothing new. But dangers clearly arise when a desire to curry the favour of newspapers leads to perceptions that politicians are being unduly influenced to take a particular stance with regard to media policy. For example, the decision of the then Conservative government in 1981 to wave through Rupert Murdoch's takeover of *The Times* and the Labour government's decision in the mid 1990's to oppose the retention of rules that prevented major newspaper proprietors from also controlling British television stations, gave rise to such perceptions. Again, this is a question of careful balance.
16. Lobbying from the media must be treated like lobbying from other sectors, with maximum transparency, openness and publication of meetings.

(d) Corporate governance and culture of impunity

17. The Inquiry has already looked at illegal practices at *The News of the World* and other newspapers. Fuelled by the cosy relationship that their editors and proprietors enjoyed with the most senior politicians in the country, some newspaper employees appear to have developed a sense of impunity. This was left unchecked because of weak and ineffective corporate governance, and because politicians were nervous of the implications of taking action. It is reasonable to ask whether the unhealthy relationship between politicians and the media contributed to a culture of impunity.
18. The Press Complaints Commission, which should have protected the public from unwarranted and illegal press intrusion, lacked the power, sanctions or governance structures to do so. The influence of sitting editors over the PCC and in particular of the Code which defined acceptable practices, meant the PCC had little hope of acting as a champion of the public interest, despite the dedicated efforts of their staff.
19. That is why I believe this area needs radical, institutional change, with a successor for the PCC which is independent, has genuine sanctions, and in which all major players take part. The new body needs to protect the public interest while protecting newspapers from political interference. Newspapers need to look again at their own corporate governance structures to provide better protection against illegal or improper activities and politicians must never again develop the dependency relationships of the past decades which allowed certain newspapers to believe the normal rules did not apply to them.

Questions from Lord Leveson

QUESTION 1: Who you are and a brief summary of your career history.

20. I am the MP for Sheffield Hallam (2005-), Leader of the Liberal Democrats (2007-) and Deputy Prime Minister (2010-).
21. In 1999 I was elected to the European Parliament as MEP for the East Midlands. I left Brussels in 2004, and worked part time as a consultant and in a teaching position at Sheffield University, before being elected as the MP for Sheffield Hallam in 2005. In parliament, I was spokesman on Europe (2005-6) and Shadow Home Secretary (2006-7). I was elected Leader of the Liberal Democrats in December 2007.
22. I became Deputy Prime Minister on the formation of the Coalition government in May 2010.

Questions about the relationship between politicians and the media

QUESTION 2: In your view, what are the specific benefits to the public to be secured from a relationship between senior politicians at a national level and the media? What are the risks to the public interest inherent in such a relationship? In your view, how should the former be maximised, and the latter minimised and managed? Please give examples.

23. It is fundamentally in the public interest that politicians are held publicly to account for the decisions they make. It is also critical that politicians can communicate with voters through the national media, to explain our values, policies and differences.
24. In a good relationship, interactions are open and transparent and political views are fairly represented and then scrutinised, and the actions of the press are open to scrutiny as well. A bad relationship sees media power translated into intimidation, with politicians too weak to push back against vested interests.
25. We need to maintain a clear distinction between different domains of power. Politicians and the media will always need to have contact – but the relationship should remain sceptical, at arms length and with clear boundaries. My party has for many years warned of the huge influence of specific media organisations, and the

Coalition government has taken steps to ensure maximum transparency and stop senior media figures and leading politicians meeting in secret.

QUESTION 3: Would you distinguish between the position of a senior politician in government and a senior politician in opposition for these purposes? If so, please explain how, and why.

26. A senior politician in government has two roles: the statutory duties carried out on behalf of the government or department, and as a political leader. The first of these comes with significant responsibility. Government needs to communicate information that is important to the public - for example promoting a new policy or service to drive take up and ensure that public money is well spent, or to protect public safety during a national emergency.
27. However, the principles that should underpin the relationship between senior politicians and the media – openness, transparency, mutual scepticism and clear distance – should apply to all politicians who aspire to power, regardless of whether or not they are currently in government.

QUESTION 4: What are the specific benefits and risks to the public interest of interaction between the media and politicians in the run up to general elections and other national polls? Do you have any concerns about the nature and effect of such interactions, or the legal, regulatory or transparency framework within which they currently take place? Do you have any views that the Inquiry should take into account when considering recommendations for the future in this regard?

28. Everything becomes more intense during an election period, when contact between politicians and the media can ensure a party's policies are better represented and help the public make informed choices. That said, I do not accept that the relatively short election campaign period is of greater importance than everything that has happened in the preceding couple of years. People may often make up their minds during the final weeks of a campaign, but that decision is based on everything they know about you up until then.
29. Newspapers in particular are an active participant in the democratic process, rather than simply an observer: in the run up to the last election *The Sun's* endorsement of the Conservative party and the reaction in some parts of the media to my party's changing poll ratings became news stories in themselves. However, the falling number of readers and declining trust in the industry has reduced their potential to

influence, and broadcast media was generally recognised to be more influential in the general election in 2010.

30. It is my very strong view, as I have said, that newspapers should be free to express political views. Media outlets should take care however, to make sure it is easy for their readers to see when they are presenting news and when they are presenting commentary.

QUESTION 5: What lessons do you think can be learned from the recent history of relations between the politicians and the media, from the perspective of the public interest? What issues should the Inquiry consider when making recommendations for the future, in relation to the conduct and governance of relationships between politicians and the media in order that the public interest should be best served?

31. I have largely covered this question in my initial remarks. It is fundamentally in the public interest that media organisations and politicians have a relationship – but also that the relationship has room to hold both parties to account through openness and transparency.

QUESTION 6: Would you distinguish between the press and other media for these purposes? If so, please explain how, and why.

32. There is a clear tension between heavily regulated broadcast news; lightly regulated print news, and online news that is virtually free to do as it likes.
33. The distinction between different types of media is becoming blurred: many newspapers now also produce online video content or have a social media element to their sites, and broadcasters have senior journalists who write blogs and produce reams of online stories. The Inquiry will need to consider whether regulation applies to whole organisations, or to specific types of output.
34. The growth of online media is a significant trend (though most people still access their news through traditional channels). Social media is starting to blur the lines between news consumers and news producers. Thousands of people now “publish” tweets on politicians, often using more robust language than the established press. This power for anyone with an internet connection to comment, debate and even break news should be welcomed.

35. The Inquiry may want to consider how any recommendations are able to adapt to this changing media landscape: when does a political blog become an online newspaper?

QUESTION 7: Please explain the approach you personally have taken to engaging with media proprietors, senior editorial and executive staff or political editors within the media. Your answer should cover at least the following, both in relation to your time in office as Deputy Prime Minister and in relation to the period of your tenure of the leadership of the Liberal Democrats - indicating as appropriate whether the information relates to either of those capacities or a private capacity:

- a. the nature and frequency of contacts of this nature, whether formal or informal; please provide all available records of meetings and conversations, indicating where possible who initiated them and the purpose and content of these occasions;
 - b. details of any relevant hospitality you have given, received or participated in;
36. The contact I have with media proprietors, editors, political editors and other senior editorial and executive staff falls into three main categories.
- a. Formal, meetings, to discuss the general political environment; or to promote a specific issue or story; or for the purpose of an interview for publication.
 - b. Interactions at social events, which may or may not have been organised by a media organisation or myself and is more likely to involve fleeting, less formal contact with proprietors, editors or political editors.
 - c. Informal discussions that might occur as a result of bumping into a journalist in Portcullis House or elsewhere in Parliament. These were common in opposition but have occurred less frequently in government.
37. In opposition, I met with political editors regularly. This would usually be to discuss current political issues and long-term direction for the Liberal Democrats. Occasionally, where we were making significant policy announcements, I would speak to journalists on an individual basis. These meetings would usually involve a member of staff from my office, and would be recorded in my diary. Written records were not, typically, kept of these (and the electronic searches conducted have not

revealed any such records). Given the informal nature of party conferences, not every encounter with a journalist will have been recorded, although the majority of meetings with senior journalists will have been captured and are included with this evidence.

38. Less frequently I met with newspaper editors and senior editorial and executive staff and very occasionally with newspaper proprietors, invariably at their request. From time to time I would speak with political editors on the telephone about a particular issue and very occasionally with a newspaper editor. The fact of these calls would not usually have been recorded while in opposition. In government my office holds a much more comprehensive record of contacts and I have published records of all meetings with senior media representatives from the creation of the Government and now on a quarterly basis.
39. In general terms, when in opposition, discussions with proprietors, editors and senior executives focused on the current state of politics and the Liberal Democrats' political positioning and policy stance. Policy discussions tended to focus on general policy issues of concern to their readers or to the editors/proprietors themselves - for example the European Union, crime, taxation etc - rather than on media policy itself or the commercial interests of a particular news organisation. However, media policy and commercial issues did arise from time to time in general discussion. Prior to the election I recall discussing, in the context of a wider conversation with BBC executives, the frequent attacks on the BBC license fee. Equally, editors and proprietors from a variety of titles regularly raised concerns about the BBC's online operations and its impact on newspapers. Again, it is my recollection that written records were not typically kept of these (and the electronic searches conducted have not revealed any such records).
40. Since entering government, the meetings that I have had with editors and proprietors have tended to take place on a one to one basis, although on occasion a member of staff has been present. The content of these discussions has been similar to meetings in opposition described above although I have, clearly, been presenting the Government's policy on collectively agreed issues, as well as providing the position of my party where no such collective agreement has yet been established in government. On several occasions while in government, senior executives and editors have raised their objection and opposition to the BSKyB bid. On these occasions I listened to their concerns but explained that this was a matter for the

Secretary of State and had to be dealt with in accordance with his statutory obligations.

41. I am aware that the testimony to the Inquiry of Fred Michel, News Corporation's Director of Public Affairs, has made reference to contact with me. I met with Mr Michel on a number of occasions in opposition both socially and formally. His children attend the same school as mine and consequently I see him in passing at the school gate from time to time. With the exception of school events, the last time I saw him was when we were both invited to dinner at another person's house in Putney in September 2010. I have not discussed the BSkyB bid with Fred Michel.
42. In both opposition and government, and as an MEP and MP before I was party leader, I have also had a relationship with local and regional media in my constituency. I have not included meetings that relate predominantly to my constituency role.
43. The attached exhibit lists the available information on meetings with proprietors, editors, political editors and senior executives. I have not included interviews that are already in the public domain. To compile the information in the exhibit, searches were made of all electronic records (diary entries and filed records). While I have made every effort to provide comprehensive information, it is possible that some further conversations (e.g. spontaneous phone calls, not recorded in my diary) did take place.

c. the value of these interactions to you;

44. Meeting with media proprietors and senior editors is useful when promoting a particular policy or announcement to the wider public. Often this allows you to say something more fundamental about your aims and ambitions within government.
45. This contact has been essential in a coalition, where we have one government containing two parties with different values. The government machine can only project agreed government policy, but it is crucial for me that the Liberal Democrats continue to project our own, independent political identity. A personal relationship also helps the media to understand something of who you are as a person and what drives the decisions that you make - which can be conveyed to, and inform, a paper's readers.

46. Ultimately, however, because most newspapers have fixed political views, it is hard to demonstrate any impact on coverage, positive or negative, that results from meetings with proprietors and editors.

d. the extent to which political support by the media for any individual, party or policy is discussed at such interactions;

47. This is discussed and it would be misleading to pretend otherwise. Newspapers with strong political opinions want to be able to quiz political leaders at close quarters before offering their opinion, and I will always want the opportunity to explain to them the Liberal Democrat view. I have certainly spoken to those newspapers that share my party's liberal values about supporting us.

e. the extent to which the existence and nature of such interactions are or are not placed within the public domain and the reasons for that.

48. The Coalition government has now ensured that all meetings between senior media proprietors or editors and ministers or their advisers are recorded in the public domain.

49. Specifically, the amendment to the Ministerial Code reads: *"The Government will be open about its links with the media. All meetings with newspaper and other media proprietors, editors and senior executives will be published quarterly regardless of the purpose of the meeting."*

50. I am pleased we have done this, and it should shine a light on ministerial/media relations. The knowledge that meetings will become public forces politicians and media representatives to constantly scrutinise their own behaviour.

Media influence on public policy

QUESTION 8: In your experience, what influence do the media have on the content or timing of the formulation of a party's media policies? Please describe, with examples, your party's approach to consultation with, and the handling of representations by, media interests in the formulation of policies directly affecting the media.

51. The Liberal Democrats are unique amongst the major parties in that policy is ultimately set by our members at party conference.
52. Our policy making is a deliberative and transparent process involving a large number of people. Most detailed policy work is done through policy working groups, which take evidence from interested parties both inside and outside the party. The working groups consult on their draft proposals at plenary sessions with party members at conference. The final policy papers have to be approved by our Federal Policy Committee (which is elected by conference representatives who are in turn elected by their local membership), and are then debated and amended in public on the conference floor.
53. The party's manifestos are put together in a similar way, drawing on existing party policy. The manifesto headlines are compiled in a pre-manifesto document, which is voted on by our full conference. The final manifesto again has to be signed off by the Federal Policy Committee,
54. This open, transparent and democratic process provides a strong defence against the undue influence of vested interests from all sectors.
55. When working up a policy to present to the conference, I would expect party spokespeople and chairs of policy committees to meet with as many interested parties – those who will actually be affected by the policy – as possible. This is true across all good policy making. Media organisations are not given any special access or consideration over and above any other sector.
56. Editors and journalists can, of course, use their daily contact with politicians to lobby (I will cover this in greater detail in question 11). However, the checks and balances inherent in our policy making process make it extremely difficult to unilaterally shape Liberal Democrat policy.

QUESTION 9: In your experience, what influence have the media had on the content and timing of government decision-making on policy or operational issues directly affecting the media? Please provide some examples.

57. I have had little direct experience of media lobbying on media policy areas – though recently the huge enthusiasm of editors to discuss the work of this inquiry has been notable. I was also involved in the decision around the BBC license fee settlement, where my view was that it should be firmly settled in advance and for a set period.

This was to put the BBC on a stable footing, but also to avoid the issue becoming an ongoing campaign across rival media organisations.

58. There are examples, in the public domain, of media organisations exercising their power over politicians and government to win concessions on policy.

QUESTION 10: In your opinion, what is the risk that any measure introduced into parliament to give effect to government policy on press regulation would in itself provide an unwarranted opportunity to parliamentarians to restrict the freedom of the press, contrary to the public interest? What measures would you take as a party leader to manage any such risk?

59. Maintaining the freedom and diversity of the press is critical. As a liberal, it is my deepest instinct to preserve a press that is fiercely independent, and protected from political interference. Any proposals from government or this inquiry must have this principle at its heart.

60. However, it would obviously be wrong to suggest that current legislation has no influence on the way the media operates. There are a number of areas where we do consider it legitimate for parliament to take a view: for example on data protection, competition, plurality, privacy or libel law. I am sensitive to concerns about political interference in the media, but some of the suggestions of gross parliamentary overreaction are just not credible in this context.

61. If the media feel that any form of statutory regulation would be a step too far, it is up to them to demonstrate that tough, independent regulation, with all major players taking part, can be met without legislation. Editors and proprietors need to make the case for why they should be exempt from the accountability and scrutiny to which most powerful institutions are subject.

QUESTION 11: From your various perspectives, what influence have the media had on the formulation and delivery of government policy more generally? Your answer should cover at least the following, with examples as appropriate:

- a. the nature of this influence, in particular whether exerted through editorial content, by direct contact with politicians, or in other ways;

62. Many newspapers have a proud history of campaigning on a single issue, and winning change. Working with newspapers and the media is one of the most valuable campaign tools at the disposal of an opposition MP or a campaigning charity.
63. We should welcome the reputation British media organisations have as campaigning organisations, exercised through news, editorial content and public engagement. This is often in the public interest. The *Daily Mail's* campaign to bring the murderers of Stephen Lawrence to justice, which required legislative change, was a formidable battle pursued by the paper over many years. I was personally engaged with that paper's campaign on rights for Gurkha soldiers. The *Guardian's* campaign on phone hacking has resulted in part in this inquiry.
64. On a more practical level, judgements on media reaction do have significant influence over both the content and timing of government announcements. This is not illegitimate. The danger is when government becomes driven solely by press reaction.

b. the extent to which this influence is represented as, or is regarded as, representative of public opinion more generally or of the interests of the media themselves;

65. It is hard to completely separate out the two, because public opinion is informed by press opinion. Public opinion and media interest can mutually reinforce each other: the public hold a view, that is then played back to them through media, which reinforces and strengthens that public view, which then toughens up the newspaper's editorial stance.
66. British people have a healthy scepticism towards anyone in a position of power, and I think there is wide awareness of the views of different media organisations. We probably need to be realistic that it is difficult for a single newspaper or media organisation - on its own - to dramatically shift public opinion. That is why rules about media ownership and plurality, as well as against bias in broadcasting, are so important.

c. the extent to which that influence has in your view advanced or inhibited the public interest;

67. There is now a climate where it is very difficult to talk about certain issues because of pre-determined views of the press. On a batch of serious issues, large sections of the media indulge in caricatures - often, I accept, because they are confident of their readers' views.
68. Politicians are not blameless here. Some, and not just in the UK, have sometimes been slow to respond to issues of rising public concern. This led to the press shouting louder on behalf of their readers which has, in turn, polarised opinion and cramped the space for rational, robust policy making and real public debate.
69. This can be particularly problematic for advancing the interests of minority groups, who have often found themselves the real victims of unchallenged reporting based on stereotypes.
70. At its best, the press should be providing challenge both to public opinion and to politicians, and space for genuine debate on areas that rightly stoke emotion. At worst, they can have a censoring effect on politicians.

d. the extent to which you have reflected on the role of the media as lobbyists in any policy consideration you have undertaken more generally about the governance of parliamentary lobbying, and any conclusions you have drawn in that connection.

71. Newspapers can be some of the most powerful lobbying machines in Whitehall. They come from an industry with a clear self interest. They remain subject to less scrutiny than a representative of another sector. A newspaper editor or proprietor can meet with a leading politician and use the opportunity to lobby them, often one to one, on issues of significant interest to them such as this inquiry, whereas a CEO of a large manufacturing company would typically be met with officials present.
72. Just like other organisations, the media often employ professional lobbyists to promote their interests. This is not in itself unacceptable – it is arguably preferable to separate out an organisation's lobbying and editorial arms. However, there is a danger that lobbyists for media companies have more power over politicians than lobbyists in other sectors.
73. We already publish an unprecedented amount of information about who Ministers and senior officials meet, but it is not always obvious who these people represent. That's why we have committed to introducing a statutory register of lobbyists. The

exact form of that register is still to be confirmed. The Inquiry will no doubt be aware that we published a consultation paper, *'Introducing a Statutory Register of Lobbyists'*, earlier this year.

74. The consultation document suggests that only those lobbying on behalf of third parties should be covered by the Register, given that in house employees are already largely published. The Government will, I am sure, pay careful attention to any recommendations from this inquiry.

QUESTION 12: In your experience, what influence have the media had on public and political appointments, including the tenure and termination of those appointments? Please give examples, including of cases in which in your view the public interest was, and was not, well served by such influence.

75. The media don't have direct influence over public and political appointments – but of course media reaction is one of a large number of things that are taken into account when people are recruited to or resign from public positions.
76. Recently, for example, the appointment of Professor Les Ebdon provoked significant reaction. In this case the Coalition government was right to press ahead with an appointment based on a due process. It would not be fair to allow any adverse press comment to overrule this where an open competition has occurred and due process has been followed.

Media policy questions

QUESTION 13: In July 2011, you called for major reform of British media ownership laws. What changes would you propose? The Inquiry would be grateful for a detailed understanding of the proposals, and why it is that you consider that such changes to the present system are required.

77. In July last year I set out the three key principles that need to be taken into account: freedom; accountability and plurality.
78. It is a good thing when the headline of one newspaper is balanced by a headline in the newspaper next to it stating the exact opposite. Dissenting and conflicting voices lead to healthy competition and vibrant debate. Traditional media remain responsible

for the majority of original journalism and so it is as important as ever to ensure it is not concentrated in a small number of hands.

79. At the moment, we have a plurality test which can be used to prevent media mergers when they are deemed to undermine the public interest. However, this legislation is incomplete – it only made it onto the statute book as a concession from the previous government and was never developed as a comprehensive safeguard. Crucially, the plurality test can only be applied at the point of mergers or acquisitions: it cannot be triggered in a situation where a company grows its market share gradually.
80. We can learn from other sectors. There are various bodies and individuals who can make a reference to the Competition Commission in a defined market, at any time, when there is evidence of a competition issue affecting consumers. The Competition Commission then investigates and return with a recommendation, within two years (though we are looking at reducing this period).
81. The Inquiry might want to consider suitable mechanisms to allow an independent regulator to trigger a market investigation from the Competition Commission into media ownership, without political interference and perhaps with input from Ofcom. At the moment, market investigations, as opposed to merger investigations, use only a competition test and not a public interest test. In the media sector, we would need to recognise the many benefits of plurality in its own right.
82. A related question is that of corporate governance within media organisations. It is an internal, corporate matter how a newsroom, or any other business, is run. However, it has been extraordinary to see senior people at *The News of the World* and its parent company take turns to declare their ignorance of practices that had been happening right under their nose. This was a failure of corporate governance on a monumental scale.
83. Good journalists will always push boundaries – that’s what makes them good. The nature of investigative journalism means it will occasionally be in the public interest to engage in practices that would be seen as dubious in normal circumstances. When this happens, however, clear lines of responsibility in the newsroom are crucial. Risk taking is part of the job: but it should be supervised at a high level.
84. The Inquiry may want to consider how we protect investigative journalism through a properly defined “public interest test”. The PCC and Ofcom already define “public interest” – though Ofcom sets a noticeably higher bar – and it is built into some

pieces of legislation, but not others. We may need a more widely understood definition of public interest, with greater coherence and clarity over where it applies. This would not place journalists above the law, but bring them within it.

QUESTION 14: It has been widely reported that you consider the present system of press regulation to be inadequate. Which aspects of the current system are inadequate? The Inquiry would be grateful to know your views on how the press ought to be regulated in the future.

85. There is a general consensus that the PCC has failed as a watchdog. It was insufficiently independent of the media, lacked effective sanctions, failed to protect good journalists, and failed to act in the interests of the public. My party debated this at our conference in September 2011: the motion that we passed is on the public record.
86. I believe we need an entirely new body to restore public confidence and to liberate high quality investigative journalism. While I look forward to hearing the recommendations from this inquiry, I would look for the new body to:
- a) Be independent of both government and the media. There is no other institution that wields such huge power over public life that we allow to act as judge and jury over its own affairs. The press need to have a regulator who will be genuinely free from the interference of editors, proprietors and politicians.
 - b) Have the power to initiate investigations. At the moment the PCC has no investigative arm – a new independent regulator should be allowed to be more proactive. Some have argued for a “polluter pays” principle – where an organisation found in breach of the code repays the cost of that investigation. I am also sympathetic to the idea that a new body should also have a procedure for dealing with whistleblowers, in confidence – so that journalists can complain about unethical practices in their workplace without fear of losing their job.
 - c) Have the power to impose meaningful penalties. Any sanctions should always be carefully considered and proportionate – but also large enough to act as a genuine deterrent. Financial penalties could be combined with non-financial penalties, such as a requirement to print prominent retractions and apologies, or a suspension from the lobby.

- d) Liberate good journalism. Fear of any new body and its judgements must not inhibit investigative journalism pursued in the public interest. That could mean providing clear, transparent scenarios, set out in guidance, where a journalist can apply to a senior editor to use methods that would in usual circumstances be unacceptable. A journalist would be able to produce a paper trail if they needed to defend their actions later, to show how they were acting in the public interest. This would enable the risk-taking that can be required, and give journalists and their editors the confidence that they are covered in law.
- e) Be open to the public. Disputes often come down to a stalemate between competing rights: editors arguing freedom of speech and the subject of an article defending a right to privacy. In this, the voice of the consumer gets lost. I believe that consumers of newspapers have a right to complain, just as the subjects of newspaper articles do. It could be that a right of third party complaint to the independent regulator is only triggered after the complainant has been through the newspaper's own channels. That would give newspapers a strong incentive to beef up their complaints procedures and rethink the way they deal with customers.
- f) Ensure membership of all relevant organisations. It is deeply concerning that some major producers of news still operate outside the PCC. If we are to have an organisation with real teeth, there needs to be some mechanism to ensure all the key players want to remain involved.

Appointment of Andy Coulson

QUESTION 15: It has also been widely reported that you may have advised the Prime Minister prior to his appointment of Andy Coulson as his communications chief. Please confirm whether you did so, and if so why, on which occasions, what was said and how it was received. Please provide any relevant records.

- 87. At the very beginning of the Coalition the Prime Minister and I briefly discussed his decision to appoint Andy Coulson as his Special Adviser and Director of Communications in 10 Downing Street. I asked if he was satisfied that Andy Coulson was the right person for this role. He said he was and explained to me the reasons why.

I believe that the facts stated in this witness statement are true.

Signed

Dated ...30/04/12.....