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FORCEFUL'  
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**EXCLUSIVE!**

# THE FALL OF THE HOUSE OF MURDOCH

**Fourteen Days that**

**Ended a Media Dynasty**



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# THE FALL OF THE HOUSE OF MURDOCH

**FOURTEEN DAYS THAT ENDED A MEDIA  
DYNASTY**

P e t e r J u k e s

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dla mojego kochanego małego anioła

## FOREWORD

SOMETIMES IT HELPS TO BE AN OUTSIDER. FOR THE LAST TWENTY-FIVE years as a professional writer I've never dared to think of myself as a journalist, even though reading Ernest Hemingway it seemed to me the best job in the world when I was teenager - a way of both interpreting the world and changing it. Instead I've devoted most my time to drama, cultural commentary about new technology, cities and entertainment and viewed many of my closest friends, who are journalists, with a mixture of envy and suspicion. In return, they have a right to be sceptical about a practitioner of fiction engaging in an issue so fraught with problematic facts: all I can say is that dealing with myths, rhetoric, deceptions and self-deceptions has turned out to be very useful when exploring the scandal around News International and its unhealthy dominance of British public life.

So my qualifications for writing this book are not from inside the news industry, but as a close observer of it. I also lack another key qualification: I've never been a fully paid-up 'Murdoch basher' and was probably better known as a 'BBC basher' first. From a *New Statesmen* piece in 1994 about 'The Death of the TV Author' to a *Prospect* magazine article in 2009 'Why Britain can't do The Wire', I've explored the relative decline of pluralism and quality television, the last article emphasising the monopoly stranglehold the BBC was developing in drama. For my pains I was called into a three-hour long meeting with the BBC's head of drama, Ben Stephenson, during which I inadvertently compared him to John Major. It's probably a coincidence, but I haven't had a commission from TV Drama since. Since I've obviously

developed a penchant for career suicide taking on another potential employer in the form of News Corp, the biggest publisher and richest broadcaster in the UK, was the natural next choice.

There are legions of others, however, who have taken far more risks than I have in order to bring the details of this story to the light of day: the Hacked Off campaign, the hundreds of victims who fought long and initially unpromising court battles, the Dowler Family, the McCanns, the family of the murdered private investigator Daniel Morgan, the police blogger Richard Horton and - of course - the trio of Mark Lewis, Nick Davies and Tom Watson: lawyer, investigative journalist and Member of Parliament. This book is partly a tribute to them and the many other journalists who dared to question their own profession. Before he died in 2010, my friend and mentor Tony Judt said - in conversation with Tim Snyder - that investigative journalists are the closest thing we have these days to public intellectuals in the mode of Orwell or Camus. Though this book concentrates on so many of the failures of journalism in the UK, it's actually filled with respect for its highest ideals.

As for my jumping on a bandwagon, I ought to explain the bandwagon jumped on me. The main reason I ended up writing *The Fall of the House of Murdoch* was the online encouragement of hundreds of other bloggers I've encountered while writing a series of 'diaries' on the US blog Daily Kos about the phone-hacking scandal when it broke in July 2011. Many of these people are credited in the acknowledgements and one of them - Eric Lewis - has provided illustrations for the ebook. Despite the trolls and sock puppets and echo-chambers the experience of blogging has been like an electrifying jolt to my non-fiction

writing and the live interaction restored my mojo for politics, journalism and debate. So I owe it all to my first audience online and their encouragement. Since those diaries were originally crowd-sourced, it's only appropriate that it should have been commissioned and supported by the unique crowd-funded publishing model Unbound. So let's hear it for the wisdom, wit and occasional buffoonery of crowds. Without them, the outline of this book would still be languishing on some publisher's slush pile.

One professional qualification I do have, after all, which has helped me to write the developing story: a sense of drama. When people try to imagine the whole saga, the hundred-year history of the Murdoch dynasty, the international dimensions and colourful cast and then connect this backstory to those incredible fourteen days in July that closed the *News of the World*, they often reach for mythic or dramatic metaphors. One of the most popular Twitter search phrases during the scandal in the summer of 2011 was the hashtag #Murdoch4Shakespeare, used to share hundreds of lines from the works of our greatest dramatist appropriate to the saga. The Murdoch Movie has already been scripted in magazine and newspapers articles and humorous YouTube videos (Anthony Hopkins to play Rupert, Hugh Grant to play... err... Hugh Grant). But looking at the interweaving narratives and historical scope of the Murdoch family and its media empire, it's far too vast for one movie. Perhaps a trilogy like *The Godfather*? But even that isn't complex or labyrinthine enough. No, the only format that could encompass the parallel storylines and different precincts - Fleet Street, New York, Parliament, Catford - is that of a long-running TV series, like *The Wire*, *The Sopranos* or *Mad Men*.



Oddly enough, I happen to know something about the format of long-running dramas...

One thing that makes US TV drama stand out from our sadly declined British domestic output is that it mixes genres and has psychologically complex central characters. As I explored in my *Prospect* essay, we Brits are all too simplistic about our distinctions between crime shows and comedies, satire and tragedy. These days we expect our leads to be lovable heroes or downright damnable serial-killing villains. But the great US TV dramas always keep us guessing morally: is Tony Soprano really a complete monster? Is Don Draper just a shallow womanising ad man? I feel the same way about the character of Rupert Murdoch – for all the ill I think he’s wrought there are dimensions to his fractured complex character which are admirable, show him capable of change and may yet surprise us. I have no personal animosity against the man. That doesn’t change the thesis of this book – which is a social and cultural and economic indictment of much of the last thirty years – but I hope to play the ball not the man and separate the sin from the sinner.

The other great innovation of US TV drama is that it is constantly shifting in tone, playing with time sequences, keeping us on our feet, not knowing whether we’re in a flash forward or a dream sequence, and disrupting simple linear narrative. The structure of this book aims to reflect that; for while it is hung around the fourteen days after the breaking of the Milly Dowler story on 4 July 2011, it flashes back over a whole century of the Murdoch legacy, and also flashes forward to the revelations of the Leveson Inquiry over the following year. I hope it’s not too confusing for that; this tangled yarn needed a firm narrative frame, but themes and characters should be more important than chronology.

Though it has turned into a deeply serious book, *The Fall of the House of Murdoch* tries to avoid being sombre, plodding or dull. There's a lot of detail here, but much more has been kept out of the way to keep the pace unencumbered: an exhaustive account of a major event like this shouldn't also be exhausting. Though I'm passionately convinced that our media is undergoing a profound historic conflict, that doesn't mean there isn't a chance for a bit of levity and facetiousness. The hacking scandal and all that has followed has many comic moments - from Horsegate to LOLgate to Rupert's Twitter outbursts - and the illustrations of Eric Lewis in the ebook edition provide a vital service in reminding us that only rational people can laugh and only ideologues take themselves seriously all the time.

On that humorous score, when the publishers Unbound decided this book would become one of their new projects in November 2011, they sent out emails to major news and TV organisations announcing *The Fall of the House of Murdoch*. They almost immediately received an email back from the *Sun's* news editor asking: 'Is this some kind of joke?'

I'll leave that decision to my readers.

## INTRODUCTION

# 4 July 2011

## Bad Press

**T**O SAY THAT RUPERT MURDOCH RUINED MY LIFE, AND PROBABLY RUINED yours, is only partly hyperbole.

In a career spanning more than half a century, Murdoch has carved out an almost mythic place for himself as the modern media mogul, a species distinct from the purely print-based press barons of the past. From the early days in Australia, when he added TV stations to the newspaper legacy of his father, his was a cross-platform project that spanned different formats and quickly developed international ambitions. The acquisition of the *News of the World* in 1969 was followed four years later by Murdoch's relocation to New York and purchase of magazine and newspaper franchises in the US. By the eighties News Corp was a global conglomerate characteristic of the late twentieth century: able to navigate national taxes and regulations by shifting operations and earnings across international boundaries.

Along the way, Murdoch's media strategies have broken many borders. His trademark papers, from the downmarket *New York Post* and the *Sun* to upmarket titles like the *Australian*, *The Times* and the *Wall Street Journal*, prove that he can address the nuanced interests of the governing elites as well as appeal to the popular concerns of their constituents. Almost invariably, he has changed the terms of the game in the markets he has entered, appearing to circumvent national laws on competition, monopoly and cross-ownership regulations. In the process, Murdoch has defeated or superseded rival dynasties: the

Halifaxes, the Packers, the Carrs, the Bancrofts - even the Windsors. By 1996 he was named by Time Magazine as the fourth most powerful person in the US. In the next decade he also made the leap into new media, having brushed off rivals such as Ted Turner and Michael Eisner, he was rubbing shoulders with Bill Gates and Steve Jobs.

In his iconoclastic biography of Picasso, *The Success and Failure of Picasso*, the art critic and novelist John Berger describes the Andalusian artist as a 'vertical invader', an outsider from the poor south whose energy so shook the Parisian art world that he rose rapidly to a position of great wealth, eminence and isolation. One can see a similar drive towards confrontation and disruption in Murdoch, although - from a background of relative wealth and prestige in Australia - the invasion is more lateral than vertical. One of Murdoch's few constant refrains over the years has been his hatred of the 'establishment', and a desire to challenge 'snobs' and 'elites'. Like a wired-up, globalised Citizen Kane, he's a horizontal invader who courts and then challenges every hierarchy he meets (except his own) with a radical restlessness.

By 2010, as chairman and chief executive of News Corp, Murdoch presided over the third biggest media conglomerate in global terms, but with two distinct advantages over his rivals: an unprecedented concentration of power in the English-speaking world and a unique level of personal control over his [company](#), which he ran almost as a 'one man show'. By then Murdoch owned nearly 70 per cent of the Australian Press and many TV stations, over 40 per cent of the UK's press circulation and a controlling interest in its biggest pay-TV broadcaster, BSkyB. In both these countries his domination of the media - and by extension politics and political coverage - was dubbed a 'Murdocracy'. Three generations of politicians have regarded Murdoch as a 'Kingmaker'. Britain's former deputy prime minister, John Prescott, claimed the mogul had more sway over

the Prime Minister than he did. The Watergate investigator, [Carl Bernstein](#), says of Murdoch in the US: 'it's hard to think of any other individual who has had a greater impact on American political and media culture in the past half century.' Murdoch's waspish official biographer [Michael Wolff](#) makes an even more sweeping claim, contending that Murdoch's TV station Fox News has 'helped transform American culture into a two-nation state. The Tea Party is its child.'

In 2011 the legacy was almost complete, with one remaining challenge: how to retain the Murdoch brand in a publicly-listed company and solve the thorny issue of the family's role in the corporation. The problem of who among his children would inherit control had been creating frictions for over a decade, with his eldest son Lachlan bounced from the News Corp board by internal rivalries and his eldest daughter setting up her own company *Shine* (though it was subsequently bought back into the News Corp fold for \$663 million). But a strategy had finally been worked out. Murdoch's second son James, having initially shown no taste for corporate life, had proved himself as head of News International in the UK and sat on the board as head of News Corp's European and Asian interests. To seal his role as heir apparent, James devised a strategic plan code-named '[Rubicon](#)' to take over the remaining 61 per cent of BSkyB and establish a broadcast digital monopoly to match the one his father had created in publishing thirty years before.

Then, during a few weeks in July 2011, two weeks before the British government was prepared to allow the £8 billion takeover to go ahead, a long-rumbling story of illegal privacy intrusion erupted into public consciousness with the Milly Dowler phone-hacking scandal. Revelations followed of further hacking victims, police pay-offs and email intrusion, and three new official investigations were established to investigate allegations of phone hacking, police corruption and computer hacking (operations Weeting, Elveden and Tuleta). In an

attempt to stem the contagion, the *News of the World* was closed after 168 years. The biggest-selling English-language newspaper in the world, which had thrived on a diet of scandal about other institutions and dynasties, suddenly became the scandal itself.

Closure didn't contain the problem: more arrests followed, including Prime Minister David Cameron's former communications chief, Andy Coulson, and the CEO of News International, Rebekah Brooks. Allegations spread to other News International titles and expanded to include surveillance and intimidation of politicians and lawyers, regular bribes to corrupt officials and a corporate cover-up. After an emergency parliamentary debate, News Corp's bid for BSkyB was withdrawn. James's succession strategy was in tatters and he and his father were forced, by the command of the serjeant-at-arms, to appear in Parliament before MPs.

The man who 'owned the news' suffered, in his own ungrammatical words, 'the most humble day of my life'.

However, the damage didn't stop there: in the months ahead over fifty people were arrested, sixteen of them senior editors from News International. Rebekah Brooks, the CEO, was charged with three counts of perverting the course of justice and Andy Coulson with perjury. Meanwhile, the Leveson Inquiry into the culture, practices and ethics of the press, set up by David Cameron in the firestorm of the summer, would run three modules for the next nine months: three acts exploring the relationships between the press, the police and senior politicians - with powers to compel witnesses who had to testify under oath. What a drama ensued. With a starry cast of players, including Rupert and James Murdoch, David Cameron, Tony Blair, Rebekah Brooks, Sienna Miller, Hugh Grant, it became the best show in town with a compelling storyline. What began as a scandal about illegal intrusions into privacy became a wider scandal of back-door access and the hidden

political clout of a rich media organisation, too big to fail, too big to jail. By the summer of 2012, the Leveson Inquiry, which started as an investigation into privacy intrusion in the press, had turned into a forensic examination of the state of the nation, putting three public institutions and our whole ruling political and media class on trial.

This book seeks to explain how this all happened by following the twists and turns of those two weeks in July 2011. It also flashes back nearly a hundred years, to the origins of the Murdoch dynasty and historical antecedents to the crisis that was to come. The story flashes forward too, through the first year of the Leveson Inquiry, which developed its own momentum and drama as the Murdoch dynasty fell from grace, and began to fall from power, while its death throes shook the foundations of the British state.

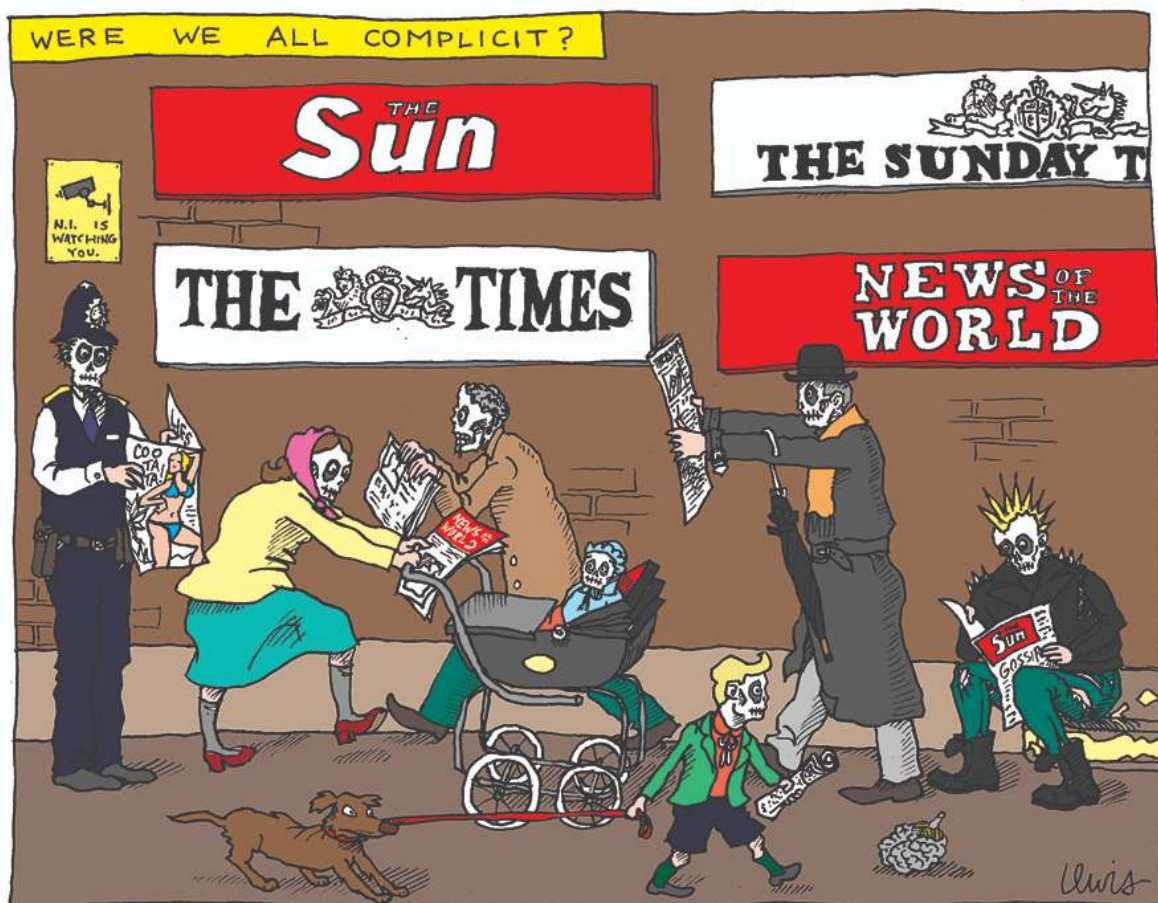
## **THEATRE OF COMPLICITY**

**L**OOKING BACK ON THOSE TUMULTUOUS FOURTEEN DAYS IN JULY, FROM THE [initial revelation](#) of the hacking of teenage murder victim Milly Dowler's phone to the Murdochs [questioning](#) by British MPs, it's hard not to feel shock at the industrial scale of the hacking, blagging, surveillance and intimidation and disgust at the collusion of senior politicians and subornment of public officials. There is also the forensic thrill of the chase as multiple investigations, both legal and journalistic, pieced together a pattern of alleged corporate malpractice and cover-up which began to look, in the words of former prime minister Gordon Brown, like a ['criminal media nexus'](#).

By the time Rupert and James Murdoch were summoned to appear before the Department of Culture, Media and Sport's (DCMS) select committee (after an initial refusal), this feeling became, for many, both vindication and a sense of justice

finally being done. At last, Rupert Murdoch, one of the most powerful unelected political forces of the last thirty years was compelled to face the people's elected representatives in Parliament. British commentators compared it to the [fall of Mubarak](#) or the [Death of God](#) and even in the US - where Department of Justice investigations were still pending - liberal opinion was enjoying something akin to a Schadenfreude-fest.

However, buried under the various emotions which escaped from the Pandora's Box of 'Hackgate', there is one last unexpected feeling that emerges - a feeling of guilt.



Why guilt? I personally hadn't hacked anyone's phone. True, I worked briefly in a News International subsidiary in the nineties, but as a freelancer and in a multimedia project that never happened. I have many friends and colleagues in journalism, some who work for News International, but they



weren't at the tabloid end; they didn't routinely invade privacy or engage in the politics of personal destruction. But I still feel somehow complicit.

This sense of complicity comes from being a passive bystander. I remember complaints by actors I worked with that they had their wedding rings erased in photoshopped pictures when out on the town, or their partners set up in compromising romantic stings. I'd seen countless politicians and celebrities tarnished or destroyed by public exposure of illegally accessed material. But what could anyone do about it? The only means of redress were the same press and media who targeted them in the first place.

There were plenty of warnings about the hubris at the centre of News International, but they only become clear in hindsight. In his [2009 MacTaggart lecture](#) James Murdoch outlined the plan for Sky to replace the BBC as the nation's major broadcaster. This was all part of the strategy revealed later as the Rubicon process, but back then, only an insider would have realised the deal being done.

Then I had a brief glimpse inside that magic circle. At a conference in July 2010 about the future of news in the digital age, a senior News International journalist and a Tory special adviser suggested that there was too much news 'for free' and public service provision needed to be reduced (British-American Project, 2010). Though there were several BBC executives present, they made little protest; but the prospect of a News Corp dominated 'market in news' appalled me. This was only days after the corporation [had launched its bid for the remaining 61 per cent of BSkyB](#). When I spoke out about this, I was chastised for being alarmist. A Conservative special advisor told me: 'we just want to cut the BBC down to size a bit'.

Three months later in its Comprehensive Spending Review the coalition government cut the BBC's budget by 16 per cent by

freezing the licence fee and forcing the corporation to take on the cost of the World Service – previously paid for by a Foreign Office grant. This was done in the back rooms of Whitehall and without any form of consultation with the people who are supposed to own the BBC: the public who pay the licence fee.

Finally, a month or so before the Hackgate scandal erupted, I was invited to a dinner with a junior minister at the DCMS when the issue of the BSkyB takeover came up. I tried to argue for the merits of a mixed economy in broadcasting and the dangers of News Corp having a cross-platform monopoly, but though the minister nodded at the principle it was evident the decision was a juggernaut somewhere high above his pay grade. If senior politicians, journalists and BBC executives treated News Corp with reverence, what could a lowly freelance writer do?

In retrospect, all the information was there – and must have been seen and understood by many professionals in the media business – and yet few protests were raised and the story never gained much public exposure. Claire Enders, of Enders Analysis, warned that the net effect of this takeover would be to make a combined BSkyB and News International ‘a force de frappe which none of their competitors could match’, with the *Financial Times* describing it as a ‘Berlusconi moment’. (Ender’s [disagreed](#): ‘The level of concentration [of News Corp media] already seen in the UK is substantially greater than would be allowed in Italian law. We are already way past any Berlusconi moment in Britain.’) But the biggest merger in British media history barely made it out of the specialist papers, or remained buried deep in the business section. The key role of the press – to provide accountability – was compromised because it couldn’t cover itself.

This is where the guilt comes from – or perhaps it is better described as a form of shame – the kind of shame when one is confronted with an unpleasant spectacle but can do nothing

about it. Time and again I've seen this mixture of helplessness and inevitability in the faces of competitors, employees, policy wonks and even radical opponents when it comes to the activities of Murdoch and News Corp. In theological terms, we were guilty of succumbing to the mortal sin of despair.

We were wrong. That's one of the key lessons of this story. By falling for the Murdoch myth of invincibility, we gave it power. As soon as the *News of the World* was perceived as toxic, it was closed, and the Murdoch name tainted by association. Days before the scandal broke, News International parties and soirees were events any politician or public figure would be loath to ignore; almost overnight, senior executives like Rebekah Brooks and James Murdoch became a deadly third rail, which few politicians wanted to touch.

We were wrong, *en masse*, and it was only the persistence of a few brave individuals who, despite years of threats and obstruction, managed to bring an all-powerful corporation to account: [a lawyer from Manchester](#) who refused to be intimidated by corporate legal power; two parliamentarians who risked [reputation](#) and [preferment](#) by pursuing an organisation that still had the power to make or break their political careers; and a newspaper, the *Guardian*, and its lead investigator on the issue, Nick Davies.

In a saga which does much to discredit the practices of the British press, Davies - partly supported by the *New York Times* - proved that the era of investigative journalism isn't dead. The *Guardian* was not alone in trying to resist the BSkyB takeover, for both the *Daily Mail* and the *Daily Telegraph* joined the BBC and Channel 4 in a coalition against it. But the *Telegraph's* campaign spectacularly backfired when, in a sting interview with the business minister Vince Cable who was overseeing the BSkyB bid, two young undercover female journalists got him to boast he was 'at war' with Murdoch. Though this section of the interview was excised from the *Telegraph* scoop, it was soon

leaked to Will Lewis at News International who passed the news on to Robert Peston at the BBC. In just a few fateful hours before Christmas 2010, the Prime Minister recused Cable and passed on responsibility for the bid to Jeremy Hunt, who had conceded in an interview published on his website that he was a 'cheerleader' for Murdoch.

By early July 2011, the biggest media takeover in British history was only days away from approval. Had the hacking story broken much later, the quasi-judicial process would have taken its course and been much harder to undo through judicial review. Whatever the furore, in practical terms News Corp's dominance of the UK media would have been unassailable. Murdoch would have been even more powerful than Berlusconi in Italy, given the firewalls of accounting practices in Australia and the protection afforded by his US citizenship. No British subject - though very much subject to the Murdochs' ideals and influence - would have ever been able to hold them to account. A potentially invincible hegemony was only confronted and confounded at the eleventh minute of the eleventh hour through a tiny number of people who refused to bow to the inevitable.

## **A LIFELINE LOST**

**W**HEN I SAY THAT MURDOCH RUINED MY LIFE AND PROBABLY DID YOURS, THIS is not just a tongue-in-cheek tribute to his commercial success, but also a wink towards the way his tabloid model has changed our discourse. Instead of the bland brain-numbing government-controlled Newspeak envisaged by George Orwell in the 1940s, we have a livelier, brash commercial equivalent: the mockery and mayhem of the Murdoch-led tabloids, which could perhaps be described as '*Sunspeak*'.

Like a red top headline, my hyperbole is personalised, provocative, turning a complex issue into a drama, lurking with animus, betrayal, passion and anger. If Murdoch loves the physicality of print and tabloid ink flows in his veins, then this is how his rebarbative DNA has been dispersed into our culture. It's not all for the bad - few things ever are - and compared with the mandarin tones of US or British publishing before his arrival, Murdoch's graphic language had much to commend it. But framing a protest in the language of your opposition is tantamount to offering a false flag of tribute. So let me try a less tabloid-inspired explanation of what Murdoch's influence over my culture has really meant to me.

Though my early childhood was fairly comfortable and middle class, my teens were pretty desperate. My father, discharged from the army as a manic depressive, was bankrupted twice in the early seventies, leaving my mother and the four remaining children she had at home penniless and about to be evicted from a repossessed house. To be declared homeless - bad enough in itself - also meant that my nine-year-old foster brother would have to be returned to a children's home despite living with us for five years. Fortunately, my mother had just trained as a social worker and she managed to get a job on a vast psychiatric hospital in the Buckinghamshire countryside. With that job came cheap subsidised accommodation.

For years I lived in a pebble-dashed semi on a grim wind-blown sixties estate over the road from the even grimmer Victorian mental institution. My mother, now separated from my father, was working all hours. Our diet seemed to consist of frozen hamburgers and peas, and for various reasons I didn't understand, I began to act up. By the time I was fourteen I was regularly smoking and drinking. I came twenty-fourth in my class of thirty, and having received five detentions in one term, I was threatened with suspension. My closest friend at the time, and the only schoolmate who lived within walking

distance, was also troubled (he ended up in prison). My mother would complain about my deteriorating accent, and those of the girls who would ring for me, and we inevitably rowed. But apart from my mother's stoicism, there were a few other rays of quality and hope: the odd book she left around, the out-of-tune upright piano, the family heirloom silverware I'd polish for Christmas and the weekly sound of *The Sunday Times* plopping onto the doormat.

It's hard to explain to anyone younger than me just what a breath of intelligence and insight *The Sunday Times* was under the inspired editorship of Harold Evans. I still have vivid memories of its photomontages in the sixties, from the colour pictures of the first moon landing to the black-and-white shots of a naked John Lennon and Yoko Ono. In those tough teenage years I read little, but would use the weekly newspaper - especially the Review Section - as visual source material for pencil drawing, the one activity beyond television, school and going out that filled my time. The black-and-white photos were particularly easy to sketch; I remember copying an ancient woman painting and smiling (I have no idea who she was), a man fishing in a river (his name turned out to be Jonathan Raban) and a rotund bald Frenchman, with an amazing moustache and huge bags under his eyes. His name was Gustave Flaubert.

At some point, the accompanying text of the newspaper must have percolated my brain, for I have some recollection of mastheads billing an important (but to me, dull) series called the Crossman Diaries (published in the face of government opposition). More engaging were the well-illustrated Insight articles about the Israelis recovering their hostages in a raid on Entebbe, terrorist attacks and army shootings in Northern Ireland. At the back of the Review Section there was also a funny, intelligent take on the week's television, written by someone called Dennis Potter. I began to wander from my

weekly diet of soaps and pop programmes to follow-up these tips to dramas and documentaries.

*The Sunday Times* was a cultural lifeline for me as a teenager. Something of the inquiring, open spirit of that newspaper must have got through my thick shaggy seventies haircut. Within a couple of years, books by Ernest Hemingway had joined science fiction on my bookshelf and I dreamt of being a journalist or an explorer – or maybe both – when I grew up. A few years later I won a scholarship to study literature at Cambridge University, with a particular interest in politics and current affairs. Before I graduated, I actually appeared in *The Sunday Times* Review Section, when James Fenton, the theatre critic, generously reviewed one of my student plays.

What happened to *The Sunday Times* when it was acquired by Murdoch in 1981 is the subject of another chapter, but the short version is that I doubt many teenagers were inspired by the bloated whale of a paper it became, with multiple shrink-wrapped supplements, as if column inches alone accorded insight (though it clearly added more advertising revenue). The reputation for meticulous fact-checking was blown apart by the fiasco of the fake Hitler diaries it published. The famed Insight team, which had exposed the spy ring around Kim Philby and the truth of Bloody Sunday in Northern Ireland, was diminished by episodes such as the libelling of a witness to the killing of three IRA members in Gibraltar by the SAS and the McCarthy-esque smearing of the Labour leader Michael Foot as a KGB agent. Instead of exposés of the corporate negligence around the Thalidomide drug, the paper printed a later discredited argument that HIV was not the cause of AIDS in Africa. Editorial independence was slowly eroded until, under Andrew Neil's editorship, it became a relatively uncritical cheerleader for the Thatcherite revolution.

I still believe it's rare for a cultural legacy to be all good or all bad and not all the formative influences of Murdoch's audience

can have been as negative as mine. For my kids at least they have Murdoch partially to thank for the parodic multi-layered wit of *The Simpsons* appearing on his Fox Network, which include two episodes in which Murdoch turns up to play himself, accompanied by the Darth Vader theme from Star Wars. No doubt there are many football fans who praise Murdoch for Sky's acquisition of football rights and the creation of the Premier League - though there are many supporters of lower league football who claim this has ruined the game, and I doubt it would compensate many Liverpool supporters after the *Sun's* coverage of the Hillsborough football stadium disaster under the editorship of Kelvin MacKenzie (see Chapter 5).

A moral cost-benefit analysis of Murdoch's influence on the English-speaking world is a vast task, given his reach and the hundreds of papers and TV channels he owns. However, when it comes to the self-declared core function of News Corp - the provision of information about the modern world - the verdict is pretty clear: it failed.

## **BEYOND WATERGATE**

**S**ENSATIONALISED FLEET STREET REPORTING WASN'T INVENTED BY THE *SUN* OR the *News of the World*: the so-called gutter or yellow press has been successfully tormenting celebrities, politicians and opponents in public life for over a hundred years. Part of the argument of this book is that it's not just individual moral failure that led to the scandal of phone hacking and bribing state officials, but a collective ethos. As a market leader in Fleet Street, News International could be said to exercise a modal monopoly in an increasingly cut-throat business, in which scoops and scandals gathered huge economic rewards,



developing the practices that other media owners were forced to copy to survive.

Because of this wider institutional malaise, ever since the Milly Dowler revelations in July 2011, the scandal of News International has been compared to Watergate. Carl Bernstein has made the comparison himself (and proffered the title 'Murdochgate') while John Dean, lead counsel to Richard [Nixon](#), has said the potential ramifications are actually 'bigger than Watergate'. There are some useful parallels with the scandal around Nixon's government in the early seventies, especially in the way the attempt to suppress the initial crime only served to expand it. At the Leveson Inquiry, Murdoch admitted there was such a 'cover-up' at News International and in judging the civil actions lodged by phone-hacking victims [Lord Justice Vos](#) would claim that the destruction of computers and deletion of emails raised 'compelling questions about whether [NGN - a subsidiary of NI] concealed, told lies, actively tried to get off scot free'. But the Watergate analogy soon runs out of usefulness.

In the case of Watergate the ruthless power of the state was exposed by fearless journalists. The hacking scandal, the revelations of police corruption and back-door lobbying of government, present an almost completely inverted image, with the state appearing either cowed or complicit with the ruthless powers of journalism. Indeed, Murdoch's press often uses the language of Watergate to justify its actions, claiming they are defending ordinary people against the establishment. This is the core paradox we are left to resolve: in the name of holding power to account, parts of News International became an unaccountable power. While it still complains of 'witch-hunts' and 'Stasi-like' state intimidation, we are presented with a picture of a news gathering organisation that has allegedly bribed, intimidated and eavesdropped on police, army officials, civil servants, senior politicians, the wife of a prime minister

and the heirs to the throne, appearing almost as a private sector version of East Germany's infamous secret police.

If there's one certain legacy of Murdoch's decades-long dominance of the British press, it is the deterioration of the image of investigative journalist from truth-teller to sleazy extortionist. You can see this sad transmogrification in the depiction of British journalists by Hollywood film-makers. To add to the stock-in-trade English stereotypes of effete villains, dashing spies, zany comedians and mop-haired pop stars, a new archetype was born: the ruthless, venal, privacy-invading tabloid journalist, epitomised by the British ex-pat hack Peter Fallow in Tom Wolfe's *The Bonfire of the Vanities*. As Murdoch became the leading force in the British press, the cultural reputation of British journalism sank to a new low.

Murdoch's reaction to this kind of cultural and moral criticism has been to shrug it off as old-fashioned snobbery, arguing that as his circulation figures prove, he is only giving the people what they want, and if you object to that, you're an elitist. Murdoch's favourite retort to critics of his tabloids - whether in TV interviews or testy replies on Twitter - is 'Don't buy them then!' He was even more explicit about this equation of populism with democracy when he appeared at the Leveson Inquiry in April 2012: 'I'm held to account by the British people,' Murdoch told Counsel for the Inquiry Robert Jay QC. 'They can stop buying the paper. I stand for election every day.' If people vote every morning by buying his papers, then his press has a public mandate to do whatever they want to do.

There are questionable assumptions here. Are *Sun* readers buying politics, horoscopes, football results or outsized breasts? If I buy more copies of *The Sunday Times* do I have more votes? But Murdoch is brilliant at expressing the assumptions of laissez-faire politics in a punchy popular way: you can't buck the market and the market is always right.

As I intend to show, any examination of the regulations, barriers to entry and concentrated ownership of the media would suggest that this market is far from open and free. And although news is certainly a market, it's not only a market; news is also a public good, vital for the functioning of a democracy, so much so that the requirement to report impartial information about elections and manifestoes is written into British electoral law.

Forty years after Rupert Murdoch first entered the UK market by buying the *News of the World*, James Murdoch reiterated his father's libertarian fallacy in his landmark MacTaggart lecture. He may have tried to dress it up with new media radicalism and MBA smartness, but the message was just the same: 'The only reliable, durable, and perpetual guarantor of independence is profit.' The title of James's speech *The Absence of Trust* – a barely concealed attack on the BBC Trust – has thickened with irony since 2009, especially as it was made only a year after he had authorised a million-dollar pay-out to a phone-hacking victim complete with stringent confidentiality clauses: a news organisation vigorously trying to conceal news about itself. But the paradox is entirely consistent with James's message: if news is to be entirely market driven, then money can buy the news.

Days after the Hackgate scandal erupted, according to a feature in the *Daily Beast*, an anonymous [former senior News Corp employee](#) stated:

*This scandal and all its implications could not have happened anywhere else. Only in Murdoch's orbit. The hacking at News of the World was done on an industrial scale. More than anyone, Murdoch invented and established this culture in the newsroom, where you do whatever it takes to get the story, take no prisoners, destroy the competition, and the end will justify the means ... Now*

*Murdoch is a victim of the culture that he created. It is a logical conclusion, and it is his people at the top who encouraged lawbreaking and hacking phones and condoned it.*

(Bernstein, 2011)

There is no doubt there is a lucrative and important 'market in news', but if news is *only* a market, the phone-hacking scandal shows us the consequences. The logical extension of chequebook journalism is that it can buy private details of unlisted phone numbers, social security numbers, computer passwords and voicemail pin codes. It can buy detectives who blag their way into bank accounts and medical records. It can suborn police officers for tip-offs on celebrities and crime stories. It can payoff informants for kiss-and-tell stories. It can hire the best lawyers and threaten litigants. It can authorise massive hush fees with non-disclosure orders. More insidiously, it can buy more media space to trash and harass political opponents. It can pay its favoured defenders big fees for ghost-written columns. It can become a kind of protection racket until a newspaper owner becomes a political legislator in his own right, a twenty-fourth member of the cabinet. It can enter the back door of Number 10 the day after a contentious national election. It can, through insider lobbying and back channels to government, seal the expansion of its commercial interests and media power until opposition to it is drowned out. In the name of the free market, it can monopolise it. In the name of free speech, it can chill it.

The moral of the story is: a dominance of the market in news ends up perverting the news.

## **CAPTIVE MINDS**

THE HACKING SCANDAL ERUPTED IN A YEAR OF MANY CRISES INCLUDING THE  
**T** collapse of regimes in Tunisia, Egypt and Libya; a global financial meltdown which had turned from a liquidity crisis three years earlier into a wider sovereign debt crisis in the eurozone. Commentators have made comparisons between Murdoch's slow-motion demise and the toppling of tyrants in the Arab Spring, but the connection with the economic crisis is more pertinent.

Murdoch has always enjoyed a close relationship with bankers and shown a fondness for leveraged buyouts since his earliest Australian acquisitions. A personal friend of the junk bond trader Michael Milken, Murdoch has both deployed the aggressive techniques of deregulated globalised finance and stoutly defended its principles editorially.

The rise and fall of the House of Murdoch in the English-speaking media world is therefore inseparable, both in business form and ideological content, from the successes and failures of the Anglo-Saxon model of capitalism.

For two hundred years the liberal market economy has been underpinned by the concept of a free press and that pluralism, accountability, transparency and access to accurate information are vital to an open society as well as to a functioning market. The foreign friends I talk to, especially in former communist countries where democracy and the market economy is still seen as precious and precarious, pose a simple question about the phone-hacking scandal and its aftermath: 'How did you let one man get so much power?'

It isn't as if we weren't warned in advance about Murdoch's predilections for monopolistic commercial power combined with political clout. Over the decades there have been thousands of articles, hundreds of books (see a fraction in the Bibliography) and a raft of TV documentaries spelling out the dangers that lay in wait if Murdoch's media power was allowed to grow unfettered. They have been stunningly ineffective.

Back in the sixties, when Murdoch was aiming to take over the *News of the World*, part of the resistance to his bid was old-school snobbery about a colonial outsider and, in a bit of deft jujitsu, Murdoch played the cultural cringe against the 'old boys' network'. A BBC film shows him animatedly regaling the TV audience how he'd been called a ['moth-eaten kangaroo'](#) by his rival, Robert Maxwell. This allowed Murdoch to portray himself, in stark defiance of the facts (he was the son of a millionaire and educated at Oxford), as the man-in-the-street, the ordinary bloke willing to take on the snooty establishment. *Private Eye's* 'Dirty Digger' barb has survived much longer as a sobriquet but also falls into this class warfare trap. As Murdoch proceeded to take over the Times Group, establish Sky Television offshore and take over BSB, the chorus of disapproval got louder but made no difference. In 1994, in an otherwise powerful last television interview with Melvyn Bragg, the famous TV dramatist and polemicist, Dennis Potter, explained how he'd [named the pancreatic cancer](#) that would soon kill him 'Rupert'. Potter then went on to say, 'There is no one person more responsible for the pollution of what was already a fairly polluted press, and the pollution of the British press is an important part of the pollution of British political life.' Though seventeen years later some may see a prescient warning in Potter's words, pathologising the Murdoch phenomenon has done little to combat its rise.

And neither has the attempt to neutralise it. Around the same time, having suffered a third successive election defeat, and with Murdoch's popular daily tabloid claiming 'It's the Sun Wot Won it' for the Tories in 1992, the Labour Party came to the same conclusion, and the architects of New Labour – Tony Blair, Gordon Brown and Peter Mandelson – made a strategic decision that a policy of dialogue and containment might be wiser with News Corp. As Blair [explained](#), 'It is better to ride the tiger's back than let it rip your throat out.' A year after becoming