

News Corporation  
K.R. Murdoch  
First Statement  
"KRM12"  
12 April 2012

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

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**EXHIBIT "KRM12"**

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This is the exhibit marked "KRM12" referred to in the witness statement of Keith Rupert Murdoch dated the 12<sup>th</sup> day of April 2012.

## Times Newspapers

3.51 pm

Mr. John Smith (Lanarkshire, North): I beg to move, That this House do now adjourn.

*Leave having been given on Monday 26 January under Standing Order No. 9 to discuss:*

a reference of the proposed purchase of *The Times* and *The Sunday Times* by Mr. Rupert Murdoch to the Monopolies and Mergers Commission.

This is an important debate. The proposed purchase of *The Times* and *The Sunday Times* raises vital questions of public interest and I think that it is timely that this House, as a guardian of the public interest, has an opportunity to consider it in the context particularly of the obligations which legislation passed by Parliament has placed upon Ministers.

I believe that the case for a reference to the Monopolies and Mergers Commission in this instance is clear and straightforward. First, on any view, the acquisition by Mr. Murdoch of both those newspapers creates a large concentration of newspaper power in one set of hands. I am told that, with *The Sun* and *The Times*, he would have a 30 per cent. share of daily newspaper readership. With *The Sunday Times* and the *News of the World*, he would have 36 per cent. of the Sunday newspaper readership. Such concentrations of newspaper power are probably unique and unprecedented in our history.

Secondly, the newspapers themselves have a special place in our national life. *The Times*, perhaps our most prestigious newspaper, has played, still plays and I hope will continue to play, a special and particular role as a reliable journal of record, a forum of national debate and an articulator of independent opinion. *The Sunday Times* has pioneered new fashions and techniques of journalism which have made it one of the most influential and successful Sunday newspapers in our history. Both newspapers play such an important role in our national affairs that particular care must be given to the question of how and by whom they are owned and controlled.

Thirdly, Parliament has already provided a method whereby these matters can be scrutinised. I refer of course to part V of the Fair Trading Act 1973 by which newspaper mergers are made conditional on the approval of the Secretary of State, except in some special circumstances to which I shall refer in a moment.

It seems to me self-evident that the machinery should be used in what is one of the largest and perhaps the most significant mergers in the history of journalism in the United Kingdom. Indeed, if that mechanism is said to be not the proper way to handle this case, one wonders why we should bother to retain it.

Mr. Tristan Garel-Jones (Watford): Simply with a view to ensuring that the House has the correct information before it, if I am not mistaken, in the event of the merger going through, the percentage of the daily market controlled by Mr. Murdoch would be 25.9 per cent., not 30 per cent. Those are the latest figures from the ABC circulation review. I believe that they are correct.

Mr. Smith: If the hon. Member reflects on what I said, he will realise that I did not talk about market share. I have some authority for believing that the figures that I

quoted are correct. But let us not argue about statistics. The plain fact is that, if this merger is allowed to go ahead, there will be a large concentration of newspaper power in the hands of one man. I think that we can proceed with the debate on the assumption that that is correct.

The Secretary of State for Trade (Mr. John Biffen) indicated assent.

Mr. Smith: The right hon. Gentleman, with his usual fairness, expresses his assent to that proposition.

The relevant part of the Fair Trading Act is section 58. I want to describe what I believe to be the Secretary of State's duty under that section, because I think that a major part of this debate may concern the question of how he proposes to discharge the responsibilities that the House has laid upon him.

Under section 58, it is unlawful and void for a newspaper merger to take place unless the Secretary of State approves it and in turn the Secretary of State must refer it to the MMC. However, under subsection (3), there are two ways in which he can avoid referring it to the MMC. One is where he is satisfied that the newspaper is not intended to continue as a separate newspaper, as in the case of the *Evening Standard*. In that case, he has no discretion: he must not refer it to the MMC. However, I think that we can all agree that that does not apply in the present circumstance.

But there is another circumstance. If the Secretary of State is satisfied that the newspaper concerned is not economic as a going concern and a separate newspaper and there is a matter of urgency involved, he may choose not to refer the matter to the MMC. That is important, because I should like the Secretary of State to explain, if he is not going to refer this to the MMC, how he satisfied himself that *The Sunday Times* in particular is not economic as a going concern. I believe that he can refuse to refer the matter to the MMC only if he properly satisfies himself about that.

The position of the two newspapers appears to be different in this respect. *The Times*, at least for the present, appears to be making a loss, although I understand that some predictions have been made as to the possibility of its being profitable in future. Indeed, I believe that that is what Mr. Murdoch himself says.

But the position of *The Sunday Times* is quite different. Certain information was given to potential purchasers of both newspapers by Warburg's, the bankers who were employed by the Thomson Organisation. I understand that in appendix 11, table 2, of Warburg's report some projections and figures were given about the future performance and profitability of *The Sunday Times*. In 1980, I understand, there was a small profit. In 1981, it is projected, there will be a profit of £4.8 million; in 1982, of £11.9 million; in 1983, of £13 million.

In those circumstances, the Secretary of State cannot find it easy, I believe, to satisfy himself that *The Sunday Times* is not economic as a going concern and as a separate newspaper, which seems to me the statutory obligation which he has to meet. I think that the House will listen with interest, if he decides not to refer the matter to the MMC, to how he justifies that decision. I hope that the Secretary of State will deal with that question when he speaks.

Mr. Peter Emery (Honiton): Do those figures of projections of profit on *The Sunday Times* take into account the factor of a vast increase in overheads which would have to be borne by that newspaper if the other publications owned by the Thomson Organisation did not

exist? I believe that those figures are projected on a division of overheads, which would not apply in other circumstances.

**Mr. Smith:** I believe that the figures relate to *The Sunday Times* itself. Other figures were given in respect of *The Times*, I think in the same set of information which was supplied by Warburg's. Presumably they were there to show potential purchasers the likely profit ability of both newspapers. For the next few years *The Times* will continue at a loss, but on Warburg's projections emerges with a small profit by about 1984 or thereabouts, but *The Sunday Times* goes into profit.

Warburg allocates what it calls group fixed costs in respect of both newspapers. I do not know how it does that, but that is the information which was given to potential purchasers and it seems to show, at least prima facie, that it is a profitable newspaper. That is the understanding of those people. I think the argument is that one keeps them together because the profitable might support the unprofitable, or some such argument. I should like the right hon. Gentleman to deal with that point.

Of course, the profitability of newspapers varies according to the economic scene, and they are not particularly buoyant at present, but the projections are that matters will improve significantly. Whatever is the meaning of the statutory responsibilities on the Secretary of State, he cannot reasonably claim that he does not have a discretion in this case to refer to the MMC. He does, and it is my case that he should exercise it in favour of referring.

There have been a number of objections to that. First, it is said that it would be foolish to refer this to the MMC and the special newspaper panel which exists to deal with such cases because there is not enough time for a report to be made, and that the deal would be frustrated, to the prejudice of employment and the ultimate loss of the newspapers.

I have a number of comments to make on that argument. First, the time scale involved—with 8 and 14 March as the deadline dates—has not been decided by uncontrollable events or the hand of fate. It was determined solely by the Thomson Organisation which put that time scale forward in October last year. It would be not unreasonable to ask the Thomson Organisation to alter the dates. It would not greatly inconvenience it to extend the time by a few weeks, if necessary. Secondly, it is clear from what has been said by the parties to the proposed purchase that some time must be allowed for negotiations with the print unions. Mr. Murdoch has said that that was a condition put on the purchase by the Thomson Organisation.

I believe that it is possible for the Secretary of State to refer this matter to the Monopolies and Mergers Commission with a request that he receives its report fairly quickly. I do not think that there is a great deal of detail to be investigated, for most of the facts are known and published. But it would be possible, perhaps, for the commission to take a week collecting the facts—one assumes that the parties would be willing to co-operate—and another week for it to prepare the report. That means that the report could be available within the time scale allotted for these discussions with the trade unions.

I understand the concern about employment and the concern that these newspapers should continue as valuable

institutions of our public life. But that concern can be safeguarded because the Act says, about a time limit, that the commission must report within three months. Three months is given as a maximum which may be extended only by the Secretary of State. There is no legal impediment on the Secretary of State to ask for a quicker report. When Governments want to move speedily, they move with tremendous speed. In this circumstance, that would be an acceptable solution.

**Mr. Peter Bottomley (Woolwich, West):** The right hon. Member said earlier that the Secretary of State should use his discretion. My understanding of the Act is that the Secretary of State does not have discretion and that he shall not approve such a merger without referring it to the commission. Is that what the right hon. Gentleman is saying, or is he saying that there is a discretion?

**Mr. Smith:** That is precisely what I am saying. The Minister has no discretion unless he is satisfied that a particular situation existed. I am glad that the hon. Member for Woolwich, West (Mr. Bottomley) understands that point clearly now, because it is important. I ask the Secretary of State to give us evidence on which he reaches his conclusion, if that is the conclusion that he reaches.

The public interest can be weighed and taken into account by reference, without prejudice, to the genuine interests of those whose jobs are involved. However, that implies a political will on the part of the Government to make the reference. If the Secretary of State does not refer it, that may be what is missing here. It would also require reasonable good will on the part of Mr. Murdoch and the Thomson Organisation which the House is entitled to expect. I understand that Mr. Murdoch has said that his only objection to a reference to the Monopolies and Mergers Commission relates to the length of time that would take. If he could be met on that, presumably he would have no other objection.

Another line of argument has been developed in the course of the public discussion in the past day or two. It has been said that it is not necessary or desirable to refer this matter to the Monopolies and Mergers Commission because other sufficient or better safeguards exist in the assurances that Mr. Murdoch has given to the Thomson Organisation and the staff of the newspapers. We should look at these safeguards, and no doubt hon. Members will wish to refer to them in the course of the debate. Assurances given in good faith by Mr. Murdoch to the present owner are no substitute for assurances given to a publicly and statutorily constituted body such as the Monopolies and Mergers Commission. The assurances stand, without any questions being asked.

When Lord Thomson took over *The Times*, the case was referred to the Monopolies and Mergers Commission. Incidentally, at that time, Lord Thomson was the only bidder. There are more bidders than one in the present negotiations. Lord Thomson's concentration of power was much less intense than is involved at present, and he was cross-examined by the Monopolies and Mergers Commission about the quality of the safeguards that he offered. But what are these assurances?

**Mr. Barry Porter (Bebington and Ellesmere Port):** Surely it is not a matter of political will or assurances. If the *Sunday Times* is a going concern, the law says that it must be referred to the Monopolies and Mergers

[Mr. Barry Porter]

Commission. That presumably is what all this is about. All these other matters such as political will and so on are of no consequence.

**Mr. Smith:** I am obliged for the assistance I am receiving from below the Conservative Gangway, repeating the point that I made at the beginning of my speech. We must wait to hear what the Secretary of State says about this. If the hon. Gentleman is right—he is on a good point because I made the same point myself—there will have to be a reference to the commission. But I must safeguard against the possibility, remote though it may be, that the Secretary of State cannot produce a justification for not referring the matter to the commission. He may be referring it, but, if he is not, the hon. Gentleman will be as anxious to hear the explanation as I will.

Assurances about editorial freedom and integrity have been given to the national directors, as they are called, Times Newspapers. The assurances are in some ways satisfactory as they go. They talk about the independence of the newspapers, the control which is to be vested in the editor, the maintenance of editorial independence, the future sale of the titles, and a declaration that the newspapers are to be free of party political bias and from attachment to any sectional interests. I gather that Mr. Murdoch agreed to all those assurances without demand, qualification or query. He assented immediately to them when these matters were put to him by the vetting committee of the organisation.

But let us examine the assurances more closely and draw aside the veil contained in the assurances. First, the national directors are crucial to the operation of the safeguards promised by Mr. Murdoch. There are a number of national directors. They are very distinguished figures, such as Lord Poll, Lord Greene and Lord Robens. I believe these are four in all. Under the articles of association of the newspapers, there is a special class of shareholders—I think it is the Astor family—who have the sole right to nominate some of these national directors. Under the new arrangements, that will be removed and the directors will be appointed by the owner of the newspaper, who will be the majority shareholder. Indeed, Mr. Murdoch will hold 100 per cent. of the shares if the purchase goes ahead. An existing safeguard which concerns the appointment of the national directors is being removed, not strengthened. Secondly, the appointment of the editor is of great importance. We know that there will be a vacancy in *The Times* editorship in the near future, but the appointment is important not simply because of the influence that the editor has on a newspaper but because many of Mr. Murdoch's assurances hinge on the role of the editor. It depends on the independence of the editor if the assurances are to have any meaning.

How will the editor be appointed? At present, the national directors are involved in his appointment. Under the proposed changes, which are part of Mr. Murdoch's assurances, these directors will not be involved in the appointment of the editor. Instead, all they have is a right of veto when a Murdoch appointee is presented to them, and they may reject him if they so wish. That is a different power from being involved in appointment. That is a diminution of an existing safeguard, not an additional safeguard.

These two matters alone indicate why we must look carefully at the assurances and why it is important that an expert body, such as the newspaper panel of the Monopolies and mergers Commission, applies its mind to investigating exactly what is involved.

With no disrespect to the existing national directors, it is possible that improvements will be made in that direction. There is a faint air of the Athenaeum about most of the present national directors.

**Mr. Patrick Cormack (Staffordshire, South-West):** What is wrong with that?

**Mr. Smith:** I can understand why the hon. Member for Staffordshire, South-West (Mr. Cormack) feels some affection for them, but I do not think that anyone, including the hon. Gentleman would describe those national directors as representing the full spectrum of British public life.

It might be profitable to add two additional national directors. One might be a working journalist from *The Sunday Times* and one a working journalist from *The Times* Who better than people with experience of working in newspapers to watch that the assurances given in good faith by Mr. Murdoch are implemented in full in the spirit and according to the letter of the assurances?

There is, of course, another great concern which people have expressed during the public discussion in recent days. How do we know that the assurances will be carried into practical effect? If the editor, for example, is prepared to go along with the proprietor, a lot of the assurances will not be worth the paper that they are written on or the words in which they are couched. The Companies Acts are not an easy method of enfranchising these assurances. The assurances will be built into the articles of association, but the articles of association can be changed by a majority, especially by a 100 per cent. owner of the organisation. That means that, whatever faith we place on them, they could be changed later on.

We also need to know the record of Mr. Murdoch in respect of assurances which he has given about other newspapers in other parts of the world. That could be looked at by the Monopolies and Mergers Commission, because it has been raised in the course of the public debate.

I do not want to delay the House any longer. Many right hon. and hon. Members wish to take part in the debate. It is extremely important that Members of this House should take part in the discussion of this affair. We are, after all, guardians of the public interest.

I do not know what the Secretary of State has decided or how he proposes to discharge his responsibilities, but my argument is twofold. First, it seems to me that the Secretary of State has in these circumstances a legal duty to refer the matter to the Monopolies and Mergers Commission. Secondly, it is overwhelmingly in the public interest that such a major change in newspapers in this country should be subjected to public scrutiny.

4.12 pm

**The Secretary of State for Trade (Mr. John Biffen):** The right hon. Member for Lanarkshire, North (Mr. Smith) introduced this debate in measured terms and reminded us that the House is in a very real sense a custodian in a debate such as this.

The holding of this emergency debate and the interest expressed both within this House and outside it attest the

important place which *Times* newspapers have in our national life. Their continuance and the manner of their continuance are issues of genuine public concern.

I believe that the general desire is to see *The Times*, *The Sunday Times* and the various supplements continue in publication and preserve the traditions of independence and editorial freedom for which they are rightly renowned.

Thomson Organisation Limited, the existing owner of the newspapers, has made it quite clear that it will not support *The Sunday Times* after 8 March nor *The Times* after 14 March. The objective of continuation which I have described requires a willing purchaser, ready and able to devote considerable financial resources to the newspapers, and at the same time ready to accept the traditions to which so much importance is attached.

Thomson itself established a "vetting panel" comprising the editors of the newspapers and the national directors, and that panel has concluded that News International, controlled by Mr. Rupert Murdoch, is a suitable future owner of these titles. That is the view of the existing owner—taking account of the opinion of the editorial staff on the vetting panel. The law requires, however, that such an acquisition should be subject to my consent.

In the Fair Trading Act 1973 there is a presumption that all proposals for newspaper mergers should be investigated by the Monopolies and Mergers Commission. However, the Act provides in section 58(3) for certain exceptions. Where the Secretary of State is satisfied that the newspaper concerned in a transfer is not economic as a going concern, and as a separate newspaper, and where he is satisfied also that, if the newspaper is to continue as a separate newspaper, the case is one of urgency, he may give his consent to the transfer without a reference to the commission.

Thomson Organisation Limited, in applying for my consent to the transfer of *The Times* and *The Sunday Times* to News International, made its application under that provision. I had, therefore, first to satisfy myself about the two conditions of the section—whether *The Times* and *The Sunday Times*, separately were each economic as a going concern, and whether the case was one of urgency. If I was so satisfied, it was then for me to decide whether I should still require an investigation by the Monopolies and Mergers Commission or whether I should grant my consent without a reference, if necessary with conditions.

My accountants have carried out a detailed investigation into the financial position and future prospects of both *The Times* and *The Sunday Times*. They have looked at the figures for the first 11 months of 1980, which are the latest available. On the basis of their advice, I am satisfied that neither newspaper under present ownership and under present conditions—what the Act requires me to look at—was economic as a going concern and as a separate newspaper. In the case of *The Times*, there can be no doubt about the position. But even in the case of *The Sunday Times*, after allocating to it a reasonable share of Thomson's fixed overheads, I am satisfied that that paper, too, is uneconomic.

Is the case, then, one of urgency? Thomson's announced in October last that, because of continuing heavy losses, it had decided to sell its *Times* titles—the three supplements, which are not newspapers for the purposes of the Act, as well as *The Times* and *Sunday Times*—by March, and it sought bids by 31 December.

Arrangements for closure of the newspapers—including the serving of redundancy notices to staff—were set in hand.

There is no doubt that, if a new owner does not take over these newspapers, they will cease publication in March. I am conscious that some people will regard this as Thomson bluff.

**Mr. Geoffrey Robinson (Coventry, North-West):** Of course. Blackmail.

**Mr. Biffen:** It is easy to throw off such words, but this is an area where one has inevitably to make a judgment about whether it is Thomson bluff. It is my judgment, which the House can confirm or reject, that closure is a real possibility.

**Mr. John Smith:** The right hon. Gentleman will appreciate how crucial is his assertion that *The Sunday Times* is not economic at present. Is he prepared to make available to the House the figures upon which his accountants have arrived at that conclusion, and will he also say whether the allocation of overheads to *The Sunday Times* made by his accountants is or is not that made by Warburgs, which gave information to potential purchasers?

**Mr. Biffen:** It was the judgment of my Department's accountants working on the figures which had been supplied by Warburgs. It turns upon the allocation, ultimately, of the overheads as between *The Sunday Times* and *The Times* within the organisation.

**Mr. Geoffrey Robinson:** Does not the right hon. Gentleman agree that this is not a question of bluff? After 15 years of ownership of these vital national newspapers, especially *The Times*, is it not an insult to the nation to fix a deadline of this kind and to say "Otherwise, I shall close them down"? Is it not reminiscent of what the Chrysler Corporation tried to do, when the Labour Government stood up to it?

**Mr. Biffen:** It remains a matter of judgment.

I turn to the figures. The Board of Trade accountants conclude that in 1980, for the 11 months available, there is a loss in respect of *The Sunday Times* of £600,000 after making allocations of overheads and before allowance for interest on capital.

**Mr. Robert Adley (Christchurch and Lymington):** Have my right hon. Friend's accountants worked on the assumption that the unhelpful attitude of the unions which has brought about the circumstances of Thomson will continue? Is that the basis upon which my right hon. Friend has made his judgment?

**Mr. Biffen:** No. The analysis has been made over the past 11 months, which was a period relatively free from the adverse impact of the shut-down. But no view is taken—in my view, under the Act I could not take a view—of what might be any potential profitable position well into the future. That is not a factor that has to weigh with me in determining the economics of this.

**Mr. Douglas Jay (Battersea, North):** Surely, what the right hon. Gentleman has said is not fully convincing. If it is true that Warburg has informed potential purchasers that the *Sunday Times* will be making considerable profits in the next few years, how does the Minister explain his view that it is not economically viable? He has not explained that.

**Mr. Biffen:** It is for the reasons that I have just explained, that I do not believe that I am entitled to take a view on future prospects upon existing experience.

There is no doubt that if a new owner does not take over these newspapers, they will cease publication in March. This, of course, is the area in which, I agree, some Labour Members believe that that simply is not likely, and that Thomson would disavow its statement on this matter. But I must say that I am satisfied that the conditions of section 58 (3) are met in this case and I therefore have to decide whether to opt for a reference or to give my consent.

I approach this decision with an established preference for newspaper mergers to be examined by the Monopolies and Mergers Commission. Newspapers are special and their ownership is a proper matter for public concern. The impending closure of the newspapers clearly poses a real problem. The 1973 Act requires that the commission must complete its investigations within three months unless the Secretary of State, because he is persuaded that there are special reasons, gives the commission a further period of three months. I am not empowered to require a report in a shorter period.

The right hon. Member for Lanarkshire, North has suggested that we should have a quick investigation, and he did so again from the Opposition Front Bench today. I am sure that he does not want a superficial study, but is looking for a proper examination of the issues.

The chairman of the Monopolies and Mergers Commission was asked whether, notwithstanding the three months allowed for an investigation of a newspaper merger under the Act—already a short period compared with that for other MMC inquiries—he could complete an inquiry in a significantly shorter period. Sir Godfray Le Quesne, fully recognising both the urgency of this matter and its importance, considered this question with some care. In view of the possible scope of the inquiry and the statutory requirements governing the contents of the report, Sir Godfray concluded that if the commission was to conduct an adequate inquiry, he could not promise a report in under eight weeks—still a significant reduction on the period allowed in the Act.

I am conscious that in some quarters there is a feeling that the Thomson closure timetable could have been arranged to allow time for an MMC investigation. I can only say that the request for my consent to the transfer of the titles to News International was received on 23 January, and on the best possible timetable an MMC report could not have been available before *The Times* and *The Sunday Times* had ceased publication.

**Mr. Cormack:** I am most grateful to my right hon. Friend for giving way. This is not any criticism of him, but has he talked to the Thomson Organisation about this? Is he not profoundly unhappy about the pistol that it has put to his head?

**Mr. Biffen:** I have talked to the Thomson Organisation and I am sure that I speak for every Member of the House in saying that we should be much happier working under time constraints more generous than we now have.

Moreover, the delay involved would affect the deal agreed between Thomson's and News International, probably requiring the reopening of negotiations. And I am told that the discussions between the possible new

owners and the unions could not begin until the decision was taken following the MMC report. So a reference to the MMC triggers a series of delays clearly beyond the present closure plans.

I should add here that the commission is required to investigate a particular application, to report whether or not it judges that application to be against the public interest and to recommend to the Secretary of State whether any—, if so, what—conditions might be attached to the transfer. Some commentators have implied that the commission can look at all the possible bidders for the papers and recommend the one which it thinks best. But this misconceives the commission's functions.

The choice I faced was, therefore, whether to insist on a Monopolies, and Mergers Commission investigation and risk closure of *The Times* titles, with 4,000 redundancies and the possibility of the permanent closure of *The Times*.

I mentioned earlier the importance of the "character" of *The Times* being preserved—the relationship between the proprietor and the editor that had been established at the time of the Thomson acquisition. I know that it has been assumed that this would be an essential point in any MMC investigation.

The Act, however, provides for my consent to be given conditionally or unconditionally, and indeed if the MMC were itself to recommend any actions, these, too, could only be brought into effect as conditions attached to my consent.

After earnest consideration, and to avoid disruption and uncertainty, I have concluded that I should give my consent forthwith, and without a Monopolies and Mergers Commission investigation, to the transfer of Times Newspapers to News International, subject to certain conditions.

**Mr. Delwyn Williams (Montgomery):** Is not my right hon. Friend in danger of misdirecting himself on this issue, in that he is talking about the current state of one of the newspapers, when section 58(3) of the Fair Trading Act clearly says in very simple terms that he must consider whether it is economic as a going concern. What about the forward projections? One would not buy a village store without looking at the next few years' figures.

**Mr. Biffen:** My hon. Friend the Member for Montgomery (Mr. Williams) is a valued neighbour and I am sure that from time to time I shall have to take his legal advice on the Welsh borders, but on this issue I am prepared to be guided by the legal advice from within my Department. [Interruption.] Oh yes—I am not acting in this matter in some casual, prejudiced fashion. I am measuring my judgment after taking advantage of all the professional facilities that are at my disposal.

**Mr. Michael Brotherton (Louth):** As an ex-employee of *The Times*, may I assure my right hon. Friend that the most important thing is to keep *The Times* newspaper viable and to ensure that assurances are received from Mr. Murdoch to the effect that *The Times* continues in its present way, since any question of delaying a decision on the future of *The Times* by referring it to the Monopolies Commission would probably deny the future of that newspaper.

**Mr. Biffen:** I note with satisfaction the comments of my hon. Friend, the more so as they come from somebody who was formerly employed by Times Newspapers.

I had come to that part of my speech in which I wanted to put before the House the conditions that I have attached to my consent. They are, broadly, eight.

First, the newspapers are to be published as separate newspapers.

Second, future disposals are to be subject to the consent of a majority of the independent national directors of Times Newspapers Holdings Ltd.

Third, the number of these independent directors is to be increased from four to six and the appointment of any independent national directors in the future is not to be made without the approval of the existing independent national directors.

Fourth, on editorial independence, the editors shall not be appointed or dismissed without the approval of the majority of the independent national directors.

Fifth, the editor of each newspaper shall retain control over any political comment published in his newspaper and, in particular, shall not be subject to any restraint or inhibition in expressing opinion or in reporting news that might directly or indirectly conflict with the opinions or interests of any of the newspaper proprietors.

Sixth, instructions to journalists shall be given only by the editor or those to whom he has delegated authority.

Seventh, subject only to any annual budget for editorial space and expenditure the editor shall retain control over the appointment, disposition and dismissal of journalists on his newspaper and of all other content of his newspaper.

Eighth, disputes between the editors and directors of the companies are to be settled by the independent national directors.

I am taking steps to ensure that these conditions are entrenched. Those relating to editorial independence will be incorporated into the articles of association of The Times Newspapers companies and any change in the relevant articles would in future require my consent. That requirement as well as the other conditions will be backed up by the sanctions provided for in the Act.

**Mr. Peter Tapsell (Horncastle):** I am entirely convinced that my right hon. Friend has reached the right decision. The eight conditions that he laid down are very satisfactory. But will he explain one point? He set out the circumstances in which an editor can be appointed. Will he tell us the circumstances in which an editor can be dismissed, and the safeguards that will be attached to that?

**Mr. Biffen:** I have nothing to add to what I said explicitly in those eight conditions. I realise that the transfer of two such prestigious newspapers as *The Times* and *The Sunday Times*—

**Mr. John Smith:** The right hon. Gentleman was asked a specific question, which arose from something that I said. What will be the method of appointing the editor under the new arrangements, and what safeguards will there be in respect of that appointment?

**Mr. Biffen:** I thought that I had dealt with the point raised by my hon. Friend the Member for Horncastle (Mr. Tapsell) under the fourth condition which stated: "on editorial independence, the editors shall not be appointed or dismissed without the approval of the majority of the independent national directors".

I realise that the transfer of two such prestigious newspapers as *The Times* and *The Sunday Times* to someone who is already a substantial newspaper proprietor must inevitably raise important question of the public

interest. The concentration in ownership is, on the face of it, disturbing, although I must say that *The Times* and *The Sunday Times* are appealing to different ends of the market from the existing publications of News International—*The Sun* and the *News of the World*. Moreover, the conditions attaching to my consent to the transfer will, I believe, deal satisfactorily with this problem, as well as with that of editorial freedom.

I do not deny that there is normally a great deal to be said for a thorough Monopolies and Mergers Commission inquiry in contentious mergers and the safeguards that that course contains. That course was available to me, but in these circumstances it would have been inexcusable if, by causing delay and creating uncertainty, I had taken any steps that might have resulted in the permanent closure of one, and perhaps both, of these great newspapers.

I have, therefore, agreed to the merger application with the conditions that I have outlined to the House. I hope and believe this judgment will secure a continuing quality of journalism that is to our national advantage. I commend my decision to the House.

4.34 pm

**Mr. Jo Grimond (Orkney and Shetland):** First, I declare two interests. I am chairman of an organisation called Job Ownership Ltd., which exists to assist in setting up co-operatives. It was employed at one time by journalists of *The Times* to investigate the possibility of a co-operative owning that paper. Secondly, I am a trustee of *The Guardian*. Apart from a natural interest in a friendly rival—we are now about 100,000 ahead in circulation, but one never knows—we also have an interest in the printing.

Candidly, I am surprised by what the Minister said about *The Sunday Times*. All newspapers have been going through a bad phase. Perhaps *The Sunday Times* may not make much of a profit this year, but it is surely widely felt in Fleet Street that *The Sunday Times* will be a very good property for the future.

The right hon. Gentleman spoke about overheads. Anyone involved in the industry knows that they can vary from year to year. *The Guardian*, for instance, has been printed in several places. *The Sunday Times* overheads may well be affected by any new arrangements that are made. So I am very surprised by what the right hon. Gentleman said about that paper. If *The Sunday Times* is a viable paper, it would appear extremely difficult not to refer the whole matter to the commission.

Secondly, the right hon. Gentleman mentioned the safeguards and conditions that he has attached. As far as they go, they sound reassuring. But let us consider the appointment of the editor. The trustees of *The Guardian* actually appoint the editor. They do not merely approve someone who has been put up from somewhere else. They appoint him, just as they appoint other leading officials of *The Guardian*. The appointment of the editor is a very different matter from mere approval of what is suggested by someone else. It may be difficult to disapprove of a respectable man who, nevertheless, may not be the best man available.

Moreover, the trustees of *The Guardian* own *The Guardian*. A man once tried to borrow money from me on the ground that I appeared to own 2 million shares in *The Guardian*. I may say that he was disappointed. But the position is quite different from that of a mere advisory

[Mr. Jo Grimond]

board or a non-executive director—and I have been a non-executive director of the board of *The Guardian*. That is quite different from being the owner of the paper.

I am sure that it is common ground that any of these newspapers will be viable only if there is a change in the attitudes and conduct of the unions involved. This, again, is very relevant to *The Sunday Times*. It is felt that under new management and ownership, *The Sunday Times* will shed a lot of its overheads and also increase its productivity. Much of the trouble that has occurred in these newspapers is directly due to the unions—overmanning, restrictive practices, and the other troubles that they have brought upon the papers.

It should be said, too, that there are curious defenders of editorial freedom. One is the Leader of the Opposition. There is Lord Beaverbrook's editor—hardly a man notorious for giving his editors absolute discretion. When there was the possibility of the unions interfering with the editor, the Leader of the Opposition was not among those who defended editorial rights.

It is common ground that the practices of Fleet Street have to change. But there are other people in the field besides Mr. Murdoch. That aspect has not been sufficiently stressed. Much more could be said for the Minister's argument if Mr. Murdoch were the only person who was interested. But there are several others. I said earlier that an organisation with which I was associated had been asked by *The Times* journalists to investigate, for instance, the co-operative which runs *Le Monde*, which is run by a journalists' co-operative, as are some other French papers and several in other parts of the world.

I addressed a meeting of *The Times* journalists who later formed an organisation called JOTT. They formed an alliance with another organisation initiated by the editor, Mr. William Rees-Mogg, and backed by an extremely respectable board. It is not a lightweight, fly-by-night alliance. Surely anyone can see that a new departure in Fleet Street is badly needed. If the press is to be on a firm footing, it cannot depend indefinitely upon tycoons often from other continents keeping it going by means of fresh infusions of money. That has been tried again and again.

Surely, it is time we considered the possibility of associating journalists themselves with the running of their own newspaper. That is exactly what *The Times* journalists want to do. It would be a great pity if the House did not give them all the encouragement that it could.

I stress again that not only *The Times* general London journalists, but the editor, Mr. William Rees-Mogg, and the editor of *The Sunday Times*, also oppose the present proposition and have other views about *The Sunday Times*.

There is a body of respectable opinion which thinks that the two papers should be separated. Again, I quote the editors. Both Mr. Rees-Mogg and Mr. Evans think that the papers would be better separated. One may have different views about that.

If the *Manchester Evening News* were to be separated from *The Guardian*, there would indeed be trouble. We are very glad to have the *Rochdale Observer* under our wing—it has had to be a rather large wing in order to accommodate that newspaper, and we have extended it—but there might be trouble if even that paper were to be separated, let alone the *Manchester Evening News*.

There is a lot to be said for some papers working together, but it is very difficult to ignore the view of the two editors concerned that the papers should be separated, and that they would get on better if they were.

The co-operative that the journalists have set up has, through its merchant bankers, put in a preliminary offer. The journalists are now pursuing it, filling in the details, and so on. They have the advice of a man who for many years was closely connected with the printing of *The Times*, and they are a most serious contender.

I am perfectly sure that it would do the press an incalculable amount of good if the journalists were more directly associated with the running of their papers. They are exactly the kind of people who ought to be constantly in touch, and not merely as members of advisory bodies. We have journalists who are among the trustees of *The Guardian*. If the journalists are prepared to put in their own money and their own time, and appoint their own people, nothing could be better for the press of this country, which very badly needs an infusion of new thought of that sort. It would be much the most hopeful way of getting real co-operation out of the chapels and out of the unions.

I refer again to the legal position. If the Minister is wrong, as I suspect he is, about the viability of *The Sunday Times*, the whole of his case falls to the ground. He should exercise his discretion in sending this matter to the Monopolies and Mergers Commission. If he says that there is not time, that drives a cart and horse through the whole of our legislation. If that is the case, anyone can get out of having a matter referred, simply by laying down a timetable. I do not think that the Minister can accept such a position. I am not suggesting that the Thomson Organisation is attempting to blackmail the Minister, but we cannot have a nonsense made of legislation simply because people lay down a timetable and say that if something is not done by a certain date they will drop all their offers. We might just as well scrap the Act.

I ask the Minister to discuss the matter with the Thomson Organisation and indeed with Mr. Murdoch and to send it to the Monopolies and Mergers Commission so that the various possibilities can be discussed and a fuller and calmer examination can be made of what may be the best future for the papers.

Unless we do something about the present state of Fleet Street, what everybody in this House hopes will not happen will certainly happen, and there will be disaster for more and more papers. Here is an opportunity to associate the journalists—and conceivably the printers as well—in the running of their papers. At least that should be examined. At least, this House should send the matter to the Monopolies and Mergers Commission and thereby ensure that the best solution possible is sought in as calm a light as possible.

4.43 pm

Mr. Jonathan Aitken (Thanet, East): I find myself in agreement with many of the sentiments expressed by the right hon. Member for Orkney and Shetland (Mr. Grimond). In particular, I agree with him that one of the fundamental weaknesses of the Government's case that we have heard this afternoon was the lack of mention of the possible alternatives to ownership by Mr. Murdoch. I shall return in a moment to that theme.

Before I go further, I feel bound to say how saddened I was by the speech of my right hon. Friend the Secretary

of State for Trade. This is a sad day for Fleet Street, which is to see the greatest concentration of newspaper monopoly in its history. It is a sad day for the Conservative Party, which appeared this afternoon to have abandoned its traditional role of the opponent of large monopolies whenever possible. It is also a sad day for the future status and power of the Monopolies and Mergers Commission, which would appear to be coming to the end of its useful life. If this question is not to be referred to it, one might well ask what will be referred to it in future.

**Mr. Geoffrey Johnson Smith (East Grinstead):** I apologise for interrupting my hon. Friend so early in his speech. We all respect his motives and the deep interest that he gives to these matters, but some of us would like to know what he means by monopoly power in this context.

**Mr. Aitken:** I shall come to that point, if I may, in the course of my remarks.

Having expressed my initial sorrow, may I now go to the background, to the reasons why there is such widespread anxiety about the takeover that is about to take place. In particular, we have to consider carefully how strong and how reliable are the safeguards and conditions to which Mr. Murdoch has agreed in his discussion with the Thomson Organisation, and to which he may have to agree in his discussions with the Secretary of State and his advisers.

The plain fact is that Mr. Murdoch has strewn assurances and safeguards on newspaper and television ownership like confetti, all round the world, and the more one examines those assurances the more one has to say that in far too many instances they have proved to be worthless.

When Mr. Murdoch first entered the newspaper scene in this country, he gave an assurance to Sir William Carr that Sir William would be able to remain as chairman of the *News of the World*. That assurance was not kept and Bill Carr—some of us knew him well—felt a deep sense of grievance to the end of his days.

In Australia, Mr. Murdoch's more recent takeover of channel 10 in Sydney bore a close resemblance to his present takeover of *The Times*. It began with Mr. Murdoch telling the Australian Broadcasting Tribunal that unless his application for licence was granted the station would probably have to close. Then, when appearing before the Australian Broadcasting Tribunal, he gave solemn assurances that he would not be introducing any changes into the television station. According to the transcript, he said:

"It would be madness to contemplate any changes at all . . . I wish to give an assurance to the tribunal that no change is contemplated at all."

Later in the same evidence, Mr. Murdoch denied rumours that he was intending at some later date to acquire television interests in Melbourne. Yet within weeks of these assurances several of the top executives of channel 10 had been removed, including the chairman, the general manager and the finance director, and replaced by News Limited executives. Within a matter of months, Mr. Murdoch was bidding for ATV channel 10, a Melbourne television station, again in open defiance of those assurances.

It is perhaps noteworthy that Mr. Murdoch's application for the Melbourne station was eventually rejected by the Australian Broadcasting Tribunal, on the grounds that

"further dominance by this group"—

that is, Mr. Murdoch's group—

"would not be in the public interest".

Mr. Murdoch was criticised by the Australian Broadcasting Tribunal for giving "directly contradictory evidence".

**Mr. Christopher Price (Lewisham, West):** It is perhaps worth adding to that long list that the Australian Broadcasting Tribunal found Mr. Murdoch and his companies guilty of four separate sets of contraventions of section 92 of the Australian Broadcasting and Television Act, and said that he had misled the Stock Exchange over share purchase. The Australian Press Council has found him guilty of misleading and unfair reporting and of gaining an unfair advantage through distortion. It is as well to have the record on these issues completely full.

**Mr. Aitken:** The record is, indeed, a disturbing one. I only hope that it will be well known to the Secretary of State and his advisers before they finally sign on the dotted line with Mr. Murdoch. The promises and the assurances that Mr. Murdoch has given, and his track record, must be treated, at the very least, with extreme caution, and must be submitted to the most rigorous scrutiny—a job that the Monopolies and Mergers Commission is well qualified to do.

Nowhere is scepticism towards Mr. Murdoch more necessary than in the area of his pledges of proprietorial non-intervention and the editorial freedom and independence of editors. Let us remind ourselves that Mr. Murdoch is the only newspaper proprietor in the free world whose journalists have come out on strike against proprietorial interference, as they did during the Australian election of 1975.

That is no isolated example. One could give numerous examples of resignations by reporters, of the Australian Press Council upholding allegations of bias by Murdoch papers in their political reporting, and of Mr. Murdoch openly pushing his commercial interests by using his newspaper powers. I read the Australian papers every day for the best part of three years when I was writing a book on Australia, and I have some understanding of the way in which Mr. Murdoch has exercised his stewardship of newspapers. It makes me profoundly unhappy.

All the signposts point to one fact, and that is that Mr. Murdoch is a strong and dominant proprietor. He has already been making changes in the editorials of *The Sunday Times* and *The Times*, even though he is not yet the owner. I believe that that situation will continue and will probably deteriorate unless the most stringent and legally binding safeguards are obtained from Mr. Murdoch by the Government. I am not sure about the legal status of the eight conditions that the Secretary of State mentioned today.

**Mr. Garel-Jones:** One of the things that reassures many of us is the legal status of those conditions. If an agreement with conditions is made by the Minister the breaking of those conditions would be a criminal offence.

**Mr. Aitken:** The vision of Mr. Rupert Murdoch being hauled off to Wormwood Scrubs in handcuffs obviously diverts my hon. Friend.

I am worried about the areas that those conditions do not cover. Giving Mr. Murdoch this great power in Fleet Street may have profound consequences for the future of newspapers such as *The Guardian* and *The Daily Telegraph*. What sort of fair or unfair competition

[Mr. Aitken]

practices may be used? At present, Mr. Murdoch is fighting hard at the lower end of Fleet Street by paying the highest wage rates to union members. That is why they like him so much. Mr. Murdoch is the only newspaper proprietor who pays linotype operators £550 a week on average in order to compete fiercely with other newspapers. That sort of price war in Fleet Street at the top end will cause destruction and havoc among the serious newspapers who are not paying anything like those wage rates. That is just one example of an area that is completely unsafeguarded by the conditions that have been mentioned.

My right hon. Friend the Secretary of State used the threat of closure as his principal argument for agreeing to the deal. I believe that the Department of Trade was taken for a ride by the Thomson Organisation. The threat of closure, if a deal with Mr. Murdoch is not rushed through immediately, is empty. The Thomson Organisation has set an arbitrary and artificial deadline for selling *The Times*. There was no reason why Lord Thomson should not have set his five-month deadline from the date that Warburg issued the prospectuses for sale rather than from the date when he instructed Warburg to draw them up. That would have left ample time for a reference to the Monopolies and Mergers Commission.

Lord Thomson and Mr. Murdoch are putting a phoney pistol to the head of the Secretary of State and saying to him, in effect, "Stand and deliver without your reference to the commission". I believe he should have called their bluff, because there were plenty of other serious alternative bidders in the ring. The right hon. Member for Orkney and Shetland referred to the journalists consortium, which had some serious finance behind it. But far more formidable than that consortium were the three major groups. Lonhro publicly made it clear, and makes it clear to this day, that is is available as a serious bidder, and it has put up a substantial financial offer, which is believed to be in excess, financially, of the offer made by Mr. Murdoch. Associated Newspapers has also put up a substantial offer, as has Atlantic Richfield.

Having talked to the directors of those three organisations, I believe that the bidding process for *The Times* and *The Sunday Times* has not been fairly or openly conducted according to general commercial rules. The reason for this effectively unfair, pre-arranged package deal between Mr. Murdoch and Lord Thomson goes back a long way in the history of Fleet Street to disagreements over board appointments for Reuters well over a year ago. Since that date, Mr. Murdoch has been Thomson's favourite candidate, and from that stage every effort has been made to deliver the deal to him only.

Mr. Adley: My hon. Friend decried the strength of the sanctions which my right hon. Friend the Secretary of State has imposed on the deal. Is he telling the House that in his view they are not legally binding, that they are not strong sanctions and that Mr. Murdoch could ignore them? We are all listening to the debate with interest, and we should like to know the position.

Mr. Aitken: Without hearing more about them, I am not legally qualified to argue the legal rights of the safeguards. I am impressed with the safeguards as they go so far.

Mr. George Gardiner (Reigate): May I help my hon. Friend?

Mr. Aitken: No. I have been interrupted twice already I must get on with my speech.

Some of the safeguards do not even cover the areas of concern about which I have spoken. Some do and some do not. I believe that the Monopolies and Mergers Commission would have been capable of doing a more thorough and worthwhile job than the conditions that were laid down *ex cathedra* by the Secretary of State.

I return to what I call the pre-arranged package deal between the Thomson Organisation and Murdoch. It was almost an Alice-in-Wonderland situation—sentence first, verdict after. It became curiouser and curiouser, especially when we examined the role in this affair of Warburg, Thomson's merchant banker. The chairman of Warburg is Lord Roll, and in that capacity he must take prime responsibility for what many see as the less than even-handed treatment of all bidders other than Rupert Murdoch. But we must also remember that the same Lord Roll is also a national director of Times Newspapers Ltd. He is one of the quartet of noble lords whose duty it is to uphold the national interest and preserve the integrity and independence of Times Newspapers and, we now learn, to approve the editor. What is the role of Lord Roll? Is he banker of fees or the bulwark of liberty? Is there a conflict of interest here? On the face of it, there would seem to be some pertinent questions that need to be asked. It reminds me of the remark that was attributed to Lord Queensberry when he addressed Mr. Oscar Wilde—"Oscar, I don't say that you are, but you look as though you are, and that is worse."

Mr. Michael Mates (Petersfield): Will my hon. Friend attribute that remark to the noble Lord Roll?

Mr. Aitken: I hope that when my hon. Friend was a reporter for Times Newspapers he was more careful in his attribution of quotes.

The Warburg-Thomson plot thickens and becomes rather more murky, especially when we look at the question of the prospectus that was put out by Warburg at the beginning of the process, and which is highly relevant, if not crucially important, to the question of the reference to the Monopolies and Mergers Commission. This is, of course, a secret document that was issued in confidence to each bidder. This morning I tried hard to obtain a copy, both from Warburg and Thomsons, but was refused permission to see one. Perhaps the fact that it denies us access to that document is an interesting sidelight on Thomson's attitude to Parliament's right to safeguard public interests. It was quoted to some extent by the Shadow Secretary of State for Trade, the right hon. Member for Lanarkshire, North (Mr. Smith), who summarised some of its contents.

I understand that that circular stated unequivocally that *The Sunday Times* was a profitable newspaper and that it would become still more profitable. It went into some detail. The House has not seen those documents, and it is no wonder that they are regarded as somewhat embarrassing, and that there is no enthusiasm on the part of Thomsons to make them public. It must be highly relevant that one section of the Fair Trading Act 1973 states that the transfer of a newspaper with a circulation of over 500,000 must be referred to the Monopolies and Mergers Commission unless the Secretary of State is

satisfied that the newspaper is not economic as a going concern. That word is in the singular. That section of the Act does not refer to newspapers in the plural or to groups of newspapers. The Secretary of State's decision this afternoon and his refusal to implement that section of the Act may be tested by the courts. I believe, on the basis of a conversation that I had today with the managing director of Associated Newspapers Ltd., that his company is likely to test the decision by means of an injunction. That is what he indicated. If his company does not do so, I am sure that another member of the public will issue a writ of mandamus, saying, in effect, "We demand that the Secretary of State fulfils his obligations under the Act." When that happens, the differing views of the companies' legal advisers can come out into the open.

I am sorry to be so critical of my right hon. Friend. However, I cannot sit back and watch the House being stampeded by the pressures of commercial exploitation into giving parliamentary blessing to a newspaper merger that concentrates monopoly powers in the hands of one organisation to such an extent that I believe it to be totally contrary to the public interest.

Let the last words lie with Mr. Murdoch. In an interview published in an American magazine called *More* in 1977, Mr. Rupert Murdoch was quoted as saying:

"England has eight or nine major daily newspapers. I would not be allowed to buy another successful daily newspaper there. The Monopolies Commission would say 'No'. That is quite correct and proper."

Out of the mouths of babes, sucklings and newspaper proprietors, cometh forth great truth. I think that my right hon. Friend the Secretary of State may well have acted in an incorrect manner. That is why I shall vote with the Opposition tonight.

5.2 pm

**Mr. Phillip Whitehead** (Derby, North): I congratulate the hon. Member for Thanet, East (Mr. Aitken)—who is associated with me in the early day motion, which 92 hon. Members have signed, calling for the referral of the proposal to the Monopolies and Mergers Commission—upon his speech.

Public life needs what Thomas Jefferson called the artillery of the press. It should not be thought by anyone on either side in politics, or as a result of any speech or partisan contribution to the debate, that the direction of that artillery and where it is laid down should condition our opinion of the free press. I do not detect in this debate the views and opinions of the Secretary of State, who has given us his verdict that the referral should not be made. I detect the opinions of the Prime Minister. I think that it is the Prime Minister who has dictated that Rupert is owed a favour and that the proposal should not go to the commission. The Minister is an honourable man and a man somewhat given to private and public agonising.

**Mr. Biffen:** No.

**Mr. Whitehead:** I am sure that he has had one or two sleepless moments in thinking how he could come to the House to face the criticism so legitimately applied by the hon. Member for Thanet, East.

We have to decide three questions. They have already been touched upon by hon. Members on both sides of the House. First, is Mr. Murdoch the only bidder for Times Newspapers Limited? Is he the only proper, legitimate or possible bidder? If he is, should he not have his bid

referred to the commission? If, as we are contending, there should be a referral, what questions should properly and legitimately be asked by the commission?

Let us consider the motion of Mr. Murdoch as the only valid bidder. There has been some dispute in the debate already about the profitability of the Thomson papers and whether the admitted financial difficulties of *The Times*, which has cost the Thomson family so much money over the past 15 years, should be allowed to colour the position of the group. Is there the possibility of profitability for *The Sunday Times*, for example, when separate overheads are considered? I am informed—this relates precisely to the Warburg documents that we have not been allowed to see—that it is calculated that *The Sunday Times* could be profitable, even when separate overheads are considered by the end of 1981, and that it could be making a profit of about £7 million in the financial year up to the end of 1982.

That is why it is an attractive proposition. That is why if an individual were to go to Thomson newspapers to buy *The Sunday Times* he would have to pay more for it than the £12 million or £14 million which Mr. Murdoch will have to pay for the entire group, with his eye on the principal booty of *The Sunday Times*, that extremely profitable newspaper.

The right hon. Gentleman has told us that his accountants, using the Warburg figures, or figures supplied by Warburgs for the purpose of the debate, cannot recognise that *The Sunday Times* can be calculated as a profitable paper. Has he considered that issue through the eyes of the bidders, through the eyes of the many organisations who would like to buy the *The Sunday Times*?

If *The Sunday Times* can for a moment be extracted from the package and can be shown to be a newspaper that has actual or potential profitability, I submit that the Minister has no option but to refer *The Sunday Times*, at least, to the commission. If that title has profitability, what are we to say of the other bids that have been submitted?

It was an exciting departure in British journalism when the present editor of *The Sunday Times* and his staff put together a bid. The backing that it received made it almost copper-bottomed. Bearing in mind the possible conflict of interests, it is unfortunate that the editor and his staff went to the merchant banker Morgan Grenfell and Co. Ltd. to put the package together, since it acts for Mr. Murdoch in another capacity. It has acted for him in some of the dealings to which the hon. Member for Thanet, East referred. An example is the Ansett case in Australia, which caused a great deal of condemnation of Mr. Murdoch.

The fact is that the editor and his staff have a proposal. The proposal has never been put to the vetting committee. They have been in the same position as the other bidders, including the commercial names that have been bandied about in the debate. They have never had the same opportunity of matching the timetable that was set out specifically to preclude referral to the commission and to ensure that the package of Times Newspapers Ltd. could be sold to one buyer.

We have been told that it was not until early January that Mr. Murdoch emerged as the favoured candidate. The decision to sell was announced on 22 October. The deadline will expire in March. I do not believe for a moment, nor should any other hon. Member, that Mr. Murdoch appeared as the favoured bidder for Times Newspapers Ltd. some time in January. I believe that

[Mr. Whitehead]

discussions were going on for much longer, and that the deadline was set when the debate had eventually to be held in the House and when a Minister, if one could do so with impunity, could say what the right hon. Gentleman has said this afternoon.

If the right hon. Gentleman asked the commission how soon it could carry out an investigation and it said eight weeks, why did he not go back to Times Newspapers Ltd. and ask "Why cannot you extend the deadline for three or four weeks? When we calculate how much the Thomson organisation stands to lose if the entire enterprise collapses as against what it will make with the additional four or five week extension that is required while the proper scrutiny of Mr. Murdoch is engaged upon, can it seriously be suggested that the Thomson organisation and Times Newspapers Ltd. would not have extended the deadline? Of course they would, and I think that the right hon. Gentleman knows that. I pause to enable the right hon. Gentleman to tell me that he asked the Thomson Organisation for an extension of the deadline. It seems from his silence that he did not ask for very much.

**Mr. Biffen:** I discussed with the Thomson Organisation and with News International the implications of an eight-week Monopolies and Mergers Commission report. I indicated to them the real advantage that there would be if they could so extend the deadline to enable a report to be made. They said that they were not prepared to extend the deadline.

**Mr. Whitehead:** I can only say that the right hon. Gentleman did not extend his powers of persuasion very far. I am sure that it will be the contention of many on both sides of the House that it would not need great powers of persuasion, given the money in the equation, to make the Thompson Organisation extend the deadline by three or four weeks. If we do not refer this bid to the Monopolies and Mergers Commission, we might as well tear up the fair trading legislation. The Act is a dead letter if it is not to be used in this case.

We should look at the other objection which has been raised by some of the people who work for the present Thomson Newspapers. All three of the printers' unions have written to my right hon. Friend the Leader of the Opposition saying that they hope there will not be a referral and rather regretting the fact that there was to be this debate. I have to say to them that there are matters of more concern and more moment here than the printers' belief that they can do a deal with Mr. Murdoch on mutually satisfactory terms, perhaps with mutually agreeable assumptions. The assumptions that Mr. Murdoch may have about how to run newspapers, which could be met by some of the printers in the same way that Mr. Murdoch met those assumptions in New York when he outmanoeuvred all other proprietors, are not necessarily those that should commend themselves to the House.

Many of the printers are friends of ours. In party political terms, they sit with us in Labour Party committees that deplore the concentration towards monopoly. I do not know how they vote but they deplore concentrations of ownership and the Tory control of the mass media. They should look more seriously than they have done so far at the way in which Mr. Murdoch's

newspapers have operated and the way in which this concentration of power would operate politically in this country.

**Mr. Nicholas Baker (Dorset, North):** Will the hon. Gentleman agree that the printers and managers at *The Times* had the opportunity to put their house in order during the 11-month shutdown?

**Mr. Whitehead:** I shall not be drawn into the question whether the management or the unions at *The Times* are more or less to blame for what has happened to Thomson Newspapers. There have been faults on both sides. We are concerned here with picking up the pieces and trying to extend, if possible, editorial diversity in Fleet Street. That is healthy in a democracy. That diversity will be further narrowed and diminished as a result of what we are asked to agree this afternoon. We are told that the vetting committee will be able to approve a new editor. The vetting committee will perhaps not have the right of appointment or the opportunity to see a shortlist but it will be able to say, by majority decision, whether it takes Mr. Murdoch's nominee or not. I am not sure that these national directors will be much more effective in that role than the vetting committee has been in looking at Mr. Murdoch's bid so far.

My last point concerns how it is that we can expect these newspapers, under the kind of editorship that they might be asked to accept, to report the news in our society in the future. We have to look at Mr. Murdoch's record. The hon. Member for Thanet, East has already looked at his record in Australia. Mr. Murdoch's multi-media concerns there have caused legal challenges and a large measure of public concern. I remind the House that when he gave undertakings which appear subsequently to have been breached in the Channel 10 inquiry; it was said by Senator John Button, one of the people at that tribunal hearing

"If one looks at what was said in the Channel 10 inquiry on oath. . . a cynic would perhaps be entitled to say as far as the tribunal is concerned that Mr. Murdoch's oath seems to be inferior to his credit."

*The Australian* is supposed to be Mr. Murdoch's quality newspaper in that country. The staff of *The Australian* in the strike in 1975, to which reference has been made, addressed this remark to its proprietor:

"We can be loyal to *The Australian*, no matter how much its style, thrust and readership change, as long as it retains the traditions, principles and integrity of a responsible newspaper. We cannot be loyal to a propaganda sheet. Indeed, we cannot imagine that you would want on your staff journalists whose professional standards were so low.

We cannot be loyal to those traditions, or to ourselves, if we accept the deliberate or careless slanting of headlines, seemingly blatant imbalance in news presentation, political censorship and on occasion, distortion of copy from senior, specialist journalists, the political management of news and features, the stifling of dissident and even unpalatably impartial opinion in the paper's columns."

That is what happened in what is supposed to be the quality paper owned by Mr. Murdoch in his home country. I do not want to have to see, in few years' time, as a result of a lapse of concentration by this House and an increase of concentration of power in Fleet Street, open letters of that sort addressed by the staff of *The Times* or *The Sunday Times* to their new proprietor. I remind the House that the

newspaper *The Australian* has had three editors in the past year. Mr. Murdoch's editors come and go pretty quickly all round the world.

I believe that Mr. Murdoch was in the editorial room of *The Sunday Times*, a newspaper that he does not yet own, on Saturday night, looking at the editorial and putting in a factual correction. I am not saying that he was distorting the record but he was there, altering the galley proofs.

I should like to examine what was said by Mr. Roy Thomson—as he then was—when he was taken to the Monopolies and Mergers Commission in 1966. At that time, Mr. Thomson had about 7 per cent. of the press circulation. We are now dealing with a proprietor who has 30 per cent. plus. Mr. Thomson said, about relations with his editor:

"Denis Hamilton and I have worked together since I appointed him editor of *The Sunday Times* in 1961, and we frequently talk together. I have views on various questions and I make sure he knows them, but I never see them appear in the paper unless he agrees with them. We discuss things, and he knows that on certain matters I am very concerned in my mind that this is the thing and so on, but he is editor and nothing of my views goes in the paper unless they are also his views."

I ask the Minister to tell me now if there is any single newspaper owned by Mr. Murdoch in the world today—there are a great many of them—where that is the relationship between the editor and the proprietor. I would submit that there are none. I would also submit to the House that Lord Thomson, or Mr. Roy Thomson as he then was, was asked a number of other questions before the Monopolies and Mergers Commission in 1966. He was asked, for example, whether he respected the independent political slant of *The Times*. There are hon. Members on the Labour Benches who would laugh at the notion of *The Times* as an independent newspaper. It attempts, however, to be a paper of record. I am not saying that it is always very successful. It attempts to be less than the narrow partisan propaganda sheet that some other newspapers are.

Has Mr. Murdoch given any undertakings to this Government that *The Times* will continue to be a paper of record and that it will attempt to continue to take an impartial look at the news? If any hon. Members have doubts about whether one should be concerned about the use of newspapers owned by Mr. Murdoch, I would refer them to the annual report of the Australian Press Council, report No. 4, adjudications Nos. 74 and 75, where complaints of the consistent partisan bias of Mr. Murdoch's newspapers were upheld by the council. What undertakings have been requested on this score? I do not think very many.

My conclusion is not that the *The Sunday Times* and *The Times* are presently perfect. I do not think they are. *The Times* in particular is often far from that. I am not saying that Mr. Murdoch has a cloven hoof that other potential proprietors do not show or do not have. I am saying that this whole operation has been designed to circumvent the Fair Trading Act. That strengthens the case for submitting it to the Monopolies and Mergers Commission. The fact that many hon. Members, like many journalists, do not want to voice their fears about Mr. Murdoch makes it all the more imperative to do so in this place.

The future of the Thomson papers is more important, in my view, than a quiet life for the Thomson management or a secure life for the Thomson printers. They know only too well how they got where they are now. Unless Mr.

Murdoch's claims and promises are tested before the commission, the Fair Trading Act will be seen to be a dead letter. We might as well write a blank cheque for Rupert Murdoch and write it on the back of the legislation, because that is all that the legislation will be worth.

5.18 pm

Mr. George Gardiner (Reigate): I welcome from the bottom of my heart the speech of my right hon. Friend the Secretary of State for Trade. I congratulate him on his courageous decision in difficult circumstances.

I speak as a former journalist who worked on *The Sunday Times* for a number of years. I have never worked on *The Times*. I accept that the anxiety that most of us feel probably concerns the future of *The Times*. It would be a tragedy to allow that newspaper to close as a result of action that we took or advocated today, the consequences of which we had not thought through properly.

We should welcome Rupert Murdoch's willingness to buy Times Newspapers Ltd. The provisional sale agreed is the best that can be obtained in the circumstances for the newspapers concerned and for the reading public. The Secretary of State is right not to erect a major obstacle by way of a reference to the Monopolies and Mergers Commission.

The argument so far has fallen under two heads. The first concerns concentration of ownership. It is urged that it is undesirable that a man or group owning a daily and Sunday newspaper at the popular end of the market should also own a daily and Sunday newspaper at what is generally termed the quality end. However, concentration of ownership is a feature of newspaper production today and has been for some time. It is necessary for the viability of newspapers. We could argue against having a number of newspapers concentrated in the present ownership, but the alternative would simply be to have fewer newspapers.

It is not correct to assert either that the loss of editorial independence is a necessary consequence of that concentration of ownership in Fleet Street today. I give three examples. I also worked for the Thomson group for a number of years. For some time past that group has owned *The Times*, *The Sunday Times*, a string of morning and evening regional newspapers and one regional Sunday newspaper. That is in many ways a more comprehensive dominance of newspaper readership than we are now discussing. However, at no stage has there been any question of the independence of the editors of those newspapers being compromised. For many years past the Mirror group has owned two Sunday newspapers at the popular end of the market with a combined circulation of about 8 million. I at present have a connection with the rival Express newspaper group, which owns two popular daily newspapers at roughly the same end of the market.

It is legitimate to express concern about editorial independence, which we all greatly value. However, Rupert Murdoch has given undertakings concerning editorial independence to the present owners and staff and, I understand, to the Secretary of State. Those who oppose my argument ask what guarantee there is that they will be kept. My right hon. Friend has announced pretty strict and entrenched conditions for approving the transfer. They are as stringent as any that could conceivably arise from an investigation by the Monopolies and Mergers Commission.

The second aspect of the argument underlies the first. My hon. Friend the Member for Thanet, East (Mr. Aitken)

[Mr. George Gardiner]

concentrated on this aspect—is Rupert Murdoch the sort of man who we think should own *The Times*? That argument explains the sneers about whether page 3 nudes will appear in *The Times*. A certain degree of hypocrisy and snobbery is involved here. Arguments have been presented as being against concentration of ownership, whereas the real objection is to the personality of the prospective owner.

**Mr. Christopher Price:** I may not have been listening carefully, but I cannot believe that the argument has been about nudes in *The Times*. Speakers from both sides of the House have concentrated on the occasions when Australian tribunals, headed by High Court judges, in a completely judicial manner have condemned Rupert Murdoch for his activities.

**Mr. Gardiner:** A good deal of the argument has concerned fears of trivialising the approach to news in *The Times*. Listening to the Leader of the Opposition last week, I also suspected a certain political motivation in the objection to the transfer of ownership. One felt he was objecting to Mr. Murdoch simply because he had fastened on to the truth that when put together tits and Toryism are marketable commodities.

There should be only one test of Rupert Murdoch's ownership: can he provide what *The Times* needs to make it a viable and successful newspaper? First, it needs resources; there is no doubt that he has resources. Above all, it needs an injection of publishing flair; he certainly has that. He has a track record on three continents of successful newspapers. We want to produce circumstances in which *The Times* can succeed. Rupert Murdoch is a rough and tough operator. I do not know him personally, but I know that he has the essential quality of drive that *The Times* needs.

One argument has been in favour of a number of consortia of business men, some backed by journalists, to run this great newspaper. To deliver *The Times* to such a consortium would be the kiss of slow death. It might save it for a short period, but I believe that it would not last beyond a year. Sir Richard Marsh of the NPA put it correctly when he was interviewed on radio. He said that it was a choice between elegant failure or rough success.

**Mr. Cormack:** Bearing in mind that the editorship of *The Times* is about to become vacant, what sort of a newspaper would my hon. Friend have us have?

**Mr. Gardiner:** I believe that *The Times* could be a much better newspaper than it is now. It needs an injection of publishing flair. It was once the paper of record. I do not believe that many hon. Members would argue that it is now. Its foreign news coverage was once ahead of all others in Fleet Street. We could not say that now. It has never entered the race in investigative journalism, which is undertaken far better by other newspapers, including *The Guardian*. Its financial coverage often leaves something to be desired compared with the *Financial Times*.

It is a red herring to suggest, as many have, that this change of ownership will result in *The Times* being pulled downmarket. Why should the owner of the most successful popular paper in Fleet Street want to pull *The Times* in the same direction? It is far more likely that success for *The*

*Times*, and commercial success for its owner, will be brought about by improving its quality and providing more space for news coverage.

**Mr. Whitehead:** Is it not a fallacy to suggest that, because Murdoch does not want to push up the standards of *The Sun*, he will not want to pull down the standards of *The Times*? There is a great difference between the two.

**Mr. Gardiner:** the secret of Rupert Murdoch's success is probably that he correctly defines the markets that need to be filled. He has defined *The Sun's* potential market, and he sees that the potential market for *The Times* is much greater than at present.

Another requirement for the survival and prosperity of *The Times* is that the new owner should have the confidence of the staff. There is divided evidence on this. On the one hand, there are the votes that were taken in the National Union of Journalists' chapels. On the other, I learnt last night of an assertion by 100 of the approximately 280 journalists employed on *The Times* that they wanted the transfer to go ahead and not be referred to the Monopolies and Mergers Commission. I am confident that the conditions that my right hon. Friend spelt out today will ensure the support of a much larger proportion of that journalistic staff.

A further requirement is that the new owner should have the ability to forge a constructive relationship with the print unions. I shall not dwell on the lamentable story of the damage inflicted on Times Newspapers Ltd. by the dispute that lasted 11 long months. On his record, Rupert Murdoch certainly has that ability. On all those tests, I believe that he is the right man—and certainly the best man around as far as we can see—to give *The Times* a new lease of life.

What would have been the effect of referring the transfer to the Monopolies and Mergers Commission? As my right hon. Friend explained, the deal depends on arrangements being made between the new proprietor and the print unions within the next two weeks. There is no way that that deadline could be met if the transfer were referred to the commission. Some hon. Members have asked why Thompson could not be persuaded to extend the deadline. What is in it for Thompson if he extends the deadline? Redundancy notices have already been issued. Money would have to be coughed up immediately for those employees who chose to cash in their notices.

In addition, if the issue were referred to the commission the talks between Rupert Murdoch and the print unions would immediately go into limbo. No progress would be made. Publication would cease and as a result a completely different deal would be necessary. A new situation would arise and we should have to contemplate the separate sale of different newspapers. Some argue that *The Sunday Times* would readily find a purchaser. That would be the kiss of death to *The Times*. I do not accept that the two newspapers can exist independently. Such separation must be avoided.

My right hon. Friend has seized the chance to allow *The Times* to be placed on a sound commercial footing that will have the support of journalists and of the print unions. He is right, in the interests of the staff, its readers and the general public, not to obstruct the transfer by referral to the Monopolies and Mergers Commission. We have all seen and digested the effective advertising campaign that *The Times* has mounted. It asks:

"have you ever wished you were better informed?"

Today the Secretary of State has ensured that he is fully informed of the situation. Those who argue against him may well come to regret that they were not better informed on the realities of newspaper publishing today.

5.35 pm

**Mr. Geoffrey Robinson** (Coventry, North-West): I have nothing to say about the speech made by the hon. Member for Reigate (Mr. Gardiner), except that it cannot have helped the Secretary of State in his sad and difficult position.

In his first major decision the right hon. Gentleman has failed to stand up to the Prime Minister. That is the reality. I shall examine the facts and show why later. This is a straightforward pay-off for services rendered by *The Sun*. If it is not, let us see the facts and figures to show that I am wrong.

There are many aspects to this complex situation. Whether the level of concentration is 30 or 36 per cent., it is a major concentration of power. That is a matter for concern to all in the House.

One must also consider Mr. Murdoch's character. During my short career in the House I have always been prepared to say outside the House anything that I have said in it about any person. It is not a question of snobbery or scorn for Mr. Murdoch. Indeed, one could have more respect for him than for the Secretary of State. He is a buccaneering entrepreneur. He is unfortunately, in the wrong business. I do not think that he is the sort of person appropriate to the newspaper industry. For this reason, his character is involved. Hon. Members have already commented on it.

I read an article in *The Observer* that was not a terrible criticism of the man as a man, but a terrible reflection on him as a man in charge of two major national newspapers. It said:

"Another senior Fleet Street manager, also an admirer"—the article is obviously not against Mr. Murdoch—"says: 'I happen to believe that guarantees of editorial independence simply wouldn't work—not because Rupert is not telling the truth, but because of the force of his personality and of the kind of people he has around him. Editorial independence often doesn't mean a great deal. Under Rupert, it would mean nothing. Because of the way in which he operates, acquiring *The Times* and *The Sunday Times* would make him the most powerful man in Britain.'"

Some of us might think that Rupert Murdoch is a very unworthy successor to Jack Jones. Rupert Murdoch's character is important and should be borne in mind, but, in itself, it is not a sufficient reason for reference to the Monopolies Commission, which is the subject of today's debate.

The heart of the matter was touched on by the hon. Member for Thanet, East (Mr. Aitken). I do not know how far back the cosy and collaborative relationship between the two parties to this sordid deal goes. I cannot altogether agree with the hon. Member for Thanet, East, because he knows far more about the subject than I do. I shall rely on his informed intelligence rather than on my uninformed reading of the situation.

It would seem that, at first, two separate sales were desired: one of *The Times* and one of *The Sunday Times*. The staffs and editors of both papers wanted separate sales, for reasons with which Labour Members and many Conservative Members would agree. I refer to variety and other well-known considerations. However, they seem to have fallen into a terrible trap. Lots of things can be done

with merchant bankers. They put out a prospectus that made *The Sunday Times* appear very profitable, and *The Times* a pretty hopeless proposition. I am not sure why they did that. At the time, the idea was to have two separate sales. Around mid December the emphasis suddenly changed to a package deal, with the two sales taken together. Rupert Murdoch emerged as the only man who could do that. But they got into a muddle, because the 1973 legislation requires that the Secretary of State should refer the matter to the Monopolies and Mergers Commission on the basis of the prospectus figures for *The Sunday Times*. Hence there was a rather intriguing connivance between the two parties on how they could wriggle out of an Act of Parliament. That is what it amounts to—it is as serious as that.

In order to get round that problem the clever suggestion was made by the Secretary of State today which implies that perhaps the merchant bank's prospectus was not quite right. He did not say that the prospectus was fraudulent or misleading, but that it had been reviewed by the accountant in his Department. The conclusion of the accountant in his Department provides the only little loophole through which the Minister is trying to sneak. Today's decision is that the re-allocation of overheads—none of which is so far public, any more than is the prospectus—shows that neither paper would make a profit over the next 11 months.

**Mr. Biffen:** The period is 11 months because last month's figures are not available.

**Mr. Robinson:** What does the Act say? Is it on a retrospective basis? The Secretary of State says that this is a case of urgency because of the deadline. Enough has been said about that. One might refrain from calling this blackmail, as did the right hon. Member for Orkney and Shetland (Mr. Grimond), but it must be a threat, and it is reminiscent of Mr. Ricardo of Chrysler and other different matters.

The Secretary of State said, most importantly, that *The Sunday Times* is not economic as a going concern. I have not had the time to look up the exact definition of a going concern—I am not sure whether we could apply it in these circumstances—but I have had a brief look at Palmer's. It is difficult to define something as a going concern if it does not exist as a separate entity. It is difficult to define something that is not a going concern until someone has made an offer for it, on the ground and with the information on which the right hon. Gentleman has decided that he need not refer it to the Monopolies and Mergers Commission.

What sort of tortuous logic and frame of mind has the right hon. Gentleman got himself into—he has a logical and lucid mind—to have come up with such a proposal? Does he believe that it would stand up in a court of law if determinedly challenged? We have a viable and profitable company. Does the right hon. Gentleman believe that on the basis of an internal accounts document provided by his own Department he can recommend to the House that it is not a going concern? On that basis, how can he say that we must go ahead because there is no other alternative? We are back again with the TINA syndrome.

Under the prospectus proposals, the right hon. Gentleman might have argued that there was no alternative but he would have had to refer it to the Monopolies and Mergers Commission. However, he cannot argue that this

[Mr. Robinson]

was no alternative under his own proposal, because he has not made the figures available. He must not put other viable alternatives at the significant and unacceptable disadvantage, referred to by the hon. Member for Thanet, East imposed by the decision today.

Labour Members and many interested parties to whom this affair is causing great concern will not let the matter rest. This is not the end of this story, but let us hope just the beginning. We must require full disclosure from the Government. In the House, we must have not just the prospectus from Warburg. That will not do. We have seen the figures: they all add up. We must have full discoverability of the working papers, on the basis of which a prospectus was put forward which the right hon. Gentleman says is no good. With those working papers we must have the management accounts for the separate entities—the Thompson group so that we can see where the overheads should go and what definable entities can or cannot stand up. Then we can take a decision about the reference to the Monopolies and Mergers Commission.

**Mr. Cormack:** I suggest that if the Monopolies and Mergers Commission does not look at this, one or two Select Committees might summon persons and papers.

**Mr. Robinson:** The hon. Member may be aware that I am not a great fan of Select Committees. Their deliberations might be even longer and more ponderous than those of the Monopolies and Mergers Commission. The commission will do for me.

We cannot stop there. That is only one half of the story.

**Mr. Christopher Price:** I know that my hon. Friend is not a fan of Select Committees, but some Select Committees can call evidence and report on the same day on this sort of issue. Might that not be, for a number of Select Committees that might be involved, a reasonable way of getting, under the powers of Parliament, those papers and records to which my hon. Friend has referred?

**Mr. Robinson:** I am grateful to my hon. Friend for his intervention. If we have to go to the length of having a Select Committee, and if it will be able immediately to demand documents, as it effectively did on the question of the British Steel Corporation, I shall agree to use that mechanism.

We could go to the Select Committee and send a messenger from the House to the Department, asking for the full accessibility and discoverability of all the documents used in this marvellous accounting procedure. We would want to see the working papers which now are alleged to show—nobody believes it—that neither paper is a going concern and leads to the conclusion that a reference is not necessary.

Today's decision is not worthy of the right hon. Gentleman. We cannot and shall not let it rest there. The light that access to the papers will shed on the prospectus and on the accounting exercise in the Department will, we hope, blow the case sky high. In any event, the right hon. Gentleman will rue the day that he tried to put that decision through the House.

5.48 pm

**Mr. Peter Emery (Honiton):** Great emotions are stirred when discussions take place in the House on the

future of a national institution. These emotions become even greater when that national institution stands a chance of being forced into oblivion or out of business. *The Times is such an institution, and these emotions have been apparent during the debate today.*

I believe that nearly every hon. Member wishes to ensure that in some way *The Times* can continue to be published and its editorial independence safeguarded. How that should be achieved is open to much discussion and disagreement.

I came to the House today to argue that the conditions are not such as to make it legally essential for my right hon. Friend the Secretary of State to make a reference to the Monopolies and Mergers Commission. Therefore, I congratulate him on having the strength to make the difficult decision not to make such a reference. The easy and popular decision would be to make the reference. The suggestion by some Labour Members that he has attempted to subordinate his decision to that of any other member of the Cabinet is beneath contempt. I have known my right hon. Friend for 18 years, and I have no doubt that this is his decision and the decision that he wanted to make.

Having said that, I want to examine the Fair Trading Act as it applies to ministerial responsibility. I was the Minister responsible for getting the Act on to the statute book, so perhaps I know a little about it. Newspaper mergers are different from any other mergers in industry or trade. They are the only instances in which, by law, references have to be made to the Monopolies and Mergers Commission for a report, except in two defined cases which are inserted as safeguards. It is those safeguards that are of the greatest importance for the House to consider. It is no good the House denying that they exist, or Labour Members saying that they should not apply. They do apply, and they are very important.

Under section 58(3)

"Where the Secretary of State is satisfied that the newspaper concerned in the transfer is not economic as a going concern and as a separate newspaper", and if he is satisfied that, if the newspaper will continue as a separate newspaper, the case is urgent, he may give his consent without a reference. That is what my right hon. Friend has done.

No one has suggested that that is not a correct decision in respect of *The Times*. Everybody believes that it is not a going concern and has not been for a long time. That brings us to the cause celebre, *The Sunday Times*. Before I heard the Secretary of State's speech—I listened carefully to that of the right hon. Member for Lanarkshire, North (Mr. Smith)—I had come prepared to argue that, in the figures presented for the sale, all the overheads of the Thomson Organisation had been put together and that a management allocation had been made—not surprisingly, I should have thought—to make the most favourable presentation.

Therefore, if one is to analyse on a purely management accounting basis—

**Mr. John Fraser (Norwood):** The hon. Gentleman ought to know.

**Mr. Emery:** Perhaps I do, and perhaps I do not, but I am putting the case strongly to the House and I have no interest in it. I am speaking purely on my own information, not information supplied by anyone else, as the hon. Member for Norwood (Mr. Fraser) snidely tries to suggest.

What I am saying is that, if *The Sunday Times* had to operate as the Act requires, as a going concern and as a separate newspaper, the overhead allocation would be much higher than it is at the moment. It is in that sense that I believe that the economic viability of *The Sunday Times* may be open to question. If the Secretary of State had concluded that that is the position, I defend absolutely his right to make that decision.

**Mr. Geoffrey Robinson:** On the question of the allocation of overheads, obviously, in the first prospectus—we keep coming back to this and must not forget it—there was some misallocation, according to what the Secretary of State told us, between *The Times* and *The Sunday Times*. It cannot be right to ask people to go ahead on that basis, which is correct, and then change the basis, as the Secretary of State is doing, and maintain that his decision is still correct. We have not determined whether viability is possible under a different allocation of overhead.

**Mr. Emery:** I am sorry, but the hon. Gentleman has not followed me closely enough. The Act contains the phrase "is not economic as a going concern and as a separate newspaper". The initial figures were based on a different division of overheads than if *The Sunday Times* were to be entirely separate, so the Secretary of State is right to determine this matter—as he has done with great courage.

I came to the House today to ask the Secretary of State to make certain conditions if he approved a sale. I am pleased that he has already met much of what I wanted. We must defeat the argument, from both sides of the House, that the entrenched clauses are not as strong when they are propounded by the Secretary of State as they would have been if there had been a reference to the MMC. Irrespective of what the MMC might have recommended, the only way in which the obligations could have been made legally binding would have been if they had been dealt with by the Minister and put into his consent. The fact that they might have been in the MMC report or considered by the MMC has no legal standing. It is not correct to say that the requirements that the Secretary of State has made have no legal strength. Those who use that argument have not read the Act.

I have only one question of my right hon. Friend about the assurances and the entrenched clauses. Is he absolutely certain that the eight statements that he has obtained will ensure editorial independence? That is what I wanted to ask him before he announced the entrenched clauses, and I am not as happy as I would like to be that they completely cover an assurance of editorial independence. I should like some assurance on that matter, because it is future editorial independence about which so many hon. Members are concerned. So long as I can have that assurance, I shall have no difficulty in supporting my right hon. Friend in the Lobby.

5.57 pm

**Mr. Ron Leighton (Newham, North-East):** I begin by declaring an interest as a sponsored member of NATSOPA, the printing union. Before I came to the House, I worked as a printer on most of the newspapers in Fleet Street, including those owned by Rupert Murdoch.

I have been fascinated by this debate. Hon. Members on both sides seem to be worried and concerned about the

further concentration of press ownership. I understand that six multinational corporations and two large family concerns control the mass circulation British press, and thereby most of the written information available to the British people. Also, most of those proprietors, because of their background and the circumstances of their lives, are Conservative. I have not noticed much evidence of the editorial freedom that has been so widely discussed today.

Although in theory we have a free press, if we are to be honest, it is largely a myth. In reality, most British newspapers seem to agree on most of the vital issues which confront the country. If we were to take, for example, the referendum on the Common Market, all the newspapers took one view. Is that not so? I do not want to go through all the issues, but if we were to take one more recent example concerning who should be the leader of the Labour Party all the mass circulation newspapers made their position clear.

**Mr. Cormack:** Perhaps they had a right.

**Mr. Leighton:** Indeed, perhaps they had a right. It is not necessary to disagree with that consensus to recognise that such a view is unhealthy if we are to aspire to becoming a real democracy. The situation cries out for a change because, if the free flow of information is the lifeblood of democracy, the present ownership and structure of our press is incompatible with it.

I know that any proposal for a freer press will be controversial, but surely it is unacceptable that newspapers such as the *News Chronicle* and the *Daily Herald*, each of which had a circulation of more than 1 million, found it impossible to continue. There must have been something wrong. But what are the alternatives? I am sorry that the right hon. Member for Orkney and Shetland (Mr. Grimond) is not here because we must investigate these matters. We should think in terms of independent trusts. I should have liked to welcome the right hon. Member for Orkney and Shetland as a member of the co-operative movement of which I am a member to join us if he wishes to develop that idea. We need much more industrial democracy in the media, including among members of the printing trade unions.

I remind the house of the minority report of the Royal Commission on the press which suggested a national printing corporation which would own printing machinery and make it available to new publications and which also wanted a launch fund to enable new publications to come into existence. But these desirable objectives, unfortunately, will not come about next week. I hope that they will come about under a future Labour Government. I shall work for that. However, we can be sure that there will be developments in the coming days and weeks. That is happening now. There will be action. There will be a sale in the market place, where newspapers are bought and sold as commodities, rather like packets of tea over the counter.

I ask hon. Members to ruminate on the fact that we have a market economy which inevitably leads to concentration of ownership and monopoly. Is it not true that we have monopoly in virtually everything else, in the motor trade, steel and chemicals? Does not the market economy move towards monopoly? The newspaper industry is no different from the others. The concentration of ownership in the newspaper industry is a result of the society in which we live, as a result of the market economy and a society which Conservative hon. Members support.

[Mr. Leighton]

I do not wish to embarrass Conservative Members, but Rupert Murdoch is an efficient predator in the jungle. He has been described as a buccaneer. He is efficient at operating in the system which they support. What is more difficult is for people such as myself to say that he is any worse than any of the other predators or buccaneers. In fact, some of the other buccaneers should have given up buccaneering a long time ago.

I am sorry that the hon. Member for Thanet, East (Mr. Aitken) is not here because he has family connections with a newspaper empire. The organisation which has descended from that still owns, as far as I know, four daily newspapers. He also put forward two options. The first was Atlantic Richfield. Do we really want to consider that? It already owns *The Observer*. It is not British. Do we want to give it *The Sunday Times* as well? Will that give us greater press freedom? That would not give me a thrill at all. The hon. Member for Thanet, East seemed primarily to be carrying the torch for Associated Newspapers.

Associated Newspapers bought the *Empire News*. That was amalgamated with the *Sunday Dispatch* and it shut down the lot. It merged the *News Chronicle*, which I thought was a good newspaper as I used to read it as a lad, with the *Daily Mail*. It also bought the *Daily Sketch*—do hon. Members remember that newspaper—and amalgamated it with the *Daily Mail*. They also bought the *Evening Star*—I say that as a Londoner—or was it the *Star*?

Mr. Jay: The *Star*.

Mr. Leighton: The *Star*. We must not get it confused with the *Morning Star* or the *Daily Star*. The *Star* was merged with the *Evening News*, and what did they do with that? It was shut down. It merged into the *New Standard*, or whatever it is called. In London, this great capital city of ours, there is a complete monopoly as a result of Associated Newspapers' actions. I hope hon. Members will excuse me if I am not completely convinced by the arguments of the hon. Member for Thanet, East when he tells us that the answer is Associated Newspapers.

There is another point. It has been said, and I hope it is true, that Associated Newspapers is thinking of opening a new Sunday newspaper. I have heard strong rumours to that effect. If Associated Newspapers had acquired *The Sunday Times* there would be no incentive to start a new Sunday newspaper. Thus, ironically, as a result of Associated Newspapers failing in that acquisition we might have another Sunday newspaper.

We all want the *Times* newspapers to continue. I have never noticed the *The Times* give conspicuous support to the Labour Party, but I still want it to continue. Like everyone else, I am prepared to pay my compliments to *The Times*. My right hon. Friend the Member for Battersea, North (Mr. Jay), whose book I am reading at present, will correct me if I am wrong, but one of the first jobs he did after achieving a double first at university was to work for *The Times*. Under Geoffrey Dawson, *The Times* suppressed reports of its two correspondents in Nazi Germany about what was happening in Germany and did not inform the British public of the truth. However, I still want to keep *The Times* going as an organ of public opinion and record and to provide employment.

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The previous management failed grievously after the departure of the original Lord Thomson. The company then diversified out of newspapers, first, into Scottish Television—the licence to print money—and then into oil. Then, because it was, to quote the *Financial Times*, “awash with money”, it moved its headquarters to Canada, where it could invest without having to pay the investment premium. It was then that labour relations deteriorated. The company wanted to bring in the new technology—

Mr. Brotherton: Is the hon. Gentleman saying that the Thomson Organisation was not involved in television and had not other interests before buying Times Newspapers? If he is saying that, putting it at its mildest, he is being totally inaccurate.

Mr. Leighton: I accept what the hon. Gentleman says. However, there came a time when, with oil revenues, the company's main interest was not the newspapers. It was then that decisions were taken across the Atlantic about introducing the new technology. The idea was to have a perfunctory non-negotiation with the unions. The company's thinking was “Give them all the sack. The unions will soon run out of money. The workers will come back with their tails between their legs, and we shall get the agreement that we want.” Across the Atlantic, the company did not understand what was happening in Fleet Street. It did not understand that, if people could not buy *The Times*, they would buy other newspapers, which meant the other newspapers putting on extra machinery. The labour previously employed on *The Times* was then employed on those other machines producing those other publications. It took the company 11 months at a cost of £70 million to realise the awful mistake that it had made.

The printing trade unions and, I understand, a very large number of journalists take the view that the best chance of keeping the publications in existence is Rupert Murdoch—not Atlantic Richfield or Associated Newspapers. Eventually, I hope to see the break-up of the monopoly in newspapers. I wonder whether I shall receive Conservative support in later years when I put forward proposals along those lines. But, for the present, one of the unacceptable faces of capitalism is this monopoly ownership of the press, and Government Members have to accept that that is the nature of the system which they support. The trade unions will have to do their best to exist within that system, but it is our view that the most viable offer is the one from Murdoch.

Several Hon. Members rose—

Mr. Speaker: I may tell the House that this debate will end at 10 minutes to seven. I understand that the Secretary of State has been good enough to say that he will not seek to catch my eye again until 6.38 pm. The hon. Member for Watford (Mr. Garel-Jones) wanted five minutes. I hope that it will not be a Welsh five minutes.

6.13 pm

Mr. Tristan Garel-Jones (Watford): I am grateful to you, Mr. Speaker, for calling me, and it is a pleasure to be called immediately after the hon. Member for Newham, North-East (Mr. Leighton) who, as he said, is an hon. Member sponsored by NATSOPA.

I probably have in my constituency more print workers than any other hon. Member, and the main tenor of my remarks will be to make, quite unashamedly, a constituency point relating to this matter. Of course, I do

not enjoy the sponsorship of any of the unions in my constituency. However, I make a point of speaking to each union and, given some of the difficulties in the printing industry, I believe that there is some advantage in not representing one union's point of view and attempting to represent the whole.

The *Sunday Times* colour supplement is printed by Sun Printers in my constituency, and both the chapels of the unions involved and the management of Sun Printers have made it clear that they are delighted with this deal and hope very much that it will go ahead. The management made it clear to me this morning that if the deal does not go through, for whatever reason, Sun Printers will move immediately on to short-time working.

I can say with confidence that the management and the print workers of Sun Printers are not unaware of the other consequences and implications involved in this matter. However, there is no doubt that they will be delighted by the decision that my right hon. Friend has taken, and I want to suggest one reason why I believe it was the right decision.

When I came into the Chamber today, I had not inkling of what my right hon. Friend was about to say. The proposal that I had intended to put to him was to say that, if he made a referral to the Monopolies and Mergers Commission, we had no reason for knowing not only what the commission might say but what recommendations it might make.

As I understand it, any proposal made by the commission is not in itself necessarily legally binding. But, reading the Fair Trading Act 1973, I discover—and I was surprised that my hon. Friend the Member for Thanet, East (Mr. Aitken) was not aware of it—that any conditions placed upon this deal by my right hon. Friend are legally binding.

Section 62(2) of the Act provides:

"Where . . . the consent of the Secretary of State is given to a transfer of a newspaper or of newspaper assets, but is given subject to one or more conditions, any person who is knowingly concerned in, or privy to, a breach of that condition, or of any of those conditions, as the case may be, shall be guilty of an offence."

Subsection (3) provides:

"A person guilty of an offence under this section shall be liable, on conviction on indictment, to imprisonment for a term not exceeding two years or to a fine or to both."

When I read that section, it seemed to me that it was in the interests of those of us who wished to preserve *The Times* in its present form—we hope, improved in its independence—we should urge the Secretary of State to use his powers and lay down these conditions, since they would be legally binding.

I had drawn up in my mind a list of conditions that it would seem appropriate to suggest that my right hon. Friend might lay before the parties in this proposed deal. However, the conditions with which my right hon. Friend has come forward seem to be wholly comprehensive and wholly satisfactory.

Many Opposition Members have seemed to say that the Thomson Organisation is bluffing and that Rupert Murdoch is bluffing. Right hon. and hon. Members are really asking my right hon. Friend to call that bluff. However, in a game of poker, a player who calls someone's bluff has to come up with the "ante". The ante to this bluff is that if Thomson and Mr. Murdoch are not bluffing and the deal does not go through, my constituents

lose their jobs, the print workers referred to by the hon. Member for Newham, North-East lose their jobs, and the nation loses one of its great institutions.

I do not believe that my right hon. Friend should call that bluff, and I do not believe that he should put up that ante. At the end of the day, the ante will be taxpayers' money. I am convinced that the conditions that he has laid down are perfectly acceptable to most of us. The legal provisions contained in the Act seem to be very severe. I hope that my right hon. Friend will say where the conditions are to be printed, whether they will be available to the House, how they will become legally binding, and how they will be enforced.

On behalf of my constituents, who have a great personal interest in the deal going through, I can tell my right hon. Friend that we very much welcome his decision and congratulate him on taking it.

6.20 pm

Mr. Norman Atkinson (Tottenham): The curious thing about this debate is that it is on the Adjournment of the House. There is no other motion before us. Therefore, one assumes that by voting for the Adjournment we are opposed to a reference to the Monopolies and Mergers Commission. There are variations of view on the Opposition Benches, particularly among those of us who support the trade unions and their studies of the submissions that have already been made, and also the reservations of the trade unions in Fleet Street, including my own, the AUEW, with regard to such a reference. I follow in detail the comments of the hon. Member for Watford (Mr. Garel-Jones), who put what is generally looked upon as a "print" point of view.

Related to what I have just said is the fact that many of us, as Socialists, believe that the MMC is the wrong commission for such reference because it is concerned more with commercial aspects and commercial diversity than with editorial diversity. We therefore feel that consideration by a commission of this nature might be the wrong kind of consideration. Given the dominance of commercial Fleet Street over our means of communication, we believe that there should be some other kind of commission to which references of this kind could be submitted and which would be primarily concerned with editorial diversity. That is the Labour Party's point of view and attitude at the moment.

I wish to make one or two comments on the debate so far. The curious thing about the Minister's statement is that, presumably, he will have to alter the rules and some of his comments when he comes to consider Associated Newspapers' takeover bid for the *Evening Post* (Bristol) and the five other titles now being discussed. When all is said and done, that would be a takeover of some size—£7.8 million. Some of the comments that have been made will surely not apply to that, because if they do, it must be essentially a commercial consideration rather than one of editorial diversity.

Having said that, however, I turn to the question of the unions in Fleet Street, which are not concerned with commercial diversity, and which means nothing at all to us. The fact that there is an anti-Socialist monopoly in the national newspapers concerns Labour Members very much, and we cannot see anything coming out of a reference of this kind to the Monopolies and Mergers Commission. I believe that all of us on the Labour Benches

[Mr. Norman Atkinson]

are hostile to and critical of what goes on in Fleet Street and would therefore wish to analyse the whole matter in a very different way from what is involved in the debate.

The trade unions say that they are concerned about the situation in March. Above all else, they want continuity of production. Because 4,000 jobs are involved, they see that continuity of production as essential. They must therefore ask themselves what is the alternative to Rupert Murdoch's proposal. The conclusion must be that there is no viable alternative at the moment. My hon. Friend the Member for Derby, North (Mr. Whitehead) shakes his head rather wearily. I understand that.

I was fascinated by the convincing argument that my hon. Friend put to the House. For two years I have been involved, in an informal way, in trying to seek out possibilities for the formation of a press co-operative that would be interested in launching a Labour Party national newspaper or a national weekly. [HON. MEMBERS: "How is it getting on?"] I shall tell hon. Members how we are getting on, as this applies to the merchant bankers who say that they will back such a journalists' consortium or co-operative. I, too, support that. Indeed, I suspect that almost 100 per cent. of Labour Members would agree with that and support my hon. Friends in backing the idea of a journalists' co-operative or consortium, which was almost suggested by the right hon. Member for Orkney and Shetland (Mr. Grimond). It is along the lines of his views that we would go. We also support the ideas developed by *Le Monde*. We should like to see that kind of situation in this country.

In Fleet Street, there is a golden rule that applies above all else. The rule is that he who provides the gold makes the rules. In this case, the person who makes the rules also sets editorial policy. It is because we are Socialists that we feel excluded from that monopoly in Fleet Street and wish to get in. What was the Labour Party's experience when we talked informally to these people about how a press co-operative capable of producing a Socialist daily could be established? One or two people made the position clear to me—privately, of course, asking me not to identify them or what their conditions were.

I put those conditions to one of the print leaders in the TUC print committee when we were discussing a possible coming together of the Labour Party and the TUC for this purpose. Those people said that they would give every assistance to the Labour Party to produce a national daily. They also said that there were many sources from which adequate capital could be obtained to sponsor such a project. However the Labour Party and the trade unions would first have to agree to techniques such as simultaneous transmission, computerised typesetting with direct input, and so on.

They saw this as a marvellous opportunity to construct a huge Trojan horse right in the middle of Fleet Street, backed and supported by the Labour Party and the trade unions. They knew that the only way in which we could get a national paper was by agreeing to simultaneous transmission and by using or leasing the facilities of the vacated presses used for printing the evening papers, so that we could use them during the night on a synchronised basis in order to make it financially viable for us to carry out such an operation. At the end of the day, what would they have done? They would have opened the gates—in

some cases the floodgates—to the introduction of modern technology. That is why they were prepared to finance ideas of that kind.

That situation does not apply now. There are suspicions that a journalists' consortium or co-operative of this kind would not get full backing from merchant bankers on some of those terms because of the question of viability and whether the journalists would be given complete editorial freedom on a co-operative basis. I invite hon. Members to ask themselves whether that is a likelihood, knowing the hard-faced and determined way in which press proprietors in this country have gone about establishing editorial policies in the past. There are therefore doubts about whether those editorial freedoms would be forthcoming.

The trade unions have considered the whole question of continuity of production. Their concern is about the situation in March. They want to get over that period, not for purely selfish reasons of seeing about severance terms or negotiating redundancy pay, but for other, more basic reasons.

**Mr. Whitehead:** Does my hon. Friend agree, at least, that the print unions and all the other working people in Fleet Street who are concerned with these papers and these titles should have had an opportunity to talk to Mr. Harold Evans and Mr. Hugh Stephenson and the people who put these two consortia together, to see what their financial backing was and whether they were proper bidders for the papers. They never had that opportunity.

**Mr. Atkinson:** I condemn that situation with a ferocity equal to that which my hon. Friend has shown on previous occasions. I support the protest that has been made about it. The only saving grace in all this is the question of *The Sunday Times*. The assurances given by Mr. Murdoch, allied to what the Secretary of State has said—which must be backed, I take it, by legal sanctions, because the Department will have the same attitude to the rules that he has laid down as it has to insurance companies, their viability, and so on—in this case are editorial conditions and are legally enforceable. That is a good thing.

In putting those two things together, the trade unions, particularly the print unions, when looking at the question of editorial freedom, have faith in a person like Harold Evans. Indeed, they and I and, I think, a majority of my right hon. and hon. Friends, credit him with being possibly one of the greatest editors of this century. He has built up a Sunday newspaper that has innovated editorially all kinds of features that have been a positive contribution to investigative journalism in this country. He has registered a number of "firsts".

The unions say that, given the conditions that have been laid down, they would probably get more from what is proposed than they would from the Monopolies Commission. The commission could not read out the rules that the Secretary of State has read out, because its track record proves the opposite. The commission is the wrong place to which to refer such a situation. It cannot grant editorial freedom. It is concerned more with the commercial aspects and with commercial diversity than with the opposite. That is the trade union point of view, and I have tried to put it as fairly as possible. I have taken heed of your comments, Mr. Speaker, and I hope that the considerations that I have put will be borne in mind by the House.

All workers in this country look to the day when they can have a newspaper that will faithfully put their point of view, without being tied to a political party. It is because of that kind of determination that the Labour Party and its National Executive will undoubtedly ensure that in the manifesto for the next general election there will be a version of the minority report of the Royal Commission on the press, written by Mr. Geoffrey Goodman and Mr. David Bassett, that will be the basis of Labour policy at that election. It is for the reasons that I have set out that I believe that that statement will be acceptable to the majority of people.

6.33 pm

**Mr. Peter Bottomley (Woolwich, West):** I am glad that we are having this debate. What seems to me to be important is not necessarily the character of the present proprietors or of any future proprietors but the simple test whether the Fair Trading Act requires the Secretary of State to make a reference. My right hon. Friend the Secretary of State said that in his judgment he was not required to make a reference and, having made that determination, he was using his discretion not to do so. Then he went on about the assurances. I think that I have stated the position correctly.

What seems to be important is whether *The Sunday Times* is in an economic state to continue and whether my right hon. Friend was correct in deciding that the test he would use would be the last 11 months. I do not know—perhaps he does, and I hope that he will tell us if he does—what was the operating success or otherwise of *The Sunday Times* in the last six months, because the Fair Trading Act, in determining circulation, refers to a period of six months, up to the application. I hope that my right hon. Friend will say whether his researchers show that *The Sunday Times* was making a loss during that period.

I put the test in a different way. If *The Times* is not profitable, why would anyone pay money to buy the group? One assumes that *The Sunday Times* is worth more than the money being offered for the group as a whole. If *The Sunday Times* is not worth more by itself than the group as a whole, presumably *The Times* is an economic proposition.

That is a simple, logical test and it cannot be applied both ways. It seems fairly clear, on a common sense point of view—and I may be wrong in saying that common sense is the way in which this matter should be determined—that *The Sunday Times* is an economic proposition, and therefore the Secretary of State has a duty, if my line of thinking is correct—it is not a question of whether I disagree with him, for I clearly do—to make a reference.

I do not believe that it is up to the House of Commons to determine this issue. It is clearly up to the Secretary of State in the first place, and then up to the courts if people believe that he has been wrong. That is perfectly reasonable. It is not for the House to determine what guarantees should be given, although it is worth while debating the assurances which have been offered and which my right hon. Friend is requiring. The simple question which the House should be deciding is whether it believes that my right hon. Friend has put the right test to himself in making his judgment, and I fear—unless something is said during the rest of the debate to change my mind—that he has chosen the wrong test.

Looking at the whole issue of the prospectus and the story about it put forward by the right hon. Member for

Lanarkshire, North (Mr. Smith), the question that came to my mind was whether my right hon. Friend had seen the prospectus, whether it was a material document to him in making up his mind. Again it would be useful to those of us who have any doubts as to the way we are likely to behave at the end of the debate if my right hon. Friend could say whether the prospectus was made available to him and to what extent the figures produced by his accountants differed from those shown in the prospectus. These are simple, relevant issues which the House should know about.

I may add that I believe that the usual channels or the party managers, were wrong to put the Whips on for this debate. When there is an urgent matter for an emergency debate, when it is a test of what hon. Members believe to be the honourable behaviour of a Minister, whether we believe that honourable behaviour to be right or wrong in our own judgment—it is not a question whether he is right or wrong in his own judgment, for we all believe that he thinks that he has got it right—and when we are deciding whether we believe that he has got it right, to make the matter subject to a heavy Whip is wrong. For example, if there had been a free vote I am sure that many more hon. Members would have been present. I have noticed during my relatively short experience in the House that that is what tends to happen in a debate where there is a free vote.

I have no direct interest in this debate but if the features editor of *The Times* reads the debate, will he or she please make sure that my counter article on the future of Family Forum is put in because I want to correct the misleading impression given by Ronald Butt in his article last Thursday?

6.39 pm

**Mr. Christopher Price (Lewisham, West) rose—**

**Mr. Speaker:** Is the hon. Gentleman aware that there is only one minute left to him?

**Mr. Price:** Yes, Mr. Speaker. I shall confine myself to one brief point. As I understand it, the guarantees that the Secretary of State has announced apply to the two newspapers only and not to the three supplements. The three supplements, as it were, because they do not qualify, stand outside those assurances which Mr. Murdoch has given.

I ask this question with a certain urgency, since Select Committees of this House have the power to send for persons and papers. It is my view that the matter could be further probed if it is the case that *The Times Educational Supplement*, the *Higher Educational Supplement* and the *Literary Supplement* are not subject to the assurances given, because they form a very important part of the educational and cultural life of the nation, and they should be protected in the same way under these assurances as the newspapers themselves are protected.

6.40 pm

**Mr. John Smith:** There are occasions when the House has a sense, when a Minister makes a statement, that all is not well, and I think that hon. Members on both sides of the House will have felt unease as the Secretary of State made his speech—an unease that has not diminished as the debate has gone on and as hon. Members on both sides have expressed their concerns.

The first concern is whether the Secretary of State has properly carried out the duty laid upon him in the Fair

[Mr. John Smith]

Trading Act, whether he was right to satisfy himself, as he appears to have done, that *The Sunday Times*, in particular, was not a going concern. It came as a great surprise to many hon. Members and to me, that the Secretary of State reached that conclusion.

We know that certain figures were given by Warburg in the prospectus. I do not know whether those figures are accurate. Some information was given to me which I conveyed in my speech. I think the time has come, since there is doubt and surprise at the Secretary of State's conclusion, for more information to be made available than has been forthcoming so far. Apparently, application to the bankers and to the organisations concerned has not revealed the information, as the hon. Member for Thanet, East (Mr. Aitken) discovered. Some hon. Members may seek that information through other procedures of the House. In this regard, Select Committees were mentioned.

The Secretary of State must allay the concern felt by the House by providing—perhaps he could make the information available in the Library—the papers upon which he reached his conclusion that *The Sunday Times* is not economic or a going concern. Indeed, it may surprise Mr. Murdoch himself to discover that *The Sunday Times* is not economic or a going concern. He might even reconsider the whole matter. But I think he will understand perfectly well what is going on here.

I believe that the Secretary of State is a man of integrity. I cast no aspersions on him. But genuine doubts have been raised which the Secretary of State should seek to satisfy, as he could legitimately do. Unless he is able to satisfy us in that regard, the matter will clearly be taken further.

Reference was made to a possible action in the courts by some of the interested parties. I do not know whether that will happen. But, irrespective of what happens in the courts, the House is entitled to receive more in the way of assurances than it has received so far.

Apart from the legal question, we should not lose sight of the other side of the argument. Whatever the law, there is nothing to stop the Secretary of State referring the matter. It is our submission that, in this case, he has come to a completely wrong decision. This large concentration of newspaper power will happen without the use of the scrutiny mechanism which Parliament itself has provided. We have to rely on the Secretary of State signing and endorsing those assurances that the parties themselves produced, and most of the assurances are those which were asked of Mr. Murdoch and which he has given.

There is great doubt also about how this arrangement can be effectively enforced through the mechanism of the Companies Acts. All these matters could have been looked at. We are told by the Secretary of State that that could not have been done in eight weeks. Had there been a real will, it could have been done in a shorter period than that. But even if it took eight weeks, would another four or five weeks' delay in dealing with the matter have been too much to ask, when so much is at stake? Are Parliament and Government to be held effectively to a position where they cannot use the legislation that they have provided for themselves, because the parties so arranged their affairs that they put the Government in this difficult position?

It is therefore important that Parliament should speak on the matter. If we were to let the matter pass without a vote, it would amount to Parliament sanctioning a very

doubtful proceeding. Parliament should not give its approval or sanction to the way in which the matter has been conducted. There is something badly wrong, and in their hearts and minds hon. Members on all sides know that. It is for that reason that we shall seek to divide the House, and I hope that our motion is carried.

6.44 pm

**Mr. Biffen:** The right hon. Member for Lanarkshire, North (Mr. Smith) made a fair point in his winding-up speech when he said that there was great concern and anxiety in all parts of the House about this matter. I understand and accept that. I should not wish to pretend otherwise. But, having come to the decision—I assure him that it was not an easy one—I am certain that it is the most appropriate one, given all the relevant facts.

Passions have run high during the debate, and much has been said about motive. The hon. Member for Coventry, North-West (Mr. Robinson) talked about a "pay-off for services rendered." "Rupert deserves a favour", said the hon. Member for Derby, North (Mr. Whitehead). My hon. Friend the Member for Thanet, East (Mr. Aitken), in a formidable speech, spoke about the Government being stampeded by the forces of commercial exploitation.

We can conduct the debate at some levels that are more productive than others. To conduct the debate in the thrall of the conspiratorial view of history does no service to the weighty measures that we have to consider. These decisions are difficult enough without their being compounded by mischievous judgments about motivation. I prefer to consider the issues on the mechanics of the decision and the way in which I have to satisfy myself and proceed to take subsequent action. That aspect was mentioned by both Government and Opposition Members.

Of course, in all parts of the House there would have been much satisfaction if the normal procedures of a reference to the Monopolies and Mergers Commission could have been effected. The difficulties arose because of the balance that had to be judged and which, in this instance, I concluded required that an alternative conclusion should be reached. At the heart of the matter was whether it was possible to refer to the commission and not invoke the proposed closure plans that had been drawn up by the Thomson Organisation.

A number of people have talked cheerfully about calling bluff and counter-bluff. I am not sure that that would be a wise posture for anyone deciding the public interest in these matters. It was a question of trying to secure a referral. That is why I took up the question of speed. I must say that I accept the judgment of the chairman of the Monopolies and Mergers Commission. It is not within my prerogative to tell him that he does not know his job and that if he were to think a little more sharply two or three weeks would be sufficient. Others might take a more robust view of the Government's role, but I do not believe that that is a wise or sensible way in which to proceed.

I discussed with the Thomson Organisation and with News International whether the deadlines could be extended to enable an eight-weeks' referral and I was told "No", after consideration of my request. The arguments that they advanced related to the substantial dislocation that would take place in the business if that happened, meaning, as it would, the renegotiation of redundancy

arrangements. So the main matter still remains whether I was wise in my judgment that *The Sunday Times* was not an economic and going concern as a separate newspaper.

As I told the House, there is the question of the allocation of overheads—a matter that was mentioned by the hon. Member for Coventry, North-West. The overheads were allocated between the papers by the company on the advice of its auditors. My Department's accountants considered the basis used and found it to be fair and reasonable. Secondly, there is the question of the losses that were assumed for the 1980 period. The figure that I quoted of £600,000 after allocation of overheads would rise to about £2 million, taking into account the remuneration of capital. So I have not understated the case.

Finally, there is the issue of the conditions that I attached. The sanctions that are implicit in the conditions that I attach under section 58 of the Fair Trading Act are contained in section 62(3) in particular. They are formidable sanctions.

My hon. Friend the Member for Honiton (Mr. Emery) asked about the extent to which editorial standing could be secured by those conditions. I could requote some of the arguments that I adduced earlier, but there is a more formidable participant in this debate than I, namely, Mr. Harold Evans, who said this afternoon:

"No Editor or Journalist could ask for wider guarantees of editorial independence on news and policy than those Mr. Murdoch has accepted and which are now entrenched by the Secretary of State."

It has not been an easy decision, but I have made it, and without any hesitation I recommend it thoroughly.

*Question put, That this House do now adjourn:—*

*The House divided: Ayes 239, Noes 281.*

**Division No. 53]**

**[6.50 pm**

**AYES**

Abse, Leo  
Adams, Allen  
Aitken, Jonathan  
Allaun, Frank  
Alton, David  
Archer, Rt Hon Peter  
Armstrong, Rt Hon Ernest  
Ashley, Rt Hon Jack  
Ashton, Joe  
Atkinson, N. (H'gey.)  
Bagier, Gordon A.T.  
Barnett, Guy (Greenwich)  
Barnett, Rt Hon Joel (H'wd)  
Benn, Rt Hon A. Wedgwood  
Bennett, Andrew (St'kp't N)  
Bidwell, Sydney  
Booth, Rt Hon Albert  
Boothroyd, Miss Betty  
Bottomley, Rt Hon A. (M'b'ro)  
Bottomley, Peter (W'wich W)  
Bradley, Tom  
Bray, Dr Jeremy  
Brown, Hugh D. (Provan)  
Brown, R. C. (N'castle W)  
Brown, Ronald W. (H'ckn'y S)  
Buchan, Norman  
Callaghan, Jim (Midd't'n & P)  
Campbell, Ian  
Campbell-Savours, Dale  
Canavan, Dennis  
Cant, R. B.  
Carmichael, Neil  
Carter-Jones, Lewis  
Cartwright, John  
Cocks, Rt Hon M. (B'stol S)  
Cohen, Stanley  
Coleman, Donald

Concannon, Rt Hon J. D.  
Conlan, Bernard  
Cook, Robin F.  
Cowans, Harry  
Craig, J. M.  
Crowther, J. S.  
Cryer, Bob  
Cunliffe, Lawrence  
Cunningham, G. (Islington S)  
Cunningham, Dr J. (W'h'n)  
Dalzell, Tam  
Davidson, Arthur  
Davies, Rt Hon Denzil (L'III)  
Davies, Ifor (Gower)  
Davis, Clinton (Hackney C)  
Davis, T. (B'ham, Stechf'd)  
Deakins, Eric  
Dean, Joseph (Leeds West)  
Dewar, Donald  
Dixon, Donald  
Dobson, Frank  
Dormand, Jack  
Douglas, Dick  
Douglas-Mann, Bruce  
Dubs, Alfred  
Dunn, James A.  
Dunnett, Jack  
Dunwoody, Hon Mrs G.  
Eastham, Ken  
Ellis, R. (NE D'bysh're)  
English, Michael  
Ennals, Rt Hon David  
Evans, Ioan (Aberdare)  
Evans, John (Newton)  
Ewing, Harry  
Faulds, Andrew  
Field, Frank

Flannery, Martin  
Fletcher, Ted (Darlington)  
Foot, Rt Hon Michael  
Ford, Ben  
Forrester, John  
Foster, Derek  
Fraser, Rt Hon Sir Hugh  
Fraser, J. (Lamb'th, N'w'd)  
Freeson, Rt Hon Reginald  
Freud, Clement  
Garrett, John (Norwich S)  
George, Bruce  
Gilbert, Rt Hon Dr John  
Ginsburg, David  
Golding, John  
Gourlay, Harry  
Graham, Ted  
Grant, George (Morpeth)  
Grant, John (Islington C)  
Grimond, Rt Hon J.  
Hamilton, W. W. (C'trai Fife)  
Harrison, Rt Hon Walter  
Hart, Rt Hon Dame Judith  
Hattersley, Rt Hon Roy  
Haynes, Frank  
Healey, Rt Hon Denis  
Heffer, Eric S.  
Holland, S. (L'b'th, Vauxh'll)  
Home Robertson, John  
Homewood, William  
Hooley, Frank  
Horam, John  
Howells, Geraint  
Hudson Davies, Gwilym E.  
Hughes, Mark (Durham)  
Hughes, Robert (Aberdeen N)  
Hughes, Roy (Newport)  
Janner, Hon Greville  
Jay, Rt Hon Douglas  
John, Brynmor  
Johnson, James (Hull West)  
Johnson, Walter (Derby S)  
Johnston, Russell (Inverness)  
Jones, Rt Hon Alec (Rh'dda)  
Jones, Barry (East Flint)  
Jones, Dan (Burnley)  
Kaufman, Rt Hon Gerald  
Kerr, Russell  
Kilroy-Silk, Robert  
Kinnock, Neil  
Lamborn, Harry  
Leadbitter, Ted  
Leighton, Ronald  
Lestor, Miss Joan  
Lewis, Arthur (N'ham NW)  
Lewis, Ron (Carlisle)  
Litherland, Robert  
Lofthouse, Geoffrey  
Lyon, Alexander (York)  
Lyons, Edward (Brad'f'd W)  
McDonald, Dr Oonagh  
McElhone, Frank  
McKay, Allen (Penistone)  
McKelvey, William  
MacKenzie, Rt Hon Gregor  
MacLennan, Robert  
McMahon, Andrew  
McNally, Thomas  
McNamara, Kevin  
McTaggart, Robert  
McWilliam, John  
Marks, Kenneth  
Marshall, D (G'gow S'ton)  
Marshall, Dr Edmund (Goole)  
Marshall, Jim (Leicester S)  
Martin, M (G'gow S'burn)  
Mason, Rt Hon Roy  
Maxton, John  
Maynard, Miss Joan  
Meacher, Michael

Mellish, Rt Hon Robert  
Mikardo, Ian  
Millan, Rt Hon Bruce  
Mitchell, Austin (Grimsby)  
Mitchell, R. C. (Soton Itchen)  
Morris, Rt Hon A. (W'shawe)  
Morris, Rt Hon C. (O'shaw)  
Morris, Rt Hon J. (Aberavon)  
Moyle, Rt Hon Roland  
Newens, Stanley  
Oakes, Rt Hon Gordon  
O'Halloran, Michael  
O'Neill, Martin  
Orme, Rt Hon Stanley  
Owen, Rt Hon Dr David  
Palmer, Arthur  
Park, George  
Parker, John  
Parry, Robert  
Pendry, Tom  
Penhalligon, David  
Porter, Barry  
Powell, Raymond (Ogmore)  
Prescott, John  
Price, C. (Lewisham W)  
Race, Reg  
Radice, Giles  
Rees, Rt Hon M (Leeds S)  
Richardson, Jo  
Roberts, Albert (Normanton)  
Roberts, Allan (Bootle)  
Roberts, Ernest (Hackney N)  
Roberts, Gwilym (Cannock)  
Robertson, George  
Robinson, G. (Coventry NW)  
Rooker, J. W.  
Roper, John  
Ross, Ernest (Dundee West)  
Ryman, John  
Sever, John  
Sheldon, Rt Hon R.  
Shore, Rt Hon Peter  
Short, Mrs Renée  
Silkin, Rt Hon J. (Deptford)  
Silkin, Rt Hon S. C. (Dulwich)  
Silverman, Julius  
Skinner, Dennis  
Smith, Cyril (Rochdale)  
Smith, Rt Hon J. (N Lanark)  
Spearing, Nigel  
Spriggs, Leslie  
Stallard, A. W.  
Stewart, Rt Hon D. (W Isles)  
Stott, Roger  
Strang, Gavin  
Straw, Jack  
Summerskill, Hon Dr Shirley  
Taylor, Mrs Ann (Bolton W)  
Thomas, Jeffrey (Abertillery)  
Thomas, Dr R. (Carmarthen)  
Thorne, Neil (Ilford South)  
Tilley, John  
Tinn, James  
Torney, Tom  
Varley, Rt Hon Eric G.  
Wainwright, E. (Dearne V)  
Wainwright, R. (Colne V)  
Walker, Rt Hon H. (D'caster)  
Watkins, David  
Weetch, Ken  
Wellbeloved, James  
Welsh, Michael  
White, Frank R.  
Whitehead, Phillip  
Whitlock, William  
Willey, Rt Hon Frederick  
Williams, D. (Montgomery)  
Wilson, Gordon (Dundee E)  
Wilson, Rt Hon Sir H. (H'ton)  
Wilson, William (C'try SE)