

Forced resignation hits at heart of Cameron government after Murdoch testimony

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Rupert Murdoch is to complete two days of testimony before the Leveson Inquiry into the British media today. But even as questioning of the multi-billionaire began, evidence submitted by his son, James, had forced the resignation of one ministerial adviser, and forced Culture Secretary Jeremy Hunt to defend himself in parliament against allegations of collusion with Murdoch's News Corporation.

The Leveson Inquiry was set up following the scandal involving the now defunct *News of the World*, involving widespread phone-hacking and the corruption, bribery and intimidation of police officers and public officials. The Leveson Inquiry, however, is limited to examining the "ethics, culture and practices" of Britain's media in general.

The Murdochs last gave evidence before the Commons Culture, Media and Sports Committee in July 2011. At the hearing, both Murdochs continued to deny they had any knowledge of illegal activity at News Corps' British subsidiary, News International—attempting to blame those on their payroll while denying any failure of "corporate governance".

But in his evidence on Tuesday, James Murdoch, former head of News International, effectively lit a political fire under the Cameron government.

News Corp had handed the Inquiry 163 pages of emails between its public affairs executive Frédéric Michel and Jeremy Hunt and his office. The emails centre on the time during which Hunt was meant to be acting in a quasi-judicial capacity, adjudicating on Murdoch's £8 billion attempted takeover of the pay TV channel, BSkyB.

They reveal that shortly after the takeover bid was announced in July 2010, Hunt's special adviser Adam Smith had assured the Murdochs that "the UK government would be supportive throughout the process".

At this time, matters relating to media competition were the responsibility of the Liberal Democrat Vince Cable as

Business Secretary. Emails recorded that Cable was under "intense pressure" over the bid, because of the Murdoch newspapers' hostility to the Liberal Democrats before they joined the Tory-led coalition in May that year.

With other media groups opposing the takeover, Cable had called in the media regulator, Ofcom, to scrutinise the bid. But shortly afterward, in December, Cable was stripped of his responsibilities. The pro-Conservative *Daily Telegraph* had recorded him making disparaging comments about his Tory coalition partners. But a whistleblower then leaked other transcribed comments, undisclosed by the *Telegraph*, to the BBC's Robert Peston, who is close to the Murdochs, recording him stating, "I have declared war on Mr. Murdoch and I think we are going to win."

Hunt was placed in charge. James Murdoch admitted that he had contacted Hunt immediately on his appointment on December 21. It was shortly afterwards, he testified, that Michel was established as a "P.O. Box" for contact between the Murdochs and the government.

A secret channel was established through which Hunt's office not only actively supported the Murdoch bid, but passed on sensitive information on talks within government and with Ofcom—as well as reporting discussions with Murdoch's rivals in the other media groups.

An email from Michel recorded that Hunt had received "very strong legal advice" that he should not meet Murdoch while the bid was underway. Michel suggested James "have a chat with him [Hunt] on his mobile" instead.

James responded angrily, "You must be fucking joking. I will text him and find a time."

An email on December 24 from Michel to James reports, "Just spoke to JH [Jeremy Hunt]. Said he was very happy for me to be the point of contact with him/Adam [Smith] on behalf of JRM [James Murdoch]..."

In another, Michel wrote, “JH” had warned that it was “very important to avoid giving ‘the anti[Murdoch bid]’ any opportunity to attack the fairness” of his office’s oversight.

Later Michel emailed details of the legal arguments formulated by Murdoch’s media opponents to the takeover. “JH confidential please read,” he wrote. “JH would welcome our critical views on the Slaughter & May submission to help him forge his arguments.”

When it appeared Ofcom might hinder the bid, Michel recorded, “Spoke to Hunt. He made again a plea to try and find as many errors as we can in the Ofcom report and propose some strong and ‘impactful’ remedies”.

As the phone-hacking scandal continued to spread, Cameron’s press adviser and former *News of the World* editor, Andy Coulson, was forced to resign on January 21, 2011. Two days later, Michel informed James, “He [Hunt] still wants to stick to the following plan.”

According to Michel, this was the agreement already made between Hunt and Murdoch to get past the regulators by News Corp offering to “spin off” Sky News at some point. Once this was publicly announced, Michel recorded, Hunt was of the opinion that “its almost game over for the opposition.”

An email on January 24 shows that James was supplied with the wording of Hunt’s official statement for delivery the following day, in time for the opening of the stock market.

“Confidential: Managed to get some infos [sic] on the plans for tomorrow [although absolutely illegal!]. Press statement at 7.30am...”

On February 9, 2011, Michel emailed James that he had spoken to “JH” that evening about Ofcom’s proposal for the bid to be referred to the Competition Commission. “JH” asked if the Murdochs were prepared “to negotiate at all... He said he couldn’t ignore Ofcom, he had brought them into this OFT [Office of Fair Trading] process to get some cover and in public debate he would get absolutely killed if he did such a thing.”

Michel informed “JH” that he needed “some backbone”.

By June, the Murdochs had run out of patience. On June 3, Michel wrote to James, “As discussed, I just had very strong conversation with JH and explained we had now no intention of engaging further in any more commercial negotiations with OFT or Ofcom... I insisted he needed to get a grip... I also floated the threat that... we could decide at any moment to withdraw... JH repeated he was definitely keen to see this through as quickly as possible.”

On June 30, 2011, Hunt approved the takeover, subject to the completion of consultations on July 8. Within days, however, details of the hacking of Milly Dowler’s phone emerged, the *News of the World* was closed down, and Murdoch’s BSkyB bid was considered off-limits.

In his statement on Wednesday Hunt—who last year told parliament that any contact with the Murdochs had “been minuted and done through official channels”—claimed he knew nothing about the “inappropriate” contact between Smith and Michel and refused demands for his resignation.

Smith had resigned earlier that morning, claiming that he had acted without Hunt’s authority and had inadvertently “created the perception that News Corporation had too close a relationship with the department.”

More fundamentally, Cameron himself is in the frame.

The prime minister has repeatedly denied ever having an “inappropriate conversation” with either of the Murdochs over the BSkyB deal and dismissed contrary claims as “fevered conspiracy theories”.

James Murdoch’s testimony, however, revealed that he and then News International chief executive, and former *News of the World* editor, Rebekah Brooks had dined with Cameron on December 23, 2010—two days after Cable’s removal from the BSkyB bid and just as the backdoor conduit between Michel and Hunt was being established.

Murdoch told the inquiry that he recalled “speaking briefly to the prime minister” on the BSkyB bid during their meeting.

In addition, late on Wednesday it emerged that Hunt had held discussions in the US with News Corp in August 2009, when the group was considering its bid for BSkyB.

The *Guardian* reported, “Almost immediately after Hunt’s trip, James Murdoch visited David Cameron in London, and privately told him that News Corp had agreed to switch support to the Tories in the upcoming election. Hunt then became culture secretary in the victorious Tory government.”



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