

Rupert Murdoch “not a fit person”, UK parliamentary committee finds

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The report by the Commons culture, media and sport select committee has found that Rupert Murdoch is “not a fit person to exercise stewardship of a major international company.” It opens up a new stage in the crisis raging at News International and its global parent, News Corp.

The report once again brings the scandal over phone hacking by the now-defunct *News of the World* (*NotW*) and charges of corrupt relations with police and politicians to the very doors of government.

The committee considered itself constrained over what it could address. It decided it should not raise substantive issues regarding anyone subject to police investigation such as former *NotW* editors Rebekah Brooks and Andy Coulson. However, what it did say was damning, with political and possibly legal ramifications in the UK and the United States.

Rupert Murdoch “did not take steps to become fully informed about phone hacking,” the committee found. He “turned a blind eye and exhibited wilful blindness to what was going on in his companies and publications”.

His son, James, responsible for Murdoch’s British operation News International, showed a “lack of curiosity” and exhibited “wilful ignorance” of the full extent of phone hacking, described repeatedly as on an “industrial scale”.

It concludes that there was a “lack of effective corporate governance at News Corp and News International.”

Though circumspect in its reference to Brooks—particularly regarding her evidence to the committee over hacking the phone of murdered schoolgirl Milly Dowler—it still finds her responsible for “the culture which permitted” such practices.

Other top figures in News International received a savaging, including former executive chairman Les Hinton, former *NotW* editor Colin Myler and the former head of its legal department, Tom Crone. Among other charges, the three were collectively accused of misleading

parliament in their evidence to the committee and demonstrating blatant contempt. Hinton, in particular, was “complicit in the cover-up at News International”.

The finding means that the three could be called to apologise before parliament, an event that has not occurred for over half a century.

The affair is most immediately threatening for the government. Prime Minister David Cameron employed Coulson as his advisor and is presently fending off demands for the resignation of cabinet minister Jeremy Hunt and an investigation into his support for Murdoch’s attempt to take over satellite broadcaster BSkyB.

The BSkyB issue could now face a “fit and proper” investigation by the regulator Ofcom, which has already acknowledged its duty “under the Broadcasting Acts 1990 and 1996 to be satisfied that any person holding a broadcasting licence is, and remains, fit and proper to do so.”

Cameron himself is accused of having compromisingly close ties to Murdoch.

It is this that explains the committee’s division along party lines over the report. The five Labour members, together with Adrian Sanders of the Liberal Democrats, voted in support of the criticisms of Rupert Murdoch and of a more strenuous castigation of James. The four Conservative members voted against and publicly derided the final document as partisan.

Tory member Louise Mensch told a press conference, “The issue on which no Conservative member felt they could support the report itself was the line in the middle of the report that said that Mr. Rupert Murdoch is not a fit person to run an international company.” It had been “stuck in on the basis of no evidence presented to the committee whatsoever,” she said.

On James Murdoch, the original report said MPs “were inclined to accept” that he did not see documents from 2008 revealing that phone hacking was a widespread

practice. This was amended to a statement that there is “no conclusive evidence that James Murdoch saw the [crucial] email, or that he understood its wider significance” (emphasis added).

Labour committee member Tom Watson has been the most determined in pursuing the Murdochs. He was both a victim of News International’s operations and a close ally of former prime minister Gordon Brown—who was abandoned politically by Murdoch in favour of the Conservatives and targeted personally.

Watson drafted the disputed passages of the final report. He was unrestrained in his comments after its release, declaring, “These people corrupted our country. They brought shame on our police force and our Parliament. They lied, they cheated, blackmailed and bullied and we should all be ashamed when we think how we covered before them for too long.”

His protestations are, of course, questionable. After all, everyone concerned has shown themselves to be more than willing to be “corrupted” by Murdoch—including the Labour Party, whose leaders, Tony Blair and Brown, grovelled before his media empire and did its bidding right up until the famous pre-election fall-out.

Nevertheless, Watson has raised politically incendiary questions—and is now calling on all serving and former prime ministers and chancellors to detail their text and e-mail contacts with News Corp and News International’s top personnel.

His colleague on the committee, Paul Farrelly, wrote a May 1 opinion column for the *Guardian*, “Why we believe Rupert Murdoch is not fit to head News International”.

The *Guardian* has played a key role among News International’s competitors in the offensive against Murdoch.

Farrelly gave some indication of how far things have yet to travel in the still unfolding scandal. He wrote that “key evidence remains shrouded in court confidentiality” and that, whereas, “Parliamentary reports enjoy ‘privilege’; we can say what we like with legal immunity.... [W]e have no wish to prejudice any future trials.”

But he went on to state that News International “exhibited wilful blindness, for which the companies’ directors—including Rupert Murdoch and James Murdoch—should ultimately be prepared to take responsibility.”

“The police and the Crown Prosecution Service do not come out smelling of roses, either. We have reserved our right to publish further findings following the

Metropolitan police’s investigation and any future criminal trials,” he concluded.

The repeated use of the phrase “wilful”—whether “wilful blindness” or “wilful ignorance”—has no legal significance in Britain, but could open up a can of worms for News Corp in America.

Late Wednesday, Murdoch won the unanimous backing of the News Corp board. But with the Murdochs controlling 40 percent of voting rights, the more serious threat is of an external legal challenge.

Adrian Sanders, in his questioning of James Murdoch, noted that “wilful blindness” “came up in the Enron scandal” and was “a legal term”. The allegation “is particularly pointed, as it reflects language in the US Foreign and Corrupt Practices Act,” the *Guardian* commented. “Various investigations by America’s Department of Justice and the Federal Bureau of Investigation are clear that James and Rupert Murdoch can be held personally accountable for failings by News Corp, regardless of whether they were directly involved in the alleged wrongdoing, on the grounds that they should have known.

An FCPA investigation into News Corp over the possible bribing of foreign officials is already underway. This week, Jay Rockefeller, chairman of the Senate committee on commerce, science and transportation, wrote to Lord Justice Leveson, head of the UK’s judicial inquiry into media ethics. Rockefeller wrote, “I would like to know whether any of the evidence you are reviewing suggests that these unethical and sometimes illegal business practices occurred in the United States or involved US citizens.”



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