
Murdoch

Title: Murdoch says he might back Blair

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RUPERT Murdoch's corporate disenchantment with John Major's government went a significant stage further yesterday when the media tycoon told a German magazine: 'I could even imagine myself supporting the British Labour leader, Tony Blair.'

Mr Murdoch's remarks, during an interview with Der Spiegel, which also discounted Berlusconi-like political ambitions of his own, amounted to no more than a flirtatious wink in Labour's direction at a time when News International's British newspapers have waged a sporadic campaign to unseat Mr Major for more than a year. It may amount to little more than further pressure on the Tories by other means.

Reminded that his papers had supported right-wing candidates in most countries during the 1980s, Mr Murdoch replied: 'No, no, no. We have supported many Labour politicians in the past. We once supported the Labour premier Harold Wilson.'

When the reporter recalled that Lord Wilson left office in 1976, the Australian tycoon, who now has US citizenship but mainly lives in Hong Kong, recalled that only last year 'we lent our support to the Labour government in Canberra.' He added: 'I could even imagine myself supporting Tony Blair.'

The tease underlines Mr Murdoch's legendary flexibility during a 30-year career in dealing with politicians of all colours, from Australian populists to Chinese communists and the American Kennedy clan, if doing so serves his long-term commercial interests.

He was a stalwart ally of Margaret Thatcher, who did him significant commercial favours over his purchase of the Times and special terms for Sky TV.

Senior executives of his newspapers, including the once Kinnock-baiting Sun, have dined with Mr Blair. And the Sun has carried favourable articles and editorials about Mr Blair, and about John Smith (though after he was dead).

Neither Lord Rothermere's Mail titles nor Conrad Black's Daily and Sunday Telegraph have been as savage towards Mr Major, and the Today newspaper, Mr Murdoch's smallest Fleet Street interest, is already Labour-supporting.

David Blunkett, Labour Party chairman, said last night: 'I welcome a conversion on the road to Damascus. Given the importance of the mass readership of the Sun, anything we can do to persuade common sense to prevail will be very welcome indeed.'

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By MICHAEL WHITE and GARY YOUNGE

Title:Media: Five heads with a single mind - David McKie reads between the lines of the Murdoch press support for Labour under Blair

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Byline: DAVID MCKIE

RUPERT MURDOCH doesn't interfere with his editors. We know this from a scholarly piece in last week's Evening Standard, which explained that each paper's policy is the editor's choice alone. This must be true: the author was the director of corporate affairs at News International, and you could hardly get more authoritative than that.

So when the five Murdoch editors (Times, Sunday Times, Sun, Today, News of the World) saw Rupert's confession to Der Spiegel that he could imagine circumstances in which he'd support Tony Blair, they would hardly have given the matter a thought. That no doubt was why they didn't even report it.

As it happens, the editor of the Times, Peter Stothard, had been coming to much the same conclusions as Murdoch, as he explained in a leader on Thursday. He too could envisage Labour as the better choice. But that didn't mean it would happen.

The Sun isn't rolling over either. On Friday it had a leader disparaging Labour. Leading leftwinger Peter Hain had broken ranks to moan about Blair and demand more socialist policies, like higher taxes, more VAT, higher public spending and more state control. 'Are these the same kind of policies Mr Blair supports but is scared to admit? Until he spells out exactly what he believes in and plans for Britain, there remains a question mark over whether he is the man for Number 10.' Yesterday's News of the World echoed that closely. It is 'suspending judgment' on Blair.

Apart from Today, the Murdoch editors seem by a happy coincidence to be saying much the same thing as Rupert, and saying it as much to the Tories as to Labour. Through the Thatcher years, there was always a natural alliance. They loved her and loved her policies. She, by another happy coincidence, served up decisions which suited Rupert nicely: the green light for his acquisition of the Times and Sunday Times, the favourable climate for Sky. Sun readers, who for most of the time weren't doing badly either, didn't complain at the paper's Thatcherite message. But then things went wrong. Thatcher was axed. Major, with steady Murdoch support, made it through the 1992 election, but he was soon letting them down, on taxation and Europe. Before long, the Sun was concluding that John just wasn't up to the job. Had they told any other tale, their readers would not have believed them.

The Murdoch hierarchy has to calculate now that a Labour win next time is more than likely. Murdoch's message in Der Spiegel holds out the hope that the kind of vicious media assault usually turned on Labour at election time might be spared - if Labour acts acceptably. The terms of the quid pro quo hardly need to be spelled out. At the same time, the Tories are being told: if you can't get your act together, don't expect us to do what we did in '92 - make your case better than you can.

The Times still hopes the Tories can prove themselves. Thursday's leader ended by hoping that the Conservatives would not become 'a gentle lumbering giant, whose strength is slowly failing as its senses grow dim' - like the Daily Telegraph. The Sunday Times was more forthright. It was still a Tory paper at heart and unless Blair could deliver the correct (ie, broadly Thatcherite policies) on tax, public spending, the unions, Europe and education he wouldn't get its support. The Sun, which matters most to the Labour Party, since its readers are far more numerous and less politically rooted, in this sense offers Labour most hope. By saying there is a question mark over Blair's fitness for Number 10, it at least accepts that he isn't entirely unfit to lead the nation, as it said of Foot, Kinnock and Smith.

In the end, the Murdoch assessment could well be made case by case and paper by paper (Today, remember, has already converted to Labour) on a combination of the group's commercial interests, a broader political assessment and a judgment on the mood of the readers. And once he has made his choices, he no doubt will tell Der Spiegel.

Title:Media: The Murdoch wooing game - When Rupert Murdoch said he could imagine backing Tony Blair, a shiver went through the Labour establishment. But was it fear or delight? And, as the party prepares to meet in Blackpool for its annual conference, is it a sign that the new leadership is prepared to do the unthinkable and embrace one of its traditional foes? Henry Porter reports

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Byline: HENRY PORTER

RUPERT MURDOCH was in town 10 days ago. His presence at News International and the Osterley headquarters of BSkyB is always felt. At Wapping it is said he mischievously suggested that the Princess of Wales be approached to review two forthcoming biographies of her husband. There was also Sky's new advertising campaign to be launched. But the main business of the week was a reception in his large apartment in St James's Place for leading figures from the British political establishment - among them Lady Thatcher, Paddy Ashdown and Michael Howard.

For much of the party the chairman and chief executive of News Corp was trapped near the door, as the business of greeting his guests merged with bidding them farewell. He was the perfect host, affable in the extreme and, as many remarked, clearly enjoying life after the worries of the last four years.

Things are going very well for Murdoch: Sky TV is now profitable and the price-cutting strategy started at the Sun and extended to the Times has caused turmoil in both ends of the newspaper market, pressuring rivals and threatening the existence of the weakest competitors. This is a position he relishes: not only has he set the terms of the war but has managed to keep the initiative throughout the summer.

Ah! What's this? In the crowd of well-known faces are several members of the Parliamentary Labour Party - Tony Blair, Mo Mowlam, Gerald Kaufman.

In one way the appearance of Kaufman at such an event is very surprising. Although the two were contemporaries at Oxford and fellow members of the Oxford Labour Club, Murdoch has never held Kaufman in high esteem, and what is more Kaufman knows this. In the William Shawcross biography of Murdoch, the subject is quoted as saying: 'F...ing Kaufman. He was the same then, a greasy know-all.'

But the presence of the Labour leader is more significant and will have caused the Conservatives there to reflect on the support they are likely to receive from national newspapers at the next general election. Murdoch's press has consistently attacked the Major government. He is on record in the German magazine *der Spiegel* as saying: 'I could even imagine supporting Tony Blair.' Those seven words have added to Tory resignation and tantalised Labour.

Now, quite suddenly, it has become as natural for Blair to attend Murdoch's parties as it is for Thatcher. All Labour's ancestral grievances seem to have evaporated. The bloody fight at Wapping, the favoured status that Murdoch achieved under Thatcher's administrations, the viciousness of the campaign against Neil Kinnock's leadership, the persistently bruising coverage of Labour policy - all is apparently set aside in a convivial singularity of purpose.

It is not always easy to know who is courting whom at these parties. Certainly the Tories are anxious to put their case about the Government's economic performance to Murdoch, while Labour remember the words

of Lord McAlpine, the Tory fund raiser who, after the poll in 1992, said: 'The heroes of the election were the editors of the Conservative press.' Murdoch's support, therefore, would be very welcome next time round. But the courtship is more complicated than this because Murdoch is himself a courting and without doubt now believes that Labour's electoral chances have vastly improved.

He cannot want Blair's team to take office with all the enmity of the eighties still festering because the stakes are too high. A hostile government could make life extremely uncomfortable for him, especially in the matter of his unique cross-ownership in newspapers and TV. While the chances of dismantling the empire Murdoch has assembled in Britain since Labour left power are remote, there are ways a government could pressure him. So on both sides there is much to play for.

But amid the triumph of its current prospects, Labour is squirming. The front bench appears to be mellowing towards Murdoch but many Labour MPs believe the overture is not to be trusted and that the dire quality of some of his products still deserves a reflex contempt. Here is a well-known Labour member speaking off the record: 'The Sun is a foul paper and Murdoch is a thoroughly bad influence in the media. He poisons British society.'

Broadcaster and writer Melvyn Bragg, a prominent Labour supporter, makes this point about his hint to der Spiegel: 'I think it would have been more dignified to say 'We can do without you, we don't need you. The British people elect this government, not you.' I think it might have got a better result. If the Labour Party had decided to wait a year or two, it would have been a bit cooler, frankly. And Murdoch would have enjoyed the game with a cat rather than a mouse.'

But prominent backbenchers who left office in 1979 and endured the years of Murdoch triumphalism are now extremely keen to avoid rocking the boat. Kaufman, now on the back benches and chairman of the national heritage committee, exploded with indignation when asked whether he had an opinion on his party's policy to Murdoch. 'You have no right to ring me up and ask questions,' he said. 'I have no part in forming party policy.' A senior policy adviser to Blair who does have a part was more measured: 'The attempts both overt and not so overt to cosy up to the Labour Party would suggest that they are feeling a little bit vulnerable at the moment. But the sensible approach to mediapolicy is to personalise it.'

AT PRESENT Labour's media policy, under the guidance of Mo Mowlam, Shadow National Heritage Secretary, is precisely this. In an article for the New Statesman two weeks ago she wrote: 'Our aims as socialists have not changed but the methods of achieving them have to change as the real world changes. Change in the audio-visual world industry is fast. We could commit ourselves to legislate for the past, which would be criminal.'

'Legislate for the past' is the key phrase. It makes clear that Labour's policy will not be driven by a sense of revenge, even though the accumulation of power at News International is as much a product of benevolent Tory government as it is of the proprietor's daring. Any notion of reversing what has taken place over the last 15 years appears for the time being to be out. Instead Blair's party stresses the importance of encouraging the industry and the growth of the neutral pathways between the different media, which everyone imagines will hum with the prospect of new jobs.

The policy has the benefit of being Murdoch-friendly as well as seeming modern and responsible. The problem is that other mediagroups demand the right to compete with Murdoch on equal terms. Over the decade he has had unique privileges and explored loopholes closed to others. People like Michael Green, chairman and chief executive of Carlton TV, demand that restrictions on cross-ownership which affect his company but not Murdoch's should be lifted, and he has a point. If News International can own half of Sky TV, why should he be barred from buying half of a newspaper publishing group?

Those who think about these things for Labour agree, so perhaps there is no problem. However, members on both sides of the House of Commons worry about creating a few monolithic groups on the model of Murdoch's group, which now spans book publishing, magazines, newspapers and television, and draws strength from the many opportunities for cross-promotion.

Christopher Hird, the joint author of a best-selling book about Murdoch's recent financial troubles, sums up

the doubts: 'The Labour Party has not opposed the takeover of TV companies by each other which it should have done. It appears that it is going to allow an increase in cross-ownership and concentrations. But there is no evidence that these increase employment, increase wealth or increase the range of cultural products available to people.'

The point about cross-ownership is that it adds greatly to a company's power. The current newspaper price war between the Daily Telegraph group and News International is unlikely to have been initiated without Murdoch's interest in Sky, which recently showed profits of pounds 176.8 million before shareholder interest was taken into consideration. Conrad Black of the Telegraph group has no equivalent source of revenue. Neither does the Independent group, which, according to some analysts, may be forced to close or sell its Sunday title if the war continues. And the war will go on because Murdoch has guaranteed the high circulation of the Sun and the Times until well into next year in order to justify the hike in advertising rates.

The affairs of the industry are a good deal more sophisticated than they were in 1979 and Mo Mowlam's task in preparing Labour policy is unenviable. She must weigh what is strategically prudent with what is desirable to the party rank and file. She was criticised this year at the TUC, which passed a resolution urging her to develop measures which reverse the 'unhealthy concentration of ownership that already exists' and restrict cross-ownership of newspaper and satellite TV. The sentiment echoes a resolution tabled for the Labour Party conference, which views 'with concern the increasing monopolistic control of press and television exercised by News International and other large multinational corporations' and urges a future Labour government to introduce legislation to curb it.

But Mowlam - like Lord Hollick, a key Labour adviser - has come to believe in the integration of media interests and has said that under Labour the new conglomerates will be controlled by strict regulation and a sort of parallel convergence of monitoring organisations. She points out that the situation may be very different by the next election: another satellite will almost certainly be operating within the next two years and Murdoch is being pressed by European regulatory authorities because he effectively controls access to satellite by high prices. He will also come under scrutiny for his monopoly of the encryption system which gives a subscriber access to satellite. So his current power is not guaranteed.

The newspaper price war in Britain is a telling example of how a company may use its spread to exert unfair pressure in one sector. It has been promoted by Murdoch as a benefit to the consumer. Who can possibly object to a company which is giving nearly pounds 1 million a week to the man in the street and by this action prompts similar generosity in other companies? Of course this is pure humbug, for at the same time he was saying privately that by the end of the century there would be just three national titles operating in Britain - the Sun, the Times and the Daily Mail - all of them congenitally disposed towards the right. His personal ambition, it seems from a remark made to a group of businessmen, is to destroy the Telegraph.

THIS sort of talk has even disturbed the right. Paul Johnson, a loyal supporter of Murdoch in the past, wrote in July that Murdoch was risking the combined wrath of both Labour and Conservative opinion: 'Most of his natural supporters here, who would hitherto have leapt to his defence in the event of a Labour putsch against his properties, are now more inclined to sit on their hands or even cheer at the lynch mob . . . By escalating the price war Murdoch has alienated a further band of his remaining supporters.'

In August he was joined by David Mellor, the former National Heritage Secretary and one of the architects of the 1990 Broadcasting Act who was exposed by the press for an extramarital affair. He said that News International's effective control of satellite television and its ownership of 35 per cent of the national press was 'an unfortunate development for the future of this country . . . No one in their right mind would want any more organs of opinion owned by News International.'

The realpolitik of Labour towards Murdoch may be wise and perhaps there is not much lost when Mowlam, Blair and Kaufman take champagne with him. But, as Australian Labour politicians Gough Whitlam and Bob Hawke have testified, when Murdoch charms he also disables. Both were dropped by Murdoch when it suited him. The new British Labour leadership may satisfy itself that Murdoch is not all that far from them in his views. His biographer William Shawcross points out: 'The irony is that Murdoch in some ways has been a radical in the way that many socialists would approve of. He has rebelled against the class structure

of British society.'

But the real point in all this is that Labour looks as if it is perilously close to being distracted from the tumescent influence of News International by the need to form policy in the rapidly changing world of the **media**. The nature of the beast has not changed. **Murdoch** is still inimical to everything Labour stands for, even to the inoffensive social democracy of Blair's Labour Party. But above all he is a businessman in charge of a highly leveraged company which is acutely sensitive to conditions laid down by governments. And that is a very strong card which the Labour Party should not throw away.

By HENRY PORTER