

IN THE MATTER OF THE LEVESON INQUIRY

WITNESS STATEMENT OF
ROBERT JAMES KENNETH PESTON

I, **ROBERT JAMES KENNETH PESTON**, of BBC Television Centre, Wood Lane, London, W12 7RJ, **WILL SAY:-**

- A. Insofar as the matters set out in this statement derive from my own knowledge, they are true. Where matters are not within my personal knowledge, they are true to the best of my information and belief and derive from the sources stated.
- B. In order to assist the Leveson Inquiry I have set out the questions asked of me in the letter dated 2 July 2012 and provided my answers beneath them.
- C. The questions asked of me by the Leveson Inquiry require me to give my personal opinions on a number of matters. The views expressed in this statement are entirely my own and not those of the BBC.

1. Who you are and a brief summary of your career history

- 1.1 I have been the BBC's business editor since February 2006. Prior to joining the BBC, I was political editor and financial editor of the Financial Times (1991-2000), City editor and assistant editor of the Sunday Telegraph (2003-6) and a columnist for the New Statesman and Sunday Times (inter alia). Before that I worked for the Sunday Correspondent, Independent on Sunday and Independent. I have won assorted journalism awards, including Journalist of the Year, Specialist Journalist of the Year and Scoop of the Year (twice) from the Royal Television Society, Performer of the Year from the Broadcasting Press Guild, Broadcaster of the Year and Journalist of the Year from the Wincott Foundation and Business Journalist of the Year from the London Press Club.

2. Please describe, from your perspective, how the dynamic of the relationship between politicians and the media has developed over recent years, what effect you consider that to have had on public life, and how far that has been beneficial or detrimental to the public interest. The Inquiry is particular interested in the following themes – some of which are developed in further questions below – but you may identify others:
- 2a The conditions necessary for a free press in a democracy to fulfil its role in holding politicians and the powerful to account – and the appropriate legal and ethical duties and public scrutiny of the press itself when doing so. The Inquiry would like the best examples – large or small – of the press fulfilling this role in the public interest.
- 2b The nature of professional and personal relationships between individual senior politicians on the one hand, and the proprietors, senior executives and senior editorial staff of national newspapers on the other; including matters such as
- (i) Frequency and context of contacts;
 - (ii) Hospitality given and received, and any social dimension to the relationship;
 - (iii) The perceived balance of advantages, including the ability of politicians and journalists to promote or damage each other's fortunes and reputation at a personal level;
 - (iv) Selectivity and discrimination – as between titles on the one hand, and as between political parties on the other;
- 2c the economic context within which the media operate, and politician's ability to influence that;
- 2d media influence on public policy in general, including how that influence is exercised, with what effect, how far the process is transparent and how far it is in the public interest;
- 2e media influence on public policy having a direct bearing on their own interest, and the effectiveness of the media as lobbyists;

- 2f the extent and accuracy of the perception that political journalism has moved from reporting to seeking to make or influence political events, including by stepping into the role of political opposition from time to time;
- 2g politicians' perception of the benefits and risks of their relationships with the press and how they seek to manage them, including collectively at party level, through No 10 and other government communications organisations, and in the operation of the Lobby system;
- 2h the extent and limitation of politicians' willingness and ability to constrain the media to conduct, practices and ethics which are in the public interest, whether by legislation, by regulatory means or otherwise.
- 2.1 My first-hand knowledge of the relationship between politicians and the media began in January 1995, when I became political editor of the Financial Times. I remained in this post till 2000. And although my subsequent roles have been in business and financial journalism, I have remained in close touch with politicians and civil servants, for the obvious reason that they are an excellent source of relevant information.
- 2.2 As it happens I regard the period 1995 to 1998 or so as marking a significant change in the nature of the relationship between government and the media, whose effects are still being felt, for better or worse. When I became political editor, it was the dying days of John Major's government. As was conspicuous, John Major presided over a parliamentary party that was at war with itself, over Europe and economic management. Tory MPs were ungovernable. And as a result, John Major's government was viewed by political journalists in the so-called Lobby as incompetent (in this narrative, I will use the term "Lobby" to refer to the group of political journalists who had offices within the Palace of Westminster, off a corridor colloquially known as the Burmah Road, and who enjoyed special rights of access within parliament).
- 2.3 This perception of the Lobby, that John Major's government was in irreversible decline, was important. It provided a simple narrative for all newspapers, whatever their political leanings. For John Major, who was interested in media coverage and took much of it to heart, the relentless negative tone of the press about him and his government, day after day, must have been desperately demoralising. It certainly infected those who were paid to be his media spokesmen. When presenting

government policy, they often came across as mediocre actors reading lines that did not represent their own views and in which they had little confidence.

- 2.4 Back in the 1990s, the Lobby hunted as a pack. I don't know if that is still the case today, because I have very little direct contact with it. But during my years as a political editor, I was amazed by what I perceived as the collusion between those running the political teams of competing newspapers. They would get together each afternoon in a huddle to agree among themselves the story of the day. The Lobby had its own culture and esprit de corps, which existed uneasily alongside the culture and esprit de corps of individual newspapers. Of course, individual journalists tried to get scoops. But there was a spirit of cooperation between senior lobby journalists of different organisations. No political editor wanted to be the one who missed the story of the day, for fear of incurring the wrath of his newsdesk (at the time, there was no female political editor of a national newspaper, although Eleanor Goodman was political editor of Channel 4 News: even today political journalism remains a male-dominated club). So the political editors would form a collective view about the line to take in the following morning's news coverage. In the reporting of John Major's government, the line the newspapers took was typically a variation of a single theme, which was the decay of a party that was perceived to have been in power too long and was tearing itself apart.
- 2.5 As it happens I was in a very privileged position in all of this. Because the FT was a very confident newspaper, with interests that roamed much wider than the UK political scene, no one at the FT was ever going to criticise me if I chose not to report the latest manifestation of chaos in the Major government. So I could stay partly to one side of the herd. I would talk to the other political editors in the way I have just described. But if I thought their perception of the story of the day was not for me or the FT, I had the luxury of being able to ignore it. In all my years at the FT, I don't think I ever had a "bollocking" from a senior colleague. The FT did not do bollockings. But it was clear from watching my colleagues that fear of bollockings conditioned how they performed their jobs. For them, a degree of collusion on stories was insurance against a newsdesk bollocking.
- 2.6 As John Major's government imploded, the creators of New Labour – Tony Blair, Gordon Brown, Peter Mandelson, Alistair Campbell and Philip Gould – watched and learned. They became determined to impose unity and discipline on their party in a general sense. Alistair Campbell, acutely aware of the pack mentality of political

journalists, tried to impose an identical discipline and unity on all relations between the leadership of his party and the media. His personal style was to treat individual journalists with contempt, at least in public. He was attempting to change the balance of power from one in which the pack of lobby journalists could (and to an extent did, in Major's case) destroy the credibility of a government, to one in which Campbell controlled the nuggets of precious information, and would feed them to journalists who (in his view) toed the line and behaved. Biddable journalists would be rewarded for good behaviour. Independent-minded journalists would be harangued. Campbell attempted to apply this rigid control of communication with the media both as the popularity of New Labour surged in opposition and after the party's landslide victory in the 2007 general election.

- 2.7 Campbell would probably say that he was trying to professionalise relations between government and media. And, of course, it is easy to see why he did what he did. The age of deference, in which there were unspoken but rarely breached rules of engagement between reporters and MPs died sometime in the early 1990s, in the mayhem of the Major government. The majesty of office no longer engendered the respect in hacks that it once did. So a more systematic and forceful approach to communicating a government message, or trying to close down a story perceived to be unhelpful, was an obvious response. But as a journalist, it often felt as though the government had gone to war against us, collectively. And although this may have brought short-term benefits to the government, it ushered in a new age of mutual mistrust and mutual intolerance. In the media, it probably killed off any residual instinct on the part of journalists to give ministers, or the political class in general, the benefit of the doubt.
- 2.8 It was well known, and well documented in the press at the time, that I had a difficult relationship with Campbell. This did not affect my ability to do my job, because the FT never doubted my journalism or showed any sign that it was not behind me. I also exploited the one gaping failure in Campbell's control of communication between the government and journalists, which is that Gordon Brown as Chancellor was the only minister with the desire and power to run his own media operation. In a way, New Labour was two governments in one: the Blair administration and the Brown one. I am not sure this bifurcation enhanced general respect for government. And as a journalist, it provided endless opportunities for journalists such as myself to continue to get stories way off the government's official agenda.

- 2.9 There was also a shift in the way that ministers spoke, in public and in private. In public interviews, as many others will have told this inquiry and as was blindingly obvious, many ministers became robotic, learning a script and refusing to budge off that script. Proper, wide-ranging and relaxed conversations between politicians and journalists, for publication and broadcast, became few and far between. Even in private, politicians became warier.
- 2.10 I have referred to these related changes as the dawning of a new age of mutual mistrust and intolerance between the media and political classes. My perception, from a bit of distance now, is that this climate, created in the 1990s, is still with us – although it may have softened a bit. The positive aspect of it, many would say, is that politicians are held to account by the media. The press shines a light on MPs' and ministers' less edifying behaviour – whether it is expenses fiddling or the striking coincidence of honours being given to party donors – such that the opportunities for rampant corruption to infect Westminster are limited. There is some evidence that we have a cleaner political system than in countries where there is a more cosy or incestuous relationship between the media and political classes.
- 2.11 But some would see a negative side too. I would argue that although Campbell appeared in a cosmetic sense to tilt power back to the political class, in a fundamental sense the real power stayed with the press – because the fundamental strategy of New Labour was to avoid the spectacle of sharp disagreement between the government and the newspapers perceived as most influential, notably the Daily Mail and the Sun. At the top of New Labour, there was a very conscious attempt to think about how any policy would go down with the editors of those two newspapers. And every effort was made, not only in the presentation of policy but also in the substance, to avoid conflict with them (see point 4 for more on this). I am not sure that the same obsession with what came to be known as triangulation – or formulating policies in ways that were hard for almost anyone to attack – is quite so true of this coalition government (whether this is by design, or simply lack of competence in this narrow sense, is difficult to say).
- 2.12 However the current government may feel constrained in a related way. The instinct of the media is to lampoon any government for a policy mistake or slip-of-the tongue by a minister. Any lapse is a "disaster" or – to use the phrase of the moment – an "omni shambles". At a time of considerable popular apathy about politics and politicians, but also when there are huge challenges facing this country, especially

economic challenges, the tendency of the media to punish politicians first and ask questions later may come at a price for the UK. An important, open, free-ranging debate about how to solve our problems may not be happening, because of politicians' fear about the potential costs of going off message.

3. **In your view, what are the specific benefits to the public to be secured from a relationship between senior politicians at a national level and the media? What are the risks to the public interest inherent in such a relationship? In your view, how should the former be maximised, and the latter minimised and managed? Please give examples.**

3.1 To state the obvious, there are two kinds of relationship between senior politicians and the media. There are relationships between politicians and journalists, and there are relationships between politicians and owners of media businesses. These relationships are very different.

3.2 Most would say, I think, that – subject to the probity of individual politicians and individual journalists – it is in the public interest for journalists and politicians to get to know each other, understand each other's views, and learn to trust each other. A degree of distance needs to be maintained by each side. And I strongly disapprove of journalists and politicians who do each other favours, scratch each others' backs and trade positive coverage for tidbits of information (which has been going on since time immemorial and will never be stamped out). But it must make sense for journalists to gain insight into the thinking of ministers and opposition leaders, as they formulate the policies that affect our lives.

3.3 The relationship between politicians and media owners is qualitatively different. Over many years I have observed leaders of both main parties devoting an enormous amount of time and effort to winning the favour of proprietors of newspapers and senior executives of all media organisations and it is not clear to me this yields any public benefit.

3.4 Or to put it in a slightly more nuanced way, it is arguably in the interests of the country that senior ministers, including the prime minister, should understand the needs and concerns of the private sector in general. But it is not obvious why the cabinet should need to understand the needs and concerns of News International, for example, to a greater depth than those of the manufacturer Rolls-Royce, or the pharmaceutical

company, GlaxoSmithKline or the oil company BP. And yet party leaders and prime ministers have consistently spent many more hours with media executives than with those running companies much bigger and more important to the British economy.

3.5 Of course senior politicians should form relationships with bosses of big organisations, and trade union leaders and other figures of influence. But whether the country is well served when the relationships are closest with the Murdochs – or with the Beaverbrooks in another age – is moot.

4. Would you distinguish between the position of a senior politician in government and a senior politician in opposition for these purposes? If so, please explain how, and why.

4.1 In respect of my own observations, opposition leaders are typically more desperate to cultivate media bosses than incumbent governments – because of the belief that it is extremely difficult to win power in the teeth of a hostile media. My first direct experience of this was in July 1995, on the first and only occasion when Alistair Campbell gave me a scoop (which I can write about, because he has disclosed the incident in his published diaries). He revealed to me that Tony Blair had agreed to fly across the world to Australia to give a “keynote” address to News Corporation’s triennial management conference. Campbell presented this story to me as a tremendous coup for Blair, because it was indicative of the development of friendly relations between New Labour and Rupert Murdoch.

4.2 What I wrote for the FT on July 6 1995 is I think relevant to your inquiry, so here is the relevant extract:

“The spirit of friendship which has dawned between ‘New Labour’ and Mr Rupert Murdoch, chairman of News Corporation, will reach its fullest expression yet when Mr Tony Blair addresses the media magnate’s three-yearly management conference in Australia in a fortnight.

The Labour leader has in the past year had a series of meetings with Mr Murdoch, who is furious at the Conservative government’s recently announced proposals on cross-media ownership, which limit his capacity to expand in the UK.

Mr Murdoch's closest advisers have been encouraging him to reach an entente with Labour in the run-up to the next general election. Mr Murdoch's UK newspapers - which include the Sun, The Sunday Times, Today and The Times - all wrote in the past week, during the Conservative party's leadership campaign, that they wished to see Mr John Major replaced as prime minister.

The Sun's headline yesterday, at the announcement of Mr Major's victory, was: 'It's worse than that, he's won.' An editorial in The Times declared that it was 'not part of the Tory press'.

Mr Blair's last conversation with Mr Murdoch was a week ago, at a party given by Mr Peter Stothard, editor of The Times. Before that they had had four meetings, including one in London last month. At that time, Mr Blair accepted Mr Murdoch's personal invitation to be the keynote speaker at his conference, although the Labour leader has kept the decision under wraps."

4.3 I have observed similar attempts by the current prime minister, David Cameron, to cultivate Mr Murdoch when he was in opposition. In the case of Mr Cameron and Mr Blair, I have wondered if they were correct in their estimation of quite how powerful Mr Murdoch may be to determine election results.

5. **What the specific benefits and risks to the public interest of interaction between the media and politicians in the run up to general elections and other national polls? Do you have any concerns about the nature and effect of such interaction, or the legal, regulatory or transparency framework within which they currently take place, and do you have any recommendations or suggestions for the future in this regard? In your response, please include your views on how you think the relationship between the media and politicians changes in the run up to elections, the extent to which a title's endorsement is related to particular policies, and whether the public interest is well-served as a result.**

5.1 I am not sure I would draw a sharp distinction between the "run up to general elections and other national polls" and other times in the electoral cycle. In my experience, at the moment that one election is over, all the main parties start thinking and planning for the next one – including how to win over the media.

- 5.2 In respect of how endorsements are related to particular policies, New Labour in 1997 believed that the backing of most of the press – with the exception of the Guardian and Mirror, whose support it took for granted – was conditional on a pledge not to increase personal tax rates, and the appearance of wariness towards the European Union and European Monetary Union. In recent times, the most blatant sacrifice of personal conviction in the cause of winning a newspaper's approval may have been on St George's Day 1997, when Tony Blair – a passionate believer in the EU – wrote in the Sun Newspaper that he would "slay" the European dragon.
- 5.3 However, for what it's worth, after New Labour had won the backing of the Sun Newspaper, there was another endorsement that it was desperate to have, outside of the media industry. Senior Labour officials confided to me at the time that the endorsement they wanted above all others was that of Richard Branson (which they half got, shortly before the election), as a manifestation that they were a pro-business party.
- 5.4 The most crude example of a newspaper proprietor trying to gain advantage from the influence of his newspapers was given to me by a senior minister: during a private lunch this proprietor insisted on discussing his personal tax affairs, and brought in his accountant to help him lambast the minister for the way that he was personally being made poorer by the government's policies.
6. **What lessons do you think can be learned from the recent history of relations between the politicians and the media, from the perspective of the public interest? What changes, voluntary or otherwise, would you suggest for the future, in relation to the conduct and governance of relationships between politicians and the media, in order that the public interest should be best served?**
- 6.1 Given the inevitable mutual attraction that media owners and politicians have for each other, there is a strong argument that transparency is the best way to make sure the proprieties are maintained in their relationships. If there were a single easily searchable website, on which all MPs and ministers were obliged in real time (i.e. with a lapse of no more than 48 hours) to submit every meeting or encounter they have with a media owner or media executive, including a couple of sentences about what was discussed, that might well cleanse the system. Given that many editors are increasingly involved in commercial decision-making, there is an argument that

meetings with the editor of a newspaper or television news service should be included.

7. Would you distinguish between the press and other media for these purposes? If so, please explain how, and why.

7.1 In respect of a requirement for transparency in encounters, it is difficult to argue for a distinction to be made between any media: arguably the same rules of disclosure should apply to print, online, radio and television, and the growing number of organisations that do all four.

8. In the light of what has now transpired about the culture, practices and ethics of the press, and the conduct of the relationship between the press and the public, the police, and politicians, is there anything further you would identify by way of the reforms that would be the most effective in addressing public concerns and restoring confidence?

8.1 There is a case for the drafting of a de facto Hippocratic oath for journalists, which would be relatively short and would include basic principles of behaviour (such as never take bribes, never make stuff up, only in the most exceptional public-interest circumstances commit an offence to obtain a story, and so on). Journalists would not be compelled to sign up to it. But there would (again) be a website that showed which journalists had taken the oath. This act of positively committing, and in a public space, to certain standards of behaviour would focus minds and could be beneficial.

9. In your experience, what influence do the media have on the content or timing of the formulation of a party's or a government's media policies? The Inquiry is particularly interested in this context in influence on the content and time of decision-making on policies, legislation and operational questions relating to matters such as:

9a media ownership and regulation;

9b the economic context of media operations, including the BBC licence fee;

9c legal rights in areas such as freedom of expression, privacy, defamation and libel, freedom of information and data protection;

- 9d any relevant aspects of the substantive criminal law, for example relating to any aspect of unlawfully obtaining information (including hacking, blagging and bribery) and the availability of public interest defences;
- 9e any relevant aspects of legal procedure, such as injunctions, the reporting of proceedings, the disclosure of journalists' sources and the availability of public funding for defamation and privacy cases;
- 9f any aspects of policing policy or operations relating to the relationship between the police and the media.

9.1 I am not sure I can add much to your sum of knowledge about how media policymaking is distorted by the nature of the relationship between media proprietors and executives, on the one hand, and politicians on the other. You have gathered an enormous amount of evidence about the decision-making process during the BSkyB takeover. All I can say is that, until the climate of opinion was transformed by the disclosure of the hacking of Milly Dowler's phone, it was pretty clear that News Corporation would succeed in buying all of BSkyB. Actually I should qualify that: it was clear that the deal would be permitted by government; what was less clear was whether News Corporation would offer enough to BSkyB's shareholders. And therefore there is a genuine question about why News Corporation announced its intention to buy the outstanding 61% of BSkyB shortly after the 2010 general election rather than before.

9.2 In general my perception has always been that the influence of proprietors on ministers happens in an insidious way. Senior members of the previous government confided in me that they saw little merit in having a punch up with Rupert Murdoch. And therefore they avoided media reforms that would inevitably lead to months or even years of conflict with him and his newspapers. But they never had to be told by him to steer clear of such reforms. To be clear, they have also said pretty much the same thing about wishing not to worsen already strained relations with the Daily Mail – which often loomed much larger in the consciousness of ministers than the bigger selling Sun newspaper.

9.3 Arguably it is almost impossible for governments to make media policy in a rational dispassionate way. Because even where those governments are filled with strong-

minded individuals, there will always be a perception that policymaking is tainted by the imperative of gaining electoral advantage.

9.4 If the House of Lords were eventually reformed along the lines proposed by the current government, media policymaking could perhaps be reserved for a cross-party committee of newly elected lords – since they as individuals would only be allowed to serve for one long term, and would therefore have less to gain or lose personally from the way their policies affected individual media groups.

10. From your perspective, what influence have the media had on the formulation and delivery of government policy more generally? Your answer should cover at least the following, with examples as appropriate:

10a the nature of this influence, in particular whether exerted through editorial content, by direct contact with politicians, or in other way;

10b the extent to which this influence is represented as, or is regarded as, representative of public opinion more generally or of the interest of the media themselves;

10c the extent to which that influence has in your view advanced or inhibited the public interest.

10d The Inquiry is interested in areas such as criminal justice, European and immigration policy, where the media has on occasion run direct campaigns to influence policy, but you may be aware of others.

10.1 Please see points 2 and 4

11. In your experience, what influence have the media had on public and political appointments, including the tenure and termination of those appointment? Please give examples, including of cases in which in your view the public interest was, and was not, well served by such influence.

11.1 Rupert Pennant-Rea's resignation as a deputy governor of the Bank of England may have been an example of someone quitting a public-service job because of the exposure of details of his private life that perhaps should not have been seen as

having a bearing on his competence in the job. But I find it hard to find many examples of individuals hounded from office unfairly by the media.

11.2 What may be more of an issue is whether talented individuals eschew public and political appointments, because of the perception that at the moment they choose public service, they give a licence to the media to scrutinise every detail of their lives, and will not be given any kind of latitude by the press to stumble and fumble a bit in the early days of such an appointment. But I would not overstate the extent to which the talent pool is shrunk in this way. There are plenty of examples of senior business people, for example, going in to public service to a greater or lesser extent in recent years (though often with the immediate reward of a peerage or the delayed reward of a knighthood – perhaps to compensate for sacrifice of privacy).

12. What is your experience, from a regulatory perspective, of working firstly as a newspaper journalist and secondly as broadcaster? In particular, do you feel that you have been inhibited by the regulatory system which applies to broadcasters?

12.1 I do not believe that the regulatory system which applies to broadcasters has inhibited me. It can occasionally make the transmission of news slightly cumbersome. So, for example, the communications directors of political parties periodically exploit the impartiality rules by insisting that tedious clips of their frontbenchers are included in a television news item, for the sake of balance – but to the detriment of the structure and flow of a short film. But that is largely a cosmetic issue.

12.2 I do not remember any occasion when I have been prevented by the BBC from getting on air or into my blog any story of importance to me.

12.3 More positively, the BBC has defended my journalism in the face of intense criticism from leading politicians and industry groups. During the financial crisis in 2007 and 2008, there were formal complaints that in some senses I was damaging the British economy by exposing the weakness of Britain's big banks. I never felt under pressure from BBC management to back away from these important stories.

12.4 Also, my career since the early 1980s has been built on getting scoops, which are often stories that many people – frequently including powerful individuals – would prefer had not been published or broadcast. I have been able to land and broadcast

as many scoops, and possibly more, at the BBC, as in my previous jobs (though the FT also represented something of a purple patch for me), and there has been no attempt by BBC management to constrain me. In other words, the regulation of the BBC has not inhibited me in that aspect of the performance of my role.

12.5 What I would argue is that as important – perhaps more important – than the nature of regulation is the culture and confidence of the news organisation. I have been fortunate that in a journalistic career of almost 30 years I have enjoyed long stretches at two organisations, the Financial Times and the BBC, with a powerful commitment to accuracy and objectivity in their news reporting. When I arrived at the FT in 1991, it was perhaps a little timid about carrying out investigations or publishing scoops. But what it and the BBC both have, which I am not sure is true of all media organisations, is the ability to stand back from a story and assess it in a relatively cool, rational and impartial way. What reinforces their ability to strive for objectivity is that, in a rapidly changing media industry, both are financially sound. In other words, there is a link between financial confidence and editorial confidence.

12.6 Which is not to say that the BBC and FT always got it right or get it right. Individual BBC news editors can be maddeningly obsessed with whether or not a story is being covered conspicuously in newspapers, and not confident enough in their own news judgements. And as an institution the BBC worries a good deal, perhaps too much, about how it is seen by newspapers. But in general the BBC is a bastion of strong, independent journalism.

I confirm the contents of my statement are true.

Signed _____

Date _____

Robert James Kenneth Peston