

Lionel Barber, First
Financial Times Limited
September 2011
Exhibits: LB1 – LB10

IN THE MATTER OF AN INQUIRY UNDER THE INQUIRIES ACT 2005

INTO THE CULTURE, PRACTICES AND ETHICS OF THE PRESS

**WITNESS STATEMENT OF
LIONEL BARBER**

I, **LIONEL BARBER**, newspaper editor, of 1 Southwark Bridge, London SE1 9HL **WILL SAY AS FOLLOWS:**

1. I am employed by The Financial Times Limited ("FTL") as the Editor of the Financial Times.
2. I make this statement in compliance with a Notice sent to me on 8 August 2011 pursuant to section 21(2) of the Inquiries Act 2005.
3. In this statement I have answered the questions raised in the Notice in good faith and to the best of my recollection. I believe my answers to be true. I am happy to expand on any answer if required to do so.
4. Nothing in this statement should be taken to waive privilege in any legal advice.

Question 1: Who you are and a brief summary of your career history in the media.

5. I have worked at the FT for 26 years, including serving for 16 years as a foreign correspondent in Brussels and Washington. Prior to my appointment as Editor I held the position of Managing Editor for the United States based in New York which I combined with my foreign correspondent duties. I have also held executive positions as news editor and European editor in London. Before joining the FT, I worked on the Scotsman as a reporter (1978-81) and a business reporter for The Sunday Times (1981-85). I was named Young Journalist of the Year in Britain in 1981 and the Lawrence Stern fellow at the Washington Post in 1985. I have lectured widely on economics, politics, national security and the media in the US and Europe. Between 2002-2005, I served on the advisory committee of Columbia University's Journalism School. I am currently a member of the board of the New York-based International Centre for Journalism which promotes quality journalism worldwide.
6. As Editor of the Financial Times I have editorial responsibility for the newspaper and its website. I do not have responsibility for the financial and commercial affairs of the newspaper.

Question 2: How you understand the system of corporate governance to work in practice at the newspaper where you are employed with particular emphasis on systems to ensure lawful, professional and ethical conduct;

Question 3: What your role is in ensuring that the corporate governance documents and all relevant policies are adhered to in practice. If you do not consider yourself to have been/be responsible for this, please tell us who you consider to hold that responsibility;

7. This answer considers corporate governance in relation to the editorial operations of the newspaper. The position in relation to FTL's corporate and commercial operations will be dealt with by FTL's Chief Financial Officer.
8. The Financial Times newspaper has an Editorial Code of Practice (the "FT Code"). A copy is exhibited to this statement as "LB1". The FT Code incorporates by reference the Press Complaints Commission Editor's Code of Practice and in fact goes beyond what is required by the PCC Code on issues such as transparency and disclosure in the context of financial journalism. The opening paragraph of the FT Code states that:

"It is fundamental to the integrity and success of the Financial Times that it upholds the highest possible professional and ethical standards of journalism, and is seen to do so."

9. All of the FT's journalists, whether they are employees or freelance staff, are made aware of the FT Code and it is published on the FT's intranet. It forms the basis for each journalists' relationship with the newspaper. For example, the FT Code is incorporated by reference into journalist's employment contracts. From the moment we engage a new journalist our expectations of them are made clear by virtue of ensuring they are aware of the FT Code.
10. The PCC Code applies to the UK media. However, as an international newspaper we consider governance and ethical issues from a global perspective. By way of example, in 2004 a formal policy on sources was developed in response to the Jayson Blair plagiarism scandal at the New York Times. I exhibit as "LB2" an extract from the New York Times which explains the scandal and the investigation that it conducted into it. The code which was developed is exhibited as "LB3". This code is incorporated by reference into the newspaper's employment contracts for editorial staff. To the best of my knowledge based on information provided by the then Deputy Managing Editor, the source policy was drafted in 2004 by the then News Editor and approved by the then Editor.
11. We also re-emphasise the importance of our policies in response to relevant events. For example, in October 2010, a member of staff employed by Thomson Reuters resigned following alleged breaches of their code of conduct. I exhibit as "LB4" a news story from the FT's online archive which gives the gist of what happened. As a result of the resignation, I sent an email to FT editorial staff worldwide, reminding them of their obligations under the FT Code as financial journalists, for example to ensure that they do not make editorial decisions about shares in which they have an interest. I attach a copy of this email as Exhibit "LB5". In June 2011, I also asked the Managing Editor's office to ensure that an email was sent to all of the FT's editorial staff requiring them to verify their compliance with the FT Code and in July 2011 I sent an email, again to all FT editorial staff worldwide, reminding them of the need to maintain high standards, to review the FT Code and confirm their compliance with it. I attach a copy of this email as Exhibit "LB6". I understand that the FT's Managing Editor, Lisa MacLeod, will provide the Inquiry with a witness statement detailing the current status of this compliance sign-up programme.
12. As I have illustrated, we make it very clear about the standards we expect at the FT of our journalists and, as Editor, I regard myself as the guardian of those values and integrity and believe it is my role to lead by example. I am personally involved in any story with a hint of controversy and my team know – by custom and practice - they must involve me in those instances. In my absence, the Deputy Editor, Martin Dickson, will be involved in such

stories, and even then he will contact me if necessary to discuss particularly sensitive issues. Controversial stories are not handled without the knowledge of me or the Deputy Editor.

13. In relation to the phone hacking scandal, the FT published an editorial leader on 27 January 2011 which was critical of News International and the police's role in the scandal to date (Exhibit "LB7"). Also in January I was asked to deliver the annual Hugh Cudlipp lecture (the full text of the speech is attached as Exhibit "LB8") where I criticised the newspaper industry (with the exception of the Guardian, the New York Times and the FT) for not taking the phone hacking issue seriously enough or seeking to establish the truth, on the basis that many titles within the industry were involved in what I called dark arts. I did so because I felt it was important to make clear my views on the phone hacking scandal early on. To me, setting a tone to ensure that not only the FT's journalists but the world at large knows the standards which we expect and hold ourselves to, is as important as the FT Code or any other policy in terms of determining the culture of the FT's newsroom and what is regarded as right and wrong.
14. One issue I had to deal with early on in my Editorship and which to some degree shaped me as an editor involved the settlement of a high profile libel dispute which I had inherited involving the broker, Collins Stewart. In my view, the dispute arose because the FT's reporting of a particular issue had not been to the standard it should have been. My personal intervention in resolving that dispute and ultimately publishing an apology for the FT's reporting helped me to underline to the senior team I built around me the journalistic standards I expect.

Question 4: Whether the documents and policies referred to above are adhered to in practice, to the best of your knowledge;

15. My relationship with my senior editorial team and our daily interaction is what gives me comfort that our policies are adhered to. Issues that might arise are picked up quickly and dealt with. Accountability for the FT's journalism and practices takes place every day, not as part of one-off reviews or such like. By way of example I attach a copy of emails as "Exhibit LB9" which I circulated to the FT Editorial team in October 2010 and July 2011, underlining the importance of adhering to certain standards. I understand that the Managing Editor will highlight in her witness statement that a number of editorial staff have not returned a compliance form confirming their compliance with the FT Editorial Code of Practice, and we need to ensure that this process is completed. I do not, however, believe

that the fact a minority of staff have not returned the form is indicative of any breach of the substantive principles of the FT Code.

Question 5: Whether these practices have changed, either recently as a result of the phone hacking media interest or prior to that point, and if so, what the reasons for the change were;

16. Our practices have not changed – which is to behave ethically on a consistent basis – but as I have described at paragraphs 10 and 11 above, we use instances such as the phone hacking scandal as a trigger to remind our journalists of the standards we expect from them. The FT's Managing Editor provides further details regarding this in her witness statement. As I say, this is not illustrative of a change in practice, but a decision to remind staff of our existing policies in response to external events.

Question 6: Where the responsibility for checking sources of information (including the method by which the information was obtained) lies: from reporter to news editor/showbiz editor/royal editor to editor, and how this is done in practice (with some representative examples to add clarity);

Question 7: To what extent an editor is aware, and should be aware, of the sources of the information which make up the central stories featured in your newspaper each day (including the method by which the information was obtained);

17. In terms of sourcing, we follow a minimum two source policy at the FT as evidenced by the sourcing policy referred to above at Exhibit LB3. This means that, as a general rule, every story should be dual sourced, irrespective of whether our sources are on or off the record. I emphasized this policy from the outset of my Editorship and journalists in the newsroom know it exists because it has become standard practice. I regularly hear my staff saying "we need another source" before they can run a story. It is standard practice. There may be exceptional circumstances where it is acceptable to deviate from the two source policy, for example when a minister speaking on condition of anonymity produces a story, but in practice, we would often look to other sources to provide context as well as verification of any claims or criticism by the interviewee. It is important that any story which may move markets, affect companies, which is based on market rumours and so forth is double-sourced.
18. In terms of responsibility for sourcing, it is the individual reporter on any story who is first and foremost responsible for ensuring the accuracy and integrity of his/her sources. Each reporter's news editor and/or their deputies also have responsibility to ask questions about sources where they feel it necessary or appropriate to do so when reviewing copy. The extent to which sources are checked by an editor will vary story-by-story, it is part of what I call the "revise function" which is part of the editing process, by which I mean that at least

a second pair of eyes will review an article. Editors will check any aspect of a story in the course of their day-to-day work, not just the sourcing, assessing when it is necessary to do so based on their experience. For example, if any allegations or claims are being made in an article which might be controversial or open to challenge. On rare occasions, particularly on a matter of sensitivity or controversy, I will also be involved in asking questions about the identity or integrity of sources - by way of recent example I spiked a story relating to drone attacks in Pakistan because I was unhappy with the credibility of the sources for the potential story.

19. I do not think that the editor of a financial newspaper such as the FT needs to be aware as a matter of routine of the identity of sources of the information which make up the central stories featured in the paper. Of course, there will be situations where an editor (or a member of the editor's senior team) should be made aware, as I have explained above.

Question 8: The extent to which you consider that ethics can and should play a role in the print media, and what you consider 'ethics' to mean in this context;

20. I think I made clear in the Cudlipp lecture my general attitude to media ethics, although I prefer to talk in terms of standards when considering quality journalism. I expect journalists to comply with high standards, which means to act professionally, to report in a manner which is accurate, balanced, fair and which provides appropriate context to the reporting. That is not to say that journalists should not be entitled to engage in robust lines of questioning with interviewees or sources, as long as those lines of inquiry are honest and carried out with the aim of providing an accurate report on an issue. Similarly, a journalist might engage a source or interview in a general dialogue and work around a question in an attempt to elicit specific information, but without necessarily posing questions directly or approaching a specific issue directly, particularly where a source might have their own agenda or axe to grind. The aim of a journalist must be to supply the public with solid, reliable information and to gather that information in a professional manner.
21. The PCC Code allows the press to obtain information by what it calls subterfuge and as an editorial principle this is justifiable in exceptional circumstances, for example possibly when dealing with a source suspected of criminal behaviour or in hostile environments, with the proviso that any such subterfuge must be within the confines of the law. Each case should be judged on its merits. That said, such circumstances would be very rare at the FT because the nature of the issues we report on does not generally require the use of such methods of reporting. If such circumstances arose, our journalists would not

misrepresent themselves as such or break the law. There is a difference between robust journalism and unlawful practices. Certain news organisations have not necessarily acted professionally or responsibly and certainly not ethically - that is why I felt I had to make the remarks I did in my Cudlipp lecture, I took the view that certain organisations had crossed the line and they needed to be called to account for their conduct.

Question 9: The extent to which you, as an editor, felt any financial and/or commercial pressure from the proprietors of your newspaper or anyone else, and whether any such pressure affected any of the decisions you made as editor (such evidence to be limited to matters covered by the Terms of Reference);

22. The short answer to this question is I do not feel any such pressure. It is important to make clear who I am ultimately responsible to. I am in the privileged position of being an independent editor. I am appointed by the Chief Executive of Pearson plc, Dame Marjorie Scardino, who is the only person who can remove me from my position as Editor if she is unhappy with my performance. I am under no obligation to discuss specific editorial issues with Dame Marjorie and she is scrupulous about respecting the important principle of editorial independence – by which I mean that the editorial side of the business is independent of the commercial side of the business. On financial issues, such as editorial budgets and the like, I report to the Chief Executive of the Financial Times, John Ridding, but I do not report to him on editorial issues. I have never been put under any financial pressure by anyone, whether at Pearson or otherwise, to carry out my role as Editor for financial gain – at the FT we practice journalism for journalism's sake. The editorial department obviously has a budget to meet but the newsroom does not provide editorial coverage for a direct financial purpose as such; nor is our coverage influenced by the advertising. We do not allow advertisers to preview content or sign off on copy. Although the commercial and editorial sides of the FT do obviously collaborate where it makes sense to do so, the principles of editorial integrity and independence are sacrosanct and would never be compromised for commercial gain. By way of example, the Financial Times does publish Special Reports and other occasional supplements which are supported by advertising or sponsorship – but under no circumstances are advertisers or sponsors permitted any copy approval rights.

Question 10: The extent to which you, as an editor, had a financial incentive to print exclusive stories (NB. It is not necessary to state your precise earnings);

23. I do not and have not had any financial incentive to publish exclusive stories at the Financial Times and, for the record, it is my view that exclusive stories are an overvalued commodity in the age of the internet and instant news and analysis. We do of course publish exclusives but tend not to trail them very pro-actively compared to other titles.

Question 11: Whether, to the best of your knowledge, your newspaper used, paid or had any connection with private investigators in order to source stories or information and/or paid or received payments in kind for such information from the police, public officials, mobile phone companies or others with access to the same: if so, please provide details of the numbers of occasions on which such investigators or other external providers of information were used and of the amounts paid to them (NB. You are not required to identify individuals, either within your newspaper or otherwise);

Question 12: What your role was in instructing, paying or having any other contact with such private investigators and/or other external providers of information;

Question 13: If such investigators or other external providers of information were used, what policy/protocol, if any, was used to facilitate the use of such investigators or other external providers of information (for example, in relation to how they were identified, how they were chosen, how they were paid, their remit, how they were told to check sources, what methods they were told to or permitted to employ in order to obtain the information and so on);

Question 14: If there was such a policy/protocol, whether it was followed, and if not, what practice was followed in respect of all these matters;

Question 15: Whether there are any situations in which neither the existing protocol/policy nor the practice were followed and what precisely happened/failed to happen in those situations. What factors were in play in deciding to depart from the protocol or practice?

Question 16: The extent to which you are aware of protocols or policies operating at your newspaper in relation to expenses or remuneration paid to other external sources of information (whether actually commissioned by your newspaper or not). There is no need for you to cover 'official' sources, such as the Press Association;

Question 17: The practice of your newspaper in relation to payment of expenses and/or remuneration paid to other external sources of information (whether actually commissioned by your newspaper or not). There is no need to cover 'official' sources such as the Press Association;

24. I can categorically say that to the best of my knowledge, the Financial Times:
- a. has not engaged in phone hacking, computer hacking or blagging.
 - b. does not pay 'sources', in the sense that we do not pay people who are not journalists for information or for stories.
 - c. does not pay interviewees for providing interviews.
 - d. Does not commission private investigators of any sort to procure information that we can use as the basis for a story.

25. I would, though, like to be clear about a few things:

- a. Naturally, journalists will entertain their sources, for example over lunch, dinner, a drink or even by taking them to an event – for the purpose of developing a relationship.
- b. It is also possible that certain sources may request payment of expenses. Where these are specific, identified costs such as the cost of a travel ticket, I would not regard that as unacceptable conduct, but I do not believe it occurs frequently.
- c. We may use sources which might work for organisations such as Kroll or Control Risks, but we do not pay them for information.
- d. I am aware that Tim Bratton, FTL's General Counsel, will explain in his witness statement that the FT spoke to investigative agencies when contemplating how to defend a potential libel claim a few years ago. This was discussed with a well-known and respected London law firm, and contact with one agency was made through them. I categorise that potential use of investigators in litigation as quite distinct from paying such agencies for a story per se. As it happened that claim was settled and therefore the use of any information from investigators became a non-issue.

26. I think it is critically important to distinguish between several issues in relation to the identity and payment of sources. It is quite legitimate to talk to a source irrespective of their identity, employer or profession and to obtain information. It is not, in my view, legitimate to pay a source for any information. And it is not legitimate, save where there are serious public interest grounds, to pay an agency to pro-actively or covertly "dig up" information about a subject for the purposes of a story and to the best of my knowledge that has not happened at the Financial Times whilst I have been Editor. I do however believe it is legitimate to pay investigative agencies, if necessary, in the defence of a potential claim, as noted above. I can recall just one instance (referred to above) when this has happened when I have been Editor.

Question 18: In respect of editorial decisions you have made to publish stories, the factors you have taken into account in balancing the private interests of individuals (including the fact that Information may have been obtained from paid sources in the circumstances outlined under paragraph 11 above) against the public interest in a free Press. You should provide a number of examples of these, and explain how you have interpreted and applied the foregoing public interest;

27. As editor of the Financial Times, our coverage is focussed on the world economy, money, transfers, what connects business, the economy and politics and so forth. Privacy issues do not arise in the same way that they do on other titles. I like to think that when they do arise we impose a higher bar than what might even be permitted by the public interest. I can recall instances where we have been in possession about an individual's private life and decided not to publish it because it was, quite frankly, unrelated to our general coverage. That is not to say that issues of weighing up privacy do not arise and I suppose we try and impose our own public interest test, taking into account the core function of the Financial Times as I have described it. For example articles in 2007 relating former World Bank president Paul Wolfowitz's affair with a member of staff were in the public interest due to genuine questions they raised about corporate governance at the bank. Also in 2007, we reported on John Browne's relationship with an escort, not because of any interest in his private life, but because it was relevant to conflicting testimony that he had provided in court whilst chief executive of a public company. More recently, Dominique Strauss-Kahn's alleged rape of a Manhattan hotel maid was certainly a story in the public interest – this related not to an affair, but to a serious criminal allegation against the head of the IMF. These are representative examples of where individual's private lives are in our view matters of public interest, since they unavoidably raise questions about an individual's judgment and professional conduct. We do not have to apply the public interest test on a regular basis as many other titles do, but it is an issue we consider and, as I say, we try to apply the test taking into account the day to day context of the FT's reporting on business issues and whether an issue pertinent to an individual's private life is relevant to our core purpose of providing business analysis and commentary.

Question 19: Whether you, or your newspaper (to the best of your knowledge) ever used or commissioned anyone who used 'computer hacking' in order to source stories, or for any other reason.

28. To be best of my knowledge, no. See paragraph 24 above.

Documents

29. I have exhibited the documents identified in request (a) to this statement. As Editor, I do not have any documents falling within request (b). The reason for this is explained in paragraphs 24-26 above.

Conclusion

30. In conclusion, I would like to add that the business of journalism involves the provision of accurate and reliable information to the public. Good journalism forms part of civic society. As I explained in a May 2009 lecture on Why Journalism Matters (the full text of the speech is attached as Exhibit LB10), we in the news industry have a vital role to play in that society. But with rights come obligations and I believe it is time for journalists in this country to raise standards and improve professionalism.



Lionel Barber
Editor
15 September 2011