

## **Murdoch: wounded but not dead**

*Rupert Murdoch: An Investigation of Political Power*

David McKnight

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**W**hat has been Rupert Murdoch's response to 'Hackgate'? He has made clear his willingness to throw overboard as many people, reporters and executives, as are necessary in order to protect his son, James. He has ruthlessly sacrificed the *News of the World*, although some have argued that this was actually a shrewd commercial decision as the *Sun on Sunday* is a lot cheaper to produce; and he has turned on Cameron's government with a vengeance. On 25 March the *Sunday Times* broke the 'cash for access' story with accompanying video, forcing the resignation of the Conservative Party's co-treasurer, the appropriately named Peter Cruddas. This was accompanied by a systematic savaging of George Osborne's budget in the *Sun*. It was condemned as a budget that looked after millionaires but that clobbered 'ordinary Brits'. And on 9 April, the *Sun* could proudly boast that 'Labour's Shadow Chancellor writes for the Sun'. Yes, indeed, despite all the evidence of criminality and corruption within News Corp, Ed Balls had an article condemning the 'Millionaires' Budget' in the *Sun*. Murdoch clearly suffered some hard knocks, but fundamentally nothing has changed. He is still in a position to punish quite openly a government that has crossed him without it causing any apparent public disquiet. If Cameron had resisted the pressure to establish the Leveson Inquiry and had remained loyal to his close friend and riding partner, Rebekah Brooks, the *Sunday Times* sting would never have taken place and the *Sun* would have supported the budget as a masterpiece of statesmanship and fairness.

The ability of a billionaire newspaper owner, one of Britain's oligarchs, to behave in this way is a far greater scandal than 'Hackgate', but it goes virtually unremarked. Indeed, it looks as if Murdoch is actually succeeding in the old game of playing the Labour and Conservative parties off

against each other. Not only has the Murdoch press given Cameron a public warning, but the *Sun* also made clear that it was both flirting with and being courted by the Labour leadership. And, of course, at the same time as he was warning Cameron off, Murdoch was sending a clear message to Labour that some sort of *rapprochement* was not out of the question. All they would have to do is shut up Tom Watson MP! Indeed, Murdoch has actually let it be known that he wanted to back Gordon Brown at the general election, but was persuaded by young James and Rebekah Brooks that Cameron was the coming man. This, one suspects, is a decision that he now deeply regrets. With the support of the Murdoch press Labour might well have kept the Conservatives out and if that had happened there is no way that Watson, a loyal Brownite, would have been unleashed to inflict the damage that he so ably and enjoyably inflicted.

One thing is absolutely clear: the British political class is not going to dismantle the Murdoch empire in Britain or eliminate the man's malign political influence. They have got neither the stomach nor the balls for it. Instead, we apparently have to look to OfCom to decide whether or not the Murdochs are 'fit and proper' people to control a TV company. Considering that OfCom had no problem with the pornographer, Richard Desmond, a man who has publicly boasted of not knowing the meaning of the word 'ethics', one should not expect too much. Or there are News Corporation's shareholders, who might be morally outraged enough to bring Murdoch down. Despite some huffing and puffing, while the company's profits continue to rise this seems most unlikely. At the time of writing it seems distinctly possible that rather than the 'Hackgate' scandal illustrating how someone like Murdoch can be called to account, it might turn out to indicate the exact opposite: how he got away with it. Certainly, this is what Murdoch is hoping; although so far the scandal has had a tendency to go out of control no matter how much money and how many lawyers he throws at it. What stands out is the character, or rather lack of it, of the British political class, willingly subordinating itself to such a man.

How have we come to this sad state of affairs? David McKnight's new book, an investigation of Murdoch's political power, is arguably the best account of this that we have. So far it has only been published in Australia, with a British edition not due until July; and predictably it has been attacked in the Murdoch press over there. McKnight's research was paid for by the Australian Research Council and this has inevitably led to complaints that the state has been funding a left-wing attack on a leading businessman of unimpeachable character.<sup>1</sup> This attempt to distract attention from the book's central argument is testimony to how important it is. Essentially, what McKnight argues is that most commentators on and critics of Murdoch have misunderstood the man because they have regarded him as primarily a businessman, motivated overwhelmingly by profit. What he shows is that Murdoch is, in fact, very much a political animal, a man committed to political causes, with a vision that his newspapers and *Fox News* aggressively propagate. As McKnight puts it:

'Murdoch is at least as devoted to propagating his ideas and political beliefs as he is to making money.....

Murdoch has a particular conservative view that has evolved over the years and on whose evangelisation he spends many millions annually, through both corporate spending and personal (often secret) donations'.

He goes on:

'Key parts of his empire are deeply enmeshed in their nation's politics and operate as megaphones for Murdoch's values and leverage'.

Indeed, Murdoch has for many years subsidised loss-making newspapers precisely because of the political influence they have brought him: *The Australian* lost money for twenty years, *The Times* has lost money every year since he acquired it, and the *New York Post* has cost News Corporation millions of dollars. These subsidies are not motivated by some sort of sentimental attachment to print journalism, as is sometimes suggested, but have one purpose and one purpose only: 'to

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<sup>1</sup> *Lobster* regulars might be familiar with McKnight's earlier book, *Espionage and the Roots of the Cold War*.

give Murdoch a seat at the table of national politics in three English-speaking nations'.

In Britain, the focus has always been on Murdoch's close relationship first with Thatcher and then with Blair and Brown. What McKnight brings out is the extent to which it is the United States that is the real object of Murdoch's affection. While he was very close to Thatcher, it was Reagan and Reaganism that 'were the most important influences on Rupert Murdoch's political world view'. This is an important corrective. Indeed, when Thatcher and Reagan disagreed, as over the US invasion of Grenada, Murdoch invariably sided with Reagan. If anything, Thatcher was not Thatcherite enough for Murdoch. He was in favour of dismantling the NHS and privatising state education, measures that had to await the arrival of first New Labour and then of the Coalition.

One of McKnight's achievements is to uncover some of Murdoch's connections with what he describes as the 'ultra-Thatcherites', the likes of David Hart and Brian Crozier. Murdoch was right behind Hart during the miners' strike when Hart was instrumental in establishing the scab Union of Democratic Mineworkers. Indeed, there is a suspicion that Murdoch helped finance the UDM, but this has never been proven. Certainly his relationship with Hart and Crozier indicates that he had a little-known 'covert role in British politics' that requires further investigation.

The close relationship that Murdoch had with Reagan was demonstrated when he was appointed one of the fifteen trustees for the Ronald Reagan Presidential Foundation. By 1996, *Time* magazine could describe him as the fourth most powerful man in the United States. He was, at this time, a pillar of the neo-con opposition to Bill Clinton. Murdoch established the neo-con *Weekly Standard* with a start-up cost of \$3 million in 1995. Edited by William Kristol, it became 'the flagship of the neo-cons', losing some \$30 million over the next fifteen years. This was money well spent, however, because it 'was designed purely to exert influence both within the Republican Party and inside Washington'. And in 1996, he established *Fox News* which has played an important part in

helping to pull US politics to the right over the years, most recently championing the Tea Party movement.

One reassuring assessment of Murdoch is that his political influence is exaggerated because in practice he always backs whoever wins. Murdoch, so the argument goes, inevitably ingratiates himself with whoever is in power or looks likely to be in power soon. This supposedly explains his abandonment of John Major for Tony Blair in 1997: Major was clearly doomed, whereas Blair looked a certain winner. McKnight decisively puts this comforting myth to rest. As he points out, Clinton was certainly a winner in the United States, and yet Murdoch remained irreconcilably hostile. And it has been the same with Obama. And as for Major, the Murdoch press had supported him when Neil Kinnock had looked the winner. Kinnock was, it is worth remembering, the victim of one of the most sustained exercises in character assassination and reputation destruction in British political history. As McKnight puts it, if Murdoch had 'been a mere opportunist who loved winners', he would never have subjected Kinnock – who looked like he was going to win the 1992 general election – to 'the extreme journalist thuggery' that the *Sun* unleashed. The Murdoch campaign against Kinnock was exultantly celebrated by the headline claim 'It's the Sun wot won it'. The reason for this absolutely ferocious assault was that Labour under Kinnock had not yet embraced Thatcherism, was still recognisably a social democratic rather than a neo-liberal party, might have taken a look at the question of media ownership and might not have kept the unions hobbled. Blair was to change all this.

Why did Murdoch turn so quickly against Major? The Major government never courted him in the way he had become accustomed to under Thatcher. Indeed, there were powerful figures in the government, most notably the Deputy Prime Minister Michael Heseltine, who regarded Murdoch's influence with considerable hostility and had ambitions to curb it. Major's mistake was to believe that, however much his government offended Murdoch, in the end he would support the Conservatives to keep Labour out. He never recognised

how far to the right Blair and Brown were prepared to go. Blair gave Murdoch the necessary assurances regarding media ownership, trade union rights and Europe; and the *Sun* declared for Labour in 1997. To be fair to Major, no one recognised how right-wing the Labour Party would become so that today any connection it has with the pre-1990s Labour Party is purely sentimental.

With the election of Cameron, Murdoch must have felt that, despite his misgivings that the man was veneer all the way through, everything was coming together. The new Prime Minister was a personal friend of Rebekah Brooks, had installed the former editor of the *News of the World*, Andy Coulson as his right-hand man, had cut the BBC's funding, and was all set to wave through his takeover of BSkyB. In the first fifteen months of the Coalition government a Cabinet member met a Murdoch executive once every three days. This was access!

Moreover one of his creatures, Michael Gove, a former senior *Times* journalist, was installed as Secretary of State for Education. Most commentators have missed the significance of this last success. Although he is very much a political lightweight, Gove's appointment was of tremendous importance to Murdoch because he had identified for-profit education as the next big commercial opportunity after satellite television, and the Coalition was going to prepare the way. In the months before the 'Hackgate' scandal made such meetings politically dangerous, Gove met Murdoch seven times and had another dozen meetings with News International executives. He is today the only prominent politician still prepared to defend publicly, indeed praise Murdoch. Not even David Blunkett is that stupid. Murdoch was getting ready to sponsor an Academy school to be set up in Newham, specialising in journalism (!), where the educational software developed by his US company, Wireless Generation, would be put in place. The Academy would demonstrate that schools could do without half their teachers and that most of those remaining could be effectively deskilled, with all that involved in terms of reduced pay and worsened conditions. It was not

to be. The 'Hackgate' scandal has left Murdoch's empire wounded, but far from dead. The saga is still unfolding.

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