Harbingers of the Future: Rupert Murdoch's Takeover of the News of the World Organisation

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A very British company

In 1968 the chairman of the News of the World Organisation, Sir William Carr, had been in place for 16 years and owned 32 per cent of the voting shares. However, he also had serious health problems, and these were not helped by heavy drinking. Like his predecessors, he ran the paper very much as a family concern, and, as Michael Leapman[1] puts it,

> Saw nothing wrong in using its resources for his personal comfort and amusement. The family enjoyed company boxes at Ascot races and the Covent Garden opera. There were company golf courses in Surrey and Spain where Sir William played. The paper owned racehorses and a stud farm and sponsored a race at Goodwood. Carr would regularly host black-tie stag dinners at the company flat at Cliveden Place – one floor below his own plush quarters. All this affected profitability and the share price, and that was compounded by an unadventurous record of expansion[2].

What diversification had actually taken place was largely in print-related areas, and included subsidiaries such as the paper-making firm Townsend Hook and colour presses in Liverpool. By this time the *News of the World*'s readership had fallen to just over six million from well over eight million in 1950. It was still by a good margin the best-selling national newspaper in Britain, but profits had dropped by nearly £1 million in five years, standing at below £2 million in 1968. All of Britain's national newspapers had suffered a steady decline in readership in the post-war period, due partly to competition from broadcasting, but as a paper whose stock in trade was moral outrage (however hypocritical) at what it painted as sexual deviance of one kind or another, the *News of the World* also had the disadvantage of finding itself somewhat at odds with the spirit of the 'swinging sixties' or the 'permissive society', which the Christine Keeler episode explored later in this chapter dramatically illustrated. As Bruce Page puts it: 'During the 1960s, a behavioural Berlin Wall was crumbling, and when tolerance widens, moral and editorial

sensibility is needed to prevent exposé journalism becoming, not just offensive, but tediously irrelevant'.[3]

The second largest block of voting shares, 25 per cent, was owned by Carr's cousin, Professor Derek Jackson. The two did not get on, and when Jackson announced that he was going to sell his shares, on account of worries about eventual death duties, Carr feared that these might fall into unfriendly hands and that he might lose control of the company. So he instructed his bank, Hambros, to offer Jackson 28s (£1.40) per share, which was the current market price. Rothschild, who were handling the sale for Jackson, regarded the offer as too low, and found a willing buyer in Robert Maxwell, the high-profile Labour MP for Buckingham and owner of the scientific publisher Pergamon Press, who bid 37s 6d (£1.87) per voting share.

'A complete stranger'

On 16 October 1968, Sir Max Aitken, chairman of the Express Group, phoned Carr, who was ill in bed, and told him that the London *Evening Standard* was carrying a story to the effect that Maxwell had put in a bid of more than £26m for the News of the World Organisation. This sent the share price soaring. Carr dismissed the bid as 'impudent'[4]. Neither he nor his editor, Stafford Somerfield, who was also a close friend and drinking companion, wanted Maxwell, who had already established a reputation for throwing his weight around. But in the eyes of the extremely conservative Carr and Somerfield, he also had three other deeply unattractive characteristics: he was a foreigner (albeit a naturalised one), a Jew, and a member of the Labour Party. Thus, four days after Maxwell's interest in the paper became known, Somerville published an editorial on its front page, which began: 'We are having a little local difficulty at the *News of the World*. It concerns the ownership of the paper. Mr Robert Maxwell, a Socialist MP, is trying to take it over'.[5] It went on to argue that 'Mr Maxwell, formerly Jan Ludwig [actually Ludvik] Hoch' who was 'a complete stranger as far as Fleet Street and this newspaper are concerned', should not be allowed to gain control of a newspaper which is 'as British as roast beef and Yorkshire pudding'[6]. Noting that Maxwell had said that 'he would cease to be a Socialist MP if he gained control', Somerfield enquired: 'But is it possible for him to support the Socialists one day and become completely impartial the next? I do not

think so'[7]. Deeply ironically in the light of the paper's imminent take-over by the Australian Rupert Murdoch, the editorial concluded: 'This is a British newspaper, run by British people. Let's keep it that way'[8]. The editorial was widely condemned as xenophobic.

It should also be noted that the unions at the *News of the World* were as opposed to Maxwell taking the paper over as they would be when he tried to acquire the *Sun* from the International Publishing Corporation (IPC) in 1969. Thus the Imperial Father of the Federated House Chapel at Bouverie Street, the paper's headquarters, wrote to Carr assuring him of the unions' loyalty to the Carr family and the board and stating that:

> Your employees feel deeply the apparent threats that the Maxwell hierarchy are making to destroy this newspaper … We reiterate our determination to stand fast and support the management in its stubborn fight to survive the onslaught from these destructive pressures[9].

Deeply worried by Maxwell's offer to buy Jackson's stake in the News of the World Organisation, Carr instructed Hambros to place £750,000 at the disposal of its stockbrokers to enable them to buy every share in the company on the market. However, this could be regarded as a clear breach of at least the spirit of the code of practice recently introduced by the new City Takeover Panel, under which companies were forbidden to buy shares in their own business in order to fight off a takeover bid. Within days, Hambros owned 10 per cent of its client's shares. The brokers secured pledges of support from other shareholders for a payment of 10s (50p) each, and *News of the World* employees were given shares on a temporary basis. By these means, Carr was guaranteed 48 per cent of the votes. Six days after his initial bid, Maxwell upped his offer to £34 million, valuing the voting shares at 50s (£2.50) each.

'Your saviour is here'

Whilst all this activity was taking place, Rupert Murdoch's company News Limited had been steadily buying up shares in IPC, which at that time published the *Daily Mirror,* the *Sunday People* and the *Sun*. However, realising that this could be a very long game, he turned his attention elsewhere, and specifically to the *News of the*

World. Murdoch operated through Morgan Grenfell, merchant bankers to the Queen, whose director, Lord Catto, was a personal friend who also had considerable banking interests in Australia.

News Limited had been founded in 1923 and originally owned papers in Melbourne, Adelaide and Brisbane. In October 1952, Rupert's father, Sir Keith, died, and death duties reduced his estate to just two small papers in Adelaide. His son, only 23, then set about re-building the family newspaper empire. As Roy Greenslade puts it, 'he soon discovered that sleaze equals sales'[10] , as is particularly clearly illustrated by the transformation of Sydney's *Daily Mirror* after his purchase of it in 1960. Four years later he launched the country's first genuine national daily, the Australian. In 1959 he entered the television arena with the Adelaide-based station NWS-9. He then began to consider expanding his ever-growing empire beyond Australia's shores. Nothing if not prescient, he pointed out to a conference of newspaper executives shortly after his takeover of the News of the World Organisation that:

> What most people don't realise is that publishing empires are going out beyond national boundaries. Whether it be in the transmission of news between countries or satellite programmes, you have got to think in terms of numbers much greater than you can achieve in Australia[11].

Murdoch had already acquired 3.5 per cent of voting shares in the News of the World Organisation, and the moment that Catto informed him about Maxwell's bid for the company he dropped everything and flew straight to England. On 22 October, accompanied by Catto, he presented Carr with a plan whereby the News of the World Organisation would acquire part of Murdoch's publishing interests in Australia, including *Truth*, a Melbourne-based weekly based on sex and sport, the women's magazine *New Idea*, and the racing guide *Best Bets*; in return, Murdoch, through an issue of new shares allotted to News Limited, would acquire the majority shareholding in the News of the World Organisation. He would become joint managing director with Clive Carr, a cousin of Sir William, who would himself remain as chairman and consultant. Murdoch also gave assurances that a member of the Carr family would remain chairman of the company for the foreseeable future, and that he would not seek to increase his shareholding above 40 per cent, which would give him control of the company. Carr agreed to this arrangement, as he was

convinced that this was the only way in which he and his family could maintain a degree of control. Murdoch produced a written record of the agreement, in which he told Carr that he looked forward 'with keen anticipation to working with you and your colleagues for many years to add to the strength and prosperity of the *News of the World* and further the interests of the shareholders'[12].

On 23 October News Limited began buying shares in the News of the World Organisation, and word of the operation broke. The following day Murdoch gave a press conference at which he announced that he intended to acquire 40 per cent of the News of the World Organisation. Carr and Murdoch now owned just over half the shares between them. Somerfield, who was actually a director of the company, had known nothing about all this until a friend on the *Express* rang up on 23 October and said: 'Your saviour is here. It's young Rupert Murdoch from Australia'[13].

Dubious practices and dirty tricks

Approval of the new share issue would have to be sought at an extraordinary general meeting of the shareholders. Dealings in the shares were thus suspended by the stock exchange for two months in order to give shareholders an opportunity to make up their minds about the offer. Maxwell complained to the City Takeover Panel that the company had been effectively buying its own shares in order to frustrate his bid for it. Jackson made the same argument to the Panel, but as Anthony Crosland, the President of the Board of Trade, pointed out: 'As there are very few sanctions at the Panel's disposal, it will have to rely mainly on the respect shown for its views'[14]. This, it would appear, was minimal on the part of the big beasts of the City jungle, although Maxwell was convinced, both at the time and later, that the Panel failed to act not because it was feeble but because its members disliked him, and his political views in particular. Murdoch was later to observe that 'I could smell that the establishment wouldn't let Maxwell in'[15], an observation that turned out to be entirely correct.

Murdoch then started a dirty tricks campaign against Maxwell, his Sydney *Daily Mirror* accusing encyclopaedia salesmen working for Pergamon of dubious selling practices. In turn, Maxwell and his City ally Sir Isaac Woolfson tried to persuade

Carr that Murdoch was not to be trusted. Maxwell warned him that 'you will be out before your feet touch the ground'. This too turned out to be entirely correct, but Carr would have none of it, retorting: 'Bob, Rupert is a gentleman'[16]. This turned out to be entirely incorrect as, already scenting victory, Murdoch began to change the terms of the deal with Carr. Now he would be the sole-managing director, dispensing altogether with Clive Carr, although Sir William would remain as chairman. This assurance was to be broken the following year.

In December, Carr set out for shareholders the terms of the deal with Murdoch – the News of the World Organisation would issue 5.1 million voting ordinary shares, amounting to 35 per cent of the expanded voting stock, to News Limited, in exchange for Australian assets owned by News Limited, which would then own 40 per cent of the reconstructed News of the World Organisation. Murdoch would put six directors on a reconstituted board.

On 2 January 1969, the shareholders voted. Under pressure from Crosland, the Takeover Panel had roused itself sufficiently to rule that the 15 per cent of shares acquired since the Maxwell bid should not count for voting purposes, which somewhat weakened the position of the Murdoch/Carr grouping, which now possessed 38 per cent of the voting shares, whilst Maxwell had 32 per cent. About 30 per cent were uncommitted. According to William Shawcross:

> Lady Carr and her family had spent days and days trying to persuade as many of the smaller shareholders as possible to attend and vote the Carr-Murdoch ticket. They suggested to those who could not attend the meeting that they sign over their shares temporarily to *News of the World* staff who would be present and could vote with them. Lady Carr gave her friends one share each so that they could attend and vote against an adjournment. Under the articles, an adjournment could be passed on a show of hands – so the turnout of shareholders might be crucial[17].

Carr was greeted by a long ovation when he appeared on the dais. Murdoch made a very brief speech about the benefits which would flow from a liaison between the British and Australian newspaper groups; he also paid tribute to Carr, repeating the undertaking to keep him on as chairman. Maxwell, who was booed when he rose to speak, attacked the company's record and the tactics of their bankers, accusing both

of rigging the meeting. After a number angry exchanges Carr told him to sit down, and members of the audience shouted 'Go home!' In the event, the deal was decisively carried, on a show of hands, by 299 votes to 20. Carr then announced that the matter was so important that a poll had to be taken. The result was closer, 4,526,822 votes to 3,246, 937, but still the same. Maxwell protested that 'we are back to the laws of the jungle. We played according to the rules while the other side treated them with cynical disregard'[18], whilst Jackson pronounced: 'I regard the News of the World board as raving mad'[19].

Friends in high places

This deal could have caused problems for Murdoch in Australia, since the Liberal government, and in particular the Treasurer, William McMahon, were unhappy about overseas corporations taking control of Australian assets. Furthermore, operations in the London stock market required exchange control approval in Canberra. As Page points out: 'Involved here were the resources of a business built largely on public licenses granted for the development of Australian television'[20]. Furthermore, Murdoch had used his papers to campaign against McMahon when, during the previous year, it had looked as if he might stand for the leadership of the Liberal Party. Had McMahon launched a review of News Limited's manoeuvre, it would have torpedoed the whole scheme. However, Murdoch was extremely friendly with the Deputy Prime Minister, John 'Black Jack' McEwen, who, whilst McMahon was away for a weekend, asked the Prime Minister, John Gorton, for whom Murdoch had campaigned, to sign the necessary papers, which he did willingly[21]. Thus, not for the first time and by no means for the last, Murdoch's carefully nurtured political contacts played a key role in helping him to clinch a media deal.

'Only one executive boss'

On 21 January Murdoch wrote to Carr informing him that he was going to buy 'some of the Jackson shares, probably about a million'[22] which Rothschild was putting on the market, thus breaking his word about not attempting to acquire a majority of shares. But by now there was growing concern about Murdoch amongst the ancien régime at the *News of the World*, not least on the part of Somerfield, and the new

arrival felt that he had to act fast in order to consolidate his position. Thus on 7 March he wrote to Carr, stating: 'The plain fact, which I am sure you are as aware of as I am, is that a company of this nature can have only one executive boss. As managing director (and in control of a virtual majority of the voting shares) that person has to be me'. Although many of the executives were old friends of Carr, he was told that in future he could contact them only through Murdoch, who also asked him to resign from the subsidiary companies in the organisation. Three months later he asked him to resign as both chairman and a director, proposing to take over as chairman himself. On 19 June, Carr resigned, giving no hint then or subsequently that he'd been forced out. At a subsequent meeting of the board, Murdoch was elected chairman. Not long after this, Carr became seriously ill once again, remaining an invalid for the last seven years of his life. When he died in 1977, Murdoch's offer to pay for a memorial service was rejected by Lady Carr.

After Murdoch's takeover of the News of the World Organisation, his relationship with Somerfield was never good. Early on, Murdoch ordered Somerfield to fire various reporters and columnists (the latter included Battle of Britain ace Douglas Bader), and it was the new boss who chose their successors. He started altering advertising material which Somerfield had already approved, and told him not to send correspondents abroad without his agreement. In May 1969 Somerfield broke off a holiday in Spain when he was told that Murdoch was making radical changes to the paper, including removing the leader page. On his return he arrived on the editorial floor and said loudly: 'Somebody's been messing about with my newspaper'[23], following which he reversed all Murdoch's changes. He then sent a letter to the directors about editorial responsibility. This stated that:

> As Editor, I am responsible for the newspaper and its contents. The responsibility is both traditional and inveterate [sic]. Whether the editor is present or absent or whether he has actual knowledge of the particular contents of the paper, his responsibility remains. This is true in law or in ethics or morality or generally in accordance with long-established custom in Fleet Street. The editor is the servant of the board, and contractually answerable to the board and the managing director. But this does not mean that the chief executive, acting independently of the board, can take his chair, seek to

> discharge his functions or introduce fundamental changes in the paper without consultation[24].

After Cardinal Heenan had refused to write for the paper because of the serialisation of Christine Keeler's memoirs, which were trailed in the paper on 28 September 1969 and began in earnest on 5 October, Somerfield was quoted in the *Daily Mail*, 2 October, as stating that:

> I think it's extraordinary that people who have the opportunity to use the columns of the *News of the World* in the way Cardinal Heenan does do not seize the chance to preach. Is it better to talk to the converted in a cathedral or go into the market place and talk to sinners? *The News of the World* is a market place. The *News of the World* can offer to any cleric 16 million sinners to talk to, and if Cardinal Heenan doesn't want to talk to sinners … well, what an unfortunate situation. Didn't Jesus Christ go into the market place to preach to sinners?

Murdoch was furious, writing an apology to the Cardinal and castigating Somerfield's remark as 'tasteless and unnecessary'. He told Somerfield: 'We will win this debate, I am sure, but there can be only one spokesman and that's me. In future, please say nothing or clear it with me first. I must be firm about this – there is a lot more at stake than one newspaper'[25]. The 'lot more' referred to Murdoch's plans to acquire the *Sun*, a project by now well advanced. (The process was completed on 20 October when the Board of Trade formally approved his bid for the paper). The inevitable finally arrived in February 1970 when Murdoch asked Somerfield to resign. He refused, and was sacked. According to Leapman[26] he was paid off with a lump sum of around £100,000, since his contract still had seven years to run, but Bainbridge and Stockdill[27] claim that he was given £50,000 and a consultancy agreement worth £6000 a year for the remaining six years of his contract.

An interventionist proprietor

Murdoch made it clear from the start that he was going to be an interventionist proprietor. In an early interview in the UK he revealed that 'I do get involved in the newspaper I am responsible for. I am not a backroom businessman or simply chairman of the company. I am the chief executive'[28]. And on the matter of editorial control, he stated in 1969 that:

> As proprietor I'm the one who in the end is responsible for the success, or failure, of my papers. Since a paper's success or failure depends on its editorial approach, why shouldn't I interfere when I see a way to strengthen its approach? What am I supposed to do, sit idly by and watch a paper go down the drain, simply because I'm not supposed to interfere? Rubbish! That's the reason the *News of the World* started to fade. There was no-one there to trim the fat and wrench it out of its editorial complacency[29].

He also put it rather more bluntly to Somerfield: 'I didn't come all the way from Australia not to interfere. You accept it or quit!'[30]. As Matthew Engel observes:

> He would not tolerate for a moment Somerfield's sacerdotal incantation of an editor's holy rights and responsibilities; he could do what he liked when he liked with the newspapers he owned. Having made his point, he had little wish to interfere once they were being run smoothly, i.e. profitably, and by editors who did not presume they were acting as free agents[31].

Another Profumo scandal

Before Somerfield was fired, however, he was to embroil Murdoch in an affair which was to have lasting repercussions for him in Britain. Five years before Murdoch's arrival, the paper had paid £26,000 for the serialisation rights to Christine Keeler's memoirs. Now Keeler had spiced up the story, and the papers were bidding again. Somerfield urged Murdoch to enter the fray, and Murdoch paid £21,000 and won. On 28 September 1968 the memoirs were trailed as the front page lead, under the headline 'Storm over Keeler Book', by-lined The Editor, and an article below promises 'Next Week: First Lessons on Love'. That week, on 5 October 1969, an extra 150,000 copies of the paper were printed, and the first extracts were announced on the front page, again by The Editor, under the inevitable headline 'The Story They Don't Want You to Read'. In a fascinating BBC news item on 2 October fronted by David Dimbleby[32], Somerfield and Murdoch are seen at an editorial meeting discussing the imminent serialisation. Somerfield states that 'the line I'm proposing to take on it is the storm of the book, and people who are trying to get it stopped'. Murdoch adds, to much head-nodding around the table, that the line to take in the controversy is 'to say forgive the individual by all means, but you can't forget it [the story]', and to ask: 'Are these people proposing that whenever anyone writes history

in future they're never going to mention this incident?' He concludes: 'We should take the offensive … and if it keeps it boiling for six weeks then so much the better'.

However, by now the man at the heart of the affair, John Profumo, had redeemed himself by working tirelessly amongst the poor at Toynbee Hall in Aldgate in London's East End, and there was an angry reaction to the serialisation. Murdoch had anticipated that this might happen, but was taken aback by the sheer amount of criticism, and, in particular, was concerned that this episode might jeopardise his plans to buy the *Sun*. The Independent Television Authority (ITA) banned all television advertisements for the paper until the serialisation ended, the Press Council condemned the serialisation as a 'disservice both to the public welfare and to the press'[33], and Cardinal Heenan, the Archbishop of Westminster and Britain's most senior Roman Catholic, withdrew from a commitment to write an article on the 'permissive society' for the paper. The Archbishop of Canterbury, Dr Michael Ramsay, also backed out of writing a piece.

During his interview with Murdoch (who seems decidedly ill at ease), Dimbleby asks him if he has any qualms about the story as 'muckraking and going back over an old scandal that should be dead and buried by now'. Murdoch responds: 'No, no, certainly not, and it shouldn't be dead and buried either … We can forgive Mr Profumo, we can do what we can to see that he is rehabilitated, because he has tried very hard. By all means forgive the individual, but you can't forget it'. Dimbleby also quotes back at him his reported remark that 'people can sneer as much as they like, but I'll take the 150,000 extra copies we're going to sell' and suggests that 'you are lining your pocket with rather sleazy material'. Murdoch replies: 'I don't believe it's sleazy for a minute' and concludes: 'Certainly it will sell newspapers, and other stories we'll put in will sell newspapers, we're not ashamed of that'.

However, this interview was nothing compared to the ferocious grilling which he received at the hands of David Frost on the *Frost on Friday* programme on London Weekend Television (LWT) on 3 October 1969[34]. This was described by Michael Wolff as 'perhaps the only public enquiry into Murdoch's tabloid philosophy'[35], although this was written before Murdoch appeared before the Department of Culture,

Media and Sport select committee in July 2011 and at the Leveson Inquiry in April 2012.

Things got off on the wrong foot for Murdoch when Frost started the programme by asking the audience whether they approved of the publication of the Keeler memoirs: only nine out of the 230 present did so. The second part of the programme contained a recorded interview with Cardinal Heenan, following which Murdoch complained bitterly that 'this easy glib talk that the *News of the World* is a dirty paper is a downright libel and it is not true and I resist it completely'[36]. When Murdoch sought to defend the serialisation as a 'cautionary tale', Frost enquired: 'A cautionary tale about the best way to make £21,000?', and in the face of Murdoch's repeated attempts to justify publication on the grounds of the public interest, he retorted: 'It's pathetic to say that's a social document of our time'[37].

Murdoch vs. the establishment: round one

Murdoch then launched one of his first attacks on what was soon to be a very familiar target indeed, namely the British establishment, which he accused of hypocrisy by whipping up a controversy over Profumo whilst at the same time not wanting to be associated with him in public. As Roy Greenslade puts it:

> Having placed his faith firmly in the market place he wrote a script that was to become his mantra: hostility towards him was orchestrated by the 'establishment'; he was honest and straightforward, a regular bloke; circulation was king; ethics were the province of a narrow elite of bleeding-heart, wishy-washy liberals whom he viewed as hypocrites and parasites[38].

Similarly Shawcross states: 'The incident hurt and angered Murdoch. He felt that he was once more a victim of British hypocrisy, as he had been at Oxford. It coloured his whole attitude towards the British, and in particular towards that amorphous and uncertain entity, the British Establishment'[39]. However, as we have seen, Murdoch was already on very good terms with members of the establishment, such as Lord Catto, and in future years would be on even better terms . Thus as Leapman suggests, Murdoch's anti-establishment rhetoric should not be taken entirely at face value:

> He knew that if he was to become an accepted and respected newspaper proprietor he would have to come to terms with the British establishment that,

> rightly or wrongly, believed him to have behaved caddishly in raking over Profumo's anguish. In public he affected a swaggering disregard for such matters. What did acceptance into the inner circles of power matter to him? He would ask rhetorically. But to his friends it was clear that it did matter[40].

It is also possible, particularly in the light of Murdoch's later activities, to regard his anti-establishment diatribes as something of a mask, concealing what Page calls his 'capacity to traffic with established power, legitimately or otherwise'[41], and also as 'necessary camouflage for a business specialising in privatised government propaganda'[42].

'The "dirty" bits'

The interview also contained a classic demonstration of the kind of hypocrisy which would become such an unpleasant hallmark of papers such as the *News of the World* and the *Sun*. Thus Leapman reveals that when Somerfield had first suggested serialising the new version of Keeler's memoirs 'Murdoch wrote to him enthusiastically, urging him to buy it, though the "dirty" bits in the early part should be held out'[43]. When asked by Frost if he had cut anything for the *News of the World* on the grounds of taste or morality, Murdoch appeared to try to ingratiate himself with his critics by readily admitting that 'I certainly sub-edited a tremendous amount' out of Keeler's memoirs, material from the first part of the book, which he considered was 'unpleasant' and not 'relevant or decent', and which he 'watered down or cut to pieces'. According to Murdoch, what was interesting about the Profumo affair was 'the search for a scapegoat. The way that scapegoat was treated', but Frost pointed out that the first episode of the serialisation was all 'from that early part you found so unpleasant. There was not a bit of scapegoat. You changed the phrases to having sex and so on from what is in the original text and so on, but there is none of that scapegoat social message and so on in the first episode, was there? It was pure sexual encounters'. He also pointed out that the paper had trailed the second episode of the serialisation as describing 'first lessons in love', 'the bathing party at …', and 'a night with the Russian Huggie Bear'[44]. In other words, titillating the readers with mild sexual details was permissible, indeed desirable, up to a point, but anything too sexually explicit was clearly out of bounds for a 'family newspaper' – because it

might endanger the all-important sales figures. The give-away word here is, of course, 'decent'.

According to David Frost: 'As he strode from the studio he told a reporter, "London Weekend has made a powerful enemy tonight". One of his party said later that that was the bowdlerised version. What he had said privately was "I'm going to buy that blankety-blank company"'[45]. And that is precisely what Murdoch set about doing. Thus Murdoch's acquisition of the News of the World Organisation can be seen not only as his first foray into the British press but also as a prelude to his involvement in British television.

Fulfilling a promise

In 1967 LWT was licensed by the Independent Television Authority (ITA) to broadcast to the London area from Friday to Sunday evenings[46]. It was formed by a consortium of big-name television stars and businessmen. As Leapman explains:

> They won the contract on the strength of their names and of a programme prospectus that assumed an unsatisfied taste among British viewers for weekend fare of a more cerebral nature than they had hitherto been offered, emphasising plays, documentaries, news and interview programmes[47].

However, by 1970 it was in dire financial straits.

On 13 July 1970, Murdoch met Sir Robert Fraser, the director general of the ITA. (Another example of Murdoch fraternising with the hated establishment). Murdoch told him that he had contacted LWT's major shareholders, and that 63 per cent of the company's shares had been offered to him. He was thus interested in what the Authority's attitude would be if he decided to purchase all or some of these. Fraser responded that the Authority wanted ITV companies to retain the same ownership throughout the time that they held a franchise (a licence to broadcast) granted by the ITA, and stressed that any transfer of voting shares required its prior approval; he also made it clear that the Authority would not allow a franchise to be controlled by a single shareholder. However, in November the ITA allowed Murdoch's News of the World Organisation to acquire 7.5 per cent of voting shares and 16 per cent of non-

voting shares held by Sir Arnold Weinstock's General Electric Company (GEC). Murdoch then took Weinstock's place as a non-executive director on the LWT board.

As Murdoch forcefully pointed out soon after arriving, by the end of 1970 LWT had run through its authorised and fully-paid share capital of £1,5000,000 non-voting shares and £15,000 voting shares; that the loan stock of just over £3m was rapidly being used up; and that the company had overdrafts of around £2.5m. He argued that the company needed new programmes in order to improve its ratings, but that it lacked the necessary funds, and offered to inject £500,000 for programme-making in return for new shares and a seat on LWT's executive committee. The LWT Board thus agreed to issuing a one-for-three rights issue, which Murdoch agreed to underwrite through his News of the World Organisation – an arrangement not dissimilar to the one which had helped him to gain control of that company in the first place. Of course, the arrangement had to be approved by the ITA, but the LWT chief executive, Tom Margerison, told Anthony Pragnell, the deputy director-general of the ITA, that without Murdoch's funds, LWT would have to merge with Thames (which broadcast to the London area on weekdays), an outcome which the ITA was very keen to avoid. The ITA board thus agreed to the proposal, somewhat unwillingly, and Murdoch underwrote the issue to the tune of £505,000, in so doing becoming the owner of 35 per cent of the non-voting shares. He announced that he would attend meetings of the executive directors and devote part of his time to the affairs of the company, although the ITA made it clear that under the Television Act 1964 he could not involve himself in programming. On 31 December 1970 the new share issue was formally approved by the ITA. As David Docherty points out: 'It had taken over a year, but Murdoch had fulfilled the promise which he made to himself when he stood outside Wembley studios in October 1969'[48].

However, the company was still financially weak. On 18 February 1971 Murdoch became chairman of the executive committee formed to run the company, even though under the Television Act no-one could hold executive authority in a television company whilst also controlling a major newspaper. However Murdoch, who was accustomed to a far lighter television regulatory regime in Australia, either did not understand or did not care how the ITA operated, and the members of the LWT

Board were delighted that he was determined to put the company on a sound financial and organisational footing.

'Like the Mafia'

Murdoch's arrival at LWT sounds remarkably like his arrival at BSB following its effective takeover by Sky in 1990. According to Docherty: 'Murdoch exploded into LWT', and he quotes one employee as stating that he and his entourage toured the building 'like the Mafia'[49]. He immediately drafted a new programme schedule and began to explore ways in which staffing could be streamlined and production costs lowered. In terms of programming, he announced that he would take charge of the selection of feature films for the next quarter, that *On the Buses*, LWT's most popular show, should be broadcast every week, that *Aquarius*, the station's only arts programme, should be pushed back to 11.15 pm, and that *Survival*, Anglia's documentary series about the natural world, should be replaced by quiz shows, one of which would be fronted by Hughie Green. Brian Young, who had taken over from Sir Robert Fraser as director general of the ITA, refused to accept Murdoch's changes, but by now staff departures had begun in earnest. Most left of their own accord, but chief executive Tom Margerison, who had actually supported Murdoch's involvement in the company but who soon found himself marginalised and outmanoeuvred by him, was asked by the Board on 17 February, at Murdoch's instigation, to tender his resignation, which he duly did.

As Docherty puts it: 'It very quickly became clear that although Murdoch was a non-executive director with no formal power or authority he had become, de facto, Managing Director and Controller of Programmes'[50]. Pragnell wrote to the ITA's solicitors on 19 February stating that 'I feel sure that the Authority would take the view that the changes announced yesterday, which seem to put Mr Murdoch in executive charge of the company, would have meant that LWT would not have got the contract had they been in operation before the contract was entered into'[51]. It is important in this context to understand that Section 11 of the Television Act stated that the appointment of the manager, editor or other chief executive of any ITV company should be approved by the ITA, and that Section 12 laid down that:

> If at any time there are newspaper shareholdings in the programme contractor, and it appears to the Authority that the existence of those shareholdings has led or is leading to results which are contrary to the public interest, the Authority may, with the consent of the Postmaster General, by notice in writing to the programme contractor, taking effect forthwith or on a date specified in the notice, determine or suspend for such period as may be so specified or until further notice is given, the Authority's obligation to transmit the programmes supplied by the programme contractor.

In the Commons there were demands for an enquiry, but the Minister for Posts and Telecommunications (Christopher Chataway) argued that the responsibility for the matter lay with the ITA. Murdoch was attacked in the press for threatening to dilute LWT's original mission. For example, Clive Irving, a former member of the board, wrote a letter to *The Times*, 25 February 1971, demanding a formal enquiry into the transfer of power at LWT, adding: 'The company's initial philosophy was too ambitious, but it is one thing to concede that. It is another to make undiluted commercial expediency the alternative'[52]. According to Docherty:

> Murdoch, believing that Irving was a front man for Frost, called the letter writer 'His Master's Voice'. A few days later Murdoch announced that LWT would not be able to afford to pay Frost's salary and that the latter would either have to accept a substantial reduction for the next series of Frost programmes or he could take his talents elsewhere[53].

But before Murdoch could take his revenge on Frost, the ITA intervened.

Murdoch vs. the establishment: round two

In a letter to Brian Young, Murdoch had already argued that he subscribed to the programme philosophy of the original consortium and attributed LWT's problems not to 'unrealism or unattainable ideals' but to 'very bad management and a company structure which led to nobody being really accountable'[54]. On 23 February Young set out for the ITA the arguments for and against action. As summarised by Potter these were as follows:

> On the one hand, the company was indisputably a different one; Murdoch indisputably held the main executive power; and 'the fact that Murdoch's newspapers are what admirers call popular and detractors call vulgar increases the discrepancy between Peacock's promise [Michael Peacock was LWT's original managing director] and Murdoch's method'. On the other hand, the company was likely to become more effective under Murdoch's leadership; sixteen employees had left, but a thousand remained, and did not deserve a second total upheaval in three years; the shareholders would get a raw deal; and the only practical alternative was a merger with another ITV company[55].

The ITA met on 25 February and agreed that the sacking of Margerison and the establishment of an executive committee headed by Murdoch contravened the Television Act and thus entitled it to cancel LWT's contract. However, rather than taking immediate action it invited the chairman and the LWT board to put a submission before the Authority at a meeting to discuss the company's future plans for its management and programme provision. It also made clear that LWT should, in consultation with the ITA, choose a new managing director and programme controller. The decision was not welcomed by the press, which feared that Murdoch would take LWT down-market, and criticised the ITA for being feeble and in dereliction of its duty in failing to terminate LWT's franchise

In early March, Murdoch returned from Australia and, ever suspicious of machinations against him within the British establishment, personally accused the ITA of besmirching his reputation. But as Jeremy Potter contends:

> While there can be little doubt that he was the buccaneering kind of entrepreneur not favoured by the Authority during the Young years, it had been scrupulous in not personalising the dispute and was able to reassure him in a mollifying letter deploring some of the newspaper comments and enclosing copies of its own press statements[56].

Murdoch was suitably mollified, and denied that he had ever intended to play an executive role in LWT; he did, however, declare his intention of taking an active interest in running the company and supporting its newly appointed chairman and chief executive. The latter was John Freeman, famous for his interviews on the BBC series *Face to Face*, who had in fact been named as prospective deputy chairman of LWT in its original franchise application. However, at that time he could not take up

the post as he was High Commissioner to India. But as he had just retired as British ambassador to Washington, he was open to the suggestion by David Frost, who had recruited him to the consortium in the first place, that he become LWT's new chief executive and chairman. The two roles were combined partly at Freeman's insistence, and partly because Murdoch had demanded the resignation of the then current chairman, Aiden Crawley, for not supporting him in his battle with the ITA. Freeman also stipulated that the appointment would have to be approved by Murdoch, who would have to agree to give him a free hand. Murdoch approved and agreed, and Freeman was duly appointed.

Holding Murdoch in check

As Docherty points out: 'Despite the widespread relief which greeted Freeman's appointment, LWT still had to go through the mechanics of virtually reapplying for its franchise'[57] (1990: 81). It was invited to present its case for the continuation of its franchise on 22 April. The team included Murdoch but was headed by Freeman. Among other things, the meeting noted that the executive committee headed by Murdoch, of which the ITA had disapproved so strongly, had been disbanded. The ITA was clearly impressed by the way in which Freeman had evidently taken control of the company's affairs in such a short space of time, and announced that the franchise was secure.

Murdoch did more or less leave him to his own devices, but Freeman left him in no doubt that he would resign if Murdoch interfered, which would undoubtedly spell the end of the franchise. As he himself put it:

> It was my job to hold Murdoch in check, because to have allowed him to continue interfering in the company would have spelt simple and rapid disaster. I had very strong views about how the company should be run, but frankly I didn't give a bugger whether I stayed or not – I merely had to do the best I could. I intended to run the company my way and to hell with anyone who wanted it done differently. I always treated Murdoch with the respect which he commands personally, because he is a very formidable and able man, but I simply did not concede that he had any right to interfere in the day-to-day

> running of the company ... Our relationship was based on the fact that I had to prevent him doing what he wanted to do until eventually, and quite inevitably, be decided to focus his energies elsewhere[58].

Murdoch quit the board when he began to involve himself in the media in the US, and in 1979 sold nearly all his shares in LWT when he needed cash in order to acquire United Telecasters Sydney Limited, which owned the city's TEN-10 television station.

'I'll still get the bastard one day'

Frost thus survived Murdoch's arrival and carried on making programmes for LWT, although from 1969 to 1972 he also fronted the thrice weekly The David Frost Show in the US. He sold his shares in LWT in 1976. Accounts vary of the Frost/Murdoch relationship at the company. According to Bainbridge and Stockdill, after the famous programme 'there was an angry exchange of correspondence in which both agreed to differ. "Let us not worry too much," Murdoch wrote. "It is in the past and I certainly won't fall for it again". Later, they bumped into each other at Les Ambassadeurs restaurant and agreed to re-establish social contact'[59] . However, tucked away in an endnote in Michael Wolff's book on Murdoch we find an extract from an interview in October 2007 in which Murdoch states:

> I swore I would never, ever have anything to do with Frost on any level in any way and I made it my, for at least twenty years I never spoke to him [sic]. He'd be all over me at parties, 'Oh Rupert ….' I've never had a one-on-one with him since and I've always been very cold to him, but I've been in situations where I've had to have social conversation. But I thought he was such an arrogant bastard, a bloody bugger … I feel like saying I'll still get the bastard one day, but he'll die before I get him[60].

As indeed he did. Similarly, according to Shawcross, Murdoch's treatment by the ITA continued to rankle: 'Murdoch was angry that the Independent Television Authority should have the power to exclude him. He saw it as another example of the Establishment hatred of him. He was determined that one day he would break into British television'[61]

Decidedly the boss

As far as the *News of the World* was concerned, Murdoch continued to make it very clear to Somerfield's successors that he was a highly activist proprietor and decidedly the boss. In this respect it is surely significant that from 1891 to 1970 the paper had just six editors – in the years after Somerfield was fired, it had no fewer than sixteen. The paper lost Bernard Shrimsley (1975-80) because of rows with Murdoch about the paper becoming a tabloid, which Shrimsley wanted and Murdoch did not, although Murdoch finally relented in 1984. In spite of being a legendary tabloid editor, Derek Jameson (1981-4) did not last long. The reasons for his dismissal are unclear, but Jameson himself has suggested that it was on account of his publishing of a story implying that Harold Holt, the Australian Prime Minister who disappeared from a beach in 1967, had been a communist spy and had been whisked away by a Chinese submarine . Holt had been a friend of Murdoch's mother, Dame Elisabeth Murdoch, and the Murdoch family were outraged by the story's appearance[62]. Murdoch had also advised Jameson against suing the BBC over remarks in the Radio 4 satirical programme *Week Ending* which described him as an 'East End boy made bad' and that he was 'so ignorant he thought erudite was a type of glue'. Jameson did sue, but lost the action when it came to court in February 1984. Murdoch, then as now, disapproved of anything which might serve to put his papers under the spotlight, and he also disliked his employees becoming 'personalities' in their own right – and, for that matter, becoming too powerful within his companies. Wendy Henry (1987-8), with her insatiable appetite for stories about sex scandals, might have appeared to be the perfect *News of the World* editor, but Murdoch (who, it should be remembered, had cut out what he called the 'dirty bits' from the Keeler memoir) baulked at what she was prepared to publish, and fired her. The tipping point was apparently reached when the paper ran a story about Sir Ralph Halpern, the former Burton boss, and his girlfriend Fiona Wright; Henry turned Wright's allegation that Halpern had wanted to 'goose' Mrs Thatcher at No. 10 into an assertion that he had actually done so, causing him to complain personally to Murdoch, who was absolutely furious with his editor[63].

Conclusion

There are very significant parallels between the way in which Murdoch took over the News of the World Organisation and the manner in which he attempted to take control of LWT. In particular, in both instances he operated with utter ruthlessness and a buccaneering contempt for the niceties of traditional business practice. In both cases his arrival was marked by his new acquisition lurching, or rather, in the case of LWT, threatening to lurch, downmarket for primarily commercial reasons. And the two narratives are obviously intimately linked by the Keeler affair. But, important though this was, its significance should not be overstated, as it is clear that Murdoch was already determined to expand his television interests outside his native Australia. But there is also a significant difference between the events at the *News of the World* and those at LWT. In the former case, 'self-regulation' in the form of the City Takeover Panel proved utterly incapable of stopping Murdoch (not to mention unwilling to do so), and his actions fell outside the remit of the Monopolies and Mergers Commission. But even if they had engaged the Commission, it is highly unlikely that it would have acted to stop Murdoch since, not once in its history, did it ever act to stop a national newspaper changing hands. Nor did his actions remotely engage the Press Council, which was anyway a largely supine body. By contrast, in the case of LWT, Murdoch ran up against not only a law, namely the Broadcasting Act 1964, which stood in his way, but also a public body, the Independent Broadcasting Authority, which was determined to see that the law was not flouted, even if it failed to act as robustly as many would have liked. Clearly, Murdoch was furious that his broadcasting ambitions in Britain had been to a considerable extent thwarted, but there was in fact little he could do about this. But, as Shawcross noted, it rankled.

It is thus entirely possible that the endless propaganda campaign against public service broadcasting and in favour of its 'deregulation' (for which read re-regulation in the interests of big business) which has for so long been such a prominent feature in Murdoch's newspapers had its genesis in the LWT episode. Similarly, the absolute ruthlessness of Murdoch's dealings with the Carr family and his trouncing of Robert Maxwell foreshadow his brutal treatment of all those who would stand in his way in future, such as the print unions at Wapping in 1986 and rival satellite broadcaster BSB in 1990. Furthermore, the help which he received from high-ranking Liberal politicians in Australia in his acquisition of the News of the World Organisation

uncannily prefigures the support which he was granted by Margaret Thatcher in his purchase of Times Newspapers in 1981 and by Tony Blair in the addition of highly Murdoch-friendly clauses to the Communications Act 2003. Finally, the manner in which Murdoch, in the Dimbleby programme, is seen repeatedly attempting to justify the Keeler serialisation on what would now be called 'public interest' grounds, when, clearly, there isn't one iota of such content in it, looks forward to the *News of the World*'s increasingly desperate and threadbare attempts to invoke the 'public interest' in defending itself in court against Max Mosley's libel action in 2008. Similarly, the way in which the paper ignited a scandal, by buying and serialising the new version of Keeler's memoirs, and then assiduously made the scandal a key part of the story itself, is an early example of a now highly familiar tabloid tactic.

With the benefits of 20/20 hindsight it can be argued that the manner of Murdoch's acquisition of the News of the World Organisation should have rung loud warning bells, but this would be to ignore a number of inconvenient truths. Firstly, the acquiescence of Sir William Carr in his own fate: driven as he was by xenophobia (not to say anti-Semitism) and hatred of socialism, he placed himself in the hands of a 'saviour' who turned out to be his nemesis. Second, the print unions were firmly behind the takeover of the paper by their future nemesis. And finally the authorities were unable actually to stop Murdoch, as noted above. Furthermore, even if the government could have found some way of trying to thwart Murdoch's acquisition of the paper , it might well have been loath to do so, given that it was a Conservative administration and Maxwell was a Labour MP. Indeed, it is hard not to read the story of Murdoch's takeover of the News of the World Organisation as something of a parable of capitalist succession in modern Britain, with the scions of the establishment firmly convinced that if this particular piece of profit-generating endeavour was not to remain with 'one of us' it was far safer in the capable hands of this Australian capitalist than in the clutches of a Czech-born Jew and socialist.

If certain ingredients of this narrative look forward to Murdoch's future acquisition of large parts of the British media, others recall a time when liberal values were rather more common in the British press than they are now. In particular, the negative reactions to Somerfield's editorial about Maxwell, the revulsion at the serialisation of the Keeler memoirs, and the demands for the LWT franchise to be

revoked following Murdoch's involvement in the company, although not universal, were to be found in a wide variety of papers. Today, given similar circumstances, it is very doubtful if such views would be expressed outside the pages of the *Guardian/Observer* and *Independent*. And their relative absence would be less the result of fear of a counter-strike by the Murdoch press (though such fears most certainly exist) than a consequence of the corrosive spread of a thoroughly illiberal, raucous populism throughout much of the press (and not simply the tabloids), which, for many, is Rupert Murdoch's main legacy to British journalism.

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[1] The best and fullest accounts of Murdoch's takeover of the *News of the World* Organisation are to be found in M. Leapman, *Barefaced Cheek: the Apotheosis of Rupert Murdoch*, London and Sydney: Hodder and Stoughton, 1983; and C. Bainbridge and R. Stockdill, *The News of the World Story*, London: HarperCollins Publishers, 1993, to which the main narrative of this chapter is inevitably indebted.
[2] Leapman, pp. 42-3.
[3] B. Page (2003) *The Murdoch Archipelago*, London and New York: Simon & Schuster, p. 124.
[4] Quoted in Bainbridge and Stockdill, p. 217
[5] Quoted in ibid., p. 217.
[6] Quoted in Leapman, p. 44
[7] Quoted in ibid., p.44.
[8] Quoted in ibid., p. 44.
[9] Quoted in Bainbridge and Stockdill, p. 218.
[10] R. Greenslade, *Press Gang: How Newspapers Make Profits from Propaganda*, Basingstoke and Oxford: Macmillan, p. 212.
[11] Quoted in Bainbridge and Stockdill, p. 225.
[12] Quoted in ibid., p. 221.
[13] Quoted in Leapman, p. 45.
[14] Quoted in ibid., p. 46.
[15] Quoted in W. Shawcross, *Rupert Murdoch: Ringmaster of the Information Circus*, London: Chatto & Windus, p. 137.
[16] Quoted in Leapman, p. 46.
[17] Shawcross, p. 138.
[18] P. Thompson and A. Delano, *Maxwell: a Portrait of Power*, London: Corgi Books, 1991.
[19] Quoted in Leapman, p. 48.
[20] Page, p. 122.
[21] Ibid., pp122-3.
[22] Quoted in Shawcross, p. 142.
[23] Quoted in Matthew Engel, *Tickle the Public: One Hundred Years of the Popular Press*, London: Victor Gollancz, 1996, p. 241
[24] Quoted in Bainbridge and Stockdill, p. 227.
[25] Quoted in ibid., p. 229.
[26] Leapman, pp. 54-5.
[27] Bainbridge and Stockdill, p. 227.
[28] Quoted in ibid., p. 226.
[29] Quoted in Shawcross, p. 144.
[30] Quoted in ibid., p. 144.
[31] Engel, p. 252.
[32] http://www.bbc.co.uk/programmes/p00dr94w
[33] Quoted in Greenslade, p. 214.
[34] For a full account of this encounter see D. Frost, *David Frost: an Autobiography. Part One – From Congregations to Audiences*, London: HarperCollins Publishers, 1993, pp. 493-501.
[35] M. Wolff, *The Man Who Owns the News: Inside the Secret World of Rupert Murdoch*, London: Vintage Books, 2010, p. 128.
[36] Quoted in Leapman, p. 52.
[37] Quoted in ibid., p. 52.
[38] Greenslade, p. 214.

[39] Shawcross, p. 147.
[40] Leapman, p. 53.
[41] Page, p. 405.
[42] Ibid., p. 452.
[43] Ibid., p. 49.
[44] The quotes are drawn from Frost, pp. 495-500.
[45] Quoted in ibid., p. 500.
[46] The most detailed accounts of Murdoch's involvement in LWT are to be found in J. Potter, *Independent Television in Britain: Vol. 3: Politics and Control, 1968-80*, Basingstoke and London: The Macmillan Press Ltd., 1989; and D. Docherty, *Running the Show: 21 Years of London Weekend Television*, London: Boxtree, and the narrative of the final part of this chapter acknowledges its debt to these sources.
[47] Leapman, p. 59.
[48] Docherty, p. 70
[49] Ibid., p. 72.
[50] Ibid., p. 73.
[51] Quoted in Potter, p. 51.
[52] Quoted in ibid., p. 51.
[53] Docherty, p. 74.
[54] Quoted in Potter, p. 51.
[55] Ibid., pp. 51-2.
[56] Ibid., p. 53.
[57] Docherty, p. 81.
[58] Quoted in ibid., p. 82.
[59] Bainbridge and Stockdill, p. 230.
[60] Quoted in Woolf, p. 423.
[61] Shawcross, p. 158.
[62] D. Jameson, *Last of the Hot Metal Men: From Fleet Street to Showbiz*, London: Penguin, pp. 92-4.
[63] Bainbridge and Stockdill, p. 279.