A. Which paragraph?

Q. The very last paragraph on the page, where you're identifying this at a high level of generality. You've made the point in the previous paragraphs that newspapers and their journalists tend to reflect the slant and inclinations of their proprietor and editors and I'm sure that's borne out of your experience. The last sentence on this page: "... and conversations with ministers and prime ministers that might indirectly affect proprietor's commercial interests should be held in appointed meetings with an official presence."

A. Yes, that's what I'm trying to say. Yes, I think it is. Look, I don't want a society in which conversations are, you know, a suggestion is made but then these conversations are driven by the loss of deference in society.

A. Yes, I have that.

Q. I think you told John Lloyd -- and this is noted in his book, "What the media are doing to our politics" -- you said this:

"Everyone is now treated in the same way -- politicians, celebrities, sportspersons -- without discrimination. The standards of manners and courtesy have dropped. There's a lack of any kind of respect for achievement and status. There's no feeling for what is private in life. Politicians, it seems, are regarded as being for the use of the media purely and simply to be used and abused."

I. Is that the sort of wider cultural issue which you are indirectly referring to here?

A. Yes, I think it is. Look, I don't want a society in which conversations are driven by the loss of deference in society.
### Day 74 - PM  
**Leveson Inquiry**  
21 May 2012

#### Page 5

<table>
<thead>
<tr>
<th>1</th>
<th>which -- which is characterised by a hierarchy, in which everyone has to defer to the person on the next tier and so it goes on upwards. I don't want that sort of society, but when I talk about a loss of deference, I mean a loss of almost preparedness to hear and listen to the other person's point of view, to treat them with respect and not assume that the worst motives can be attributed to them.</th>
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<td>2</td>
<td>LORD JUSTICE LEVESON: &quot;Respect&quot; is the word, isn't it?</td>
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<td>A. &quot;Respect&quot; is the word, but it doesn't mean to say that, having shown somebody respect, you then have to choose to either believe everything they've said or excuse everything that they've done, but to give them an opportunity, as it were, to have their day in court before a presumption is made that they're guilty as accused, need to be thrown out of the highest window, their reputations trashed and their careers ruined before anyone has an opportunity to establish the facts.</td>
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<td>LORD JUSTICE LEVESON: There are echoes, in what you say, of a number of things I have said in the course of the last few months.</td>
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<td>5</td>
<td>A. I don't think it's unfair or unreasonable to expect the media to operate on that basis. It doesn't mean to say that they should always operate on a presumption that all politicians are, you know, holy and untouchable.</td>
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<td>I'm not suggesting that. The media has to be challenging. It has to enquire into wrongdoing. It's just that, as I think others have said sitting here, every journalist, it seems, want to turn themselves into a Woodward or a Bernstein, and they have to accept that sometimes people haven't done wrong, or that the line of enquiry they're pursuing is in fact a cul de sac or that actually the facts of the matter are different from those that they initially apprehended or assumed.</td>
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<td>It's about standards of journalism.</td>
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<td>MR JAY: In that context, you make a separate but related point on the next page again. This is 06900, exactly level with the upper hole punch. I'll read it out to you: &quot;The shift, widely and better described by others, from conventional news to a pre-occupation with celebrity, scandal, gossip and sexual revelation was pioneered by News International titles but by no means limited to them.&quot;</td>
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<td>9</td>
<td>Why do you say &quot;pioneered by News International titles&quot;? And secondly, who else are you bringing into this net?</td>
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<td>A. It's possible that those with a greater historical than I have would say, &quot;Oh no, you're overlooking what the Daily Mail was like in the 1930s&quot;, or some other newspaper, the Daily Sketch in the 1950s. I don't know.</td>
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<td>I just have a sense that during the course of my adult life, sensationalism, going for what is salacious, particularly in relation to household names or those who are not household names but are rapidly turned into them as a result of a newspaper's desire to create the maximum impact with a story that they have, true or otherwise -- and I think it's almost the sort of default place for newspapers to go if they are in fear of losing readers, if they're worried about their circulation. It is -- if I were to use a general term, it could be described as the tabloidisation of the media, in which there are barely any broadsheets left, figuratively or literally.</td>
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<td>12</td>
<td>Q. Okay. May I move off those general matters and move into politics now. In particular, the period probably 1985 to 1992, culminating in the election campaign of 1992. You characterise that period as &quot;horrible and bloody&quot;. I know you regard it as important for what happened in the subsequent period, but would you like to expand on &quot;horrible and bloody&quot;?</td>
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<td>A. I think what I meant by that is that, you know, there has been a longer standing trend in the press to mix reporting with comment, and it didn't simply revolve around that period in the 1980s and the 1992 election.</td>
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#### Page 6

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<th>I think that what took this sort of merging of comment and reporting to a higher level was the more lethal cocktail, which I believe that the Labour Party was exposed to, and that was a sort of mixture of aggression and inaccuracy, and I think that the Labour Party generally and its leader, Mr Kinnock, in particular, were the victims of that. I think that the press took their gloves off. I think there was a sort of lack of scruple or restraint in the reporting of the Labour Party in those years.</th>
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<td>Now, I also quite honestly observe in my witness statement that, you know, a lot of the damage the Labour Party had done to itself in the early part of the 1980s.</td>
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<td>We weren't exactly making it easy for people to report us positively or warmly, given the vote-losing policies, the divisions, the entries into the Labour Party by the far left.</td>
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<td>But by the end of the 1980s, by the time we got to the 1992 General Election, a great deal -- I would say the bulk of that swamp had been emptied, and that the Labour Party had changed and I don't think we were given the credit for those changes, and I think Mr Kinnock in particular was on the receiving end of treatment by the media, notably but not only News International titles, that was not warranted and was not fair.</td>
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Q. Someone else has described the strategy from 1994 or thereabouts as being a neutralisation strategy. You probably recall that evidence, but he said that they did rather better than that. Did part of the strategy inevitably entail cultivation of particular journalists in opposition so that your message could be got across in the most favourable light?

A. Yes. Of course you identified opportunities and people and events -- it was certainly my job when I was Director of Communications -- that would put the Labour Party in a better light and would receive favourable reporting. Of course we did that. Given where we were starting from, it was hardly surprise. The Labour Party in the 1980s had a sort of near death experience and the process of recovery from that, of change and what we became, I would say from 1985/87 to 1995/97, was one in which we had continuously to present what we were doing, the changes that we were making in the most favourable light.

I mean, I don't know who described it as a neutralisation strategy. I would call it a strategy of reassurance. I mean, in a sense, reassurance of the voters, and neutralisation of what had become, I would say from 1985/87 to 1995/97, was one in which we had continuously to present what we were doing, the changes that we were making in the most favourable light.

I remember in the 1990s I came back to -- in a sense, to the Labour Party headquarters after Mr Blair became leader and I was put in charge of the preparations for the 1997 election. I remember saying to my people: "Never ever forget the three Rs", and my three Rs were: remind -- remind people of what the Tories had done to their country and their record -- reward -- always tell people what our policies are and what we will do, if elected, for them and their families -- and the third was reassure, reassure people that we weren't the same Labour Party of the 70s and 1980s, that we had changed and that people could have very different expectations from us if we were elected.

And that strategy of reassurance was absolutely central to what we were doing and what we were saying at the time, and part of that was a reassurance not just of business, big and small, or middle class people who were concerned about taxes and spending or indeed normal ordinary working people, many of whom had parted company with -- from us as well. Reassuring the south of England or the rural areas, again, where swathes of voters had parted company with the Labour Party. Now, part of that was to reassure the media that we weren't the same Labour Party, and that, in a sense, in trying to persuade them that we were no longer the toxic brand of the 1980s you could describe as an attempt to sort of neutralise, to sort of take the roughest edges off their hostility to us.

Q. So much of what you're describing was taking place fully in the public domain. We understand that --

A. By definition. It couldn't be done in secret.

Q. Yes, I'm trying to identify cultivation of particular journalists and whether the transactional relationship you refer to ever came to the point of being a collusive relationship.

A. Collusive? I don't know. I remember journalists on newspapers and in broadcast media who felt that the Labour Party hadn't been treated fairly and thought that this should change. I remember journalists who were more sympathetic to the Labour cause, felt that they were coming under pressure from their news desks and editors to distort how they reported politics and wanted to help us. I'm not sure that I'd be able to count them on the fingers of more than one hand, or possibly two, but there were such people. I wouldn't describe that as collusion, however.

Q. Okay. I'll probably be coming back to that issue.

LORD JUSTICE LEVESON: One of the consequences of what you've just been talking about, a long-standing trend to mix reporting with comment and the consequence to the Labour Party, does bring into focus paragraph 1(iii) of the press complaints code, the Editors' Code, which says:

"The press, while free to be partisan, must distinguish clearly between comment, conjecture and fact."

So do I gather from what you're saying that what was spectacularly absent in what you've just described was an appropriate distinction between comment, conjecture and fact?

A. I think in the case of most newspapers it barely existed.

LORD JUSTICE LEVESON: Sorry?

A. In the case of most papers, that barely existed. It was

observed in the breach, not the honouring of that part of the code. But not in the case of all journalists or all newspapers. I mean, I -- I remember journalists working for clearly right wing Tory-supporting newspapers who wanted to report straightly and factually what the Labour Party were saying or doing or how it was changing and they did, often. But if you're asking me to generalise or characterise, I would say that that particular feature of the PCC code was not very prominent.

LORD JUSTICE LEVESON: That was actually my point, because while discussing the development of the handling of...
| Page 13 | 1 | Labour policies to the electorate, as we shall and as you discuss in your statement, I am still going back to one of my terms of reference, which is to see how effective the mechanism that was supposed to -- and I'll put the word "regulate" in inverted commas -- the press operated. |
| 2 | A. The press was not regulated through the PCC or its code. It was a system of non-regulation. There was no ability of the PCC to uphold standards, enforce decisions or bring about change. It was not a system, in my view, of regulation, self or otherwise. We can come back to that, but that is my view. |
| 3 | LORD JUSTICE LEVESON: I think we probably shall, but it just struck me that as you were describing how you saw the reporting of the Labour Party in the 1980s to 1992, which of course is some time ago, the words of the code seemed very, very distant from that description. That was all. |
| 4 | A. I think in all my dealings with journalists and the contretemps I had and the fisticuffs I went through, if I had gone to a journalist and said, "Ere, 'ere, you know, item clause (ii) of the PCC code suggests that you should not be mixing opinion and comment", or whatever, I mean, they would first smile and then conclude that I'd arrived from Mars. |

| Page 14 | 1 | LORD JUSTICE LEVESON: Which itself says a great deal. |
| 2 | A. Well, it just wouldn't be part of your discourse with a journalist. I mean, it just wouldn't. |
| 3 | LORD JUSTICE LEVESON: I understand that entirely. |
| 4 | A. You know, they would just -- honestly, they would just look at you with a sort of mixture of pity and sort of fascination. |
| 5 | LORD JUSTICE LEVESON: Lord Mandelson, I understand exactly what you're saying, but you will see why I'm bringing it out. |
| 6 | A. I do. |
| 7 | LORD JUSTICE LEVESON: It's actually quite important. |
| 8 | A. I think it is important and I would like to return, if I may, when we come to discuss reforms. |
| 9 | LORD JUSTICE LEVESON: I think we shall. Sorry, Mr Jay. |
| 10 | MR JAY: Can I deal with the issue now of the Faustian pact, which you address in your statement. See if we can analyse this in three -- |
| 11 | A. I think I said the non-Faustian pact. |
| 12 | Q. Yes. You do. This is page 06902. |
| 13 | A. Got to watch the spin on this. |
| 14 | Q. There are three different levels of possible pact. |
| 15 | There can be an express deal, where the terms of reference are articulated and defined. That's the highest level. The lowest level is perception, which you deal with in the third paragraph -- |
| 16 | A. Sorry, the highest was ...? |
| 17 | Q. An express deal. |
| 18 | A. Express deal, yes, clearly expressed between two parties. |
| 19 | Q. Yes. |
| 20 | A. Yes. |
| 21 | Q. The lowest is the possibility of adverse inferences, which you deal with in the third paragraph on 0609. |
| 22 | A. Mm. |
| 23 | Q. And the mid position is some sort of implied deal. |
| 24 | A. Yeah. |
| 25 | Q. My understanding of your statement is that you repudiate the suggestion of the express deal and you accept the possibility of adverse inferences. But I'm most interested in implied deal, Lord Mandelson, whether you think there's any basis for that. |

| Page 15 | 1 | proprietor and any leading politician of the Labour Party that suggested that in return for that proprietor's support for the Labour Party, they could expect some favourable commercial treatment in return. I simply do not believe such a deal happened, and I don't believe that such a relationship existed. |
| 2 | Q. Wasn't it a question, though, that each side to this conversation, whether you describe it as a form of pirouette, a courtship -- see the period 1995 to 1997 -- would well understand what the other wanted and therefore it wasn't necessary to set out the rules of engagement because each would, not by telepathy but by common sense, understand what the other was after? |
| 3 | A. Well, I think it was -- would have been -- if we're talking about News International or if you want to take News International as an example -- I mean, you'd hardly be piroetting around the Daily Telegraph or the Daily Mail, I think, imagining that they're going to change the habit of a lifetime and suddenly support the Labour Party, New Labour or not. |
| 4 | In the case of News International, we had had famously bad relations from the 1980s. The Labour Party, an international executive had criticised and famously bad relations from the 1980s. The Labour Party, New Labour or not. |
| 5 | A. I'm sorry to be precise, but let me clearly understand. You're talking about a deal between who and who over what? |
| 6 | Q. Senior politician and media proprietor where, although nothing is expressly stated, it is understood by each of them what may or will be delivered in exchange. |
| 7 | A. In my view and from my experience and knowledge of the time, there was no deal, express or implied, between any |

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Day 74 - PM  Leveson Inquiry  21 May 2012

1  place. That didn't last for very long, but nonetheless the bad feelings, I think, continued, but I think that the Labour Party's feelings about News International and about Mr Murdoch reached a sort of fresh depth around the time of the 1992 election, for the reasons that we've already discussed.

7  What we all wanted to do in the 1990s, should we ever have any hope of winning a General Election again -- and by that time we'd lost three or four, I can't remember -- we didn't want to make permanent enemies of News International, and therefore, at different levels in different ways, different dialogues were opened, with working journalists or editors or executives and including the proprietor. I don't think that's unreasonable.

16  Q. No, and your assessment was, presumably, that Mr Murdoch liked to back the winning party; is that right?

18  A. Yes. I mean, I was hopeful, I suppose, that if we started turning things around and looked like winners, he might be more attracted to supporting the Labour Party, but I also think, being a man who's very interested in politics and policy, that he might have needed some reassurance from the Labour Party about how genuine were the changes we had undergone and the changes in policies that we had made.

Page 17

Q. What you say in your statement is:

"What is clear is that Mr Murdoch does not make a habit of backing losers."

Was it part of your assessment, at least, that he would want to back the winning party because he felt that there might be greater commercial advantage to him, or put another way, less commercial disadvantage, because the party now in power would not seek to harm his interests?

A. Well, if we were likely to win the election, and he in the meantime had thrown everything bar the kitchen sink at us to stop us being elected, then he might judge that was, you know, commercially not a brilliant thing to do, that you don't deliberately want to put yourself on the wrong side of a party that is looking more than likely to become the next government. He may well have had that in his mind, but as far as we were concerned, whilst we wanted his support or didn't want the same degree of trenchant opposition, at any rate, that we'd experienced from them before, it did not mean that we were prepared to make concessions to his commercial interests that might enable us to curry favour and draw him over the line in supporting us. I don't believe such a conversation would have taken place.

Q. Did the wooing of Mr Murdoch's title, in particular between 1995 and March 1997, fill you with any distaste at the time?

A. About, I'm sorry, about ...?

Q. The wooing of Mr Murdoch's titles.

A. The wooing?

Q. Mm.

A. I -- I -- I -- I was a fully paid-up member of the New Labour cause, the New Labour strategy.

Q. Does that mean that any distaste you felt was immediately suppressed because you were so wedded to that clause?

A. It would mean that I would either have kept it to myself or given one or two people in private the benefit of my views.

Q. Okay.

A. But look, I'm -- you know, I was part of whatever you call it, the reassurance neutralisation strategy, just to use that shorthand. Of course I wasn't comfortable in policy areas like Europe, for example. I was a notorious pro-European and I felt that the concessions we were making in that policy area, at least on rhetoric and tone, language, was perhaps going a tad too far.

Q. You cover this at the top of 06908. This is the piece in the Sun. I think it was 18 March 1997, wasn't it, which you've described as all about rhetoric and tone,

Page 19

Q. What you say in your statement is:

"and tone, language, was perhaps going a tad too far."

A. Yes. Yes, yes.

Q. You must have been party to discussions about the timing and tone of that piece, though, Lord Mandelson; isn't that right?

A. I wasn't sort of greatly involved. I mean, if I remember -- and because you asked me to comment on this, I familiarised myself with it -- I mean, there were in fact two points at which Mr Blair sought to reassure the Sun over Europe. One was on March 17, 1997, in an article place by Mr Blair in the Sun entitled "I'm a British patriot", where he made clear that New Labour would have no truck with a European superstate, which you could argue was a statement of the obvious and a statement of policy, no greater or less than that, but probably the language chosen was designed to make a point or strike home. And the day after that article appeared, the Sun announced that it was endorsing New Labour.

And then, a month later, on April 17 -- that was a couple of weeks before the election -- an interview with Mr Blair appeared in the Sun, which was headlined "My love for the pound", in which he made clear in this exclusive interview that there would be a triple lock on Britain's possible going into the single currency:

Page 20
<table>
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<th>Page 21</th>
<th>Page 22</th>
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<td><strong>Q.</strong> Yes.</td>
<td><strong>A.</strong> Yes.</td>
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<td><strong>Q.</strong> In the middle of the page:</td>
<td><strong>Q.</strong> Can you assist us with the events of Easter 2004 and the proposed referendum on the European constitutional treaty? You deal with this in your statement at 06907. But the Sun, you say, wanted a referendum?</td>
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<td>&quot;Then he came to it [this is Mr Blair speaking].&quot;</td>
<td><strong>A.</strong> This wasn't on the single currency; it was on the anti-European press, when you weren't actually thinking of going in there and then? Better to wait and do it later when possibly the circumstances would be different or better.</td>
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<td>&quot;I know you're not going to like this. Jack is going to the Foreign Office to replace Robin.'.&quot;</td>
<td>&quot;I could hardly deny that I thought it was a mistake. Jack Straw seemed to me an inappropriate choice because he had euro-scepticism in his DNA. As it happened, that turned out to have been an attraction for Tony. He reasoned that once Jack was locked into his new job, he would toe the line on Europe and the euro. Due to the very fact he was a known sceptic, Tony said, his support would count for more voters, MPs and the Murdoch press.</td>
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<td><strong>A.</strong> Yes.</td>
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<td><strong>Q.</strong> Yes. So is this an example when, for good political reasons, a decision might be made, as you described it, but an ancillary reason might be that there would be an excessive backlash in the press anyway, which we would wish to avoid, so it's a bit difficult to say that excessive backlash or the fear of it was the real reason for not make the decision?</td>
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<td><strong>A.</strong> As ever in politics, it was probably a combination of reasons and factors.</td>
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<td><strong>Q.</strong> Okay. Another decision in 2001 when Mr Straw replaced Mr Cook as Foreign Secretary. You cover this in your book at page 336, Lord Mandelson.</td>
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<td><strong>A.</strong> Yeah. 300 and ...?</td>
<td>&quot;I could hardly deny that I thought it was a mistake. Jack Straw seemed to me an inappropriate choice because he had euro-scepticism in his DNA. As it happened, that turned out to have been an attraction for Tony. He reasoned that once Jack was locked into his new job, he would toe the line on Europe and the euro. Due to the very fact he was a known sceptic, Tony said, his support would count for more voters, MPs and the Murdoch press. &quot;That remains to be seen,' I replied. In fact, it seemed to me that Tony had his doubts. He sounded as if he was trying to convince himself.&quot;</td>
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<td>a government lock, a Parliament lock and a public referendum lock. And that obviously was well received by the Sun and no doubt its proprietor.</td>
<td>wish to avoid, so it's a bit difficult to say that excessive backlash or the fear of it was the real reason for not make the decision?</td>
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<td>Q. Do you think there were discussions with the Sun's political editor, though, about the timing of the articles and the delivery of support?</td>
<td><strong>A.</strong> As ever in politics, it was probably a combination of reasons and factors.</td>
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<td><strong>A.</strong> From what I remember of the views of the then political editor of the Sun, it didn't -- the less he had to do with us, the better. He didn't like it at all. I suspect the discussions would have been with the editor of the Sun, Stuart Higgins.</td>
<td><strong>Q.</strong> Okay. Another decision in 2001 when Mr Straw replaced Mr Cook as Foreign Secretary. You cover this in your book at page 336, Lord Mandelson.</td>
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<td><strong>Q.</strong> Yes. So is this an example when, for good political reasons, a decision might be made, as you described it, but an ancillary reason might be that there would be an excessive backlash in the press anyway, which we would wish to avoid, so it's a bit difficult to say that excessive backlash or the fear of it was the real reason for not make the decision?</td>
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Day 74 - PM  Leveson Inquiry  21 May 2012

25 Q. Do you know anything about the frequency and depth of contact with Irwin Stelzer at about this time; is that right?

24 A. Yes, I believe that was the case.

23 Q. You say in your statement you believe Mr Blair was in what he told me.

22 A. Of course. It always is a factor and these discussions took place with Mr Blair before Easter. I remember very well -- I, of course, was not in the government at this time, I hasten to add, but I was very familiar with them from Mr Blair's vantage point. I gather -- I believe -- I mean, they can speak for themselves but I think what he said to those who were pressuring him in this way are:

"I see the arguments. You may well be right, but let me think about it."

"He went away to think about it over the Easter break, but during the course of that weekend the news was leaked or briefed to the Sun and to the Times that the Prime Minister had made up his mind in favour of the referendum and by the time he came back from holiday, it was a fait accompli."

21 Q. You say in your witness statement you make this further statement:  "Is this the most dangerous man in Britain?"

20 A. Then or generally?

19 Q. Generally.

18 A. I think he had quite a high regard for Irwin Stelzer as an economist, as an analyst of global events, as I did myself.

17 Q. Was there any sense that -- it would be unfair to describe him as a proxy for Mr Murdoch, but at least some sort of litmus paper test for what Mr Murdoch was thinking or might be thinking?

16 A. He was a reasonable litmus paper test, yeah, litmus paper test, but not the only one and probably not as important as, you know, say Rebekah Wade as was or Les Hinton.

15 Q. Okay. In your witness statement you make this further point: that you agree that it's improbable that the government would have made an important move on Europe without warning News International. Why do you think that was so?

14 A. It would have been so, in my view, as a matter of relation management. If you were going to do something that was bad news for the Sun or going to be received badly by them all, you would probably not wish to take them by surprise but pave the way by talking to them and introducing them gently to the change or whatever, or to the development.

13 I mean, I remember in the case of the single currency -- I can't remember whether it was in 1998 or 1999 -- I think it was 1999 -- Mr Blair insisted on going ahead with publishing a national changeover plan. I mean, our policy at the time was: prepare and decide. The Conservatives' was sort of: wait and see and hope the entire thing collapses and goes away and we won't ever have to make up our mind. Our view was different. Ours was: prepare and decide. In pursuit of that policy, Mr Blair decided, rather courageously and certainly against the advice, I remember, of the Treasury, to publish a putative national changeover plan from the pound to the euro should, at any stage, we believe that Britain going in was right in our national interest. I think I'm right in saying that the Sun's front page the next day featured a rather large photograph of an unhappy-looking Mr Blair, with the question: "Is this the most dangerous man in Britain?"

12 So you got a taste then of what you could expect from the Sun if you went against their views and wishes on anything to do with Europe. But not just the Sun. In different measures, other News International titles, quite apart from the Daily Express and the Daily Mail, of course.

11 Q. He was one of them, was he?

10 A. I believe he was. It doesn't matter who it was. The fact is that side of the argument let it be known to those Murdoch newspapers that the Prime Minister was going for a referendum and once the genie was out of the bottle, it was near impossible for the genie to be put back, whatever the Prime Minister's view. He might have reached a view in favour of one, but he hadn't reached it before Easter. Not on the basis, at any rate, of what he told me.

9 Q. Was there any sense that -- it would be unfair to describe him as a proxy for Mr Murdoch, but at least some sort of litmus paper test for what Mr Murdoch was thinking or might be thinking?

8 A. It would have been so, in my view, as a matter of relation management. If you were going to do something that was bad news for the Sun or going to be received badly by them all, you would probably not wish to take them by surprise but pave the way by talking to them and introducing them gently to the change or whatever, or to

7 (Pages 25 to 28)
Q. You referred then to relation management in the context of News International. Are you suggesting that they would be the only beneficiaries of some sort of briefing or are you including within this the Associated titles and other important newspaper title?

A. No, I wouldn't include Associated in this, because -- I mean, they were opposed, hostile without redemption.

In the case of News International, where -- in the case of the Sun, at least, they were supporting you and your government and what you were doing across the policy area, you would probably want to manage the relationship if you were going to do something that was unwelcome to them, but by sheer dint of that, you're doing something which is unwelcome to the Sun. You're not sort of saying, "Oh my God, this is going to go down like a lead balloon with the Sun. We'd better not do it." That's not what I'm saying. What I'm saying is that you manage the relationship, both when you're doing things which the Sun & co are likely to support and welcome and vice versa.

LORD JUSTICE LEVESON: Do you think that gives the proprietor of the Sun, who has made it clear --

Mr Murdoch made it clear that if one wanted to understand his views, one need only read the editorial of the Sun. But do you think that it gives him a greater, if not influence, at least relevance compared to other titles? Because you may say, "The Associated titles were always going to oppose us", the Trinity Mirror titles were --

A. Generally always going to support us.

LORD JUSTICE LEVESON: -- likely going to support you, therefore we don't need to worry about them at all, particularly.

A. You wouldn't not worry them at all, but you wouldn't -- they're not the swing constituency.

LORD JUSTICE LEVESON: I understand. Therefore, by, as it were, allowing it to go abroad that he, Mr Murdoch, was open to discussion, he was gathering for his papers a link into the government -- it wouldn't affect your policy, you've made that clear, but it might affect your rhetoric -- that others did not have. Do you understand the question I'm asking?

A. I do. I think it's a very pertinent question and I think probably the observation you're making is a fair one.

I mean, look, you asked me whether I was happy or unhappy in the run-up to the 1997 election. Now, I was a fully paid-up member of and integral part of Labour's strategy, but there would be some areas of policy where, you know, I'd be less comfortable. Europe was one of them. Not that we were abandoning our pro-European policies and credentials but the way in which they were being presented, the concessions in rhetoric -- I would say the same, to be honest, about myself in relation to policies to do with immigration or crime and law and order. You know, I was -- I tended to be more on the liberal side of these things. It didn't mean to say that I didn't fully support the party's policies; of course I did, and I fully understood the need to do what you could to bring the media with you, including, and notably, News International. But it can make you a bit queasy because all of us as individuals have slightly different leanings one way or another. On Europe, my leaning was obviously pro, and in other areas of policy I had slightly different emphases or leanings or whatever. So there will be times when you're feeling a bit queasy.

I don't happen to like invoking patriotic language very much. I don't like running up the Union Jack and, you know, getting everyone to dance around it in what I would regard as a rather sort of phoney jingoistic way.

So we all have our preferences, but I think also -- look, what I was concerned about also over this whole Europe business before 1997 was not whether we were pro or anti Europe or that I was pro and the party was pro, or even whether it was necessary or not to manage Mr Murdoch. Of course it was. But I didn't want Mr Blair to say or do anything that might appear weak or pandering, because that might lead to a wider judgment by the public of him. I didn't want him to say or do anything that might lead people to infer that he was under some obligation to Mr Murdoch or any other proprietor. I didn't think that that was wise or healthy from a wider political and electoral point of view.

I suppose if I was being honest too, I'd say that it was attaching too much importance to them. It was making them feel more important than they were entitled to feel, and I didn't think that was terribly healthy either. If you don't want press proprietors to sort of go around, you know, sort of feeling that they're ever so regal, they be don't treat them regally. I mean, you could hardly blame proprietors for feeling rather grand and important if that's the way that politicians behave towards them, and I think that's been the case over decades and generations. I don't think it's going to happen very much in the future, incidentally, but we'll see, or less so in the future. And I think that's very good, both from the point of view of the proprietors and
the politicians, frankly.

MR JAY: Thank you. The "feral beast" speech of Mr Blair in 2007 --

A. Yes, just before he left office.

Q. That's right. The themes that he raised in that speech, had they been the matter of discussion between you and him over the years?

A. Oh, we'd had endless discussions about the press and --

endless. I mean ... endless. I mean, he was very, very frustrated, I think. You can ask him this. He can speak better for himself than I can, but he felt, I think, sort of mixed, conflicted and very frustrated.

I think he felt that the influence of the press on the country, our society, was baleful. I think he believed that the press made people, by and large, feel cynical and negative about politics and politicians, and he thought this was undermining of our political system and our democracy. He didn't know really what to do with it -- about it. It was like sort of wrestling with a crocodile, and if you weren't careful, before you knew where you were, it snapped your head off, so perhaps keep away from it.

But I think there were times when he just sort of felt completely exasperated. Not because of what they were doing to him, per se, or to the government --

Page 33

I think he can probably live with that or survive it.

I honestly think it was the wider effect and impact that it was having on our country that troubled him, and it troubled him to know what to do about it and whether he should take it on and do something and take action. But for the reasons I've explained in my witness statement, a politician, a prime minister, is going to think very long and hard before he starts taking on the press in this country. Some would say, for the reasons I explain in my witness statement, that it would be politically suicidal and they would have good reason to wonder whether that would be the case.

Q. You said in a piece in the Guardian on 11 July of last year, which of course was right in the maelstrom, really, of the Guardian revelations, et cetera:

"We were cowed."

You probably recall that piece, Lord Mandelson?

A. Yes, I do.

Q. I can bring it up in necessary. Was that rhetoric or was that the truth?

A. Touch of hyperbole, perhaps.

LORD JUSTICE LEVESON: I have to say, that's not necessarily --

MR JAY: No. I was giving you two choices which aren't, in fact, genuine choices because they could be both.

Page 34

A. I was listening very carefully.

Q. Could it be said that the Faustian pact, which would have to be an implied pact, went along the lines that he supports you and you'll do nothing, which is indeed what happened?

A. How do you mean? On what? He will support -- who will support who?

Q. News International titles support New Labour, did so consistently from 1997.

A. Yeah.

Q. New Labour then does nothing in the context of press regulation. In other words, leaves him -- and true, everybody else -- alone. Might that be the pact?

A. It might be, but I don't think it was because I don't believe such a pact existed. But I think that certainly if Mr Blair and the Labour government were going to embark on a course of legislative change, then they would have to put it in a manifesto, and then sort of introduce legislation, and for the reasons I've described, they will be taking a political risk in doing that, because I think the attitude or punishment of you by the press would have been fairly unrelenting.

I think you'd have quickly started to regret ever embarking on the course. I think that it would take real nerve and real mettle on any Prime Minister's part to start introducing legislation because, as I say,

I think the press regarded themselves, to all intents and purposes, as above the law. I don't believe they felt that they should be accountable to anything or anyone or any standard or set of ethics because that would sort of constrain their freedom and that would make them less the pillar of democracy that they try to maintain they are.

Q. You cover this very fully at 06905 in your statement, where you use two -- you use one comparison, historical comparison, and one metaphor. You say:

"It would have been like inviting the press to beat us with steel rods until we gave in and backed down."

Ten lines from the top of 06905. This is the context of introducing statutory changes to press regulation.

A. I probably wrote that a bit late at night, but I do make the point later on -- I mean, look at their reaction to Mr Blair's speech in 2007, as if he were announcing the sort of killing of the first born across the country.

You know, that's just making a speech. You can imagine what it would have been like if he'd started to introduce legislation.

Q. There would, in reality -- is this right? -- have been the reception the Conservative government would have
<table>
<thead>
<tr>
<th>Page 37</th>
<th>Page 38</th>
<th>Page 39</th>
<th>Page 40</th>
</tr>
</thead>
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<tr>
<td>attracted to itself had it implemented the full force of the Calcutt reforms. Is that fair?</td>
<td>recommended such that if I were just taking it out of my own mind and deciding on my own judgment that this is something that should be done.</td>
<td>LORD JUSTICE LEVESON: Maybe we'll come to this --</td>
<td>A. That's politics.</td>
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<td>A. Yes, I think it's why, after Calcutt reported, within 72 hours the Prime Minister's official spokesman, Mr Major's press secretary, let it be known that the Prime Minister would not embark on legislative change or the introduction of legislation.</td>
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<td>A. That's politics.</td>
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<td>Now, in theory, in principle, when Clive Soley's bill, following -- Clive Soley MP's bill was introduced following Calcutt, which received an overwhelming majority in favour in the House of Commons, the minister who was participating in the debate made it all but absolutely clear that the government would not allow this bill to reach the statute book.</td>
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<td>LORD JUSTICE LEVESON: I understand that, but I must ask the question while it's in my mind: do you think that the process that has been undertaken over the last six, seven, eight, nine months of these very public hearings makes the task easier or do you think it's just as difficult as it ever was?</td>
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<td>I've heard it said, incidentally, that as time wore on and the bill went through its legislative stages and was very well and thoroughly debated in the House, as John Major's sort of views of the press sort of evolved, he became more and more sympathetic to Mr Soley's bid, and I've heard it said at one point he encouraged Mr Soley to continue with it. But whether, at the end of the day, his government would have allowed it to pass on to the statute book by making time available in the House of Commons I think is open to question. I suspect that they would not. I think John Major felt as conflicted in his mind on this as Mr Blair did, and as Mr Cameron might do.</td>
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<td>9</td>
<td>A. Oh no, no, no, much -- significantly easier.</td>
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<td>Q. It begins to suggest it's the sort of almost quasi-constitutional piece of legislation which might need a consensus across all parties; is that fair or not?</td>
<td>10</td>
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<td>Significantly easier. For two reasons. People are, for the first time, focusing on the issues in a way that they wouldn't normally do, but secondly, as a result of the Inquiry and people watching the television and seeing -- not people like me, but other people, personalities, ordinary members of the public, family members interviewed and describing what they've been put through will be a revelation for, you know, 90 per cent or more of the population. A complete revelation.</td>
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<td>A. I think that is fair, yes, because nobody would want to single themselves out as the people who are sort of taking on the press.</td>
<td>A. That's politics.</td>
<td>I don't think that most people -- even I, and I'm pretty experienced at the media -- when I was looking at many so of these witnesses who were sitting here and giving you evidence, my mouth dropped open because you don't realise what has happened and what people have been put through and what sort of journalistic processes, if you can use that term, stories have emerged from which you've seen in the newspapers. You don't realise it. You see the end product, but you don't know what hell people have been put through in order to get to that product. This is new for people. They've never had it before. Calcutt wasn't taking evidence in public. You couldn't watch his Inquiry on the television or streamed out of your laptop. It's completely new.</td>
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<td>LORD JUSTICE LEVESON: So they give it to a judge to do instead?</td>
<td>I think because people will realise that actually all these issues are both more complicated than they imagine because the forces of play are so great.</td>
<td>I mean, the conflicts the interweaving interests and issues are complex, but at another level it's all amazingly simple. You either operate, in this walk of British life, in an ethical way and operate standards and put yourself within the frame of the law or you put yourself above the law, beyond the reach of any set of ethics or standards that might be applied by a sort of half decent regulator on a good day. Actually, when it boils down to it, it's amazingly simple, and I think that the simple conclusion people reach is that something has to be done, rather than simply sitting back and allowing all this to continue as</td>
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<td>A. Yes, in not so many words. But look, I'm not going to anticipate what you -- what emerges from this Inquiry, but I suspect that were you to make a proposal that some form of legislation needed to be introduced, you would be putting the government of the day in an incredibly awkward position. Yes, they would have greater cover for what they had to do, it having been recommended as a result of a full-blown judicial Inquiry, and that may be one of the reasons you've been given the job that you have. Certainly, if I were a politician, if I were a minister, I can see myself standing up at the House of Commons much more easily introducing a bill or making a speech in favour of change because the Leveson Inquiry has</td>
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<td>Page 41</td>
<td>Page 42</td>
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<td>it has done for years.</td>
<td>Q. Yes. In the context of the Metropolitan Police, you</td>
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<td>MR JAY: Thank you. The second point you make, third paragraph, 06905:</td>
<td>share with us a letter that Mr Yates wrote to you on</td>
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<td>&quot;The fact is the press has been too powerful for any government, in normal circumstances, to take on. Like the trade unions of old, they want to operate above the law, and like the trades unions, when you try to apply the law, they shout from the rooftops about basic freedoms and fundamental rights.&quot;</td>
<td>20 August 2007.</td>
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<td>A. Yes, they want to make themselves untouchable. They don't accept that there are sort of standards or ethics or acceptable behaviour or what's reasonable or fair.</td>
<td>A. Which page are we on?</td>
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<td>I mean, I had this when I came -- when I first went to trade and industry. I had to introduce a White Paper on trade union legislation and, you know, all these arguments were paraded in front of me and I think what's different now, as far as the press is concerned, is that the methods they have and the technologies available to them, the means they have at their disposal to operate in an unethical way have transformed the situation.</td>
<td>Q. That's your annex 2, which is going to be under tab 3, Lord Mandelson.</td>
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<td>We're not talking about somebody standing at a street corner keeping an eye out on who's coming and going into somebody's house or flat. You're talking about hacking into people's mobile phones and their voicemail. That is what technology and the failure to protect their data concerned, and that's what people have seen.</td>
<td>A. Yes.</td>
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<td>Q. I think your own data were accessed by Southern Investigations. This is the top of 06906.</td>
<td>Q. That's what he was suggesting and --</td>
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<td>A. There was a guy called Jonathan Rees, yeah. This was, I gather, commissioned by the Daily Mirror when Piers Morgan was its editor, I'm told.</td>
<td>A. I commented to the media. I didn't leak anything to the media. I came out with my view.</td>
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<td>Q. Is that what the police have told you?</td>
<td>Q. It's right. He says, in the fifth line that following the CPS announcement, you were widely quoted, apparently on the record, accusing the police of using media leaks during the inquiry. So there's no question of you doing any leaking; it's on the record.</td>
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<td>A. Yes.</td>
<td>A. Absolutely.</td>
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<td>Q. Without going into the detail of this, it relates to some bank account details and enquiries about another member of your family.</td>
<td>Q. And he denies that rather strongly. Why did you draw this letter to our attention in particular?</td>
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<td>A. Yes, my brother and my mother. But the police were rather unclear -- I mean, it's some time since I saw them and they may have become clearer, I don't know, since they originally saw me, but they were not clear what activity had taken place, but they had seen the invoices for the work that had been commissioned by these people.</td>
<td>A. Because I think it says something about the Metropolitan Police.</td>
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<td>Q. And then you released a press statement in June 2001 which we see in your statement.</td>
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<td>LORD JUSTICE LEVESON: 2011.</td>
<td>Police, how it's operated and behaved and how senior individuals inside it have chosen to go about their business, and I think it deserved to be aired.</td>
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<td>A. Yes.</td>
<td>The idea -- he says later on in this letter --</td>
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<td>MR JAY: My apologies.</td>
<td>I can't quite see -- he said how people around the Prime Minister, you know, &quot;admired the exceptional steps we took to minimise the harm to his or his party's reputation&quot;, &quot;noted the many comments that were supportive of the police team&quot;. He's got to be joking.</td>
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<td>A. Because I contacted the Metropolitan Police.</td>
<td>Praising the professionalism? All those around the Prime Minister, I can tell you -- and I'm sure that Mr Blair, when he comes to you, will be far more circumspect in what he says than I need be. All of those close to the investigation were absolutely convinced that Mr Yates was briefing journalists throughout the investigation, and frankly it was common knowledge in journalistic circles that this was happening. I remember a journalist remarking on this to me himself.</td>
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<td>Page 42</td>
<td>It was thought that at the time Mr Yates wanted a high profile. He was aiming for, you know, high things in the Metropolitan Police, and of course, inevitably, since then, people have contrasted his absolute sort of determination -- in a sense, rightly and professionally -- to pursue the cash for peerages.</td>
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<td>Page 44</td>
<td>11 (Pages 41 to 44)</td>
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Day 74 - PM  Leveson Inquiry  21 May 2012

Page 46

You give some general thoughts there at the bottom of 06906 about what happened at News of the World which wasn't to do with any relationship between proprietor and politicians, which is absolutely right. You say, four lines from the bottom: "Faced with unprecedented competition from online sources, the News of the World reacted with increasingly desperate, gossipy stories, errors of judgment as to what constituted the public interest and a failure to enforce a regime of high journalistic standards and ethics. Effective regulation would certainly help to counter this, but at root is a question of economics, culture and quality of management, not just ethics."

So the economics are all the commercial pressures bearing down on newspapers, which have increased over the years; is that right?

A. Yes. The technological changes and the consequent economic pressures, yes, but you mix those economic pressures and the technology available with a poor quality management and a lapse of sort of standards and a sort of absence of a moral compass and the result is as we have seen. That's the point I'm making, and it's, of course, right that you should ask questions about the relationship between the press and politicians and proprietors and prime ministers and whatever. I'm simply making the point that the behaviour of the News of the World -- and I would add this behaviour I don't think is limited to the News of the World. I mean, look in my own case of Southern Investigators and Jonathan Rees and the Mirror. So it's not simply confined to the News of the World, but I'm just making the point that this is a result, as it were, of a sort of breakdown in relations or a poor relationship between the newspaper and its journalists, not between proprietors and politicians, and I think that's a reasonable point.

I think the News of the World, like every other tabloid newspaper, was facing fierce competition, but it chose to take on that competition in the media market not by improving its quality and product but by falling yet further in the standards of journalism that it chose to operate. It sunk below rather than sort of engaged in some more professional race to the top, if I can put it in that way. But that's not the politicians' fault or ministers' fault or indeed, I would say, not the fault of an effective system of press regulation in this country or a half decent PCC code. I happen to think that regulation would help, but I don't think it's the only or the full answer to this situation.

Corporate governance, transparency, professionalism, all these things come into it, not just the law and not just the actions of a would-be regulator.

LOD JUSTICE LEVESON: Yes. That's why it's not sufficient to say -- would you agree with this? I'll put it as a question. It's not sufficient to say: "Well, the criminal law is there. Let it do its business." It's not sufficient to say that?

A. I don't believe it is, no, and I don't see why the press should be the last sort of bastion or professional

Page 47
Day 74 - PM  |  Leveson Inquiry  |  21 May 2012

1. more accountability, more openness. That's the only way in which you're going to raise standards alongside any system of regulation that you introduce.

Q. Can I touch on the section which is headed "Media influence on the formulation of a party's media policies", 06908, Lord Mandelson. You touch on that quite briefly. You draw your attention to a number of contemporaneous materials from you in your annexes, which we've read.

The basic point you're making is that your government's policy was, in fact, pro-BBC which might, on one level, at least, be said to be contrary to what Mr Murdoch would have wished your policy to have been.

Is that a fair summary?

A. He was not in love with the BBC. He thought it was too big, too expensive, too powerful, growing far too quickly, it was too big for its boots and needed to be cut down, as he would be very happy, I'm sure, to tell you, with little encouragement. He's entitled to his view. I happen to think it's wrong. I don't agree with it and nor did the last Labour government. That's why I have absolutely no hesitation in describing the government as basically pro-BBC and proud of it.

Q. Okay. I'm not going to dwell on the detail unless there are any particular points you wish to draw to our attention in --

A. No, I just think that when you talk I know hypothetically about Faustian pacts, it's as well to remember -- and there are others more versed in this than I but I think it's worth remembering that the media policies and those policies and decisions that bore on the commercial interests of Mr Murdoch and other press proprietors were unhelpful to him. Not welcomed by him.

The biggest of all, of course, was the creation of Ofcom in the 2003 Act. He hated Ofcom. He and James Murdoch have railed against it on every opportunity since, and in my view were able to persuade, in opposition, the Conservative Party to share their view. You may want to come on to that.

Q. Mm. Can I ask you about your relations with proprietors.

A. Yes.

Q. You tell us that the third Lord Rothermere, who died, of course, in 1998, was in fact a supporter of New Labour. Is that correct?

A. Yes, he was. Surprisingly, he was.

Q. But you were under no misapprehension or had no illusions that his paper would support New Labour. Did you have any discussions with the third Lord Rothermere about Mr Dacre and his editorial stance or not?

A. From time to time.

Q. Could you tell us about those?

A. He regarded Mr Dacre as being in charge, not the proprietor. He thought there were very definite limits to the proprietor's influence or scope of action. Mr Dacre was and is the editor in charge, and in that sense, you know, the Mail and the Mail on Sunday and the MailOnline are forged in his image, not Mr Rothermere's. Not Lord Rothermere's.

He -- I think he would encourage -- he encouraged us to try and have contact with Mr Dacre, to try and take the more hostile edges off his attitude to us. He encouraged us always to explain, you know, what New Labour was about, the changes, and basically to try and set out to reassure him. But with Mr Dacre I always felt that basically -- I mean, he was very firmly on the right of centre, and therefore unlikely to support the Labour Party, that he thought a sort of Labour government was an interruption to the sort of natural order of things, and that in the case of New Labour, that, you know, we had gained support and office through artifice, by hiding the truth about ourselves and pretending that we were something that we weren't, and he thought that the arch practitioner of this was Mr Blair, which is why he disliked him so intensely and never made any secret of it.

Q. And probably brought you within that same envelope?

A. He was not press president of my fan club, no.

Q. Could you tell us about those?

A. Although I could have relations -- I mean, I remember, over the last ten years or so, meeting Paul Dacre and on two occasions having dinner with him. He liked a good argument, but it was not an argument that you thought the outcome of which was going to be that you had converted him to your cause. It was more to sort of try and take the edges off his anger about us, and it was real anger about New Labour and Mr Blair. Sorry.

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A. Yes.
A. It is, and that's, in a sense, one of the virtues of our system.

Lord Justice Leveson: Do you reckon?

A. It is that there is a plurality. It's not as great or as wide a plurality as I would like to see, obviously, but if you're not going to have newspapers which are owned or controlled by the state -- which, thank God, in this country we don't -- then you're going to have commercial organisations and private individuals owning and controlling your newspapers and that is a facet of our democracy and our way of doing things in this country which I think is good. But that doesn't mean to say that they should be beyond the reach of standards and ethics or of sort of a moral way of doing things in that walk of life. That's all.

Mr Jay: Sir, would that be a convenient moment for our break?

Lord Justice Leveson: Certainly. We'll just have five minutes.

(3.25 pm)

(A short break)

(3.33 pm)

Mr Jay: Lord Mandelson, moving off the Daily Mail, contacts with News International journalists. You touch on this at 06903. You make it clear that your relations with Lord Mandelson?

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9. Mr Jay: Lord Mandelson, moving off the Daily Mail, contacts with News International journalists. You touch on this at 06903. You make it clear that your relations with

Page 54

Page 55

Page 56

as hand-to-hand combat -- you know, I didn't make a large number of friends through that and therefore I don't think that those working for Mr Murdoch's titles would have seen me either as a sort of great friend or somebody who was a suitable target for lobbying in their interests.

Q. Thank you. You make it clear subsequently in your statement -- this is 06911 -- you say:

"I think it's true to say that News International executives were more active in soliciting contact with politicians at the highest senior level than other newspapers, and Les Hinton and Rebekah Brooks were especially assiduous."

In what way was Mr Hinton especially assiduous?

A. Just through his presence. I mean, he was Rebekah Wade's/Brooks' predecessor as the chief executive of News International, so it was his job to look after the company's corporate interests vis-a-vis government, Parliament and the rest, and he was not at all like Rebekah, but that, I think, is because he wasn't really a sort of a journalist/editor player the way Rebekah was. He didn't quite seem to enjoy the fun of the chase in the way that she did, if I can put it that way. But he put himself about, certainly in Labour Party circles and I assume in Conservative and Liberal Democrat circles as well.

Q. His job, you said, was to look after the company's corporate interests vis-a-vis, amongst other parties, government. How did he go about doing that?

A. I remember one occasion -- I refer to it in my witness statement -- he was chiefly lobbying the government over the changes in trade union legislation that we were proposing to introduce, and he was concerned about how that might affect the print industry. He obviously didn't want to see the print industry going back to how it was in the early 1980s and 70s and 60s and frankly, nor did anyone else. I certainly didn't.

Q. But to your knowledge, did he lobby government in relation to media policy?

A. He may well have done. I would assume that he did but not me.

Q. Okay. Elisabeth Murdoch you describe as a social friend of yours.

A. Yes. I hope still now.

Q. Can you be a little bit more specific, please, Lord Mandelson?

A. Well, I'm trying now. Matthew -- you know, he

Page 53

Page 55

Page 56
socialises, he's a good networker, he gives reasonable
parties and he likes having people round to his home for
dinner and barbecues and the like, and you would see
a huge variety of people from different walks of life,
absolutely huge, from the sort of semi-interesting to
the genuinely interesting, and they would include people
from politics. A predominance of New Labour people in
the earlier years, perhaps a rather larger smattering of
Conservatives in the later years.

Q. Apart from being an organiser of parties, was he
influential in lobbying or in pressing certain policies?

A. I don't recall any occasion on which he did that. He
was more a connector than a conduit. He connected
people rather than sent messages to them. He was
a helper and supporter of mine when I was doing the
Millennium Dome, and he was a sort of - I found him to
be the sort of person who, you know, when you were in
trouble and when things were going wrong, he'd be there
to help. I called him once, indeed, my foul-weather
friend, I remember.

Q. Rebekah Brooks. Can I ask you first of all to address
her point that she is or was merely standing up for the
views of her readers. Is that a valid point or not?

A. Yes, in the sense that she knew her readers as well as
we did, and obviously her readers' views were not only
Page 57

big in number and quantity, but were an important swing
vote in the British electorate, and therefore it was
important for us, during the 1990s, to win back and
retain the support of Sun readers.

Now, she would say that the editorial stance or the
campaigning -- the campaigns she launched or the
positions she took were simply to advance the views and
interests of her readers. I think that is partly true.
I also think it's partly true that they were an
expression of her own and her colleagues', including her
proprietor's, prejudices. They don't like government.
They don't like regulation. They don't like
interference in markets. They don't like high taxes.
They think a lot of spending is wasteful. They think
that welfare is consumed by too many scroungers and so
it goes on, that the country is in danger of being
swamped by immigrants or asylum seekers.

I'm not saying that these views are not held by
people in the country. I would argue, however, that
their views tend to be sharpened or excited by the Sun's
journalism, and that the way in which the Sun chooses to
portray a government's policies or response to these
issues can be very important in how voters see those
actions and their government. You know, perception is
all in politics but perception becomes reality. If
Page 58

you're constantly told, whether it be by the Sun or the
Daily Mail, that the entire Sussex and Kent countryside
is now awash with illegal immigrants and asylum seekers
who have clung to the bottom of the Eurostar, they'll
tend to believe it, even if it's a completely fanciful
piece of nonsense.

Q. You describe her in the same bracket as Les Hinton as
being especially assiduous and then you refer to using
her personal influence --

A. Another way of putting it would be to say they were
better at it.

Q. Better at doing what?

A. Better at putting themselves about, better at gaining
attention for their views, gaining access to ministers
and to politicians. It's not a crime.

Q. No, no. But what are the attributes or characteristics
of her personal influence from your own perception of
it?

A. Persistence. Charm. You know, manipulative skills,
although some people might say that's rich coming from
me, you know, given that they all think that people like
me are just sort of spin doctors and spend our time
manipulating people. She -- she's very good at keeping
in touch. I mean, obviously famously by text, as we
know, but in other ways. I mean, she doesn't hold back.

Page 59

I'd say my greatest exposure to her was after I came
back to the government in 2008. I mean, that was the
sort of long slide down in relations between the
government and Mr Brown as Prime Minister and the Sun,
and there were occasions on which I got on the
telephone. I didn't like sometimes the way he was being
treated by the Sun. I objected to it very strongly and
told her in no uncertain terms. On other occasions, she
would come on to me and complain that, I don't know, Tom
Watson or whoever it was, or members of the Culture,
Media and Sport Select Committee, you know, were
hounding them. Couldn't they be pulled away, pulled
off.

So she was very free with her views.

Q. As you say, she was adroit, as editor, in pushing her
views with ministers and number 10. That's page 06910
of your statement. That implies she had ready ease of
access to the Prime Minister and senior members of
Cabinet. Is that so?

A. Yes, I'd say so, or certainly to their, you know,
higher, innermost staffs, yes. But I think that --
I mean, if you were a Home Secretary -- I think I say
this. If I didn't, I meant to, or I had it in
originally and took it out, I can't remember. But if
you were a Home Secretary, you'd be pretty well advised
Page 60

(15 Pages 57 to 60)
to watch your Ps and Qs as far as the Sun and the Daily Mail are concerned. They were two papers who were absolutely neuralgic about the policy areas and issues you were dealing with as Home Secretary, and they wouldn’t hold back, certainly in print, in letting their views be known about the shortcomings and failures of whatever home secretary that they were trying to influence/bully at the time.

But they also, as it were, through the back door would be saying, "Well, it might be nice if you, you know, supported us in what we’re doing for injured soldiers or police dependants or whatever.” You know, heroes. And the Prime Minister or Home Secretary and other ministers, Defence Secretary would probably be keen to associate themselves with those events and those causes, partly because they believed in them and partly because it was a way of trying to retain some favour from these papers, which were very, very important in the way in which they were acting as ministers.

I was more shielded from it, to be perfectly frank. I was more on the economic side rather than the sort of Home Office side. I never went to the Home Office. Perhaps it’s as well that I didn’t, but -- I was relatively shielded from it but I knew it was going on.

Q. How important was Mrs Brooks’ support for Mr Blair in his third term, 2005 to 2007?

A. Oh, very important, because -- 2005 to 2007?

Q. Mm.

A. Very important, because he had been weakened politically as a result of the Iraq war. The Murdoch titles obviously had been, as it were, the last loyalists over Iraq. They maintained consistent support for him when other papers of the left and the right did not support Mr Blair’s actions or his decisions, and so I would say that the importance of the titles -- the Murdoch titles, before 2005, I think in a sense came to a peak around Iraq, and then, when Mr Blair subsequently came under pressure from his friend next door, the continuing Murdoch support for Mr Blair was very important for him.

Q. Okay. Can we talk then about the friend next door?

A. I think he started off being pro-euro; is that right?

Mr Brown?

A. Yes, he was pro-euro, pro-Europe, decidedly so in the early 1990s. He didn’t really waver in that until we reached government.

Q. And then what happened?

A. He went cooler.

Q. And what were the reasons for that?

A. I think you’ll have to ask him.

Q. Did he become an ally of Mr Dacre or vice versa?
1. It was not hard to get Rebekah Wade, or Brooks, as she became, to wax eloquent about the inequities of Gordon Brown and the so-called coup against Tony Blair. She had strong views. They were consistent. I remember on one occasion I'd gone in to have lunch with the Times when I came back as a minister, and at the end of the lunch, a message came. Would I see Rupert Murdoch, as he was in the building? Did I have time before I had to leave? I saw him. Rebekah joined us, and straight away she tipped into this great tirade against Gordon and those others who had brought down Tony and whatever, and Mr Murdoch said, "For goodness sake, Rebekah, can't you let history be history? Let bygones be bygones. Let's not go into that any more."

2. Q. You were involved in, I think, the Corfu leg of Elisabeth Murdoch's 40th birthday party.


4. Q. That was in 2008. I think the boats had moved on from Santorini; is that right? Not that you were this in Santorini.

5. A. I wasn’t on the Santorini leg of that, no. I managed to get through great sort of logistical inconvenience from where I was finishing my holiday in Italy to Corfu, but then I’d been asked a long time in advance whether I would do it and because it was a small birthday party -- everything is relative, of course, small -- for Elisabeth Murdoch's 40th birthday, but I did get there.

6. Q. There’s a much-talked about conversation between you and Mr Osborne, and I think Rebekah Brooks was party to that conversation.

7. A. No, she wasn’t. I mean, if fate had acted differently, I’d have ended up at the other end of the table sitting next to Rebekah, because when I arrived late for this meal in the Greek taverna, there were just two places empty at different ends of the table. One was beside Rebekah Brooks. The other was beside George Osborne. In 2008, I chose George Osborne, and the rest, as they say, is history.

8. Q. What passed between you and Mr Osborne is in fact of no interest to this Inquiry, but you presumably learnt at that dinner that Mr Cameron had seen Mr Murdoch at Santorini and you were beginning to work out that the shift of opinion within News International was moving in a certain way; is that right?

9. A. Yeah, I sort of teased Matthew mercilessly for -- because I think he did put his plane at David Cameron's disposal to fire him through there in order to have a dinner and a tete a tete with Rupert Murdoch. I said, "Don't be so quick to forget your old friends." He smiled.
I called them chumps. I thought they would make fools of themselves and I believe that they did. And actually I think Rupert Murdoch foresaw that, which is why he didn't support what they had done that day and said so.

Q. I'm going to come to that. Your feeling was that some sort of deal had been done between the Conservative Party and News International. You said as much on Radio 4, the Today programme, on 11 November 2009, didn't you?

A. I did say that, and I know that, you know, some people have said that was just, you know, throwing around these claims for specious reasons or without evidence. In fact, I made these comments both on the Today programme and in the House of Lords, when it was clear to me that there was more than a coincidence, if I can put it that way, between the Tory's media policies and the views that were being expressed, for example, by James Murdoch in his MacTaggart lecture.

In July of 2009, Mr Cameron had pledged to dismantle the hated Ofcom -- I mean hated by News International. He said that it was part of the Tories' cutting back of the quango state and he said that under the Conservatives Ofcom will cease to exist as we know it.

When I subsequently learned that the team supporting the Conservative Party's media policy development were the same team and the same people who were helping Mr Murdoch to draft his speeches, including the MacTaggart lecture, I didn't have to go very far to put two and two together to realise that this coincidence of policy had slightly greater meaning and that there was, in fact, a sort of organic link between the two, which is why I said what I did.

Q. Can I seek to address that in two ways? You were very careful in your evidence, when we were looking at the period 1995 to 2010, that there's no evidence of any implied deal between Mr Murdoch and politicians, and yet you seem quite willing to persuade us that as soon as we're talking about Tory politicians, then Mr Murdoch changes and is prepared to reach almost an express deal with his interlocutor. Isn't that a little bit inconsistent?

A. No, I don't think it is. I'm not saying that Mr Murdoch wouldn't have liked to see express commitments made in the Labour Party's manifesto in 1997 onwards to media policies and regulatory matters which suited him and his commercial interests. I'm not saying he wouldn't have liked to see that. All I am saying is that (a) he didn't get it, (b) I have no knowledge that he expressly asked for it, and that there was certainly no pact or contract put in place between Mr Murdoch and the Labour
government that would deliver it.

Whereas I am saying, in contrast, that it is a little more than a coincidence to see basically the same teams working both for the Conservative Party and James Murdoch, and lo and behold, Mr Cameron comes up with a speech and commitments in July 2009 which were exactly corresponding to the policy objectives of News International, and Mr Murdoch, James Murdoch, came out with the same sort of sentiments when a month later he delivered his MacTaggart lecture.

Q. It's not what you say in your book either, Lord Mandelson. At page 489, at the very top of the page -- to give the context -- and I'm going to come back to this -- Mr Brown was of the view that there was a deal.

A. 489?

Q. 489. At the top of 489, you having said that:

"At his urging [that's Mr Brown's urging] I spoke out on that issue publicly on a couple of occasions following the Sun's switch."

Well, we've covered one of those. You say:

"In fact, I suspected that the real reason for the change was simpler and, in a way, even more discouraging. The Sun was a mass market paper. It saw its interests as backing a winner. While I was still in office, you know, was being buffeted by events and changing electoral attitudes, as well, I believe -- but"

Page 73
A. I assume that there was the call because I seem to
20 Q. No, of course not.
19 A. -- is Mr Murdoch himself said that he did not agree with
18 Q. The allegation is -- or rather the evidence was from
17 Mr Murdoch -- that Mr Brown said or uttered the words
16 "declare war on News International" or words to that
15 effect. From your own knowledge, Lord Mandelson, can
14 you assist us as to whether there was such a call?
13 A. Well, I wasn't on the call. I hadn't been patched into
12 the call.
11 Q. Can I --
10 A. -- is Mr Murdoch himself said that he did not agree with
9 the method and timing of what had been done.
8 Q. Yes, but we don't know yet from your evidence whether
7 you know whether there was such a call, and that was the
6 question.
5 A. Oh, I'm sorry.
4 Q. The allegation is -- or rather the evidence was from
3 Mr Murdoch -- that Mr Brown said or uttered the words
2 "declare war on News International" or words to that
1 effect. From your own knowledge, Lord Mandelson, can
0 you assist us as to whether there was such a call?

A. I assume that there was the call because I seem to
Page 77

Page 78

Page 79

Page 80
Q. But I suppose, apart from issues of credibility, which may or may not in the end be resolved, it's relevant to this extent: it would be all the more reason, I suppose, for News International to want a Conservative government at the election which, of course, was going to take place in May 2010.

A. Yes.

Q. So it throws light on that, doesn't it?

A. You could say: here we were, history repeating itself, and we were back to the sort of, you know, late 1980s, early 1990s, at war with the Murdoch empire. It's not something that I would have sought or wished for, but there we are. They decided to withdraw their support. There was nothing that we could do about it at that stage. We had to live with it. As it happens, in my view, it meant a darn sight less to us in 2010 than it had been in 1997.

In my view -- and I think frankly people exaggerated the role of the Sun in 1997 and said so at the time, but nonetheless, I think by 2010 their influence had further receded and my view was, you know, shrug it off. Don't dignify them with tears, crocodile or otherwise. Just get on with life, get on with business, get on with government, fight the election hard, and if they want to go for us, let them do so.

Page 81
to a Secretary of State, doing, texting like that and exchanging messages and information with a corporate lobbyist?

LORD JUSTICE LEVESON: Well --

A. I mean, if they had been in the Department of Business or the Department of Trade and Industry, they would have been taken out and shot. Actually, they would never have got to that stage, because, you know, the rules and discipline in a department that is familiar with dealing with these issues would never have allowed it to get to that point. Perhaps it was the inexperience, perhaps, of the individuals concerned and the Secretary of State and, dare I say it, the department that didn't take greater preventive action to stop this inappropriate contact and information exchange that would, as I say, never have happened in my department.

LORD JUSTICE LEVESON: Thank you. Right.

MR JAY: Thank you, Lord Mandelson.

The issue now of spin, which I've been asked to address with you.

A. Yes.

Q. You told Mr Rawnslcy, page 9 of his book:

"There was great emphasis on managing the media at the expense of managing policy. There was a sense that if you got the story right, you'd achieved something,

Page 85

and that is not how government is."

First of all, has he fairly quoted you?

A. I really have absolutely no memory of talking to him or using the quote, but that's not a reason for thinking that I didn't say it. I just don't recall saying it to him. It sounds -- I mean, in a sense it echoes a view I had. What time are we talking about? The early part of the government or -- 1997 onwards?

Q. He notes this as a private communication he had with you for the purposes of preparing his book, but he doesn't date that private communication. It's just footnote 43 on page 9.

A. Okay, I don't know. Look, I think that early on in the government there was, perhaps at the centre of government, a too media-centric mode of operation as opposed to a policy-centric mode of operation. Why do I say that? I think it's partly -- I mean, in the sort of New Labour hierarchy of things, you know, media management, the personality of Alastair Campbell himself, the Prime Minister's pre-occupations, media management was pretty high. I happen to think, although you'd be forgiven for wondering otherwise, that it's also rather high in the case of Mr Cameron and the present government.

But that doesn't mean to say that the sort of strategic direction or thrust or policies of the Labour government from 1997 onwards were sort of subordinated to a sort of media confection or obsession about how things were going to play in the press. I don't think that's true. But in an organisation like Number 10 Downing Street, you know, there are things, processes, that acquire a bigger prominence than others, and I think we did go through a period where --

I think -- didn't I write this or say something about it in the book that I republished in 2002, "The Blair Revolution Revisited"? And I'm almost certain that Alastair Campbell made a speech or wrote a very lengthy article saying exactly the same thing, that our media focus extended for too long into the government, not to the detriment of policy but perhaps in the energy that was devoted to, you know, media relations as opposed to policy development. Perhaps things in those early years got a little bit out of kilter.

Q. Yes. The piece you wrote --

A. I don't think it's so of Mr Blair's second or third terms, incidentally.

Q. Your book, "The Blair Revolution Revisited", which is annex --

A. I fear not available in all good book shops, unlike the other book.

Page 86

Q. You've kindly copied it for us. It's under tab 2, in the preface, page 44.

A. Which tab is it?

Q. Tab 2. It's material you provided us with,

Lord Mandelson. If go to page 44, in Roman numerals, seven lines from the top:

"My criticism of New Labour ..."

To be fair, you may be looking, what, at the first term of office, not subsequent terms; is that right?

A. Yes, because this was published in 2002, so it would have been written at the back end of 2001. So we're talking about the first term.

Q. Yes.

"My criticism of New Labour -- and of course, I include myself in this -- is not that it has good media skills but that these have been allowed to fall into disrepute through overuse and misuse when in inexperienced or overzealous hands, and in the process, the government's character has been harmed. That's why in the case of spin, as in other aspects of the government, actions generate reactions that have to be countered by new actions, as Alastair Campbell has openly acknowledged."

Well, he did that conspicuously in 2002 in a piece which we've found and we've referred to. Then you say,

Page 88
Day 74 - PM  Leveson Inquiry  21 May 2012

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<th>Page 90</th>
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<td>further down:</td>
<td>into some sort of terrible wrongdoing or crisis.</td>
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<td>- &quot;But crude, clumsy handling of the media by overly controlling and politicised press officers causes more problems than no handling at all because it undermines trust.&quot;</td>
<td>- I mean, that's the way the press are. I don't know how -- I don't know why, in the first two years of the government, they didn't see all this, but suddenly, you know, having thought that the government walked on water, now they can do absolutely nothing right. So that when a book is published about -- a biography is published about the Prime Minister and it harmlessly points out that when he does relax over a weekend, you know, he enjoys karaoke or watches a DVD, immediately you have interviewers asking people on TV and radio chat shows what they think about the Prime Minister's indolence? You know, isn't this a problem for the government that you have a lazy prime minister who doesn't do any work, just because somebody's written a book somewhere saying that he likes watching DVDs on a Saturday evening! It's ridiculous. It's fad and fashion. Heaven knows, there are perfectly legitimate criticisms to be made of this government without resorting to what is essentially media spin, to use an expression.</td>
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<td>A. All of those statements are true and I stand by them and I think they were legitimate self-criticisms. But I also think that what was going on was a very interesting and sustained attempt by many in the media to turn essentially what was New Labour's strengths into weaknesses and vulnerabilities of the government, and in a sense what they were trying to do is turn us into something that we weren't. I mean, people who were obsessed by the media, obsessed by so-called spin -- indeed, what did spin become? Spin, in the eyes and words of many in the media, became anything that any minister said or anything that anyone working for a minister said. Facts became spin. Explanations became spin. It just became the most overused word in the English language, as it was applied to the government.</td>
<td>Q. But didn't it also involve bullying, control freakery, to use your term, and excessive favouritism of some journalists?</td>
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<td>Q. But didn't it also involve bullying, control freakery, to use your term, and excessive favouritism of some journalists?</td>
<td>Q. You say in your statement, almost with a tone of lament: &quot;I wish I could have played soft cop to someone else's hard cop.&quot; The implication being --</td>
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<td>A. Excessive favouritism? Page 91</td>
<td>A. No, that was the story of my life. I don't know what page that's on.</td>
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<td>Q. By you?</td>
<td>Q. 904.</td>
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<td>A. What, the people who supported us?</td>
<td>A. That just about sums up my life. If I had been able to, you know, be, you know, homespun chatty Larry, you know, friend of everyone, a great guy to go out for a pint with and an Indian meal, thoroughly emollient Mandy, as it were, I have no doubt my life in politics would have been easier.</td>
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<td>Q. Mm.</td>
<td>Q. Yes.</td>
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<td>A. There weren't that very many, you know.</td>
<td>A. However, that wasn't the case.</td>
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<td>Q. What about the bullying. Lord Mandelson.</td>
<td>Q. Maybe you were the victim of circumstance. You've talked about the horrible 1980s, but the reality is that in order to survive you had to be this extremely --</td>
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<td>A. It's hardly a crime to sort of talk to people who sort of were going to give you a fair crack of the whip. But bullying? No. I mean, look, you take this thing about control freakery. Yes, we did have a strong centre of government and we did want to provide a strong sense of direction for the government and therefore for the country. That was turned into, called, labelled, control freakery, and all of a sudden, alongside spin, we have everyone talking about this awful control freakery government. It's part and parcel of, you know, propaganda and war by another means. I mean, there comes a time in the life of any government when the honeymoon ends and the press turns and they think: &quot;Right, we're going to give these people a run for their money.&quot; And my word, isn't the present government seeing the same, coincidentally or not, with the launch of this Inquiry? But now, all of a sudden, everything the present government does is wrong. They can't do anything right. Every sort of small thing is magnified and amplified</td>
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23 (Pages 89 to 92)
Day 74 - PM Leveson Inquiry 21 May 2012

1 strategy inevitably had to be briefing against others,
2 your enemies, often on the same side of the House; is
3 that right?
4 A. Briefing against others? What does that mean? What
does that mean?
5 Q. Well, attacking the allies of the man next door, as you
6 described him. Is that not it?
7 A. If -- if I was doing that, which I don't accept I was,
8 I certainly had many lessons to learn from next door.
9 Q. Because of course he was -- his men were arch-exponents
10 of the same tactic.
11 A. The problem for me was I started off in the 1980s as
12 a rough, tough robust defender of my party, such as it
13 was. It nearly went out of existence in the 1980s.
14 Then I became a lightning conductor for Mr Blair, very
15 handily, and then, of course, I would say I was picked
16 over by Mr Blair's neighbour, who thought that weakening
17 me would have been an advantage for him.
18 Q. Okay.
19 A. So, you know -- but that's politics and it's all water
20 under the bridge, and fortunately I've turned a corner
21 and got a new life.
22 Q. Mm. I have been asked to put to you these two
23 questions.
24 A. Who's asking you to put --

Page 93

1 Q. The questions come to me and I just put them.
2 A. These predictable questions.
3 Q. Predictable or otherwise, they're going to come to you,
4 Lord Mandelson. How much personal responsibility do you
5 accept for the increase in cynicism and negativity of
6 which you complain?
7 A. I don't accept responsibility for it. No, I don't.
8 I know it's a wonderful defence that the press like to
9 put forward, that if it weren't for these great sort of
10 media manipulators and kings of spin like
11 Alastair Campbell and Peter Mandelson, all would have
12 been different. But please, do me a favour. Do me
13 a favour.
14 Q. Is the thrust of your evidence that insofar as
15 responsibility in full need to be found -- query whether
16 that's necessary but insofar as it does -- we should be
17 looking at journalists rather than politicians?
18 A. I think that in a sense, up to a point, they sort of
19 deserve each other, because both must have
20 responsibility for a relationship that has broken down.
21 Both must take responsibility also for putting it right.
22 They need a better working relationship. It needs for
23 openness, more transparency, more mutual respect and an
24 understanding of what each other's job is, and if we
25 didn't adequately understand and appreciate what the

Page 94

1 journalists felt their job was when they were tearing us
2 to bits, then I'm very sorry. We'll reflect on it. But
3 equally, I think the press must also reflect on what's
4 happened in their stable, and I don't think it's pretty.
5 I also think, incidentally, that the challenges that
6 we're going to face as digital content takes over from
7 print circulation are nothing -- are going to far exceed
8 anything that we've had to deal with to date. I mean,
9 you're looking at a domestically and internationally
10 sourced Internet which is pouring out undigested news
11 and information and character assassination about
12 people, which doesn't even know how to spell the word
13 "privacy".
14 Q. I will come --
15 A. It knows a darn sight more about piracy than it does
16 about privacy.
17 Q. Mm.
18 A. And that's the challenge that we face in the -- I said
19 at the end of my witness statement -- somebody showed me
20 another statement written by somebody. I can't remember
21 his name --
22 LORD JUSTICE LEVESON: Martin Clarke.
23 A. Martin Clarke for MailOnline. I thought that was
24 fascinating and chilling, what he was pointing to, and
25 really creates a much bigger challenge for you and what

Page 95

1 you're doing in this Inquiry than anything that arises
2 from whoever said what to whom over the 2003
3 Communications Act.
4 MR JAY: That's one of the four topics I'm going to conclude
5 with, the last section of your witness statement, but
6 there's one other question from a core participant
7 before I come to that, if you will forgive me,
8 Lord Mandelson. I'm required to put these.
9 Did either you or your company, Global Counsel,
10 provide advice to News Corporation or News International
11 and/or senior staff there?
12 A. Like a job? No, we did not.
13 Q. Okay.
14 A. I have talked on occasions to people about what's
15 happened, obviously. It's hard not to talk to people
16 about what has happened and to consider what to do about
17 it, but work professionally? No.
18 Q. So it's informal advice but not part of your
19 professional --
20 A. It's not advice. I mean, expression of opinion.
21 Q. Yes, okay.
22 A. I have four topics to conclude --
23 A. I do remember saying, by the way, that what they really
24 ought to do is embark on a sort of truth and
25 reconciliation process. I don't just mean

Page 96

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24 (Pages 93 to 96)
25 Q. Do you have any view about Lord David Hunt's proposals, or self-regulation, for want of a better word?

A. Well, I have looked at them. He sent them to me, and I think they are a perfectly plausible, respectable system, as outlined, of self-regulation of the press.

I make a distinction between that and what we have at the moment, which is no regulation. We don't have a regulator as such in the press, and I think the whole term "self-regulation" is a misnomer. We don't have anyone who is able to sort of intervene, you know, investigate, draw out patterns of behaviour or practice that are unacceptable or adopt views and impose them or enforce anything. I mean, no judgment that the PCC reaches about anything is enforceable. It's ridiculous.

He quite rightly rejects that system of what I would call non-regulation, but in its place, he proposes a system of contractually based self-regulation.

I don't think that would be in effect, in practical terms, any different from what we have at the moment, and instead what we need is not self-regulation but independent regulation, and if, as a result of all that's happened and all that we've seen flow through this Inquiry and the evidence that people have seen, we still do not result in a system of independent regulation, then it won't be a last drink that the press are enjoying at the last-chance saloon; it will be many magnums of champagne.

Q. By independent regulation, you mean what?

A. I mean statutorily based regulation by neither the press nor government. It's what we have in other walks of life. It's what we've used to in this country. It's what lawyers have had to take on, as I said earlier.

Q. Okay.

A. You know, Ofcom undertakes a perfectly reputable responsible role in regulating the media generally in this country. Why not have Ofcom or Ofcom-like doing the same in this context?

LORD JUSTICE LEVESON: Could I ask why you think that Lord Hunt's proposals, if accepted, would effectively be the same as the present?

A. Because they would rely on a system there was industry buy-in. He underlines that. I'm not saying that the industry shouldn't have confidence in the system, but "buy-in", ie acceptable to them and on their terms, I don't think is likely to command public confidence.

Secondly, a system that relies on a regulator suing newspapers, with all the rigmarole, upheaval and expense and bad feeling that that would generate, is not practical and not likely to be an effective mode of operation.

Page 97

I think that essentially what Lord Hunt -- and I have great respect for Lord Hunt. I've known him for over 30 years, and I think he's very sincere in what he's proposing, but essentially what he's talking about is mediation under a different name and within a different rubric. And mediation, I'm afraid, has been seen to fail when it's not backed by teeth. It's the same in every other walk of life.

The idea that some industry -- some compliance officer, appointed by each company and each newspaper or whatever, is going to be able to sort of crack the whip and stand up to the likes of -- I don't know, whoever, James Murdoch or Paul Dacre or whatever. I mean, taking any action open to a compliance officer would be like travelling across an assault course cum minefield to get effective enforcement of the standards they're meant to be operating. It's just not realistic.

I mean, I think it's sincerely motivated and I can see why he's come up with these ideas. It's to avoid what the press most dislike, and that's the thought that Parliament might take a view. But Parliament has to take a view on everyone else's professions and walks of life and how we do things in this country. It doesn't mean to say that, you know, their role, their freedoms are eviscerated as a result of Parliament setting up or
underpinning some sort of independent mechanism.

A. Why? How?

I mean, all these great investigative campaigns, all these resources and all this investment and journalistic firepower that’s thrown by these newspapers at unearthng real wrongdoing, real corruption, real corporate misbehaviour – where is all this investment in investigative journalism? Where are all these journalists and all these resources being thrown at investigative activity by these newspapers that would be in peril? I don’t think there’s any likelihood whatsoever of a regulator standing in the way of real, purposeful, focused, investigative journalism, and in any case, as I say, how much do we have it already in the present circumstances? Not nearly enough in my view. If newspapers spent more time looking into corporate misbehaviour or corruption or genuine wrongdoing rather than, you know, journalistic celebrity-driven little-tattle and gossip, the entire country would be a lot better off, and actually their circulation would probably go up as well, and it would be more profitable.

MR JAY: Thank you. The second topic, Mr Cameron stated
A. I'll try.

LORD JUSTICE LEVESON: I've wondered -- and one of the things that I am considering is whether those who are putting stories, facts, information, comment out in the course of a trade or business might be treated differently from those who are simply communicating on Facebook or Twitter.

A. Mm.

LORD JUSTICE LEVESON: I'm not saying yea or nay at this stage, I'm merely contemplating the possibilities, but I am very conscious that there is an enormous range out there. On the one hand, what the BBC puts online is governed by Ofcom, what the MailOnline puts online is governed by the PCC and what a blogger puts online is governed by nobody.

A. Nobody.

LORD JUSTICE LEVESON: That just seems, at least, difficult, not necessarily soluble, but it needs to be thought about. So if I can trespass on your time --

A. No, you can, and I will think about it or find some people to talk to about it and think what is best or what might be helpful, and I want to help you. I don't have any silver bullets or magic solutions, I have to say. I'm not one of those, I'm afraid, who thinks that, you know, the Internet can or should be regulated.

LORD JUSTICE LEVESON: No, well --

A. To be honest, my sort of more practical and liberal sympathies lie on the side of freedom of the Internet.

LORD JUSTICE LEVESON: That just seems, at least, difficult, and indeed in some places the criminal law might operate. So if somebody breaches the criminal law by naming the victim of a sexual assault on Twitter, then the criminal law can deal with it and that will be the way forward, and it may be that that's all we can do. But --

A. But should we have national rules and laws or should they be European, at least, if not global? But let's talk realistically at any rate. This is an area, I would have thought, where Europe needs to come to the fore rather than try to carve up the operation of the Internet at least on our continent into sort of artificial national compartments.

LORD JUSTICE LEVESON: I understand entirely, and I see this as an extremely difficult area --

A. Yes.

LORD JUSTICE LEVESON: -- if not insoluble. I'm not saying it is, I'm not saying it isn't; I simply don't know.

We've focused a lot on what's happened, as it were, in the last years because that at least provides us with a base from which to proceed to consider what might happen, but if you say, as in fact you do imply in your statement, that there is no purpose in my simply solving yesterday's battles without considering tomorrow's, I think you'd be absolutely right.

A. I mean, I have felt a little bit, in preparing my statement -- my appearance before you, that I have been operating in a rather, I don't know, not anachronistic but I felt that I was taking a rather more backward-looking historical perspective, that the world is fast-changing and moving on and that we have to be prepared now for what's coming our way, the hurtling train.

LORD JUSTICE LEVESON: All right.

A. Tab 3. That's all.

LORD JUSTICE LEVESON: Sorry?

A. Tab 3. That's all.

LORD JUSTICE LEVESON: All right.

Questions by MR GARNHAM

MR GARNHAM: Lord Mandelson, you had in July 2007, and you

LORD JUSTICE LEVESON: Yes. I agree with that. But we ought to think about all that we can, it seems to me, and if we can help, then we should do. If we can't, then it will be for another problem, another day.

A. Yes. Talking of which...

LORD JUSTICE LEVESON: Certainly.

MR GARNHAM: I notice the time, but in the light of the way Lord Mandelson gave evidence in respect of the cash for honours saga, I do apply to ask him one or two questions.

A. Could you tell me what tab? Oh, tab 3.

LORD JUSTICE LEVESON: Sorry?
A. I have belief.
Q. You have no evidence?
A. I have belief.
Q. And no basis for that belief, do you?
A. No, you're quite wrong. I do have a basis for belief.
Q. Because it's a surprising belief for you to continue to hold when, firstly, there was an independent investigation into that very question that concluded --
A. Who undertook that investigation?
Q. Surrey Police.
A. Oh, really?
Q. Yes. And it may be of interest, may it not, that some of the most sensitive material from that investigation was never leaked?
A. Amazing.
Q. Including the fact that a serving Prime Minister was interviewed four times without that ever being leaked. Is that not surprising, if your belief was well-founded?
A. I'm afraid I do not find your line of questioning very plausible.
Q. The plausibility of it or otherwise is not the question I ask you. I ask you whether or not it's the case that there is no foundation for your belief.
A. If I thought there was no foundation, I wouldn't have made the comments I did.
Q. And I'm suggesting you should not have made those comments --
A. You're entitled to your view. You do your job, you're representing the Metropolitan Police, you're a lawyer, you're employed by them and of course you would say this.
Q. What's the answer to the question, though? Was there any evidence to support the belief you say you hold?
A. Solid belief.
Q. Is there any evidence behind that belief?
A. Yes, what journalists said themselves. They were as surprised as anyone to suddenly find themselves on the phone to Assistant Commissioner Yates.
Q. Did it not occur to you that the --
A. Why should he be talking to these journalists during the course of an Inquiry? Why should he?
Q. On the contrary, there's nothing to suggest that he was.
A. Oh, really?
Q. Isn't the much more likely explanation for where such information as did become public the fact that material had to be released to those who were being interviewed as part of the pre-investigation disclosure? Is that not much more likely?
A. No, it's not much more likely, given that journalists found themselves talking on the phone to Mr Yates himself.
Q. And are you willing to name who these people are?
A. No, I'm not.
MR GARNHAM: Thank you very much.
A. But it remains solid belief. But I fully appreciate and respect the job that you have to do.
LORD JUSTICE LEVESON: Right. Lord Mandelson, thank you very much indeed. We've trespassed on your time a great deal. I'm very grateful to you.
A. It's a pleasure.
LORD JUSTICE LEVESON: Tomorrow morning.
(5.06 pm)
(The hearing adjourned until 10 o'clock the following day)
Day 74 - PM
Leveson Inquiry
21 May 2012

Tony's 2:13
true 34:20
trust 56:22
underneath 99:9
underook 109:9
undigested 95:10
unearting 101:8
uneathical 41:20
unfair 5:22 27:7 69:16 76:17
unfairly 83:13
unhappy 30:22
unhappy-looking 28:1
unhelpful 50:8
unintended 2:25
union 31:19
unions 41:6
Union's 45:11
universe 104:20
unprecedented 45:22
unreasonable 5:22 17:15
unrelenting 35:21 41:10
unwelcome 29:13,14
upheld 106:17
uphold 13:9
urging 73:18,18
uttered 1:2 4:21
uttering 1:4 4:21
utterly 30:11,16 39:6
uttered 22:19

vaguely 64:17
valid 57:23
value 105:8
vantage 25:22
variety 57:4
vast 83:25
vast 103:25
vein 79:7
versa 29:20
versa 62:5
versions 104:18
victor 29:60
victims 8:7
victory 74:2
view 5:6 13:10
view 13:12 15:24
21:22 22:15
24:16 26:17,18
27:20 28:9
32:11 23:43 46:13
49:20 50:12,14
54:6 16:38
64:13 69:14
73:14 75:4
81:16,18,21
86:6 97:14,22
97:25 100:18
100:22 101:18
104:8 110:3
views 19:14 21:7
28:1 29:21 29:24
37:18 57:23,25
58:7,18,20
59:14 60:14,16
61:6 64:9
65:15 67:4
71:17 75:21
79:22 80:25
97:12 102:24
virtues 53:1 63:7
vis-a-vis 1:12
voice-mail 41:24
vote 58:2
voters 9:23 10:21
23:23 24:7
58:23
vote-losing 8:15
vulnerabilities 89:11

Wade 27:13 67:1
Wade's Brooks 55:6
wait 22:19 28:7
70:22
walk 3:14 40:16
53:15 100:8
walked 91:5
walks 37:4 99:5
100:22
want 1:19 4:25
5:3 6:4 16:15
7:10 18:5,14
18:29 11:18
32:3,6,16 38:7
41:6,10 50:14
56:10 79:20
81:4 24:383
90:10 98:2
wanted 106:11
12:18 16:10
17:7 18:18
24:18,21,22
29:23 44:20
75:24 79:7,22
wanting 102:9
Wapping 16:25
war 62:5 69:6,11
69:23 77:19
79:24 80:1,10
80:19 81:11
90:16
warmly 8:15
warning 27:18
warranted 8:25
wars 6:7,11
19:18,24 20:6
24:19 40:8
45:19 55:20
65:20 67:21
68:6 92:2
92:7 78:4,26
92:11
wasteful 58:14
watch 14:21 40:9
61:1
watches 91:10
watching 39:16
91:16
water 25:9 91:6
93:20 106:17
Watson 60:10
waver 62:19
wax 67:2
ways 4:15 18:7
25:14,24 27:24
31:2,13,22
32:20 39:14
40:17 41:20
47:10 49:1
52:24 53:11,14
54:17,19 55:14
55:21,23,23
58:21 59:10
60:6 61:17,19
63:4,9 66:20
68:19 69:5,7
69:22 71:16
73:23 78:12,16
91:2 96:23
101:14 102:11
103:6 104:17
106:22 107:24
108:13
107:12
59:25 72:8
76:10
weak 32:4
weakened 624
weakening 93:17
weaknesses 89:11
weapon 69:19
web 104:15
wedded 19:10
wedded 26:3
11:9
weeks 20:21 76:4
83:19
weight 102:18
welcome 29:20
welcomed 50:8
welfare 58:15
well-founded 109:18
went 13:20 26:2
28:21 35:3
37:16 41:13
61:22 62:22
93:14
weren't 8:14
10:12 22:18
33:20 51:23
89:13 90:4
94:9
we'll 32:23 39:4
53:18 95:2
97:18
we're 16:14
41:21 61:11
66:7 72:13
79:1 88:11
90:19 95:6
99:6 104:19
106:16
we've 17:6 49:9
64:22 65:6
73:21 88:25,25
95:8 98:22
107:11 111:8
whatsoever 101:14 108:23
whilst 18:18
whip 90:7 100:11
White 41:14
wide 53:5
widely 6:15
43:18
wider 4:23 32:5
32:10 34:2
willing 72:12
11:2
win 18:30 50:13
74:10
window 5:16
wing 12:17
winner 73:25
winners 17:19
winning 7:18,17
18:5 74:15
75:6
wise 32:9
wish 23:1 27:23
49:25 91:23
103:19
wished 49:13
81:12
wishes 28:21
withdraw 81:13
witnesses 8:11
27:15 34:6,10
56:5 95:19
96:5
witnesses 39:24
wonder 34:11
wondered 105:11
wonderful 94:8
wondering 86:22
Woodward 6:5
<table>
<thead>
<tr>
<th>Years</th>
<th>8:10 33:7</th>
<th>41:1 46:7 52:7</th>
<th>57:8 9 76:23</th>
<th>80:7 82:6</th>
<th>87:17 91:3</th>
<th>97:19 100:3</th>
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| 2    |           |               |             |           |           |             |           |             |           |             |               | 1950s 7:1     |
| 6    |           |               |             |           |           |             |           |             |           |             |               | 86:12        | 90 39:20     | 904 92:3     |
| 7    |           |               |             |           |           |             |           |             |           |             |               |             |             |             |
| 8    |           |               |             |           |           |             |           |             |           |             |               |             |             |             |
| 9    |           |               |             |           |           |             |           |             |           |             |               |             |             |             |