Day 25 - PM  Leveson Inquiry  12 January 2012

25 LORD JUSTICE LEVESON: Well, don't read too much into that, because, as I've said to several people, I'm keen to get ideas, to throw out ideas for everybody to consider.

24 LORD JUSTICE LEVESON: -- but I am very concerned to ensure that younger people are using it all the time and so much flashes around the Internet. I don't know -- it's not part of my life, to tell you the truth. I'm aware it's there, but I know that people are using it all the time and so much flashes around the Internet. How you'll be able to control that, I just do not know.

23 LORD JUSTICE LEVESON: Is not what journalists do -- A. I'm sorry?

22 LORD JUSTICE LEVESON: But isn't what journalists do -- A. That's your present view. I think that -- I don't think

21 LORD JUSTICE LEVESON: Oh yes. No, I'm not -- A. Perhaps we didn't think it was being run correctly.

20 LORD JUSTICE LEVESON: -- but I am very concerned to ensure that younger people are using it all the time and so much flashes around the Internet. I don't know -- it's not part of my life, to tell you the truth. I'm aware it's there, but I know that people are using it all the time and so much flashes around the Internet. How you'll be able to control that, I just do not know.

19 LORD JUSTICE LEVESON: But isn't what journalists do --

18 LORD JUSTICE LEVESON: Is not what journalists do -- A. I'm sorry?

17 LORD JUSTICE LEVESON: But isn't what journalists do -- A. Well, that's what I'm saying. So you're getting all these -- the reports on the Internet, that's what I'm trying to say, so you need an accurate version in the paper, and the only way that you're going to be able to get that is if you give the press a certain amount of freedom. If you shackle us too much -- there are so many laws at the moment. You know, there are an incredible number of things that we abide to on a daily basis, and in the main it's quite well run.

16 LORD JUSTICE LEVESON: It's not terribly sensible, is it, that a very important organ of the press feels so strongly about the body that is supposed to provide some oversight that it withdraws from it?

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1 (Pages 1 to 4)
That was a decision which the group was perfectly entitled to make.

A. Yes.

LORD JUSTICE LEVESON: What I am saying is something rather different: that if you want a system that works, it has to be so organised that everybody thinks it's a good idea to take part.

A. Well, that could well be the case. But if something -- if you're not happy with something at that particular time, you do withdraw from it.

LORD JUSTICE LEVESON: I understand.

A. But that doesn't mean to say that it's off limits forever, but, your Honour, that's not my decision. But I know where you're coming from.

MR JAY: Thank you very much, Mr Whittow.

A. Thank you.

MR JAY: Sir, the next witness it is Mr Peter Hill.

MR PETER HILL (sworn)

Questions by Mr Jay

MR JAY: Mr Hill, please sit down and make yourself comfortable. Your full name please, Mr Hill.

A. Peter Whitehead Hill.

Q. You've given us two witness statements. They straddle our lever arch files.

A. Yes.

Q. If you could look at the first file, which I think is that one there, and go to tab 21, you'll find your first statement dated 15 September of last year. I hope.

A. Got it.

Q. That is signed by you and has a statement of truth on it. If you go to the second file under tab 23, you'll find your second statement. Keep that one open, please.

A. Okay.

Q. We're going to go back to it.

A. Yes.

Q. Your second statement is dated 13 December 2011 and again is signed and has a statement of truth?

A. Yes.

Q. Do you follow me?

A. Yes.

Q. So this is your true evidence, is it, Mr Hill?

A. Yes.

Q. First of all, questions about you. You were editor of the Daily Express between December 2003 and February 2011; is that right?

A. Correct.

Q. But before then, you worked at a number of papers, the Mirror then the Star. You became editor of the Daily Star in 1998.

A. Yes.
Q. This is Big Brother, is it?
A. That was Big Brother, yes.
Q. Okay. Paragraph 7, Mr Hill. Withdrawal from the PCC.
It wasn't a decision you made, although you were editor at the time. Was it a decision with which you were comfortable?
A. I was not comfortable with the idea that we were withdrawing from self-regulation, because I felt that self-regulation was very important. But I was comfortable with the decision to leave the PCC at that time.
Q. For the reasons you explain; is that right? Or what were the reasons?
A. The reasons were many. Among them were that I think we felt that the PCC was no longer doing the job that it needed to do. There were other factors, such as in the beginning of the PCC, it was generally accepted that people who made complaints to it did not subsequently go to law, but -- that was the convention. However, that had been abandoned and people had in fact started to use PCC judgments or rulings to support legal actions, so that kind of made it also a bit pointless.
We also did not really like the way that the PCC was being run at that time by various individuals.
Q. Can you be a bit more specific? You told us earlier they were no longer doing the job it needed to do. You've told us a moment ago it was no longer being run in the right way -- I paraphrase -- by certain individuals.
A. Yes.
Q. Can you be more explicit?
A. I don't want to go into the individuals.
Q. Okay. What about no longer doing the job it needed to do?
A. I've explained to you that in the beginning it was meant to be completely self-regulatory, but it -- and that it was instead of the law. It was instead of people going to -- it was to try to stop people -- ridiculous -- having to go into ridiculously expensive court proceedings and to resolve things in a more amicable way. For a long time that did work, but in the end we got -- instead of individuals complaining, you got lots of legal firms getting involved and it all got much more legal than it had ever been. It used to be much more of a lay thing, but it became a legal thing. So whereas at one time I might well deal with complaints myself, or the managing editor might deal with it, in the end we simply had to get the legal department to do all the complaints, because it was all legal.

Q. You told us a moment ago it was no longer being run in the right way. You've told us a moment ago it was no longer being run in the right way.
A. Correct.

Q. Okay. Paragraph 7, Mr Hill. Withdrawal from the PCC.
Q. Logically that must be right, but if the PCC has considered the complaint and rejected it, you would be less likely to get a legal complaint, wouldn't you?
A. Yes, I would have thought so.
Q. And it works the other way, that if the PCC accepts, upholds the complaint, although that can't be determinative, it gives the parties a pretty fair steer as to what might happen in a civil litigation, doesn't it?
A. Except as I explained to you, there was a convention that people who went to the PCC -- and it was no more than a convention, but people who went to the PCC did not subsequently go to law.
Q. That may have been your understanding, but --
A. Well, it was the practice.
Q. But do you agree with me that there's nothing to stop --
A. No.
Q. Isn't all that an advantage rather than a disadvantage?
A. No, because what's the point of the PCC if people are simply going to go to law anyway? Might as well just go straight there.

Q. Okay.
A. Stop wasting everyone's time.
Q. I'm not going to ask you general questions about the editorship of the Daily Express, because we've covered that ground and your evidence is very similar to that of the previous witness. I'm just going to focus on a few matters before turning to the McCann case. Unless, that is, there's anything you want to say which you feel Mr Whittow has not covered in terms of the general position of the editor of the Daily Express, or you might want to contradict?
A. I don't know what Mr Whittow said, because I was travelling.
Q. Okay, my apologies. Can I ask you about private investigators, paragraph 22 of your first statement.
A. Yes.
Q. You say you were not aware of ever using a private investigator at the Daily Express.
A. No.
Q. To be clear, you did not become editor, as you've told us, until December 2003, and Mr Whittamore was arrested.

Q. But it was before Mr Cameron became the leader of the organisation.
A. Right.
Q. When did you become aware of the Information Commissioner's reports?
A. I'm not aware of them.
Q. Even now? These are the reports "What price privacy?" and "What price privacy now?".
A. No, I can't remember reading it.
Q. Did they ever enter your radar, Mr --
A. No, because it was never relevant to me. We never, to my knowledge, used anything of that kind.
Q. Because although it wasn't during your superintendence of the paper because it was beforehand, he identified a number of transactions which he thought were illegal transactions of the Daily Express, and a number of journalists. I think it was seven journalists and 20-something transactions. Wouldn't that information at least have been of interest to you?
A. No, because it was nothing -- I didn't follow any of those practices. The regime completely changed when I became the editor.
Q. What changes did you bring in?
A. Well, they were really changes in the way and the tone in which the newspaper was run.
Q. But how did those changes, and you haven't yet been specific about them, bear, if at all, on whether or not private investigators would have been used?
A. I would have expected the news desk to tell me if anything of that kind was going on.
Q. If it was going on before, it might have continued, mightn't it, and why would they tell you?
A. It was a completely different group of people who were involved. All those people, as far as I know, had left the organisation.
Q. Who are the people you are referring to?
A. I don't know. I can't remember their names, I'm sorry, it's a long time ago.
Q. Is it your evidence that a number of people left, and therefore, because they left, you could be sure that private investigators were no longer being used? Or is it your evidence that you have no idea at all as to whether private investigators were ever used?
A. I have no idea.
Q. Okay. Can you say you about public interest issues, paragraph 27. You were asked to identify the factors you took into account in balancing the private interest of individuals against the public interest when publishing stories, and your answer is:
"When making editorial decisions, I always used my long experience in the newspaper industry to weigh up the question and come up with a decision on whether to run the story."
You haven't identified, though, any factors; you've merely referred to the fact, which is undoubtedly the case, that you've got a lot of experience. Are you able to assist at all as to the factors which you took into account and put into the balance?
A. Every story's different from every other story, and you can't make rules on these matters because the line between the public interest and the interest of the public is sometimes quite vague, and you have to make a judgment on each story. And you do that on the basis of your experience and your knowledge. And discussion with your colleagues and your legal department.
Q. You haven't referred here to any of the principles laid down in the PCC code, have you?
A. Well, I take those as read.
Q. Okay. Can I ask you about some general questions about politics? We've heard from another witness that the Daily Express moved its allegiance from the Labour Party to the Conservative Party, you think, I believe, it was some time before 2005 but can't recall the exact date and the exact date is not going to matter.
A. No.
Q. But it was before Mr Cameron became the leader of the
1. opposition; is that right?
2. A. Yes.
3. Q. Who made that decision to switch allegiance?
4. A. I made the decision.
5. Q. And in your own words, why did you make that decision?
6. A. Because the entire history of the Daily Express had been that of a right-of-centre newspaper. It had an enormous constituency of readers who supported that view, and I felt that it had been a huge mistake to move the newspaper to support the Labour Party, which had been done by previous editors and administrations, and it had, in fact, cost the newspaper an enormous number of readers who had abandoned it in despair. So I decided that it was absolutely vital to return to its traditional constituency.
7. Q. Was that decision taken with board approval?
8. A. Yes.
9. Q. Did it have the support of the board or not?
10. A. It had qualified support, because the chairman, Mr Desmond, was a strong supporter of Mr Blair, who was then the Prime Minister, and he was not really a -- he was not a supporter of the Conservative Party, but he accepted that this was the appropriate thing to do.

Q. I think you're making --
A. And the board accepted that.

1 Q. Yes. I think it's clear from what you're saying that the initiative came from you --
A. Yes.
Q. -- and not from the board; is that right?
A. From me.
Q. As for your dealings with politicians, and we're talking of those in very high office, or in opposition in like category, how often did you meet with Mr Blair, Mr Browne and Mr Cameron, for example?
A. A couple of times a year.
Q. Were these one-to-one meetings?
A. Yes.
Q. And from your perspective, what was the purpose of the meeting, if any?
A. To exchange ideas and opinions.
Q. Insofar as you could tell, what was the purpose from their perspective?
A. To find out what my readers thought.
Q. With what objective?
A. To producing the right policies for themselves.
Q. Was it in any sense in one case to keep you onside, or in the other cases to try and get you to change your allegiance?
A. They never tried to get me to change my allegiance, but clearly politicians would rather you were a friend than an enemy.
Q. Yes. Thank you. Your second statement, Mr Hill, deals with the McCanns.
A. Oh yes.
Q. Of course, you've given evidence to the Parliamentary Select Committee about this, haven't you?
A. Yes, extensively.
Q. Can I take you to that statement and refer to a number of points.
A. At paragraph 2 --
Q. This is in the second file under tab 23.
Q. The question which was asked of you was in effect what fact checking your paper indulged in. Your answer was: "That is a very, very good question. In this particular case, as I explained to you, the Portuguese police were unable, because of the legal restrictions in Portugal, to make any official comment on the case."
Then I paraphrase: they leaked things to the press and therefore checking the stories was not very easy.
And then you went on to say newspapers operate at high speed, et cetera.
I think the question I have is that those very circumstances, that you were dealing with leaks to the Portuguese press, together with the fact that you knew at the time that it was going to be next to impossible to verify the truth of the leaks, meant that you were running a very high risk by running these stories at all, weren't you?
A. Yes.
Q. May I ask you, given that answer, why did you run that risk?
A. Because this was an unprecedented story that in my 50 years of experience I can't remember the like. There was an enormous clamour for information and there was enormous -- there was an enormous push for information. It was an international story, on an enormous scale, and there had not been a story involving individuals, as opposed to huge events, like that in my experience and it was not a story that you could ignore and you simply had to try to cover it as best you could.
Q. You often published the same sort of story on the front pages, though, didn't you, sometimes on consecutive days?
A. Of course.
Q. Did you at any time, given your assessment of the level of risk, which was a high risk, put into account the position of the McCanns?
A. Of course. We published many, many, many, many stories...
of all kinds about the McCanns, many stories that were deeply sympathetic to them, some stories that were not. Q. Yes, but the stories that were not were a little bit more than unsympathetic. Some of them went so far as to accuse them of killing their child, didn't they?
A. This is what the Portuguese police were telling us. Q. Yes, but regardless of that, we've already covered that issue, do you accept that some of --
A. You haven't covered it with me.
Q. Just wait, Mr Hill. Do you accept that some of your stories went so far as to accuse them of killing their child?
A. I did not accuse them of killing their child. The stories that I ran were from those who did accuse them, and they were the Portuguese police.
Q. These stories weren't going to find their way into your newspaper unless you took the editorial decision to publish them; that's correct, isn't it?
A. Correct.
Q. You had a choice. You could either say, "No, the risk is too high and/or the stories are too damaging to the interests of the McCanns, I'm not going to publish them", or you might say, "I am going to publish them because there is such a clamour for information."
A. That's correct, isn't it?

A. I felt that the stories should be published because there was reason to believe that they might possibly be true.
Q. So that was a sufficient basis: reason to believe that they might possibly be true, so we'll whack it in the paper. That's true, isn't it?
A. I don't use expressions like "whack it in the paper".
Q. Yes, well, I don't actually apologise for it. I'm going to carry on.
A. The fact of the matter is that this is a public Inquiry and I do not believe that I am on trial.
Q. I'm sorry, Mr Hill, I'm just going to carry on.
A. But I think you are putting me on trial.
LORD JUSTICE LEVESON: You're not on trial, Mr Hill. What we're looking at is the culture, practices and ethics of the press.
A. Yes.

LORD JUSTICE LEVESON: That includes the newspaper which you had the responsibility and doubtless the honour to edit for many years.
A. Indeed.
LORD JUSTICE LEVESON: And therefore, looking at the way in which you are conducting that responsibility is important, and in relation to the McCanns, the question does arise, given that you knew that officially the Portuguese police were not allowed to talk to the press, what you should be doing to check up or to work on the validity of stories that were being leaked.
A. Indeed.
MR JAY: And the answer is what? What did you do to check on the validity of those stories?
A. We did the best that we could do, which was not very much.
Q. Which was nothing, wasn't it?
A. I'm not saying it was nothing, but we tried our best.
Q. Okay. But against that, of course, you had another eye on the circulation figures, didn't you?
A. One always has an eye on the circulation figures.
Q. You told the committee, I think it's also your evidence to us, paragraph 8 of this statement, in answer to question 620:
"It certainly increased the circulation of the Daily Express by many thousands on those days without a doubt. As would any item which was of such great interest."
A. Yes. Would you like to carry on?
Q. Yes, of course:
"It also massively increased the audiences on the BBC as their Head of News has acknowledged. It did this for all newspapers."
A. Yes.
Q. That merely goes to support the point: it was the view of everybody that publishing the story would increase circulation or would increase viewing figures, wouldn't it?
A. Yes.
Q. Was that something that you felt you could establish and did establish empirically in relation to the Daily Express's circulation figures?
A. On many days, yes.
Q. Because you looked at them at the time and your assessment was, on a day-to-day basis: this story must be contributing to an improvement in circulation. Was that your assessment?
A. Yes.
Q. But did you get the circulation figures on a daily basis or on a weekly basis?
A. A daily basis. That is to say, estimates on a daily basis. Because it takes some time for the actual figures to be validated.
Q. Yes. How long does it take for the actual figures to be validated?
A. Perhaps a week.
Q. And when you looked at the actual figures, did that
Q. We do have the data under tab 25.
A. Yes.
Q. For what it's worth, and this is absolutely nothing, I am not able to correlate, because I don't know when the stories were published, or discern whether there is a trend in relation to circulation. All that one can see is that on Saturdays circulation tends to be much higher; is that right?
A. Yes, but that's all the time.
Q. Yes, yes.
A. Yes.
Q. Because what one would need is to be there on the ground at the time and with expert knowledge of all that's happening in the paper at the time, is that so?
A. And all that's happening everywhere else.
Q. But your clear evidence is, is it, that circulation did go up with the McCann stories?
A. I think so.
Q. That must have been, therefore, a factor in your persisting with the story, was it not?
A. I think so.
Q. Together, you say, with the clamour for information and the pressure for information. Is that so?
A. Yes.
Q. Yes. Can I just probe a little bit into that last answer. Would you accept that there's rather a difference between, on the one hand, persisting in the publication of stories relating to Big Brother, which frankly, whether they're true or not, who cares, and the --
A. Some people cared a lot.
Q. Well, the persistence of publication of the stories in relation to the McCanns, where some people might care extremely deeply, because whether or not they're true and whether or not they're capable of damaging people is a predominant consideration? Do you begin to see that difference?
A. I perfectly see the difference. On the McCanns story, the entire country had an opinion about that story, and wherever you went, whether you went to a social gathering or, as somebody said, to the supermarket, people were talking about it and they all had an opinion about it, and those were opinions, these were stronger opinions, and these opinions were informed by the information that was coming from Portugal.
Q. But zero evidence of any pressure for information, was it not?
A. No.
Q. Metropolitan Police received no complaint.
A. Yes.
Q. Apart from to stop publishing it, particularly --
A. That wouldn't have stopped it, because you couldn't -- well, as someone's explained, we now have the Internet, we have Facebook, we have Twitter, we have all these different things. Information is -- it's a free-for--
Q. And the pressure of the public?
A. It's an information free-for-all that we live in. So it's --
Q. And the --
A. That's it.
Q. It's a --
A. Yeah.
Q. Mr Fagge gave evidence, and I just put it to you in these terms, although we have a transcript of it under tab 40, that you were obsessed with this story. Would you agree with that or not?
A. No.
Q. And why not?
A. Well, I can see, perhaps, why Mr Fagge would use that word, but Mr Fagge was not privy to my inner thoughts, he wasn't part of my inner team, and he would misunderstand -- I can see that he misunderstood the reasons that I used the story as many times as I did, but I've already explained to you the basis for that decision, which had gone all the way back to my time on the Daily Star when I had realised that it was -- that the readers were more -- the readers continued to be interested in the stories far longer than the journalists, and it was my policy to continue the stories and I followed it with many different stories. It started with Big Brother, it went on to Princess Diana, various other things, and that had always been my policy. It was nothing to do with an obsession, it was more to do with a method of working.
Q. Yes. Can I just probe a little bit into that last answer. Would you accept that there's rather a difference between, on the one hand, persisting in the publication of stories relating to Big Brother, which frankly, whether they're true or not, who cares, and the --
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Q. Now, we were not to know at the time that the Portuguese police were not behaving in a proper manner.
A. Very much.
Q. Portugal is a civilised country, part of the European Union. We had no reason to believe that its police force was not a proper body. So, as I explained to you, there was an enormous body of opinion on both sides of
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1 LORD JUSTICE LEVESON: The police thinking out loud.
2 A. Oh, the police thinking out loud.
3 LORD JUSTICE LEVESON: Not you. And to which he said:
4 "I discussed my misgivings with the news desk."
5 Did you get involved in a discussion about the
6 misgivings that your man on the ground had about this
7 story?
8 A. I'm sure I would have done.
9 MR JAY: I think it did go a bit further than that as well,
10 that every story went up with the moniker "legal please"
11 on it, didn't it?
12 A. I can't remember.
13 Q. Mr Fagge told us in answer to one of my questions:
14 "In the evenings, over a beer in Portugal with your
15 colleagues, seeing this obsession played out [that was
16 his term, not mine] on the front pages of the Express,
17 weren't you troubled by the direction in which this was
18 going?"
19 "Answer: Yes."
20 Were you troubled?
21 A. No.
22 Q. And why not?
23 A. Because I thought it was the right thing to do.
24 Q. Because?
25 A. Of what I've explained, that there was an enormous
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clamour for information and I felt that this story was
something that should keep running.
3 Q. When all this went wrong, and it went very wrong, with
a price tag of £550,000, what, if anything, happened
between you and the board?
6 A. Nothing.
7 Q. Was there no gentle criticism of you?
8 A. There's been -- there have been hundreds of libel cases
in newspapers and newspaper administrations have got to
live with them.
11 Q. Mm. Were your board aware that circulation was
improving as a result of these stories?
12 A. I'm sure they were aware of the business points of the
organisation, yes.
15 Q. And may that have been the reason for the absence of any
criticism of you, do you think?
17 A. I think editors are normally left to run their
newspapers.
19 MR JAY: Thank you, Mr Hill.
20 LORD JUSTICE LEVESON: Mr Hill, thank you very much indeed.
21 A. Okay.
22 MR JAY: I now call Mr Ashford next, please.
23 MR PAUL ASHFORD (sworn)
24 Questions by MR JAY
25 MR JAY: Thank you, Mr Ashford. Please make yourself
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comfortable. You won't need the second file, but you
will need the first file. I'm going to ask you to look
at tabs 15 and 16, where you'll find two witness
statements. The first is dated 16 September. Do you
have that one?
6 A. I do.
7 Q. The second is dated 19 December, again of last year. Do
you have that one?
8 A. I do.
10 Q. You've signed each statement under a statement of truth,
so this is your true evidence, is it?
12 A. It is.
13 Q. Your first statement I'm going to deal with quite
lightly, if I may, because most of it's uncontroversial.
15 You explain you're the group editorial director of the
Northern & Shell group of companies. You're a board
member, therefore, in charge of the creative functions
of Northern & Shell, which includes editorship, does it?
18 A. That's correct.
19 Q. Do you have any influence over what goes in the paper,
if I can ask that general question?
22 A. I think influence would be the right word. I might have
some influence, but the editors have the ultimate
decision.
24 MR JAY: Thank you, Mr Ashford.
25 LORD JUSTICE LEVESON: And that's all the papers, is it?
26 A. Yes.
15 MR JAY: So you're occupying a sort of roving function of
superintendence, looking at what's going in the paper
and giving suggestions here and there both as to the
feel, the content, the layout, these sort of matters?
19 Is that a fair description?
21 A. I visit them once a day. I wouldn't go as far as to
call it superintendence, but I'm there if need be.
22 Q. Can I touch on one specific issue: that of private
investigators. Were you aware of the Information
Commissioner's two reports in 2006, Mr Ashford?
25 A. I have been made aware of it since. I'm not sure
Page 31

8 (Pages 29 to 32)
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<thead>
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<th>Page 34</th>
<th>Leveson Inquiry</th>
<th>12 January 2012</th>
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<td>1</td>
<td>whether I was aware of it in 2006 or not, but I have</td>
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<td>2</td>
<td>been made aware since.</td>
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<td>3</td>
<td>Q. And approximately when were you first made aware?</td>
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<td>4</td>
<td>A. It was very much connected with the reiteration of the</td>
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<td>phone hacking story, I suppose, last year and the year</td>
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<td>6</td>
<td>before, that we looked back.</td>
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<td>7</td>
<td>Q. Is this part of the investigation that Ms Patterson told</td>
<td>7</td>
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<td>8</td>
<td>us about, therefore?</td>
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<td>9</td>
<td>A. It would be connected with it, yes.</td>
<td>9</td>
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<td>10</td>
<td>Q. And when you therefore read what was in the Information</td>
<td>10</td>
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<td>11</td>
<td>Commissioner's report, or were at least told about it,</td>
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<td>12</td>
<td>did that cause you any surprise or concern?</td>
<td>12</td>
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<td>13</td>
<td>A. I was concerned to find out whether anything</td>
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<td>14</td>
<td>inappropriate had been done. In the conversations that</td>
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<td>15</td>
<td>I had with the legal department, it seemed to me that</td>
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<td>16</td>
<td>we'd effectively been using agencies as address books,</td>
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<td>17</td>
<td>as means of finding out contact information, so it</td>
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<td>18</td>
<td>seemed fairly low profile stuff, so I wasn't overly</td>
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<td>19</td>
<td>concerned when I'd had those conversations.</td>
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<td>20</td>
<td>Q. Were you aware that Mr Whittamore's company,</td>
<td>20</td>
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<td>21</td>
<td>JJ Services, was still being used by the Express as late</td>
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<td>22</td>
<td>as the year 2010?</td>
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<td>23</td>
<td>A. I don't think it was brought to my attention on</td>
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<td>24</td>
<td>a day-to-day basis, no.</td>
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<td>25</td>
<td>Q. No, I'm sure it wasn't, but were you made aware of that</td>
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(+44) 207 404 1400
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London EC4A 2DY
place. We didn't go into it with any such feeling. We went into it feeling we needed to do a decent job for the paper, make a decent product for the readers, and really nothing more highfalutin than that.

Q. In paragraph 2 you describe or characterise the system which you believe existed when you first became involved. You say in the second line: "This was not self-regulation by companies so much as acquiescence to rules policed by an industry body."

Which is your characterisation of what the PCC was doing; is that right?
A. Yes. I wanted to make that distinction, because we came into it seeing the sense in a self-regulated press, and we thought to ourselves we were able to regulate ourselves. There are a very large number of very good reasons why a newspaper would want to regulate itself, even without any industry body. We'd been used to doing that on magazines, so we knew of an Editors' Code, and we saw no reason, in principle, why a company in isolation might not apply that Editors' Code and put in its own disciplines and constraints.

The difference was the same code was being enforced, but it was a kind of an industry body that -- it was a club.

Q. Thank you. The attributes of the club obviously we fully understand in any event and I'm not going to go over those, but you were happy to, as it were, play ball and join up to this club, at least at the start; is that correct?
A. We were not entirely comfortable with our reception into the world of newspapers by our rival newspaper owners, but we could see the sense of being seen to be decent and proper people as well as in being decent and proper people, and we didn't see the sense, really, in rocking the boat.

Q. Paragraph 3. Your competitors, you felt, or at least some of them, demonised the newspapers and the Express newspaper group, isn't that correct?
A. Yes.

Q. You identify one of them, the Daily Mail, which you say was conducted on a very personal level?
A. Yes.

Q. Are you referring there to personal attacks of a particular sort?
A. Yes.

Q. Maybe you don't want to go into those, but if you do, let me know.

A. I don't think I will go into them, but there were personal attacks, not only in newspapers but in mailshots to readers' homes.

Q. Can you just tell us a little bit about that? Mailshots to readers' homes, what happened there? You don't have to be specific, but just give us a flavour of that.
A. This was the Daily Mail writing directly to its list of Daily Express readers and saying, "Look, your newspaper has a new proprietor", naming him and saying what they considered to be the worst things they could think of about him.

Q. Okay. Paragraph 5 you touch on the McCann story. Can I deal with your attitude to the PCC's response to it?
A. I think my problem with it was the contrast between the fact that our editor, Mr Hill, was on the PCC committee, so he had total access to them and they to him throughout the period in which all the newspapers and other news organs were covering this story to a greater or lesser extent in the same way that we were, so they had total access, but there was complete silence. They didn't raise it for an extraordinary discussion. Maybe they would say it was not in their remit to do so, but every opportunity was there to do so. And it was a contrast between that inaction and after the McCann settlements were, I think, in the summer of 2008, but you tell us in paragraph 7 that you didn't look at the articles and I take your point.

Q. What you say is correct.
A. It's correct, and I believe arrangements were made with the McCanns and certainly some other newspapers that they too gave some redress.

Q. The other thing that you put into the equation is what's contained in PA1, which you see is the last sentence of paragraph 5. You point out that other newspapers were running similar stories; is that correct?
A. It's correct, and I believe arrangements were made with the McCanns and certainly some other newspapers that they too gave some redress.

Q. What you say is correct.
A. May I hand PA1 to Lord Justice Leveson, since he doesn't have it in that bundle.

LORD JUSTICE LEVESON: I've just noticed.
MR JAY: I copied it overnight. (Handed)

LORD JUSTICE LEVESON: Thank you.
MR JAY: It probably isn't in that bundle either, Mr Ashford. I wouldn't worry about it, though. I've looked at the articles and I take your point.

Q. The McCann settlements were, I think, in the summer of 2008, but you tell us in paragraph 7 that you didn't resign from the PCC immediately; you continued with it.
for a while longer, although nonetheless you felt that
you'd been scapegoated; is that right?
A. We did.
Q. Of course, it might be said, though, that the McCanns
took the decision, as they were entitled to do, on the
basis of advice, to sue the Daily Express primarily --
of course they sued other papers as well -- and that had
nothing to do with the PCC. Would you agree with that?
A. I agree that the PCC could easily have said it was not
within their remit to do anything. As I said, it was
a combination of the criticism and the doing nothing
that really rankled.
Q. The singling out of Mr Hill by Sir Christopher Meyer at
the BBC interview.
A. Correct.
Q. That was the point which you found unacceptable, didn't
you?
A. Yes.
Q. In paragraph 9 you deal with PCC adjudications in
relation to all those newspapers and magazines within
the Express Group. You're dealing there, for the
avoidance of doubt, only with adjudications, not with
matters which are resolved in other ways, is that so?
A. Yes, that's so.
Q. Because many complaints are resolved, either on the
Page 41
basis of compromise or on the basis of the newspaper
accepting guilt, in inverted commas, and offering
recourse. Is that right?
A. Many are, indeed, and many are resolved in that way
without the PCC being in the least involved from
beginning to end.
Q. You deal with the concept of regulation in paragraphs
10, 11 and 12. You point out that that's wrong to focus
just on a regulatory body, but there are other
constituents of regulation, namely the law, and that's
both the civil and the criminal law, and internal
systems of corporate governance, which, of course, we
were addressing this morning. But you also accept that
you do see a role for a press regulatory body as well;
is that right?
A. That's correct.
Q. Why do you think that that is so? Why is there a role
for a press regulatory body?
A. I think there's a very large constraint in terms of the
laws on newspapers, which goes without saying. There's
a large constraint on us in terms of we really do not
want to get it wrong, ever, because it affects our
reputation, which translates into the future prosperity
of the business, but there is an area also where you're
getting a lot of commercial rivals in issues that aren't
Page 42
sufficiently severe to be in breach of laws, but
nevertheless you need to have some level playing field
to stop the commercial rivals drifting into areas of
behaviour that might not be, let's say, good
citizenship, to score a point off their rival.
Q. Yes.
A. So you have a body to see fair play, in which we all
sign up to the same guidelines. That can avoid this
happening.
Q. I'm just interested in the point you make in
paragraph 12 that you see a role for a press regulatory
body only in areas where laws are not infringed, but can
I suggest to you that there might be, indeed there is
a role for such a body even in areas where laws are
infringed, whether it's the criminal law or the civil
law, because the purpose of a regulator is different
from the purpose of civil law, participation in which is
voluntary, and criminal law, which depends on the police
finding the evidence to bring prosecutions. Do you see
that?
A. I can see that there's a point there, and I suppose
especially because complaints may well come at a point
where whether or not something is in breach of a law has
not been tested.
Q. I think your real complaint is, and this is the last
Page 43
sentence of paragraph 12, it's the composition of the
PCC you don't like and makes it unfit for purpose. Is
that right?
A. Well, I started out with the point about sort of an
industry club. Certainly, I think, a better body would
be one that was isolated from the politics and the
personalities of the industry, and in particular people
currently serving on it and who are still serving
editors, between whom there is a lot of rivalry.
Q. Yes. Can I just test it in this way: if there is an
adjudication on a particular paper, we all know that an
editor who edits that paper and is sitting on the PCC
will leave the room.
A. (Nods head).
Q. Is that not sufficient, it might be said, to ensure that
the decision reached in the individual case will be an
independent and impartial decision?
A. I feel it's a clumsy way of doing things. I'm sure
everyone who is involved always did their best to see
that it works, and I'm sure that it often did work, but
I don't think you've lost anything if you said, "Look,
let's not have serving editors, serving newspaper
executives on it". They're not even necessarily the
best people to judge. I know they have specialised
knowledge, but it's a bit like -- I mean a musician
MR JAY: And you'd maybe mix it up, as we know from
24 A. Lots of lawyers, but some other people, too.
25 MR JAY: And you'd maybe mix it up, as we know from

MR JAY: Your proposal, I think, entails two things. It
eンタイル having retired editors to bring the requisite
expertise to whatever the body is, is that right, and
also you would like a lawyer or two there, or a retired
lawyer, is that fair?

LORD JUSTICE LEVESON: Yes, but if I follow your musical
analogy a little bit, it's also important that the
person who is making the decision knows how the music
works.

Q. And had this been something which had been under
23 A. Yes.
22 Q. Was it generally supported by the board? Obviously
there had to be a majority, but was it --
21 A. Yes, it was.
20 Q. And of the board -- perhaps I don't need to know this.
19 A. Yes.
18 Q. And did you support the decision?
17 A. Yes.
16 Q. And had this been something which had been under
15 A. It's clunky.
14 Q. It's clunky.
13 LORD JUSTICE LEVESON: Yes, but if I follow your musical
analogy a little bit, it's also important that the
person who is making the decision knows how the music
works.

Q. And the decision to leave in January 2011, we know that
was taken at board level. You, therefore, participated
in the decision, did you?
18 A. That's correct.
17 Q. And did you support the decision?
16 A. Yes.
15 Q. And of the board -- perhaps I don't need to know this.
14 A. Yes.
13 Q. And had this been something which had been under
12 A. Yes. As I have said, it's the serving editors that
I proposed were less appropriate, not people with any
editorial experience whatever.

MR JAY: Your proposal, I think, entails two things. It
eンタイル having retired editors to bring the requisite
expertise to whatever the body is, is that right, and
also you would like a lawyer or two there, or a retired
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19 A. Yes.
18 Q. And did you support the decision?
17 A. Yes.
16 Q. And had this been something which had been under
15 A. It's clunky.
14 Q. It's clunky.
views the press, sees something going on which seems to be -- intuitively to be amiss, and yet there's no complaint. I see no reason why it shouldn't engage with -- try and prevent a problem rather than wait till a problem surfaces. I'd still have to think of a mechanism for doing that and a way of disciplining it.

LORD JUSTICE LEVESON: Yes. That raises the question whether the system can be one or should be one that allows a core constituent to leave. I appreciate the current system does and did and has, if you'll pardon the shorthand, but is that desirable in any system or mechanism that is intended to regulate something as important as the fourth estate?

A. I think if you don't allow a person to leave, then that entails a fairly draconian system of fines for non-compliance for things, because they can't get out, so what disciplinary structures are going to be in place? I think the ideal thing, if it can be achieved, is to get a body that people aren't going to want to leave, because they see that first of all it's fairly and justly constituted, and secondly, that it's trying to get them to do things that they'd actually want to do anyway, for the sake of your own reputations and the reputation of the industry.

LORD JUSTICE LEVESON: But aren't you then driven by the core requirements, and other people yet different core requirements, and that's not necessarily easy then to achieve.

A. Yes. It's not easy, but I think there is a great benefit, if we can agree, which is the reputation of the British press being potentially enhanced by having a proper and correct body, and there's a threat in the background, if we find we can't agree, that if you can't make it work on a voluntary basis, there might be something worse waiting in the wings.

LORD JUSTICE LEVESON: The snag with that, Mr Ashford, is that that's what was said some time ago. It's been tried. That's what was said at the time in 1991, 1993, all that historical Calcutt material, of which I'm sure you're aware.

A. That's true, but in all those intervening years, I don't think we're saying that the PCC, as set up then, has been an abject failure. It has failed in some respects, it's failed recently --

LORD JUSTICE LEVESON: The question is whether it was ever a regulator or whether it was only a complaints or mediating system.

A. I think it -- my personal opinion would be that it did have an -- has had an influence on how newspapers were run.

LORD JUSTICE LEVESON: That's slightly different. It might have had an influence, without necessarily being a regulator.

Anyway, the next question is: one of the things that other people have said, and I'd be interested in your view, is they've spoken of the cost of litigation and the value of having some arbitral system that allows redress to be obtained for privacy or libel or other potential tort without the expense of full-blown litigation. Do you agree with that or not? You may not. I'm just interested.

A. No. I -- I apologise for saying no. I do agree with it. I think it would be very valuable, particularly because in the past few years you have had a lot of legal firms on contingencies, who are bringing cases knowing that the cost of defending them will potentially be very high, and newspapers might well settle for a few thousand pounds just not to have to have the expense and the time. So if we have a body that can take care of that kind of case, it makes sense.

LORD JUSTICE LEVESON: But doesn't that require compulsory entry into it? In other words, if you want to pursue an action for, say, breach of privacy, this is the route you have to go down; you can't have both systems running in parallel, otherwise the wealthy will choose the one that will hit you financially, and the others won't?

A. I don't see how you can prevent someone from litigating
Day 25 - PM  Leveson Inquiry  12 January 2012

<table>
<thead>
<tr>
<th>Q. Okay. How would you define, if I ask you this question, your business model in relation to the Express Group of newspapers?</th>
<th>1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25</th>
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<tr>
<td>1. You should find your witness statement of 19 September of last year. You'll see at the end that you've signed it and appended a statement of truth to it, so is this your truthful evidence, Mr Desmond?</td>
<td>1. I remember comments from the editorial people, &quot;What are you talking about? The Express is like roast beef, it will be there forever, it's part of the history of Britain, there's no problem at all with the Express&quot;.</td>
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<td>2. A. It is.</td>
<td>2. In the meantime, it was losing, as I say -- budgeted to lose GBP 21 million, and the Daily Star was selling around 400,000 copies a day, and one of the reasons why it was selling 400,000 copies a day is because it wasn't being given enough money in particularly in the photographic area, and we felt that the Daily Star had an opportunity to grow because it was so badly produced in the past.</td>
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<td>3. Q. Okay. And you also explain that you've been a media entrepreneur throughout your working life. You founded Northern &amp; Shell in 1974. Your first career was in magazines, then you moved into television -- of course you didn't lose your magazines -- Channel 5. In 1993, you started OK! Magazine, and then in November 2000 you acquired these newspapers.</td>
<td>3. So we felt by backing the editor, by putting more money into the editorial on the Daily Star, by looking at the chess correspondent, who was based in Latin America, or the New York bureau, one person in New York, all this sort of nonsense and grandism that surrounded the paper at the time, we felt that by taking a firm control of that we could, you know, get the magazine -- get the newspapers back into profit.</td>
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<td>4. OK! Magazine you describe as one of the most successful magazines in the world. We are going to hear from them next week. What is your business model in relation to OK! Magazine?</td>
<td>4. Plus, of course, we were able to -- you know, we enjoy selling advertising space, and we enjoy partnering with people, and basically, you know, we like to work with advertisers as opposed to being arrogant and stiff-necked with these people, and we were able to</td>
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<td>5. A. To provide great editorials and great -- and a great product they all want to buy every week.</td>
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increase the advertising.

So basically that was the main thing. And, I mean, they had -- an example, I don't know what this means to you, but they had 100 reps on the road with cars. From our experience of running magazines, we've tried every single aspect of trying to increase circulation, and basically the way it works is the whole -- the way it works is you have around 50,000 retail outlets and you have the wholesalers, and the wholesalers get delivered magazines or newspapers and they deliver to the retailer.

Now, the only way the wholesaler makes money or the retailer makes money is on their sale, okay, and they don't want returns. So another example of our good business was cutting the amount of copies that were coming back. I think at the time it was something like 300,000 copies a day of the papers coming back on returns, which we took down to 200,000 copies a day, because what is the point in just having waste?

So all these sort -- I can go on and on, but that was basically the -- that was basically the way that we -- that was the first priority, was to -- you know, West Ferry Printers, they had 690 staff. You know, we -- that was the -- that was basically the way that the West Ferry Printers.

We were able to operate quite efficiently with 550 staff, the West Ferry Printers.

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1 LORD JUSTICE LEVESON: So what you're talking about is sharpening up the business ethic?

2 A. Yes, or running it as a business. It really wasn't -- you see, the trouble is, with media, they are living things and you have to -- well, probably I'm sure if you're a baked beans manufacturer it's the same thing, but certainly with media, my experience, you have to love these products, you have to live these products, and if it's just part of a huge group which isn't loved and lived and looked after, then, you know, the end result is going to be what it was.

3 It's the same, frankly, with Channel 5. We bought that last year, I think it was, and it was owned by a German group called RTL and they managed to lose GBP 15 million a year for 14, 15, 16 years. We were able to turn that into a profit within a month just by simple housekeeping. Not because they weren't good, because they weren't in this country. You have to live and breathe these things, and you have to understand the business.

4 I think a lot of these other groups don't really understand that it is a business, and, you know, there's more to life than the chess correspondent based in Latin America.

5 MR JAY: So when you took over this business, you grabbed it by the scruff of the neck, you reduced costs where they could be reduced, you sought to increase advertising and were you successful in both of those objectives, Mr Desmond?

6 A. Yes, we were. It was very easy, very quick. Within three months we had it into a profit. You know, I remember one of the things -- we were talking about the private investigators, and one of the things I remember is walking around the floor and there was a room with a lot of scruffy geezers and I said to the editor, "Who are they?" "Oh, I can't tell you who they are". "What do you mean, you can't tell me?" "Oh, it's the investigative department." So I said, "What is it?" "I can't tell you." So Paul, who is in charge of that area, found out what they did. They were special investigators, you know, sort of bugle stuff, Dan Dare stuff.

7 And then the final thing was I think the first week they asked for £5,000 or £10,000 of cash, or the editor at the time asked for that, to pay these geezers, shall we call them, to do their private investigative work. My reaction was the last thing we're going to do is to start paying out cash to people, we don't know what they're doing, et cetera, et cetera, et cetera. So I said to Paul, "You know what? I don't like the whole thing". Paul didn't like the whole thing. "You know what, cut the whole area. No one knows what it is and it seems a bit dodgy."

8 What makes me laugh is a few weeks ago we're sitting on the Parliamentary Committee around the table and there's my friend Lord Hollick sitting there asking me about newspapers, whereas he was the chief executive of that company that employed these people. I do find it ludicrous, frankly.

9 Q. Were these people, as you've put it, were they employees of the company?

10 A. Yes. Employees of the company.

11 Q. So they weren't freelancers, they weren't independent contractors?

12 A. No. It was a very important area, you know. Very important, very secretive, important area. But we cut it out within -- I think within a week or two weeks. I think that's probably why we made so many friends in the first few weeks, because we did cut a lot of these type of people out. If we didn't know what they did, we got rid of them.

13 Q. Were you applying here some ethical principle or was it simply a commercial principle?

14 A. Well, it was a legal thing, really. I mean, you know, we do not pay out cash without receipts. I mean, thing". Paul didn't like the whole thing. "You know what, cut the whole area. No one knows what it is and it seems a bit dodgy."

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I never have done since I started my news magazine in 1975, and I certainly wasn't going to start 25 years later paying out thousands of pounds of cash every week to -- you know, without ... ridiculous.

That was the ethos of the company. I'd never seen anything like it, hundreds and hundreds of people, all very important. In the meantime, the circulation is going down, the advertising is going down. As I say, budget to make a loss of GBP 21 million.

Q. Some have said, particularly in relation to the Daily Star, that costs have been cut too much and that has led to a diminution in standards and a cutting of corners.

A. Would you accept that?

A. Absolutely not. We've invested more in the Daily Star than, you know -- just look at the product. It's fantastic. At the end of the day the reader decides, and 11 years ago we were selling about 400,000 copies a day and now we're selling 700, 800,000 copies a day in a mature newspaper market, shall we say. I think it's fantastic what we've done on the Daily Star, but the readers have decided, you know, they can't get enough of it.

Q. What interest, if any, do you have in ethical standards within your papers, or is that purely a matter for the editors?

A. I'm not a -- you know, I remember meeting Mr Blair for

Q. One should go on, in fairness to you:

A. Well, of course.

Q. Yes. So that is an ethical consideration, isn't it?

A. Of course.

Q. Different proprietors enter this business for different reasons. Some because they think they might acquire power and influence, some because they think it might flatten them in some way, but what would you say was your reason both entering this business and continuing in it?

A. Just about over the 25 years of magazines, we covered music magazines is where we started, bicycle magazines, mountain bike magazines, adult magazines, reader magazines, attitude magazine, stamps magazine, Liverpool Football Club -- you know, every single magazine, venture capital magazine, OK! Magazine, you know, which is the biggest magazine in the world on the news stand. And so therefore we were a bit stuck as to what to do, and I had offered, or we thought we had tried to buy Express years before, because we'd seen the way the management -- we thought the management was useless, hopeless, and we thought we could do a better job, and we thought the price was around 400 million, which was in fact turned down, and then we saw a leaflet, what do you call it, a flyer from Merrill Lynch saying how Express Newspapers were finished and how it was only worth between GBP 75 and GBP 100 million, and I thought, oh, GBP 75 to GBP 100 million, we're making around 20 million at the moment and we had about 30 million -- well, we didn't have about, we had exactly 30 million, so I knew that we could borrow the rest and buy that group and make it better and restore it back to its true glory, which is what we did.

Q. So you make it sound as if -- but I may be wrong -- that it was largely because it was commercially attractive, it was a business opportunity?

A. Of course. The same way as Channel 5.

Q. Apart from it being a business opportunity, is there anything else which attracted you to the idea of being a newspaper proprietor?

A. No.

Q. Okay. Because some proprietors in the past have had enormous influence over politicians.

A. I'm not a -- you know, I remember meeting Mr Blair for
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Q. We've heard from Mr Hill that the paper changed direction, perhaps re-entered its natural habitat before 2005.

A. Yes.

Q. Did you have any interest in or influence over that decision?

A. Yeah, I felt that I betrayed Tony, as a mate. I felt he was a good bloke, I thought he was doing a good job, I liked him. You know, he came to my house, I went to his house or flat or whatever you want to call it. I thought he was a good guy. So I felt on a personal level bad, but at the end of the day Peter Hill runs the editorial of the paper and that was the decision that he made.

Lord Justice Leveson: But not to exercise editorial influence?

A. No. I'm not an editorial man. I'm an advertising man. My father was in Pearl and Dean advertising. I started off selling classified advertising. That is my area of expertise, but I'm not even sure of that any more. I think I'm probably a bit past it in that. But that is an area of expertise, that's my expertise.

Q. Did you have any interest in or influence over that decision?

A. I think the conversation was really -- it was a radical move for Peter to suggest, but I knew the facts were my mother and father bought the Daily Express, who were middle market Conservatives, and I knew -- yeah, he was right to do that. He wasn't wrong to do that at all.

Q. In terms of having one's finger on the commercial pulse, you explained in paragraph 13 you look at your ratings -- this is the last sentence of it -- and your competitors' ratings, and of course here we're talking about circulation figures, aren't we?

A. Mm-hm. And advertising.

Q. Do these come to you daily, the circulation figures?

A. We see the figures daily, but they're meaningless, really, because nothing really moves. I don't know why you look at them every day, really, because all you're doing -- we're praying for miracles, but the circulation figures of newspapers are pretty static. I mean they're only going one way. But apart from that, there's nothing really exciting to see.

Q. But of course you have improved over the years the circulation figures you say of both the Star and the Express?

A. We haven't increased the circulation of the Express. We're in line with the market on the Express. The Daily Star, we have increased the circulation and we have launched the Daily Star Sunday from nowhere to selling around 800,000 copies every Sunday now.

Q. There are fluctuations, though, in the circulation figures you say of both the Star and the Express?

A. The fluctuations, I mean, you know, I don't know what world these people live in. The fluctuations, we're talking about on 700,000 or 800,000, you might be talking about a fluctuation of 10,000 copies, which is, just to put it in commercial terms, which is 10,000 times 30p, which is £3,000, less the cost of production, less the cost of distribution, less the cost of everything. You're talking about maybe £1,000. So the only growth you really get is if you do, you know, cut the cover price, which we have done in the middle market Conservatives, and I knew -- yeah, he was right to do that. He wasn't wrong to do that at all.

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Q. I might come back to that point in a moment, Mr Desmond, but I'm dealing now with general points. Mr Ashford told us that when you started in 2000 you were somewhat of an outsider, culturally and geographically?

A. Oh, did you see the cuttings?

Q. Mr Desmond, it helps if you don't ask me questions.

A. Okay.

Q. Just give me an answer which makes it clear where you're coming from.

A. We were vilified, we were pillared, we were attacked. The only thing I wasn't accused of was murder. I think that was the only thing I wasn't accused of. I think I was accused short of murder.

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Q. Are you referring to all your competitors or are you referring just to some of them?

A. Well, no, pretty much -- you know, I mean the Mail were the worst, because they were upset that they hadn't bought the Daily Express. In fact, you know, a day after we bought the Express, they came in and said aren't I lucky I made £100 million because they wanted to buy it from me and I said that's not what I want to do.

The Mail were upset. The Telegraph were upset because they had this joint venture with a printing company and basically they were having, you know, a great time with the previous management of Express running rings around them and they knew they weren't going to run rings around me.

So they were upset because they weren't able to steal the printing plant from us. Then the Guardian was upset because we came from left field, so nobody knew who we were and, you know, we didn't really, you know -- you know, we were cutting their friends' jobs, so they didn't like us. Then we had the Sunday Times, I can't remember why they didn't like us, but, you know, they wrote lovely things about us.

Q. What else is there? That's about it, really. Or £50 is even better. But that is really the only way, you know, with respect to journalists, editors in this country, that is the only way that you increase circulation. And having a good story, you know, an idea of a good story to one person, you know, might be a bad story to the other person. In any event, we're talking about such a small amount of copies that it doesn't translate into meaningful figures profit-wise.

Q. I think you made it clear that the Daily Mail is, as it were, your worst enemy. Is that a fair way of characterising it?

A. I think it's Britain's worst enemy, the Daily Mail.

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Q. Are you referring to all your competitors or are you referring just to some of them?

A. A. Dacre is the fat butcher.

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No, it was pretty evenly spread. The Independent, The Mirror, the Sun, I can't remember them, but they
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I couldn't understand it, so I asked them to bring in the chief executive of the Newspaper Marketing Association and they explained to me that everyone was putting a quarter of a million pounds to help sell advertising to advertisers and to give awareness to newspapers, which I couldn't quite get, because I think newspapers are pretty prominent in 55,000 outlets and millions and millions of copies every day of newspapers are being sold, and we ourselves have a sales team of over 100 people selling advertising, and so do the other newspaper groups, they may have more, so what was the point in being members of this newspaper marketing association?

"Oh, you have to be part of it, you'll see your revenues go down and you'll see the future of newspapers" and da da da da da. What finally did it for me was what we do -- we try and encourage promotion in the group and, you know, one the little girls at reception was working in my office three days a week, 17-year-old, 18-year-old kid, bright girl, and we were paying her, I don't know, £17,000, £18,000 a year, and she gave her notice in. Out of interest I said, "Where are you going?" She said, "I'm going to the Newspaper Marketing Association". I said, "Oh, very good, congratulations". She said, "Yes, I'm going to get

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| Q. | But you had your finger on the pulse of circulation, did you not? |
| A. | Well, I saw the figures every day and basically the figures don't move, as I said earlier on. |

| Q. | I think you're saying Mr Hill's perception is incorrect and that the McCann stories could not have increased circulation; is that right? |
| A. | With respect to editors, editors have to believe that by putting a good story in, they're going to sell more papers. They have to believe that. The day they don't believe that is the day they go home and play golf, or whatever ex-editors do. They have to believe by running a big story that the sales will go up, but that doesn't necessarily correlate, or it may do for a week. You know, you have to understand that, you know, the commercialities of a newspaper basically is selling advertising. And advertisers, you know, if the circulation goes up by 100,000 copies in the month, 100,000 copies in the month is divided by 25 days, which is 4,000 copies a day, which is not going to make -- the advertiser isn't going to go, "Whoopee, I'm going to pay you 4,000 of 700,000 or 800,000 extra money, but the advertiser is sophisticated and looks upon the circulation over a six-month period or maybe a 12-month period and the advertiser is not stupid. He knows that, you know, if a paper gives away a DVD and it goes up by 200,000 on a Saturday, you know, 200,000 copies divided by 25 is only 8,000 copies a day and it's not on that day anyway. But the editors have to believe by writing a -- I don't want to be rude to editors. They have to believe and it's right they believe that it will lift copies, but unfortunately, you know, we are in a non-growth business, and, you know, that's where it is. You know, this Inquiry is probably the worst thing that's ever happened to newspapers in my lifetime, because it means -- you know, it's very hard at the moment in Britain in business, you know, it's very, very hard. The banks are very tough on everybody, it's very difficult to get money and borrow money. It's very difficult to do anything, frankly, and therefore people are looking at every single penny they're spending, and if they believe that newspapers are basically dishonest hacking low lifes, I suppose is the word, you know, then they're not going to buy newspapers. And the last few months, the sales of newspapers have never been so bad. One of the reasons is -- and I'm not blaming the Leveson Inquiry, I'm blaming the source of the Inquiry, which is the hacking thing, which should have been
25... and we have apologised to the McCanns and we have put it
24... Absolutely. First of all, I apologise to the McCanns
23... the Express in particular, is that --
22... Yes.
21... absolutely --
20... consistency in the position the PCC took in singling
19... question? You're concerned, I think, at the lack of
18... MR JAY: Can I just go back to the McCanns and raise one
17... RCD board of proper business people, legal people. You know,
16... grey-haired guy. There's no angles, he wants to do
15... a very good fellow, very sensible guy, you know,
14... I like Lord Hunt. He came in to see me, I think he's
13... I hope so. Frankly, I'd rather get rid of this, you
12... a good job, have proper people that, I think Paul said
11... so many years. I've never known anything like it.
10... of the head years ago, and not left to go on for
9... or not to the same extent as your papers.
8... if I can put it in those terms, of the most egregious and serious defamations, and other
7... that. If it's wrong, Mr Sherborne here, who -- the McCanns are
6... Daily Express. They should have all stood -- I think
5... hacks. It's nailed on the head years ago, and not left to go on for
4... hacking is illegal. Why are these people still walking
3... streets? You know, it's ridiculous that we're
2... all -- the amount of money, time, expense, et cetera,
1... et cetera, et cetera, we're all putting in to look at,

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1. A. I hope so. Frankly, I'd rather get rid of this, you
2. know, prosecute the people that have committed offences
3. and get on with business. And have a proper RCD board
4. of proper business people, legal people. You know,
5. I like Lord Hunt. He came in to see me, I think he's
6. a very good fellow, very sensible guy, you know,
7. grey-haired guy. There's no angles, he wants to do
8. a good job, have proper people that, I think Paul said
9. earlier on, when things are being written at the time,
10. bring it up then, not at the end and not try and pretend
11. it's a little cozy club and, you know, definitely in the
12. new committee ban biscuits.
13. LORD JUSTICE LEVESON: What do you mean -- I'm sorry, you
14. have to explain -- RCD?
15. A. Richard Clive Desmond.
16. LORD JUSTICE LEVESON: Oh, I see. Sorry, I'm obviously slow
17. myself.
18. MR JAY: Can I just go back to the McCanns and raise one
19. question? You're concerned, I think, at the lack of
20. consistency in the position the PCC took in singling
21. out --
22. A. Yes.
23. Q. -- the Express in particular, is that --
24. A. Absolutely. First of all, I apologise to the McCanns
25. and we have apologised to the McCanns and we have put it

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1. on the front pages and nothing would give me greater
2. pleasure to find Madeleine and, you know, we've tried on
3. many, many, many occasions to, in spite of some bad
4. editorial, to try and find Maddie. So if I can just put
5. that.
6. Basically, every other paper was doing the same
7. thing and yet, I forget his name, the ex-chairman and
8. his cronies thought, "We'll hang out Peter Hill and the
9. Daily Express". They should have all stood -- I think
10. they should have all stood up and said, "You know what,
11. we've all wronged, let's all bung in 500 grand each",
12. which would have been GBP 3 million. In fact they did
13. in the end, they probably spent more than £500,000. But
14. we could have all done it as a united body, which might
15. have been better instead of singling us out.
16. Q. But isn't it fair to say, Mr Desmond, that if you look
17. at the hard facts, I think the McCann litigation
18. involved 38 defamatory articles. It is right, and
19. Mr Ashford has drawn to our attention that there are
20. other newspapers who also perpetrated defamations, but
21. not to the same extent as your papers.
22. A. Is that -- I'm not sure that's right. I'm not sure
23. that's right at all.
24. Q. If it's wrong, Mr Sherborne here, who -- the McCanns are
25. his client -- will demonstrate that in due course, but

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1. it's certainly my understanding that we're talking about
2. 38 defamatory articles over a four-month period and that
3. your paper was guilty, if I can put it in those terms, of the most egregious and serious defamations, and other
4. papers were guilty of defamations of perhaps less
5. severity in terms of quantity. Do you accept that?
6. A. Once again, I don't wish to minimise it, right? But
7. four months is -- let me see now, it's 12 weeks?
8. Q. It's 17 weeks, on my reckoning.
9. A. 17 weeks, thank you. 17 weeks times 6 -- you have to
10. help me again.
11. Q. 102, is it, Mr Desmond? I don't know. You're the
12. businessman.
13. A. Well, I don't know. 102, very good. Is 102.
14. Q. Yes.
15. A. And there were 37 --
16. Q. 38.
17. A. I'm not trying to win points here, because we did do
18. wrong, but I could say there were more, if there were
19. 102 articles on the McCanns, there were 38 bad ones,
20. then one would say -- and I'm not trying to justify,
21. please, I'm not trying to justify anything, but you
22. could argue there were 65 or 70 good ones.
23. Q. But the effect of the bad ones are really twofold. One,
24. the possible pragmatic effect, namely if people thought
25.
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1. that Madeleine had been killed, there would be less interest in trying to find her. Do you follow that?

2. A. From my memory, and it was a long time ago and -- but I mean it was just the story every day. It just went on all the time, was she killed? Was she --

3. Q. You are not listening to my question and the, I would suggest, inexorable logic behind it. If people thought Madeleine might have been killed, particularly by her parents -- it doesn't matter by whom actually -- there would be less incentive to try and find her. Do you agree with that proposition or not?

4. A. No. Because if you take Diana as an example, you know, all these situations where no one actually knows the answer, as it turns out, it just goes on and goes on.

5. Q. Mr Desmond, I'm beginning to sound irritated, but I am.

6. A. Well, you know, there has been speculation that Diana was killed by the Royal Family.

7. Q. Mm?

8. A. And the speculation has gone on and gone on and gone on and there has been all sorts of speculation about Diana, and you know what? I don't know the answer. And if you go into a bar or coffee shop or whatever the thing is, you start talking about Diana, you will get a view. And if you

9. go into a bar or coffee shop or whatever the thing is, and you start talking about Diana, you will get a view on Diana and you will get a view, and once again I do apologise to the McCanns, you know, et cetera, et cetera, et cetera, but there are views on -- there are views on the McCanns of what happened. And there are still views on the McCanns of what happened.

10. Q. But that argument would justify newspapers such as yours publishing anything it liked at any time because it could say, "There's always another point of view"; would you accept that?

11. A. Probably not.

12. Q. Again, there's an inexorable logic behind it which must be right, isn't there?

13. A. What I think is free speech is very important and if we get any more regulation -- I mean, what are we trying to do in this country? Are we trying to kill the whole country with every bit of legislation and every bit of nonsense? You know, I go to Germany, I put OK! Magazine into Germany. A British company, we go into Hamberg.

14. The Mayor of Hamberg -- we have 30 people working there six years ago -- the Mayor of Hamberg welcomed me in, gives us, the company, 500,000 euros and says, "Welcome to Hamburg", you know. In this country I want to put a new print plant up in Luton. We go to Luton, you know, we have a warehouse, we buy a warehouse in Luton, 11 acres, 12 acres. Luton, as you may know, is on a road called the M1. The first objection is that we may clog up the roads at 2 in the morning by having lorries come out of our printing works. Okay?

15. Then we go the next objection and just more objection, more objection, more objection. The bottom line is how much more -- at the end of the day, we put our printing plant up and the MPs walk round it on our opening night and I said thank you very much but what have you done to (a) encourage me, to encourage businesses, to encourage anything, to invest in the future the newspapers?

16. So, I mean, if we think that newspapers are important, which I do, and you do, otherwise you wouldn't be here, you'd be doing other things, we have to be in a situation where people do have opinions and ideas, et cetera, et cetera, et cetera, which, to the best of their ability, if you take the case of McCanns, you know, we did send journalists or reporters or whatever you want to call them to Portugal to get the facts. We did do, you know, everything reasonable, or Mr Hill did everything reasonable to make sure he was getting the facts and getting the stories across.

17. At the end of the day, the McCanns, you know, as

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<td>instructed, who were on a contingency, that then came in to sue us. And, you know, I mean that's a fact. Up until that stage, as I understand Mr Hill, they had a PR company who were working alongside Peter Hill and the team.</td>
<td>1</td>
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<td>2</td>
<td>But once again, please, I do apologise to the McCanns. I’m not trying to -- I am very sorry for -- you know, I am very sorry for the thing and I am very sorry that we got it wrong, but please don’t, you know, try and -- every paper was doing the same thing, which is why every paper, or most papers, paid a -- paid money to the McCanns. Only we were scapegoated by the chairman or the ex-chairman of the PCC.</td>
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<td>The point of a long-winded story is that I learned important. And basically in the first issue one of our major advertisers was called Marshall, Marshall Amplifiers. In the first issue, Marshall had brought out an amplifier which was solid state. Before that he was known for valve amplifiers. The reviewer in the first issue said, &quot;This amplifier will electrocute you, this amplifier should be withdrawn from the market.&quot; You know, you can imagine how I felt, having sold Marshall loads of advertising and, you know, a friend, in inverted commas, a business friend in inverted commas, but at the end of the day the article went in, Marshall went berserk and we lost the advertising for six months. But what happened was after six months Marshall did withdraw the amplifier, yeah? And he did then put his advertising back in for his valve amplifiers. The point of a long-winded story is that I learned at the age of 22 that actually the editorial integrity is the most important thing, and you -- you know, thank God we did the right thing and nobody was electrocuted, and back to papers, to answer your question directly, I think that Lord Hunt of Wirrell, surrounded with a couple of lawyers, surrounded by a couple of proper editorial grandees, not malicious people with -- what's the word? -- whatever the word is, and, you know,</td>
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<td>Q. Mr Desmond, it's clear that your position is, in relation to regulation, that really you think newspapers should be left to get on with it, and you don't think there should be any regulator at all, do you? That would be your truthful answer?</td>
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<td>5</td>
<td>A. Yes, definitely.</td>
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<td>6</td>
<td>Q. Can you say &quot;yes&quot; or &quot;no&quot; and then expand?</td>
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<td>7</td>
<td>A. Well, I'm going to answer you.</td>
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<td>8</td>
<td>Q. Okay, please do.</td>
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<td>9</td>
<td>Q. Do you think you've made your position clear about regulation and the sort of body we're looking at. Do you hope to expand your stake in other national newspapers if the opportunity arose?</td>
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<td>10</td>
<td>A. In 1975 when we started International Musician, you know, when you start a new publication and you're 22, 23, it's very important -- the advertising is very slow with which that's been done.</td>
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<td>11</td>
<td>Q. But unless and until that happens you would not return?</td>
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<td>12</td>
<td>A. As simple as that. At the end of the day, I stay in this country because I respect the government and I respect the laws of this land. If I didn't respect the government and didn't respect the laws of the land, I would leave. As you would.</td>
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<td>14</td>
<td>A. The truth of the matter is in 1976 --</td>
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<td>15</td>
<td>Q. Mr Desmond, it's clear that your position is, in relation to regulation, that really you think newspapers should be left to get on with it, and you don't think there should be any regulator at all, do you? That would be your truthful answer?</td>
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<td>A. Well, I'm going to answer you.</td>
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<td>25</td>
<td>Q. Can you say “yes” or “no” and then expand?</td>
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<td>1</td>
<td>MR DINGEMANS: Thank you, sir.</td>
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<td>MR JAY: Sir, there is some evidence we're taking at read.</td>
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<td>The statements of Mr Robert Sanderson, Mr Martin Ellis,</td>
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<td>Mr Martin Townsend and Mr Gareth Morgan, please.</td>
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<td>5</td>
<td>LORD JUSTICE LEVESON: Thank you. They'll be incorporated</td>
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<td>as within the record of the Inquiry and their statements</td>
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<td>7</td>
<td>can be published immediately.</td>
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<td>8</td>
<td>MR JAY: Thank you. That concludes --</td>
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<td>9</td>
<td>LORD JUSTICE LEVESON: That concludes this week, does it?</td>
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<td>10</td>
<td>MR JAY: Some of us, sir, are in the Divisional Court</td>
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<td>11</td>
<td>tomorrow. There we go.</td>
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<td>LORD JUSTICE LEVESON: Right. I meant the hearing of the</td>
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<td>Inquiry. 10 o'clock on Monday, thank you very much</td>
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