



cc Mr Ingham
Mr Wolfson

From the Secretary of State

The Rt Hon Francis Pym MC MP
Chancellor of the Duchy of Lancaster
and Leader of the House
Privy Council Office

Dear Francis,

MS

TIMES NEWSPAPERS

You will be aware that there has been some continued Parliamentary interest in the economic condition of the Sunday Times, as it affects the basis for my decision to give consent to the sale of The Times and the Sunday Times to Mr Rupert Murdoch. John Smith, as the Opposition spokesman on trade matters, has been engaging me in correspondence asking for the economic assessment which was the background to my decision. In addition, the Select Committee on Industry and Trade have asked my Department for a detailed memorandum showing the financial analysis which led to my decision. While I have given some information in reply to John Smith (and have put this in the Library of the House) I have up till now been somewhat reserved in my replies since I faced also the threat of legal action by journalists on the Sunday Times, claiming that there was no proper foundation in law for the exercise of my discretion. (In addition the information is commercial information supplied to me in confidence for the purpose of my decision and any wider release of it requires, under the terms of the Statute, the permission of the parties whose property it is. While this is not an insuperable barrier to the release of information it is an added factor which I have had to take into account.)

However, the Sunday Times journalists have decided not to proceed with their legal action, having reached agreement with Mr Murdoch on certain

*To see ad PAMS 2
PRIME MINISTER*

*I admire the intention,
but I am afraid that there
will be more pressure on the
'Sunday Times' "profitability"*

11 February 1981

as a result of this initiative

MS



From the Secretary of State

arrangements which will give them some voice in the processes by which editorial freedom is to be safeguarded. Provided that Mr Murdoch reaches agreement with the Unions - for which the present deadline is tomorrow - and the deal therefore goes ahead, I feel that it will be right from the Parliamentary point of view to make fairly full information available to the House and to the Select Committee about the economics of the papers. I do not think that this will stop more argument about the matter and it may well be that a Select Committee will thereafter seek hearings (though they have not yet taken any decision on this). But I judge that if it is felt that I have something to hide, the matter will be pursued with all the more vigour.

I have therefore arranged for the preparation of an appropriate memorandum about the matter. I consider that, because of the Opposition interest shown through John Smith, this should be made available to the House as a whole as well as to the Select Committee and I therefore intend to place it in the Library of the House on Monday, drawing attention to it through my Answer to Oral Questions down for that day, when my Department is first in Order. At the same time I shall send the same material forward to the Select Committee in response to their request.

In drafting the material I have had regard to the guidance that advice from officials to Ministers is not normally to be provided to the House or to Select Committees. In this case the approach adopted in addressing the economic assessment necessary for my decision under the Act was founded on legal and accountancy advice about the interpretation of the tests in the Act and appropriate methodology. However I have arranged for the memorandum to be drafted so that it is as far as possible cast in factual terms. In this way I have sought to avoid establishing any troublesome precedent for the future.



From the Secretary of State

I am copying this letter to the Prime Minister, the Lord President of the Council, the Chief Whip and the Attorney General.

Yours

John Biffen

JOHN BIFFEN

11 FEB 1961





Chancellor of the Duchy of Lancaster

PRIVY COUNCIL OFFICE
WHITEHALL, LONDON SW1A 2AT

2nd Pal

13th February 1981

Dear John,

MS - to see

MS

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TIMES NEWSPAPERS

Thank you for your letter of 11th February about your intention to provide the Select Committee on Industry and Trade and the House with a memorandum about the economics of the Times and the Sunday Times. I note that under the terms of the relevant statute you will need the permission of those who supplied commercial information to you before that information can be released, and I understand that you are taking steps to obtain the necessary permission. Subject to your doing so, I am sure, if I may say so, that you are right to provide the memorandum you have in mind. Not to do so would undoubtedly cause further controversy and be represented as a breach of the undertakings we have given about co-operation with the Select Committees.

I am copying this letter to the Prime Minister and the other recipients of yours.

Francis Pym
John Biffen

FRANCIS PYM

The Rt Hon John Biffen MP
Secretary of State for Trade
1 Victoria Street
LONDON
SW1H 0ET

16 FEB 1981



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✓ MS

HOUSE OF COMMONS

First Report from the

EDUCATION,
SCIENCE AND ARTS
COMMITTEE

Session 1980-81

THE FUTURE OF THE TIMES SUPPLEMENTS

Ordered by The House of Commons to be printed

16th February 1981

To be published as House of Commons Paper 152

The Education, Science and Arts Committee is appointed under S.O. No. 86A to examine the expenditure, administration and policy of the Department of Education and Science and associated public bodies and similar matters within the responsibilities of the Secretary of State for Northern Ireland.

The Committee consists of nine members, of whom the quorum is three. Unless the House otherwise orders, all Members nominated to the Committee continue to be members of it for the remainder of the Parliament.

The Committee has power:

- (a) to send for persons, papers and records, to sit notwithstanding any adjournment of the House, to adjourn from place to place, and to report from time to time:
- (b) to appoint persons with technical knowledge either to supply information which is not readily available or to elucidate matters of complexity within the committee's order of reference.

The following were members of the Committee during the present inquiry:

Mr Christopher Price (Chairman)	Mr John McWilliam
Mr Tim Brinton	Mr John Osborn
Mr Patrick Cormack	Mr Dafydd Thomas
Mr Harry Greenway	Mr Stan Thorne
Mr David Madel	

FIRST REPORT

The Education, Science and Arts Committee have agreed to the following report:

The Future of the Times Supplements

1. Members of the Committee were concerned that the conditions attached to the sale of the Times Newspapers and announced in the debate of 27th January in the House of Commons by the Secretary of State for Trade apply to the two newspapers, The Times and The Sunday Times, but not to the three supplements, The Times Literary, The Times Educational and The Times Higher Educational, which not being newspapers are not covered by the Fair Trading Act 1973. The position regarding the supplements is set out in the memorandum by the Department of Trade at Appendix 1.

2. The Committee wished to pursue the continued existence, the editorial independence, and the quality of the Supplements, should the transfer to News International go through. They therefore decided to invite Mr Rupert Murdoch to appear before them in order to clarify the position and

place the facts on record. The assurances he gave to the Secretary of State for Trade are also set out in Appendix 1.

3. The Committee would like to thank Mr Murdoch for consenting to give evidence and for his reaffirmation of the assurances in respect of the three Supplements. We are confident that to have these on record in a report from a Select Committee will give them an added status and force.

4. The Committee were pleased to note the following assurances given by Mr Murdoch:

"First, the editor of each publication and newspaper shall retain control over all the political comment in his newspaper and in particular shall not be subject to any restraints in the expressing of opinions or reporting news that might directly or indirectly conflict with the opinion and interests of the proprietor within the meaning of the Act of 1973 in relation to The Times and the Sunday Times. Instructions to the journalists shall be given only by the editor or those who are delegated the authority. Subject only to the annual budget of Times Newspapers, the editor shall retain control over the appointment and dismissal of

journalists on his newspaper and the other content of his newspaper and the other content of his newspaper, except in the case of advertisements where the editor's rights are limited to the right to refuse to publish any advertisement in his newspaper where the particular advertisement is to appear."

The Committee inferred from other replies by Mr Murdoch, his desire to maintain the present balance and quality of news, reviews and other material of use to readers.

5. The Committee were also grateful for his assurance that in assessing the viability of the supplements he will take them together, and not in isolation.

Mr Murdoch: "They can be profitable. I don't know that they all can, but as a whole they can, and we have plans indeed to start at least one more supplement"

Mr Cormack: "And as long as collectively they were profitable you wouldn't be quite so worried if one of them was less profitable or even making a loss as long as collectively they were making a profit for you?"

Mr Murdoch: "Yes."

He then noted that if he were to start a new supplement and it was not making a profit he would close it down.

Mr Cormack: "But we of course are not concerned with those that might exist outside the terms of reference of this Committee."

Mr Murdoch: "I have no intention at all of closing anything down."

The Committee were also glad to note that the assurances given by Mr Murdoch with regard to the three supplements extended to the Times Education Supplement (Scotland).

6. The Chairman ended the meeting by summarising his understanding of Mr Murdoch's intentions towards the supplements.

The Chairman: "In terms of maintaining the titles ... , is it your intention, if you can get them viable, to maintain the three supplements as long as you possibly can ... ?"

Mr Murdoch: "Yes, if we can get them viable, it's our intention to maintain them for ever."

7. The Committee were also pleased to note Mr Murdoch's assurances about the connection between the supplements and The Times:

Mr Murdoch: "They [The supplements] bear the name The Times, and any deterioration in their quality or their authority would be detrimental to The Times, and therefore detrimental to our basic interests in them.

Later the Chairman asked: "Are you committed to the association of the words, "The Times" with the supplements for the future?"

Mr Murdoch: "Yes. I think that is of great value. Just as we hope to improve "The Times" greatly, that will add to the value that will rub off on the supplements - and vice versa. The point is that the greatest guarantee of their future success is going to be their quality."

Chairman: "You see the association in the title with "The Times" as part, as it were, of the quality nature of the newspapers?"

Mr Murdoch: "Yes, indeed."

8. Some members of the Committee remain concerned about the future status and quality of these publications, and so the Committee have determined to monitor the development of the supplements over the coming years.

APPENDIX 1

LETTER FROM SIR DENIS HAMILTON, CHAIRMAN AND EDITOR-IN-CHIEF,
TIMES NEWSPAPERS HOLDINGS LIMITED, TO THE CHAIRMAN OF THE COMMITTEE
THE FUTURE OF THE TIMES SUPPLEMENTS (TS1)

Mr. Rupert Murdoch was on the point of departure to Heathrow and Australia when we saw the report of yesterday's hearing of the Commons Select Committee on Education, Science and the Arts. I therefore volunteered to give you the following facts.

Ever since I became directly involved in the affairs of The Times in 1966, I have done everything to support the three Times Supplements - The Times Literary Supplement, The Times Educational Supplement and The Times Higher Education Supplement, the last of which my colleagues and I launched in 1971.

It was natural, therefore, that when Mr. Murdoch saw the Editorial Vetting Committee last Wednesday evening I should press him very hard about the Supplements. Indeed, I gave him something of a seminar about their importance in the education and literary worlds and told him of my mail from vice-chancellors and educationalists from many countries. He gave us total assurances of his own interest to maintain their high quality and to nourish them. He also gave guarantees about the independence of their editors. I attach a copy of my statement to this effect at the Press conference last Thursday.

I introduced the three Editors to Mr. Murdoch last Friday when he satisfied them about his special interest in their publications and, indeed, it is his hope that further investigation and the co-operation of the trade unions will lead to their greater financial stability.

I was shown a copy of the Secretary of State for Trade's consent as he was speaking and I immediately noticed that there was no reference to the Supplements. Apparently this was deliberate, as the section of the Fair Trading Act refers to newspapers and not periodicals. (I, myself, believe the Supplements are newspapers.) I suggested that Mr. Biffen might later in the debate make it clear that assurances had been given about the Supplements but I think he was very pressed for time. I was in the House and heard your own question.

All the assurances about The Times Supplements have been written into the conditional contract signed last Thursday and will be incorporated into the Articles of Association of Times Newspapers Holdings Ltd., which the Secretary of State will see in due course.

At this stage, and bearing in mind that Mr. Murdoch has not yet had time to be totally briefed about details here, I do not think he could say more.

I would like to add a personal note. The falling birthrate and the cuts in teacher numbers do present real revenue problems for the Supplements, whose economy may not be able to stand the very high Fleet Street printing costs. Mr. Murdoch is discussing already with the printing Chapels here the implications of the undoubted fact that the Supplements can be produced outside London at almost half the present expenditure, and I think he is very prudent to do so.

SIR DENIS HAMILTON
29th JANUARY 1981

APPENDIX 2

MEMORANDUM SUBMITTED BY THE DEPARTMENT OF TRADE

ACQUISITION OF THE TIMES SUPPLEMENTS BY NEWS INTERNATIONAL LTD (TS2)

Section 58 of the Fair Trading Act 1973 requires the consent of the Secretary of State to the transfer of a newspaper or of newspaper assets to a newspaper proprietor where the combined average circulation of the acquirer's newspapers (including the one involved in the transfer) is 500,000 or more. "Newspaper" is defined in section 57(1)(a) as a daily, Sunday or local (other than daily on Sunday) newspaper circulating wholly or mainly in the United Kingdom or in a part of the United Kingdom.

2 The Times Literary, Educational and Higher Educational Supplements are weekly publications with a national circulation. It follows that they are not "newspapers" within the meaning of section 57(1)(a) of the Fair Trading Act 1973. It further follows that the consent of the Secretary of State is not required under section 58 to the transfer of any of the three supplements.

3 The Secretary of State, in considering what conditions to attach to his consent to the transfer of the Times and the Sunday Times to News International Ltd, concluded that it would not be proper for him to include any provisions concerning the three supplements, as his consent was not required to their transfer. Mr Murdoch has however informed him that the assurances he has given in respect of the Times and the Sunday Times (concerning editorial independence) will apply to the three supplements in equal measure. The Secretary of State welcomes this assurance.

30 January 1981