



From the Secretary of State

Nick Sanders Esq
Private Secretary
10 Downing Street
London, SW1

12
27 January 1981

Dear Nick,

EMERGENCY DEBATE ON "THE TIMES"

... I attach a copy of the speech that my Secretary of State intends to make this afternoon during the emergency debate on a reference to the Monopolies and Mergers Commission of the proposed purchase of "The Times" and "Sunday Times" newspapers.

I am copying this letter and the speech to Robin Birch (leader of the House) and Murdo Maclean (Chief Whip).

Yours ever,

Nicholas McInnes

N McInnes
Private Secretary



The holding of this emergency debate and the interest expressed both within this House and outside it attest to the important place which Times newspapers have in our national life. Their continuance, and the manner of their continuance are issues of genuine public concern.

I believe that the general desire is to see "The Times", "Sunday Times" and the various supplements continue in publication and preserve the traditions of independence and editorial freedom for which they are rightly renowned.



Thomson Organisation Limited, the existing owners of the newspapers, have made it quite clear that they will not support the "Sunday Times" after 8 March nor "The Times" after 14 March.

The objective of continuation which I have described requires a willing purchaser, ready and able to devote considerable financial resources to the newspapers, and at the same time ready to accept the traditions to which so much importance is attached.



Thomson's themselves established a "vetting panel" comprising the editors of the newspapers and the national directors, and that panel has concluded that News International (Controlled by Mr Rupert Murdoch) is a suitable future owner of these titles.

That is the view of the existing owners - taking account of the opinion of the editorial staff on the vetting panel. The law requires, however, that such an acquisition should be subject to my consent.



In the 1973 Fair Trading Act there is a presumption that all proposals for newspaper mergers should be investigated by the Monopolies Commission.

The Act does, however, provide - in section 58(3) - for certain exceptions. Where the Secretary of State is satisfied that the newspaper concerned in a transfer is not economic as a going concern, and as a separate newspaper, and if he is satisfied also that if the newspaper is to continue as a separate newspaper, the case is one of urgency, he may give his consent to the transfer without a reference to the Commission.



Thomson Organisation Limited, in applying for my consent to the transfer of "The Times" and "The Sunday Times" to News International (controlled by Mr Rupert Murdoch) made its application under that provision.

I had therefore first to satisfy myself whether the two conditions of the section - whether "The Times" and "The Sunday Times", separately, were each economic as a going concern, and whether the case was one of urgency. If I was so satisfied, it was then for me to decide whether I should still require an investigation by the Monopolies Commission or whether I should grant my consent without a reference, if necessary with conditions.



My accountants have carried out a detailed investigation into the financial position and future prospects of both "The Times" and "The Sunday Times". They have looked at the figures for the first 11 months of 1980 (the latest available). On the basis of their advice I am satisfied that neither newspaper under present ownership and under present conditions - what the Act requires me to look at - was economic as a going concern and as a separate newspaper. As far as "The Times" is concerned there can be no doubt about the position. But even in the case of "The Sunday Times", after allocating to it a reasonable share of Thomson's fixed overheads, I am satisfied that that paper too is uneconomic.



Is the case then one of urgency? Thomson's _____ announced in October last that, because of continuing heavy losses, it had decided to sell its Times titles (the 3 supplements, which are not newspapers for the purposes of the Act, as well as "The Times" and "The Sunday Times") by March and it sought bids by 31 December. Arrangements for closure of the newspapers - including the serving of redundancy notices to staff - were set in hand.

There is no doubt that if a new owner does not take over these newspapers they will cease publication in March. I am conscious that some people regard this as "Thomson bluff". I have discussed the deadline with Thomson's, _____ and I must say to the House that in my opinion the closure is a real possibility.

I am therefore satisfied that the conditions of section 58(3) are met in this case and that I therefore have to decide whether to opt for a reference or to give my consent.



I approach this decision with an established preference for newspaper mergers to be examined by the Monopolies and Mergers Commission. Newspapers are special and their ownership is a proper matter for public concern.

The impending closure of the newspapers clearly poses a real problem. The 1973 Act requires that the Commission must complete its investigations within three months unless the Secretary of State, because he is persuaded that there are special reasons, gives the Commission a further period of 3 months. I am not empowered to require a report in a shorter period.

The Rt Hon Member for Lanark has suggested that we should have a quick investigation. I am sure that he does not want a superficial study but is looking for a proper examination of the issues.



The Chairman of the Monopolies and Mergers Commission was asked whether, notwithstanding the 3 months allowed for an investigation of a newspaper merger under the Act - already a short period compared with that for other MMC enquiries - he could complete an enquiry in a significantly shorter period. Sir Godfray Le Quesne, fully recognising both the urgency of this matter and its importance, considered this question with some care. In view of the possible scope of the enquiry and the statutory requirements governing the contents of the report, Sir Godfray concluded that if they were to conduct an adequate enquiry, he could not promise a report in under 8 weeks (still a significant reduction on the period allowed in the Act).



I am conscious that in some quarters there is a feeling that the Thomson closure timetable could have been arranged to allow time for an MMC investigation. I can only say that the request for my consent to the transfer of the titles to News International was received on 23 January, and on the best possible timetable an MMC report could not be available before "The Times" and "Sunday Times" had ceased publication.



Moreover, the delay involved would affect the deal agreed between Thomson's and News International, probably requiring the reopening of negotiations. And I am told that the discussions between the possible new owners and the unions could not begin until the decision was taken following the MMC report.

So a reference to the MMC triggers a series of delays clearly beyond the present closure plans.



I should add here that the Commission is required to investigate a particular application and to report whether or not it judges that application to be against the public interest and to recommend to the Secretary of State whether any (and, if so, what) conditions might be attached to the transfer. Some commentators have implied that the Commission can look at all the possible bidders for the papers and recommend the one which they think best. But this misconceives the Commission's function.

The choice I faced was therefore whether to insist on a Monopolies Commission investigation and risk closure of the Times titles, with 4,000 redundancies and the possibility of the permanent closure of "The Times".



I mentioned earlier the importance of the "character" of "The Times" being preserved - the relationship between the proprietor and the editor that had been established at the time of the Thomson acquisition. I know that it has been assumed that this would be an essential point in any MMC investigation.

The Act does, however, provide for my consent to be given conditionally or unconditionally, and indeed if the MMC were themselves to recommend any conditions, these too could only be brought into effect as conditions attached to my consent.



After earnest consideration, and to avoid disruption and uncertainty, I have concluded that I should give my consent forthwith, and without a Monopolies Commission investigation, to the transfer of Times Newspapers to News International, subject to certain conditions.

These conditions are as follows:

- The newspapers are to be published as separate newspapers;
- Future disposals are to be subject to the consent of a majority of the independent national directors of Times Newspapers Holdings Limited;



- The number of these independent Directors is to be increased from 4 to 6 and the appointment of any independent national directors in the future is not to be made without the approval of the existing independent national directors;

- On editorial independence, the editors shall not be appointed or dismissed without the approval of the majority of the independent national directors;



- The Editor of each newspaper shall retain control over any political comment published in his newspaper and, in particular, shall not be subject to any restraint or inhibition in expressing opinion or in reporting news that might directly or indirectly conflict with the opinions or interests of any of the newspaper proprietors;

- Instructions to journalists shall be given only by the Editor or those to whom he has delegated authority;



- Subject only to any annual budget for editorial space and expenditure the Editor shall retain control over the appointment, disposition and dismissal of journalists on his newspaper and of all other content of his newspaper;
- Disputes between the Editors and the directors of the companies are to be settled by the independent national directors.



I am taking steps to ensure that these conditions are entrenched. Those relating to editorial independence will be incorporated into the Articles of Association of The Times Newspapers companies and any change in the relevant Articles would in future require my consent. That requirement as well as the other conditions will be backed up by the sanctions provided for in the Act.



I realise that the transfer of 2 such prestigious newspapers as "The Times" and "The Sunday Times" to someone who is already a substantial newspaper proprietor must inevitably raise important question of the public interest. The concentration in ownership is, on the face of it, disturbing, although I must say that "The Times" and "Sunday Times" are appealing to different ends of the market to the existing publications of News International - "The Sun" and "The News of the World". Moreover, the conditions attaching to my consent to the transfer will I believe deal satisfactorily with this problem as well as with that of editorial freedom.



I do not deny that there is normally a great deal to be said for a thorough Monopolies Commission enquiry in contentious mergers and the safeguards that course contains. That course was available to me, but in these circumstances it would have been inexcusable if, by causing delay and creating uncertainty, I had taken any steps that might have resulted in the permanent closure of one, and perhaps both, of these great newspapers.



I have, therefore, agreed to the merger application with the conditions I have outlined to the House. I hope and believe this judgment will secure a continuing quality of journalism that is to our national advantage. I commend my decision to the House.