

The question James Murdoch can't answer: will his father's empire survive?

Written by computathug

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Unless James Murdoch proves particularly impressive in his Commons grilling on Thursday, his family may cease to be a force in British life.

It is difficult not to feel something for [James Murdoch](#), as he prepares to answer questions for a second time at the House of Commons media committee. This is a man – not a bad man by any means – who is faced with maintaining a plea of ignorance when everyone knows that as the man responsible for running [News International](#), not only should he have known about the extent of phone-hacking at the *News of the World*, he almost certainly did know.

It stretches credulity to suggest he was not briefed with the facts about the toxic waste lying in the basement after he succeeded Les Hinton in 2007. Indeed, new evidence – emails, a note and a legal opinion prepared for the *News of the World*, released by the committee – seems to point to a much more detailed knowledge of the scandal than he is admitting to.

The new facts are these. On 27 May 2008, the *News of the World* editor, Colin Myler, had a telephone conversation with a lawyer named Julian Pike at Farrer & Co, the solicitor representing the *News of the World*, about the possibility of settling with Gordon Taylor, the head of the Professional Footballers' Association, whose phone had been hacked. Pike made a note as they spoke and wrote down that Myler "spoke to James Murdoch". A few days later (3 June), News International received an opinion from its counsel, Michael Silverleaf QC, which warned of "overwhelming evidence of involvement of a number of senior journalists".

Leave this new material aside and just for a moment consider the nature of tabloid newspaper executives. This is not a class of people given to glorious self-sacrifice. The elementary requirement of the job is to pass blame down the line and responsibility up to senior management. Men such as Tom Crone, the legal manager at the *News of the World* and recipient of the damning opinion from Silverleaf, and Colin Myler had absolutely no reason to keep this information to themselves. Indeed, emails between Myler, Crone and Pike suggest that Myler talked in detail to Murdoch about the real extent of the problem, as Myler has testified.

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So I may eat my hat and several goldfish if Murdoch manages to convince the world that he was not completely aware of and condoned the cover-up of the scandal, which, incidentally, is now believed by the police to have involved 5,795 separate individuals, somewhat revised from their original estimate of "a handful".

At this moment, Murdoch is no doubt seeking to navigate his way through these new obstacles and produce a performance that is consistent with the evidence he gave alongside his father in the summer. It's going to be an ordeal because it seems entirely possible that he is holding two contrary thoughts in his head: a strategy of denial, inherited from the previous administration and tacitly blessed by his father, and the truth, which is that all the key senior figures at News International knew exactly what lay in the basement.

He has been landed in this mess by his father, who denied knowledge of the scandal and shamefully blamed his subordinates, but also by his father's clannish need for a successor with his genes at News Corp. What must make it all the more painful for Murdoch is that an article by Sarah Ellison in *Vanity Fair*, for which I also work, suggests that Rupert contemplated a proposal from James's sister, Elisabeth, that he should resign after the closure of the *News of the World*.

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Life in the Murdoch family is like high-altitude Tennessee Williams, but the drama is not playing well with investors of News Corp in the US, especially the revelation that James and Elisabeth, plus Murdoch's other two adult children, Lachlan and Prudence, took part in a family therapy session to decide who would succeed their father as head of News Corp. Normally, this is left to a board of directors, not the offspring of a minority stake. The more immediate issue, if Murdoch does not succeed in convincing the committee, is his position as chairman of BSkyB, the broadcasting company that News International failed to buy out in the summer after the hacking scandal broke.

In July, the independent directors [supported](#) Murdoch but this will change if he is discredited during questioning by committee stars such as Tom Watson, Paul Farrelly and Louise Mensch, because he could not, in those circumstances, continue to meet the standards of a "fit and proper person" required of a broadcasting licence holder by Ofcom. It became clear how much rides on his appearance when culture secretary Jeremy Hunt refused to back him in the Commons after being pressed by Labour MP Chris Bryant.

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So, Murdoch allies on the board may have an awkward choice between his interests and those of other shareholders. Three weeks after the hearing, Murdoch must make another appearance in front of the AGM of BSkyB shareholders. Like the recent AGM of News Corp in Los Angeles, this may be a rough ride, and let's not forget the pall that hangs over NI on account of two ongoing police investigations, the Leveson inquiry and 16 arrests of past and present employees, the most recent being of a *Sun* reporter in connection with [payments to police officers](#).

These are incredible pressures for a relatively untested 38-year-old man who must comply with a disastrous strategy that was not originally of his devising and who has not received all the support he should from his family. As Ellison points out, the conflict between feelings of protectiveness for his 80-year-old father and impulses of resentment must be extremely hard, which is why he has my sympathy.

The phone-hacking scandal is a story of folly and arrogance, as well as corruption. We may well be watching the slow-motion disintegration of one of the greatest business empires and most formidable political influences ever known in the democratic world. There is a long way to go, but the thing to remember, especially by those commentators who continue to maintain that phone-hacking is an essentially frivolous issue, is that the scandal at News International may also involve extensive police corruption.

When I spoke a couple of months ago to a US senator about the possibility of large-scale payments to the London police, it took a couple of beats before the senator's eyes narrowed and the [Foreign Corrupt Practices Act](#) was mentioned. It is this issue that may prove to be far the most serious aspect of the scandal for News Corp in a country where the penalties for bribing officials in another country are steep.