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## 5 Things We Learned From the British Parliament's Explosive Report on Murdoch

By: Ben W. Heineman Jr.

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*The News Corp chief executive might not survive the latest episode in the UK-tabloid hacking scandal*



The damning report from a British parliamentary committee has underscored at least five core facts that began to emerge when the phone hacking scandal at News Corp's UK tabloid, *News of the World*, exploded last year.

- (1) A culture of widespread criminality existed at the tabloid.
- (2) People at the top of both the tabloid and its UK holding company, News International, knew of widespread illicit practices and covered them up.
- (3) The deformed culture in both organizations---causing both bad acts and their cover-up -- is the ultimate responsibility of Rupert Murdoch, the head of News Corp who was long interested in his UK newspaper properties, and a close friend of UK leaders.

(4) When reports of wrong-doing came to their attention, both James Murdoch and Rupert Murdoch engaged in willful blindness to preserve the fiction, now exploded, that phone hacking was carried out by only one rogue employee.

(5) When Rupert learned more than six years ago of the criminal disposition of one of his reporters for hacking Prince William's phone, he failed to take any steps to inquire about whether the practice was widespread, and what steps should be taken to change the culture and systems of his tabloid.

When James settled a civil case in 2008, for substantial sums, as the then head of News Corp activities in the UK, he failed to inquire whether other cases like it might exist and pose legal, reputational, and financial risk to News Corps properties.

Clearly, at different times neither man wanted to know what was happening in the UK tabloid. Nor did either want to stop the flow of scoops, circulation, and revenue increases resulting from improper practices.

As I have [noted before](#), for Rupert, as head of a major corporation, responsibility for the hacking scandal is straightforward.

It is inconceivable that Rupert Murdoch was not well aware of the instance of illegal hacking of the heir to the throne, which led to criminal sanctions imposed on a reporter in his own newspaper. (It isn't every day that one of your reporters is guilty of a crime.)

There is an iron rule of corporate crisis management for top leaders: "It is our problem the moment we hear about it." Having heard about "it"--the royal hacking and the criminal disposition--the leader of the corporation should have made sure that he actually learned the causes of the individual case, whether those causes were systematic, how many others in the organization were involved, how people would be disciplined, and how systems and culture would be changed.

A CEO (and board of directors) who really wanted those questions answered would have made sure that there was an independent internal investigator of stature who could blow through bureaucratic and self-protective obfuscation to find the truth. The structure, process, and personnel of such an inquiry were issues that should have been handled at the top of News Corp, with the CEO making clear to everyone that he wanted all the facts on the table.

Although the News Corp CEO would not, of course, be involved in the actual inquiry, he would have insisted on regular reports on how the facts were being developed, and then on the appropriate actions that flowed from those facts. It seems quite clear now that Rupert Murdoch and his feckless board took none of those steps. In this deeply important sense, Rupert Murdoch is clearly responsible for the conflagration inside News Corp.

After the explosion last year, News Corp finally did appoint an independent committee to gather the facts, and to aid the three policy investigations, the independent judicial inquiry, and the parliamentary committee investigation. But this internal review was done under duress--and done far too late after grievous damage to the UK properties and to News Corp inflicted.

The parliamentary committee's conclusion that Rupert Murdoch was "not fit" to run a major international corporation is partisan rhetoric from a committee divided on party lines. But the facts in the report and the conclusions about accountability will have lasting impact, as inquiries by the police, the independent judicial authority and now a regulatory body (to determine the fitness of News Corp to hold an interest in BSkyB grind forward.

This continuing story---worthy of a tabloid---now has a new dramatic chapter. It is far from over.

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