



Communications and Digital Committee

Corrected oral evidence: The future of news: impartiality, trust and technology

Tuesday 13 February 2024

2.30 pm

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Members present: Baroness Stowell of Beeston (The Chair); Lord Dunlop; Lord Hall of Birkenhead; Baroness Healy of Primrose Hill; Lord Kamall; the Lord Bishop of Leeds; Lord McNally; Lord Storey; Lord Young of Norwood Green.

Evidence Session No. 1

Heard in Public

Questions 1 – 20

Witnesses

I: Fraser Nelson, Editor, The Spectator; James Bennet, Senior Editor, The Economist; Paul Lee, Global Head of Research for Technology, Media and Telecommunications, Deloitte; Josephine Hansom, Vice President and Youth Practice Lead, Savanta.

USE OF THE TRANSCRIPT

This is a corrected transcript of evidence taken in public and webcast on www.parliamentlive.tv.

Examination of witnesses

Fraser Nelson, James Bennet, Paul Lee and Josephine Hansom.

Q1 **The Chair:** This is the Communications and Digital Committee and today we are starting our inquiry into the future of news. I will say a little more about this and how we are going to approach the session today, but before I do, I ask our witnesses to introduce themselves by stating the organisation that they are here from. If you are not representing your organisation I am obviously happy for you to make that clear too.

James Bennet: I am a senior editor at the *Economist*.

Josephine Hansom: I am a market researcher, a fellow of the Market Research Society and I work for Savanta, which is a market research agency.

Paul Lee: I am head of research for tech, media, and telecoms at Deloitte.

Fraser Nelson: I am editor of the *Spectator* and a columnist for the *Daily Telegraph*.

The Chair: Thank you to all four witnesses. Just before we get to the questions, let me say a couple of things by way of introduction to this inquiry. This is about the future of UK news, and we are going to be looking at how we retain a plural and financially sustainable news industry.

As we look at that question, we will be concentrating on three strategic challenges that underpin the industry: one is around impartiality, where that is relevant or, more generally speaking, any expectations that audiences or readers have of the news outlets that they choose; another is trust, and what is driving audience decline in their trust of news; and the final strategic challenge is around technology and the news market more generally, and how the arrival of technology is affecting business models for the news industry.

Today's session—the first we are holding—is what I might describe as a scene-setter. We have witnesses who can discuss these themes at a strategic level, and we are very grateful to them for being here. We have two journalists who offer a wide range of perspectives and experience of different newsrooms and news organisations: Mr Bennet, who I thank for coming all the way from New York, and Mr Nelson, who I also thank for allowing us to interrupt his holiday. We are delighted as well to welcome Miss Hansom, who is an expert in Gen Z and younger audiences, and it is a delight to welcome back Paul Lee, who is a leading analyst on the tech, media and telecoms industry, from Deloitte.

We are going to structure today's session in four quarters. In the first we will cover questions about, if you like, the what and why of news; the second will be about how the news industry is operating and meeting expectations and these various strategic challenges; the third will be about market conditions and the structural changes within the industry as they affect business models; and the fourth will be around the division

of responsibilities between the news industry and government when it comes to securing a sustainable future for news. Lord Hall will kick us off with the questions.

Q2 Lord Hall of Birkenhead: Thanks very much. I want to kick off with a broad question, which is: what is news, what counts as news today, and what is its purpose and value? Do you think this has changed in recent years, and does that matter? Let me start with Fraser Nelson as he is not here in person but attending remotely.

Fraser Nelson: News is a story that is new, true and important. There is another phrase that I have found useful over the years: "News is something that someone somewhere does not want published: all else is marketing". I do not think the definition of news has changed much over the years; what has changed is that the number of journalists has declined and we have seen a huge transformation in the way that people get their news. According to Ofcom's very useful survey of where people get their news, social media is now the number one for written news. Facebook is now the third biggest provider of news after the BBC and ITV - and the number one source of written news.

In the eyes of the consumer, what is sold to them as news is rather different. If you go on to Twitter—as a lot of people do now—it has a box saying, "What's happening"; if you click on that it is not news, but just simply an opinion: breaking views, if you like. More people get their news from Instagram now, I think, than any newspaper. Similarly, we saw 1% of people getting their news from TikTok rise to 10% last year. By the next time Ofcom comes back for its next survey, TikTok will have probably overtaken every newspaper.

Do not get me wrong, TikTok is a big source of current affairs because it is basically people sharing their opinions that form people's view of the world. While I do not think the definition of news has changed, how people find out what is happening has changed. There has been a sort of elision in the market between breaking news, breaking views and simply opinion, all put together by digital means. That has been the transformation. The *Spectator* is a small publication: most newspapers have hundreds of journalists, whereas we have only a small number of staff writers. I can offer the observation that people will pay for news if they can trust it, but it has never been easier to get stuff for free, and that takes the industry into the crisis it finds itself in now.

Lord Hall of Birkenhead: Fraser, just to be clear, what would your answer be to the question: does the new way in which people are consuming news, and therefore the breadth of that consumption, matter?

Fraser Nelson: Fundamentally, yes, in more ways than is commonly understood. It is completely upending how young people, for example, find out about the world. You can see this reflected in the attitudes to the Israel-Gaza conflict right now.

It matters that the notion of news being something you can trust is changing because so much masquerades as news now, and that gives all

news a worse reputation. So yes, there is an industrial revolution going on, and newspapers are fighting to stay relevant through that revolution.

Lord Hall of Birkenhead: Thank you very much indeed. James, can I ask you exactly the same question: what do you think is changing in news, what counts as news nowadays, and do these changes matter?

James Bennet: Everybody brings their own definition to this question and I highly approve of Fraser's definition of what news should be. The reality of news has changed radically, the way it is received in the marketplace, and we in the industry are complicit too in what I see as a degradation of that definition.

Over many, many years, but certainly the last few, in general what qualifies as news has changed. You can pick your time period, but over the last two centuries, with the arrival of new technology, from the rotary press to radio to television, at each stage, as we were able to increase the volume and speed with which news was delivered, we developed a more expansive definition of what news actually is.

The internet has taken all that to infinity and, at the same time, has wrecked the economics of the business. The result is that journalists—again, an area where we are complicit—now treat what is being said on the internet as news. It is easier to cover and to write about and is quite interesting, so we spend a lot of time now covering the virtual world, somewhat at the expense of covering the real world. That has, in the US anyway, had a profound effect on our politics, because the rewards for saying something outrageous on the internet are huge. It has created a kind of feedback loop with an increasingly partisan media and a hyper-partisan political environment.

It has also changed the definition of what it means to be a politician, or how to practise a political role. Just one quick example I found myself thinking about over the weekend: President Joe Biden came in for a lot of criticism in the last few days for not giving a traditional interview before the Super Bowl in that he should be out in front of the American public, he should be answering questions on the fly. I was reminded that, in 1948, the *Washington Post* published an editorial criticising President Harry Truman for having spoken extemporaneously, that a President of the United States should speak only when he had considered his words carefully and that he should not speak off the cuff, which was a new phrase at the time. So, our idea of what the role of the presidency is has changed radically, partly because our conception of news has changed.

Lord Hall of Birkenhead: What about the way that good journalism and good journalists see themselves? I was very struck with a piece that you wrote in the *Economist* recently, where you quoted Walter Lippmann, who said, "The prime necessity is to liquidate judgments, regain an innocent eye, disentangle feelings, be curious and open-hearted". Was that quote used not just out of homage to Lippmann but because of a sense that you feel that is not what is happening in journalism at the moment, or in some areas?

James Bennet: Yes, and I am at risk of sounding like a bit of a hysteric on this subject. I love that quote from Lippmann and the emphasis it places on the beginner's mind, and the humility and curiosity that any journalist should bring. We are all human beings and have our biases, but it is critical to a responsible journalist's role that, to the extent they can, they struggle against their own assumptions and go in listening, rather than with set expectations of the reality they are encountering. I am concerned that, as a profession, we are losing that discipline and, in fact, for a combination of cultural, commercial and technological reasons, it has fallen into some disrepute over the last few years.

Lord Hall of Birkenhead: Thank you very much. Paul Lee, can I ask you the same question: what counts as news and what are its purpose and value? What are you seeing in the data?

Paul Lee: I take a bit more of an optimistic view on news, just because the demand for news remains fundamental to the human spirit. While the sources of news, the monetisation of news, and the canisters in which news arrives have all changed markedly, the underlying demand for news remains there.

One of the challenges I find with trying to understand the news industry is partly around measurements. It used to be very easy to measure consumption of, say, broadcast TV news, and you used to have a simpler approach to measurement because there were very few ways in which you could create, distribute and consume news. Now there are multiple ways of doing it, and when there is a breaking news story it is distributed, not just via the linear broadcast but via the website for the broadcaster, via what used to be known as Twitter—now known as X—and via other forms of social media.

I see news proliferating among a lot of consumers of all ages, but the route through to those individuals is no longer a newspaper or a magazine, it is very often a phone, because that is what we have with us. Most people who have a smartphone use it every single day, and a really core application of that is news. Some is going to be via TikTok, and you can say, "Well, that is a negative thing", but if it is a route to markets, if it is a way to get information through to people via the broadcaster's content, is that a negative outcome or is it just a reflection of a shift in how people are consuming content?

Lord Hall of Birkenhead: Can I just press you on that? It is really interesting, and it would be great to believe, that that grazing is leading people to go into depth somewhere. Is there any evidence of that, or are people just grazing and saying, "Do you know what, I now know enough about that story, I have had two lines of it, 15 seconds, enough, thank you"?

Paul Lee: I have been working in the TMT sector since about 1993 or so. If I look back to that point in time, there was massive consumption of newspapers. Is it the case that all those newspapers printed everything on a factual basis, or were they responding to a particular need? For some people who were consuming the content, was it enough to have a veneer of understanding, or did they want depth? I am always looking

for depth because that is the role that I have, and most of it is talking to clients in private and being interrogated. I need to have depth and a lot of facts, and to try to find source data; that, for me, is my news, and it is very, very unusual. So my intent and understanding are very unusual, but the mass market is a thin veneer. It may be, for example, a notification of a news event from the BBC on a smartphone—a headline—and for a lot of people that will be it. But, if I go back 30 years, how different was it?

Lord Hall of Birkenhead: I guess what you are also saying, which is interesting, is now, if that is not it, I can go and find out more, I can be part of it in a way that I could not 30 years ago, when I would have to wait until the "Nine O'Clock News", or whatever it was then, to get something.

Paul Lee: Yes, there is a lot more access to data for those who want it—far more access to data.

Q3 **Lord Hall of Birkenhead:** Thank you. Josephine Hansom, can I ask you about young people, and how they see the purpose of news and the value of news?

Josephine Hansom: Yes, of course. I am really struck by how we are talking about news in a world that has completely changed. Young people are growing up without the news literacy that many of us had in our households, with newspapers lying on the side and gathering together to watch the news in the evening. These habits that were commonplace in homes across the UK are no longer there and are being replaced by individual screens and access to information, so young people are extremely information-literate, but I would say that they are probably quite news-illiterate and need some help there.

The purpose of news for young people is really threefold: to understand what is going on in the world right now; to be up to date with the latest thinking; and to be up to date with the latest events. But what is different for young people is that they are using this information to understand what the future world might be like for them. They are not necessarily always connecting with the stories that are the top news and the headlines, they are looking to these stories to understand and piece together what this future world might be like for them, what they should care about, what they should not care about, what they think about a certain idea or political opinion, or what they do not think about that.

I would argue that the purpose of the news for young people is quite different. They are using it in a very different way: it is less immediately relevant, but it has this very important future function, and they are accessing it in a very different way.

Lord Hall of Birkenhead: What are the sorts of sources of news that they will go to, to fulfil those different criteria that they are asking from news organisations?

Josephine Hansom: The BBC is by and far still the largest broadcast media for them, but they are using social media and online sources far

more than the adult population. Fraser mentioned the useful Ofcom research, which shows that 86% of 16 to 24 year-olds are accessing online, but that is very much lower for the adult population.

The concern there is, if young people are accessing the news via social media, they are not necessarily going via the source, they are not making that connection with the BBC, or Channel 4 or ITV or other broadcast media, to be able to have a sense of authenticity and trust in that particular news source. They are consuming information in a very convenient way for them, and for everybody else, on their phone, but we have to reflect on the environment in which they are accessing that information. They might be out and about in the rain; they might be somewhere where the news might be on TikTok but they have no way to listen to it. It is a great way to be accessing young people, because that is where young people are, but we need to think a bit more about how we tell those stories, especially the deep, more thoughtful stories about the world today that will require different storytelling from journalists.

Q4 Lord Hall of Birkenhead: That is really interesting. Thank you very much indeed. I have a quick additional question for Fraser and James. The Cairncross Review in 2019 looked into the state of journalism, and local journalism in particular, and came up with the idea of public interest news; in other words, there is some stuff that you have to know. Frances Cairncross was saying that investigative journalism particularly, and local journalism, were endangered. I wonder, Fraser Nelson, what your view is: is public interest news a useful concept?

Fraser Nelson: It can be a rather dangerous concept because it can quickly turn into what politicians or the regulators believe people should be listening to. The moment one introduces any element of public interest being decided by political authorities, that is dangerous. However, the broadcasters have some minimum limits, as you will know, Lord Hall, over what proportion of their airtime they give to parliamentary debate and discussion, which tends to get fewer people listening to it.

Every newspaper knows that there are stories, but now, in the digital world, you can see what people read all the time. I spend a lot of time looking at data and, at the *Spectator*, we have, by our standards, an expensive data hub that tries to get right to the bottom of the real facts and figures. It gets very low traffic, it is not commercial, but we do it because we think it is important.

Lots of newspapers will cover things because they think it is important. I am not as pessimistic as James Bennet is in thinking that papers are entirely traffic-driven, although traffic-driven is definitely a temptation and a distortive factor in news. There is what I call the Meghan Markle factor: any article about Meghan Markle is going to get the whole world clicking on it and reading it, so it gets huge traffic figures. If you were to just do that for traffic you would have lots of royal stories, but you would not have very much on, for example, why so many people are on out-of-work benefits. You could regard the latter as being public interest, but any self-respecting newspaper or title will do a mixture of both.

That is separate from the issue of local press, which I think is in quite a bad way, mainly because of the economics. What has happened is that advertisers have migrated online, and the publications that succeed are the ones that can find consumer finance: people willing to pay for or subscribe to them. The *Spectator* has been quite lucky in that we have doubled our subscriptions in a market down by two-thirds. Advertising has gone down from about 27% to 8% of our revenue, and the consumer money that we get from subscriptions and from newsstands has risen to about 85%.

Local newspapers, which were always a lot more heavily dependent on advertising, have been hit a lot worse and they have to compete, of course, against a free BBC. The BBC's local manifestations up and down the country give you lots of news for free that is of quite high quality and difficult to compete with; that makes things difficult for local newspapers.

You asked how many people graze versus how many people go further and I can offer a small point on that. At the *Spectator* we have a system where you can read the first 300 words for free, and then people are asked, "Okay, do you want to log on and register to read further?" Broadly speaking, about 1% do.

You can graze quite a lot now and gather lots of information, but there is a big divide between the free articles from the BBC and the *Guardian*, and the ones that have paywalls; those tend to be the *Spectator*, the *Telegraph*, the *Wall Street Journal*, the *New York Times* and others. There is a big ratio of grazers, or transient readers, versus those prepared to pay. In digital, as with in print, our figures show around 80% reading a quarter of the article, about 60% reading half of it, and 25% to 27% reading to the end. You can measure it now but in the old days of print you could not. You are certainly right to draw a distinction between those who pay for news and read to the end, and those who just skim headlines or skim introductory sentences or paragraphs in the way that most people read newspapers by doing exactly that. There is not that big a difference.

Lord Hall of Birkenhead: That is really interesting data actually, and the fact you can now gather that data is fascinating. James Bennet, can I ask you the same question? Is there a useful concept in this idea of public interest news? Should we be concerned about that, and the trust that it implies?

James Bennet: Can I just quickly clean up my previous remarks? I think that I misspoke: I did not mean to say that I thought the problem was that people were traffic-driven. As Fraser said, that was a problem five, 10 years ago. I am concerned about the drift that is taking place today, largely because people are becoming more subscription-driven, which is something I think we will come to.

I do not believe, by any means, that the quality of all journalism has collapsed and that we are living in some sort of post-apocalyptic journalistic nightmare. Lots of great work is being done all over the world, and certainly by the *New York Times*, where I used to work. I tend

to emphasise my criticisms because that is where the opportunity for improvement is, and I am concerned about the direction of travel of a number of publications.

The concept of public service is useful. I agree with Fraser; I start to get nervous when it is a regulator or a Government invoking that term with regard to the media, as opposed to an editor inculcating that ethos in the journalists working at that publication. A healthy news organisation has a sense of a higher calling that is oriented around the idea of public service. I will stop there but I think it is a useful concept.

Lord Hall of Birkenhead: Do carry on if you had another point you wanted to make; make sure you get it out there.

James Bennet: Local journalism is in such a crisis in the United States, and it is so fundamental a problem for trust in journalism. Just last fall, a report from the Medill School of Journalism at Northwestern said that more than half the counties in the US either do not have a paper or have one news outlet of some sort. Some have no employees at this point and they are what are known as ghost newspapers. We have lost more than 40,000 journalists since 2005. This is a core problem for trust, because so many Americans have lost a form of journalism whose reality they can verify in their daily experience. Also, national news organisations have lost reporters who came up in an environment where they had to confront their sources every day, confront their readers every day, and deal with the human reality of the consequences of their reporting. I just wanted to put a pin in what I think is a fundamental issue of trust.

The Chair: Thank you. I will come back to some criticisms, but I will save myself for now and hand over to The Lord Bishop, who will move us on.

Q5 **The Lord Bishop of Leeds:** Thank you. It is a very interesting diagnosis of how we have got to where we are. I am now slightly bothered by what Meghan Markle might think of the conversation we are having, but I hope we will not find out.

News is, and has always been, mediated, so the distinction between more objective news—there is no such thing as objectivity—and opinion is perhaps more blurred by the impact of technology. In a previous inquiry for this committee, someone from Bloomberg acknowledged the value of a diverse media but emphasised the importance of maintaining a common reference point that the whole country can look at. Do you think it is possible to have a common reference point, given the impact of digital news access, and the analysis that each of you has brought? Is that possible or is that simply a dream? We will go to Mr Bennet first.

James Bennet: I think it is possible, and the UK is the shining example of that now. There are a number of people in the Room who know a great deal more about the BBC than I do, but it seems to me that one thing that makes the news ecology here different and healthier than the one in the US is that there is a centrally recognised source of fact. Actually, it has tremendous influence well beyond the UK because it is seen that way globally. One of the problems we are having in the US, as

local journalism disappears from the media landscape, is that the national news environment splinters and we return to something that looks more like the 19th century in the way that different demographic groups can find their own preferred news source and their own version of reality. We are losing the sense of a shared set of facts to work from. So I do not think it is impossible: actually the UK is demonstrating how it can be done.

The Lord Bishop of Leeds: I wonder whether Fraser Nelson can expand on that, particularly with reference to what you said a few moments ago, when, unless I misheard it, you called the BBC a source of free news. Of course, it is not free, but I think you are saying that this has damaged the model.

Fraser Nelson: Yes, the BBC, of course, is tax-funded through the licence fee, you are right. But my point there was that it can be difficult to compete with the BBC, especially if you are a local newspaper, because its budgets are so big. I was speaking there specifically about the local press, where I think the effect has been the most pernicious.

But when it comes to having a common voice, Britain is unusual in that we have one organisation that is just such a giant, such a behemoth, in the provision of news. Again, going back to the very useful Ofcom table on where people get their news from: number one is BBC1, number four is the BBC iPlayer, number five is the BBC News channel and number six is the BBC website; so it is bigger than any newspaper. You get the idea that the BBC really is absolutely huge, and when you look at these various channels, there is a little difference between the way the BBC reports it on the various channels, but not that much difference.

The BBC's share of the news market is really quite considerable, and now, with the podcasts that it is doing, again with the kind of cost per hour that smaller players would really struggle to compete with, the BBC is expanding into area after area, and it is not charging anything. This makes it a lot harder to compete with if you have to meet your own bills and you do not have the ability to put your non-paying customers in prison, like the BBC does. There is certainly a concern for those who have to basically raise their own money in competing with the BBC, which has the apparatus of the Government to help it raise its money.

I should mention, of course, that rising up those charts the whole time are TikTok, Facebook and Instagram, which are bigger than any newspaper. I think the only two newspapers in the top 20 now are the *Daily Mail* and the *Guardian*. But the social media ones will usher in all sorts of other players, and I would not even call it news.

If you look at TikTok, for example, people on there can be informed by one TikToker who makes a video voicing an opinion, usually a pretty strong opinion. A lot of the time it is nonsense, but none the less that will inform people's views.

You are seeing a disaggregation via social media, and when Google and the search engines start to use AI to inform their search results, that disaggregation could continue even faster. You could have a future

mediascape in Britain where you have the BBC with a huge chunk of it, other main players struggling to compete, and then a whole bunch of social, unregulated kind of Wild West news/views/opinion content being fed into the smartphones of those who get the views primarily from such smartphones.

The Lord Bishop of Leeds: I had not thought about this until you spoke, but do you actually need a very large BBC to guarantee the common reference point, with the resources it has, as opposed to a fragmented media or news media world in which opinion is king?

Fraser Nelson: I am a great admirer of the BBC: it is a force for good in our country, it is a national touchstone, it keeps us together as a country and it does great work. Whether it needs to hog a massive market share in all these new areas, I am not sure. Does it need to be competing in podcasts so aggressively? Would it really hurt to leave independent players to see what they can do? There was a time, before the BBC really went into podcasts in a big way, that the *Spectator's* podcasts were nurtured.

Does the BBC need to be the number one player in the written word as well as the broadcast word? Any time it sees a new medium opening up it wants to dominate, and it does a pretty good job in that. Its desire for expansion, combined with its point blank refusal to monetise in the way that everybody else does, is a bit of a competitive danger. It means that other players could be bigger than they are, especially local newspapers, which suffer the brunt of it.

Q6 **The Lord Bishop of Leeds:** Let me take us in a slightly different direction then, to the importance of impartiality and the generation of trust between the news consumer and the news organisations. What challenges do you think the news organisations face in providing trusted and, where this is appropriate, impartial news, in the face of the sort of digital impacts that you have been talking about? Paul Lee, we will go to you first.

Paul Lee: When it comes to trust, one thing to consider is that over the last 20 years, the trust ratings of traditional sources of news have gone down, but that is partly a function of the proliferation of alternative sources—not all of it, but that is partly the mechanic that is happening. We just need to have that context in terms of the degree of trust.

Trust is quite a qualitative term, and trying to get an exact measure of the extent to which news is trusted is quite hard. When it comes to, “How do you keep the consumer able to trust news?” I would say that if you look at the actual underlying demand for news, it comes in lots of different flavours from different sources and the demand for it remains very high. The reality, though, is that in general the way in which we interact has shifted, and I sometimes wonder whether there is a nostalgia for a past that is not going to come back.

For about 3 million people, the way in which they get their news every day is via a TV bulletin, but that is an older age group. Trying to get younger people to do the same behaviour is probably going to be quite

hard, but they will perhaps source the same content via different media. When we say “Oh, but they get it via Google”, if it is BBC News via Google, it does not make any difference; if it is BBC News via social media, is it any different? To some extent we are conflating the distribution mechanism with the provenance of the content because all the major news sources are using social media to get their content through.

When I think of my own consumption, a lot is via X—which used to be called Twitter—but it is a way of accessing news sources from major publications. I think X is the fifth or sixth most popular social media source, and a lot of it is going to be access to non-trusted sources, but we should not overlook the extent to which it is a way of accessing content from the *Spectator*, the *Times*, the BBC, the *FT* and the *Economist*.

Q7 The Lord Bishop of Leeds: Thank you. I would like to come to Ms Hansom on this, particularly in relation to how young people access news. First, we have heard from one of our expert inputters that impartiality actually matters less to younger people than it does to older people, and I wonder if you have any comment on that. Secondly, there is the famous thing about the planners who planned a park and they decided where the paths would go, but in the end they just had to watch where people walked because that told them where they were going to go. What is the responsibility of news organisations for shaping the news environment, or simply for reacting to it?

Josephine Hansom: Thank you. To take the point about impartiality and trust, young people are developing their opinions, thoughts, and views of the world via the news that they are able to consume, as I mentioned earlier. Being able to consume it on their smartphone is very convenient, but it does not necessarily give them the depth that they are looking for. They are looking for that, but we do not have it available in the right way for them yet. We need to be careful. It needs to be short, snackable, and consumable on the move because that then delivers a different kind of news from the content they are looking for. They want to understand the bigger picture, but often feel that the way it is being delivered at the moment is not tailored to their needs and understanding.

On impartiality, young people are keen to see things from different perspectives, but they are also very keen to find their own. This is where many people cite things such as cancel culture, which is popular amongst young people, where they have a very strong feeling that something is definitely right and something is definitely wrong. For me, this is young people finding their way and trying to understand what they need, but without impartiality and being able to see both sides of a story, it is quite hard for them to navigate that landscape. It is also worth reflecting on that landscape because, although young people are very literate at finding information, they are victims of seeing quite horrible things online as well.

Online is a difficult place to be if you are a young person, and quite a lot of young people are seeing troubling things there. If you layer that with the news being distributed online, there is very little recourse from seeing things that you do not agree with or do not like. You can report a post on social media, or block an account, but it does not necessarily go anywhere. If you want to report content from the BBC, ITV or the *Times* you would go via Ofcom and the ombudsman, and something would happen and they would think about that. When difficult and disturbing ideas are being distributed online, there is not that recourse for them in a way that is keeping them safe.

We mentioned earlier about it being the Wild West, and it certainly is. Experiments have been done on TikTok where you scroll for half an hour, show interest in some disturbing topics, and then you just let TikTok run and, within a handful of minutes, you are shown really quite disturbing videos of suicide and self-harm without even selecting them. So algorithms in this environment are a really important thing to recognise, and young people are much more open to them than other demographics. They want to be able to find the content that they like and to have it tailored to them but, of course, that comes at the expense, maybe, of impartiality.

The Lord Bishop of Leeds: Do the news organisations themselves have a responsibility, not just to tailor news to what people want but to actually make them confront things that are real and actual? In my first profession I used to read *Pravda*, *Izvestia*, and *Ogoniok* every day; they forced you to look through a different lens. Do we just have to accept that that is not possible any more, or do news organisations have a responsibility for shaping rather than reacting?

Josephine Hansom: They still play a part in that shaping to this day. According to our data, around 70% of young people want to be surrounded by different ideas, people and culture. They are interested in the wider world and they want to understand it. We are in a very different world in terms of the way we communicate with them and what is expected. Their world is very visual, for example, rather than being about the written word.

For young people to engage with these bigger concepts, we have to think twice and look at our data to understand their position on the news. Nearly 50% are actively engaged in one way, shape or form: they are either really up to date or feel that they know what is going on. However, if you look beyond that, 20% feel guilty about not necessarily consuming the right amount of news, which might be because they do not have time as they are doing a lot of schoolwork and so on—things that do dictate the rest of your life. How you do in education is much more important now than it was in previous generations.

We have talked about the paywall; it is very hard for young people to commit money to a paywall to consume that type of journalism because it is too expensive for them. Even though there are student discounts and offers, it is not their world.

I have mentioned the nearly 50%, and the 20% who feel guilty, but there is also 20% who are actively avoiding the news. This is a really important group to think about because it speaks to how we are currently presenting the news to young people. Some say they find it too depressing or it is causing them anxiety. If we want to react positively to that, I take it that they are not necessarily seeing the whole picture, the outcomes, of what comes next. It is just a stream of bad headline after bad headline that they do not feel they have any agency to participate in, which is actually why they like local news more.

The Lord Bishop of Leeds: Do Mr Bennet or Mr Nelson have anything they wish to add to that? It is very helpful.

Fraser Nelson: I would like to tackle Mr Lee's point about how, if you look at Facebook, all it is doing is showing you somebody else's stuff; it is not a source of news itself.

That is certainly true but let us remember that the Facebook algorithms will decide what Facebook users see and use. Those algorithms are absolutely huge so, in this way, Mark Zuckerberg has more power than Murdoch, Hearst or Beaverbrook—any media baron before. Facebook will not show everything from those you follow but will decide which of the things that you follow you will see. The same is true for social media. These bots can choose what to promote and what to conceal.

In my position as an editor, we can always see the stories we put out. But we can release a video on TikTok and find that, mysteriously, it did not get much of an audience. Why is that? We are never actually told.

During lockdown, there were certainly moves to quieten the voices that were challenging the Government over claims about the various necessities of lockdown. At one point, David Davis's speech in Parliament was banned by YouTube.

The bot censors, if you like, are at work all the time. What they aim to do is to stop people seeing the kind of harmful content that Josephine was talking about. As a side effect, what they are actively doing is becoming a voice of censorship, which tends to act against voices that are going against the grain.

If you are challenging what the Government have to say, you are more likely to be cut out by one of these bots. If you are a publication, you are not told whether you have been censored or why you have been censored. So these algorithms are way more powerful than the previous press barons, and the unintended bias is really quite significant. It is also a force that is going to be made worse with the Online Safety Act 2023, which will serve to put rocket boosters on these bot censors.

When I mention lists of news sources, I include TikTok, Instagram and Facebook. It is true that the established media brands will be among those news sources, but only those that are chosen by the algorithms, which are a mystery to us journalists. This is a really important point that will shape the way people see the news more and more with each passing year.

James Bennet: I would like to pick up on something Josephine said about social media and talk about it, not from the perspective of the consumer of news but as a producer of news and opinion, because cancel culture is the most extreme manifestation of this social media behaviour.

Day in and day out, the intensity with which people respond to a particular piece of news or a particular opinion piece has a profoundly inhibiting effect on the ambitions of a news organisation to be impartial, or to be objective, or to present a range of views. To be more specific, I know columnists who will not engage with certain subjects because they do not want to take the pain that would come from confounding people who generally see the world in the same way they do with the notion that they see this particular issue differently.

What I am saying is that social media has become a really powerful means of enforcing orthodoxy. It has had a homogenising effect and has encouraged the splintering in the media environment that I mentioned earlier. I do not think it is an accident. Great work is being done. Certainly, the struggles that the *New York Times* has had in explaining and getting underneath the Trump phenomenon was partly a result of the reaction that social media had, as well as some issues within the newsroom itself.

The Chair: I have a couple of supplementaries from colleagues, and I have one of my own before we move on. I will go first to Lord Kamall and then Lord Hall.

Q8 **Lord Kamall:** Thank you very much. Josephine, you talked about the fact that young people did want to hear different views. We may come back to this later so please do not go into detail here, but we are very lucky in this country to have a very diverse range of news opinions. If you look at the referendum, we had a whole range of views in our media. How much more important to young people do you think diversity of opinion is, compared with impartiality?

Josephine Hansom: To be completely clear, I am probably not the best person to answer that question, but I think that young people are interested in diversity of opinion. It is something that connects them to the wider world, and they are interested in those kinds of differences.

Impartiality is probably important but, because of the lack of media literacy, it is hard for them to have a very strong view on it because it is a concept they do not understand.

Lord Hall of Birkenhead: I wanted to pick up on the point Josephine made about algorithms, but it has been ably picked up by Fraser Nelson, so I am content to leave it.

Q9 **The Chair:** Before we move on, if I may, perhaps I could come back to Mr Bennet on a couple of things he has said.

You mentioned the *New York Times* and its reaction to the "Trump phenomenon", as you called it. Earlier you talked about the complicit role of journalists in some of the decline in public perceptions of news. You

also said that, here in the UK, we have a centrally recognised point of fact. All these things together are quite interesting.

I read your article in the *Economist* where you talked about the *New York Times*, and you made the point that it presented itself as an independent and impartial source of news, yet it had taken sides in an argument. Perhaps I might push you a little on your perception that we have a centrally recognised point of fact here in the UK. From what you know about the UK news industry, do you feel there is any comparison here, in that news outlets that are renowned for, have a responsibility for, or present themselves as, being independent and impartial, are none the less not necessarily meeting that expectation because they may be accepting one side of an argument as it is deemed more acceptable to a certain demographic, perhaps within the newsroom?

Another way of asking the question is: how unique is what you experienced at the *New York Times* to the *New York Times*? Is it something that you see in other news organisations? Do you see it anywhere here in the UK?

James Bennet: Every news organisation struggles with these questions. I have worked in opinion publications, where they have a very clear line, they have an ideology, and they are quite up front with their readers about it. I am speaking here about news organisations that are really engaged in the struggle to be impartial, to be as objective as possible and to present a wide range of views.

They are all struggling with the same kinds of forces: the way that technology and the business model are introducing new incentives and enhancing the political pressures on them. The question is: how conscious of these pressures are they and how forcefully are they struggling against them?

The *New York Times* is conscious of these pressures, and there are efforts under way to struggle against them. I always try to encourage it to work harder at it; it needs to work harder than it is.

I do not feel qualified to judge any UK publication on this question because I have not studied them closely enough. It is incumbent on the leaders of all these organisations to be up front with their audiences about what they stand for, and to be clear every day, from the moment they hire someone and through the course of that person's career, about what their expectations are for the nature of their work. I am sorry to duck the question, I just cannot express an opinion.

The Chair: Would you like to see more self-awareness of this challenge within the news industry in those news organisations that are there to be impartial?

James Bennet: I would like to see a great deal more self-awareness, more self-scrutiny, and more humility about this. I am a big believer that just because everybody is saying that you are getting it wrong, it does not mean you are, in fact, getting it wrong. We, in the news industry, tend to pat ourselves on the back, be a bit smug, and say that if we are

being criticised by both sides that must mean we are doing something right. It does not necessarily mean that at all.

The Chair: What do you think needs to be done in order to move away from that complacent argument—that an attack from both sides is a justification for, or a defence against, the “We are doing all right at the moment” position?

James Bennet: It is a different kind of confidence that is required: the confidence to be able to look honestly at yourself and to hold yourself to the same standard that you would hold any other institution to in the course of your own reporting—in fact, a higher standard because, if you do not, you will not be able to do the work with the integrity that is required of reporting out in the world.

The Chair: Thank you. Mr Nelson, do you have something you want to add?

Fraser Nelson: You are asking whether we can have a Twitterstorm, if you like. Bari Weiss once said that the *New York Times* does not have Twitter on its masthead, but it is ultimately edited by Twitter. Twitter storms have had an effect on the UK. As a result of them, Kelvin MacKenzie got fired from *The Sun*, Kevin Myers from the *Sunday Times* and Colin Mafham from the *Sunday Express*. We studied these quite closely because, for a while, they were ending the careers of journalists, before the industry worked out what was happening and then did not react quite so strongly.

It is a kinetic reaction: there is something you do not like online, everybody piles on on Twitter, there is massive pressure for the journalist to get fired. Next thing you know, Ian Buruma has been fired as editor of the *New York Review of Books*, or the Japanese magazine *Shincho* has closed down; Roger Scruton, Suzanne Moore—there are other examples of them. The caustic effect of social media used to be quite sharp, but I think publications are a bit more robust. Now, people do not tend to react quite in the headless-chicken way they once did over Twitterstorms. But, as Bari Weiss said, and as James Bennet found out the hard way with the Tom Cotton op-ed at the *New York Times*, this still has the power to discombobulate established industry players.

Q10 **Lord Dunlop:** I would like to move on to market conditions. We have already heard about the changes affecting news organisations and, as Fraser Nelson described it, the industrial revolution that is taking place. I will start by asking you, Paul Lee, for your assessment of the overall health of news brands. What are the key trends that you see, and how are the tech platforms and generative AI affecting business models?

Paul Lee: There are quite a few questions in there. What do you want me to start off on?

Lord Dunlop: The impact of tech platforms on business models would be a good place to start.

Paul Lee: First, the tech platforms are objectively vast in terms of the impact that they are having. You have various tech platforms that have

billions of monthly users, and they do have a power in terms of the algorithm, but it is always important to place that in context. When you look at, for example, a tech platform or a subset such as Facebook, a small proportion of that is what is deemed news: it is about 3%. It is important to have that context. Also, the way in which I perceive the tech platforms—which not everyone here may agree with—is that they are providing a very important role as a conduit.

The second thing, which is extremely important, is that some tech platforms are really good at aggregating supply and demand for advertising. When we look at what has happened to local news, for example, it used to subsist largely on local advertising. There are more efficient ways of doing local advertising, or advertising of classifieds, which have migrated to search platforms, online auction platforms, or even to local neighbourhood platforms with the ability to sell. That genie is out of the bottle, and you cannot put it back in. The local news model, and news models in general, have to migrate. Can you win on advertising? It is extremely hard to because you do not have the infrastructure.

For a lot of news organisations, you have to migrate to new models. One of the new models is subscription, and we have talked about that. But very little of what is out there from the consumer lens is actually behind a paywall in terms of number of subscribers. Right now there is no English language publication that has more than 10 million subscribers. The closest one is the *New York Times*, which was at 9.7 million as per the last quarter. That includes news, cookery, sports, Wirecutter—which is tech reviews—and games such as Wordle. It is a bundle of different things, but none of them is beyond 10 million.

Compare that to what has happened in the music space; Spotify added 31 million paying subscribers last year. Compare it to video; Netflix added 13 million in one quarter alone. Obviously something is happening when it comes to what consumers want from media. They are very happy to pay for video and for music, but they are not paying for news. There are lots of different reasons why that is happening, but it is probably partly because it does not matter as much as access to other content they are paying for. News is not expensive and, as has been talked about, there are lots of discounts out there. I have a son at university, so I know that the *Times* is £30 for three years for a student. That is a small cost relative to all the current costs that are out there.

One thing I would say about news organisations is that a lot of them have duplicate infrastructure, such as printing presses. How many printing presses should there be in the UK? How many finance functions? How many HR organisations? To what extent should the model involve seeing what can be common infrastructure and common processes? For the brands, you focus on the journalism.

You also asked about generative AI. Do you want me to cover that now?

Lord Dunlop: Yes.

Paul Lee: Generative AI is a subset of machine learning, which is a subset of AI. I find very often that AI and generative AI are conflated, but they are not the same. An existential threat to journalism is the ability for an algorithm instead of a journalist to create high-quality outputs. I think we are a long way away from that. It will be a long time before an article in the *Economist* or the *Spectator* is a direct output of a form of algorithm. Generative AI can produce relatively low-value content at scale, but the *Spectator* and the *Economist* do not have that kind of content. It is more akin to local news organisations and write-ups of sports events. That is where it can work.

There are currently three major challenges out there with generative AI. One is hallucination, a term that refers to how generative AI guesses what people want to see and as a result makes up content, so you have to do a lot of fact-checking. So hallucination is one challenge. Regulation is another. We do not have the regulation in place yet for generative AI. We have GDPR, which applies to some of the foundation models, and there is the AI Act from the EU, which should finalise in Q2 of this year. There is also the cost uncertainty. For one of the publications I work on, if I want to generate a 1,000-word summary from a 50,000-word document, the cost may be \$0.05, or \$6. It is a very different equation.

In summary, as of now, generative AI is an experiment for the major publications. As of this year, it is not a fact, it is not a direct challenge, to premium journalism.

Lord Dunlop: Thank you. Fraser, can I ask you the same question about the impact of tech platforms and generative AI for the producers of content?

Fraser Nelson: AI has almost zero impact right now. We tried it at the *Spectator* and we hoped it would be useful, but it is completely not. It is a long way away from being able to do anything that human journalists can do, so is not a factor right now.

A far bigger factor is search engines and the algorithms that select news stories for social media. For reasons I explained earlier, that is going to be the big AI impact. In terms of technology, as James touched on earlier, the way a lot of journalism now is judged, even internally, by how much traffic your piece gets is a distorting effect. It is an editor's job to try to counteract that.

With the business model overall, I suspect that people are paying more money now for content, for news, than they have ever paid before. Lots of people are subscribing to publications: the *Spectator's* business model has been transformed by the willingness of people to subscribe, and the ability of technology to go in and take what the *Spectator* does to people who would never have encountered it otherwise, mainly on social media, on search.

Social media has become the new WHSmith. You used to pick up a publication and read it to see if you liked it. Now, you can sample its wares with a few clicks. Overall, with technology, play it right and it can be a tremendous boon to publications. The *Times* is now making a profit.

That has not happened for decades, so it is not all doom and gloom and despair.

I am not quite sure whether it is part of your inquiry, but one of the main business impacts is that foreign Governments are now taking an interest in buying British news organisations. They intend to buy both titles I work for: the *Spectator* and the *Telegraph*. I would regard this as a new business development, because previously foreign Governments, or their investment proxies, would not seek to buy publications. Now they are seeing if they can get away with it, and it looks like there is a reasonable chance of that happening.

That would have very big implications for the trustworthiness of news and for the future of news. I do not think any democracy in the world has seen one of its newspapers sold to a foreign authoritarian Government. This is not happening in the near-distant future, it is happening right now. It is under review right now by the DCMS. That would have a very profound impact were it to go ahead, because it probably would not be the last such acquisition.

Q11 Lord Dunlop: Others may want to come back to that later in the session, but can I ask Paul again about tech platforms? We have seen a shift with big platforms like Meta and Twitter moving away from external news content. What is driving that change? Is it part of a wider trend? What are the implications of that for publishers?

Paul Lee: In terms of what has happened with Meta properties, there is a change in policy on the existence of a news tab in certain markets, including the UK. In Canada, there are no links to news sites, as I understand, but I do not think it is the same policy in the rest of the world.

In terms of other tech platforms, Microsoft has a news source called MSN.com. It is the number two news source globally, with over half a billion monthly average users, after the BBC. Yahoo, which at one time was one of the leading tech platforms, is still very prominent in news. Apple has a news aggregation service, so it is still very focused on including news. X—or Twitter—is still a massive repository for news. It is slightly harder to get the news in some regards, because some of the metadata is not exposed immediately, but the workaround is to put the title of an article in the image, so there are workarounds there. I expect that a lot of Twitter usage remains largely similar, so the content creators and the consumers have just adjusted to that.

I am not sure I agree with the view that tech platforms are moving away from news. There are some high-profile examples of that happening, but I would not say that it is a wholesale trend among all the tech platforms. As always, the outlook is quite nuanced and complex, but I do not think that they are moving away from news, with some notable newsworthy examples.

Lord Dunlop: We heard that Instagram and TikTok are becoming more significant in the provision of news content. What are the implications of that for the producers of content? Obviously it is video, it is a different

style. How do publishers create content that they can then monetise, given that that is the main referral channel?

Paul Lee: It is a channel to market, and to some extent it is basically about clipping content so that it fits within a smaller format. This is an adjustment that lots of different media industries have been going through for a while. You can say, "I don't want to engage," or you can just say, "Well, this is a route to market for some people at a certain time". I do not think it is delineated by age group. You will find a lot of 60 year-olds, for example, who are very happy just having a 25 or 30-second clip. That is all they want to know about a news story. But I would see it as a channel to market.

One reason why you create short-form content is to encourage consumption of longer-form content. If you look at the biggest source of news content globally, it is the BBC with over a billion monthly average users, but the BBC online is a wide range of different sizes of content, from a simple headline to 60-minute documentaries.

Q12 **Lord Dunlop:** Can I come back to the point, which we have already discussed, about the impact that tech platforms and intermediaries have on media organisations and the editorial choices that they make? What is the impact of those intermediaries on the editorial choices that people are making?

Paul Lee: I can refer to that partly as somebody who is a spokesperson and talks to news outlets. The way news cycles work has definitely changed. It is a lot shorter and a lot faster. A story can burn for a day or a couple of days before fizzling out, and certainly 10 years ago that was not the case. News has been reshaped—I think James is referring to that to an extent—to address this much shorter, more intense media cycle. The news is also being created to try to fit within search engine optimisation profiles. Whenever you have an algorithm, to some extent they are black boxes, but there is a whole industry of individuals who are understanding and peeking into those black boxes and working out how to make sure that their story gets to the top of a search engine result.

Q13 **The Chair:** Before we move on, do either Mr Bennet or Mr Fraser want to add anything on the effect of this technology on the editorial choices that you are making? If not, that is okay. I just wanted to give you that opportunity.

Fraser Nelson: The *Spectator*, like other newspapers, does try to provide TikTok content, but the nature of these things is that unless you are saying something pretty extreme it tends not to get much traction. Again, you are at the mercy of the algorithms. A couple of times we have had videos critical of China. One was the Foreign Secretary being critical of China. The other was a story about the Uyghurs. TikTok, which is of course Chinese-owned, seems to not like these very much and they do not get very many views. This is a strange terra incognita for us.

Print publications and broadcasters can try to come up with microsecond clips and the same physical vocabulary—you are talking about somebody

speaking offhand, et cetera—but it can be difficult for that to segue, as all these things obviously must, into greater interest: read an article, buy a publication. It is a big medium but one that established players are struggling to get a handle on.

Q14 Lord McNally: To what extent is it the Government's responsibility to address the challenges around trusted, impartial and financially sustainable news? To what extent does the industry itself need to address this matter?

Paul Lee: My perspective is that there is quite a bit that the industry could do, and arguably there is sometimes a slowness to react by the media industries in general. In the television industry, a sector with which Lord Hall is very familiar, you could have a single white-label online video distribution platform. This has been talked about since 2009 or so, but in the UK we still have multiple online distribution platforms, and around Europe there are dozens of them. Would it not be more efficient to have one platform and one company rather than large teams focusing on that particular element, and have broadcasters focus on creating the content to go on that platform? That is my conjecture on that.

I have a wider question about what the Government's role should be, because demand for depth content is a function of literacy and numeracy, so it is down to education. That is part of what needs to be addressed. Points also arise about the fundamental availability of good datasets. So a good quality ONS is part of what feeds into having a vibrant news industry in this country.

Q15 Lord McNally: Fraser, earlier you seemed to suggest a kind of emasculation of the BBC as the way to allow you honest toilers to make more profit and get a bigger market share, but you also have given evidence that the *Spectator* has managed to find a model that works even under the present regime.

Fraser Nelson: To be clear, I am not asking for the BBC to be emasculated. I am a great believer in a strong BBC; it is one of the best things about this country. I am simply saying that the BBC produces such great-quality articles at no cost to the consumer that it can be very difficult to compete against if you are a local newspaper, or a podcast producer competing against its podcasts. I am not for a second saying that you should be cutting down the BBC or anything like that. This inquiry is about the dynamics of the industry. If this industry has a leviathan—a kindly one, perhaps, but one none the less—that is state-funded, that has implications for everybody else.

You are right that the *Spectator* has been quite successful. We doubled our sales, but I would point to your first question, which is a very important one: should government be concerned about the nature of news? I feel very strongly that a free press means that the Government do not come in and offer their advice. They should not say what should or should not happen in newsrooms, or even give much of an opinion about what is and is not good news. That should be purely for

newspapers to do themselves. If newspapers get it right, they will be able to sell more copies and more subscriptions. If they get it wrong, they will have a pretty bad fate awaiting them. The market will decide. Ultimately, readers are the only people who should be deciding if the news is fair, or good quality, or worth paying for.

The news industry is going through tumults right now—there is no doubt about that—but I would be very anxious if anybody said the words, “We are from the Government and we are here to help”. What government can do to help is protect the freedom of the press. I would not mind there being a law passed whereby foreign Governments are not allowed to buy British newspapers or magazines, as I think is the case in other countries. Now that foreign autocracies are in the market for buying media landscape, that should be met with a regulatory response.

The Government allowed us to cut VAT in digital-only sales, and that was a big help to the industry. It helped us to a position where the *Spectator* was able to return the furlough money to the Government because we were able to trade our way out of that situation. That is what I regard as government help: when they cut the regulatory burden and, in places, the tax burden. But, overall, I would urge restraint when it comes to intervening to decide what is and is not good news, what is and is not impartial, and what people should or should not be reading.

Q16 Lord McNally: James, you have a great deal of experience of the United States. Many say that the deregulation that took place in the 1980s under President Reagan ended up on the steps of the Capitol 40 years later with an insurrection. There is a truth and consequences to the ultra-liberal approach that Fraser is recommending, is there not?

James Bennet: That was less a consequence of deregulation of the media space as a deregulation of other key industries. I am also nervous about the idea of the Government stepping in to make decisions about the free flow of information, just because we have seen over history where that usually winds up. That is not to say that I am not deeply concerned about what is happening with the flow of information in society today; we have not even talked about malicious actors who are deliberately flooding us with false information.

I go where Paul goes and where Josephine started out: the most important thing the Government can do is to educate sophisticated and sceptical news consumers. I know that this committee has already addressed issues like copyright in the AI space, and I do not mean to say that there are not important regulatory questions to be asked. The work of this committee, in asking these questions, is a really constructive undertaking if it helps to hold the media industry’s feet to the fire a little, which encourages more introspection and self-criticism.

I hope I do not sound glib. I do not minimise the very real concerns about whether the institutions we count on as fundamental to self-government and democracy are doing their job properly. I share those concerns, but I worry a lot about whether the Government can play that role in a democracy.

Q17 Lord McNally: Josephine, you raised the issue of media literacy. I was on the Puttnam committee that looked into the last communications Bill 20 years ago, and one of our recommendations to the newly created Ofcom was to bring forward a programme of media literacy, which it significantly failed to do. I always think about the 19th century when they passed the Education Act and one of the Ministers said, “We must now educate our masters”. Do we have a job to educate our masters in the new technologies?

Josephine Hansom: Absolutely.

Lord McNally: But who should do it?

Josephine Hansom: That is the hard question. If you look to education, the PSHE—personal, social, health and economic—classes that were on the curriculum are not consistently being delivered across the UK. When we spoke to young people, we asked what skills they were most interested in learning. We were expecting things like coding or language skills, although language is quite high up there, but we were struck by the soft skills that young people want, such as communication, critical thinking, the skills to be able to go out into the world and become an adult, which they feel they are not necessarily getting from the education system at the moment.

Lord McNally: It was interesting that Fraser tended to play down the impact of AI. Paul, I am interested in your observations on something that happened most recently. The Pakistan election was supposed to be a done deal. Here you had the leader in jail, the candidates banned, the press intimidated, the military in charge, and then the ordinary old Pakistanis went into a box, marked a ballot, and came up with a different result. One reasons given for this was the use of AI so that the imprisoned leader could address voters online using artificial intelligence, thus allowing him to make party political broadcasts. I thought it was a very interesting and benign use of the new technologies, but it also shows the power that is there—

The Chair: We may be going off in a—

Lord McNally: No, we are not, because we were talking about how—

The Chair: If you have something you want to say in response to that briefly, please do, and then we have to wrap it up, I am afraid, because we are running out of time.

Paul Lee: I do not have a specific comment. It is an interesting story, and the ability to replicate voices using AI is a fascinating tool, which can be used benignly or malignly, as with all tools.

The Chair: I have a couple of supplementary questions from colleagues and a final one from me. I want to come back to Mr Nelson on foreign government ownership of the media, but before I do I will go to Lord Young and then Lord Kamall for a brief supplementary question.

Q18 Lord Young of Norwood Green: I will address my question to Fraser, because he was the one who said, “I don’t think the Online Safety Act is

going to help". Let us hear from you, as you were explicit in that comment. We are the Government and you do not want us to help, certainly not with that Bill, by the sound of it.

Fraser Nelson: No, I do not, because the Online Safety Act imposes huge fines if search engines come up with content that the Government regard as legal but harmful. The provision is now there for children as opposed to adults, but it is pretty difficult to tell the difference. All this will do is make YouTube, Facebook, Instagram and others even more apprehensive about publishing anything which their bots regard as being edgy.

This will have the side effect of edging out what I would call against-the-grain content, which perhaps criticises the Government's line, something the *Spectator* does quite a lot. This will have huge side effects, mainly because we have a regime now where Facebook can slap a false information label on one of your stories. We commissioned two scientists to look at the science behind the face mask ban. Facebook regarded that as false information. It will not tell us why and it will not respond to our emails.

The Online Safety Act creates a huge disincentive and says, "If you guys publish what we don't want you to publish, we're going to hit you with very big fines". That will make people very risk averse, and it will constrain debate in ways the authors of that Act have not quite appreciated.

Lord Young of Norwood Green: Is that a unanimous view?

The Chair: It probably is not.

Fraser Nelson: No, I would not say it is unanimous.

The Chair: We do not have time to go into a wider space about the Online Safety Act.

Fraser Nelson: No, it is not unanimous, but there are many leading articles in the *Spectator* if you want to read some more.

The Chair: Good effort. Lord Kamall.

Q19 **Lord Kamall:** I think I know what the answer from Fraser will be, but I want to address the same question to James that I asked Josephine earlier. Are we putting too much emphasis on impartiality? Should we not be celebrating the fact that we have a diverse media in this country that has a range of views? Is diversity just as important as impartiality, or do you take a different view?

James Bennet: It is wonderful that you have a range of views, as it is wherever that is the case. As I said earlier, the UK has a particularly healthy media ecology, because it has the BBC providing a kind of infrastructure of fact that the rest of those publications to some extent all rely upon and respect. So you have a nice combination of a reliable narrative about what is actually happening in the world, and a cacophony of views that surround that.

In the US, we do not have that kind of environment, that same media ecology. There, when the media is splintered—as it is now—and you have a diversity of views but they are not captured within one publication, you get a public who can choose their preferred version of reality, embrace only that view and not really confront or contend with opposing views. That is really dangerous over time. I would make that distinction.

Lord Kamall: Fraser, can I ask you the same question?

Fraser Nelson: Yes, of course. I would point out that everybody has different ideas of what objective news is. When Fox News started, its motto was “Fair and Balanced”. That is how it regarded itself, and that is how a lot of its viewers regarded it, even though other Americans would see it as very right-wing. So it can mean different things. Of course we need diversity. In Britain, we are quite good at having that, and with GB News and TalkTV we have even more diversity in the broadcast field. Let 1,000 flowers bloom.

Q20 The Chair: That segues neatly to the final question. As we see a proliferation, or at least the arrival, of new news outlets, whether it is in broadcast or online, is it a concern that they face the economic challenges that we have discussed today? Is there a risk that these organisations will not be able to sustain themselves into the future if there is no restriction on foreign government ownership of news outlets? Is this type of ownership something that you feel should be addressed urgently by way of legislation? We have the Media Bill currently in Parliament. Is that something Parliament should be looking to take action on?

Fraser Nelson: Yes, it is urgent. It might be too late if you leave it too long. Obviously, when we talk about press freedom, we mean freedom from government. It is completely incompatible with government owning publications. That is bad. Foreign government is worse. Autocratic foreign government is even worse, and that is exactly what we are looking at. Ironically, this has not come because the *Spectator* or the *Telegraph* are in financial trouble. They are both strong publications that just happened to be up for sale, and the Emiratis decided, through their vehicle RedBird IMI, to come up with a backdoor way of getting hold of both titles.

This will be a test case. If it is allowed to pass, the trend that we have seen in the last 10 years - very rich autocracies buying more and more critical national infrastructure of democracies - will move on from shopping malls and nuclear plants and media. When that happens, ultimately you will find a significant chunk of your country’s media in the hands of countries with no tradition of free speech at all. How will they use their influence? How will they use those powers? It has been proposed that the Emiratis set up some kind of board that would protect the *Telegraph*, although notably not the *Spectator*. I do not believe there can be such a thing as editorial board protection. I do not think any of these boards have ever really worked, as Rupert Murdoch can attest. He got around them by appointing acting editors rather than full editors.

It is impossible to make a news organisation really independent of the organisation that owns it. A news organisation cannot be independent of its owners. You can try using a fig leaf, but we are facing unexpected peril for free press in this country. If we say yes to the Emirati Government, then why not the Chinese or Russian Governments? Unless we have rules in place to say which parts of our country should and should not be for sale, we leave ourselves vulnerable, because as a country we tend to be quite open to foreign investment. That is absolutely fine with foreign individuals or even foreign companies like Nikkei of Japan, owners of the FT and the *Financial Times* has never been better. But when foreign Governments want to buy newspapers and magazines in a democracy, that is where Parliament should draw the line, ideally before the deal goes through.

James Bennet: I am not dying in the ditch for objectivity. I am trying to stress that the subscriber model, the technology and the partisan environments we all live in are pushing a lot of publications away from the struggle towards objectivity, but also away from basic intellectual honesty, which is about confronting arguments that you disagree with and forcing your readers to confront them. That is the grave danger of this environment. I had an editor who drilled into us that you have to be able to say the good thing about the bad guy and the bad thing about the good guy, which is the simplest, clearest definition of doing journalism with integrity that I have ever heard. That is what we are at risk of losing.

The Chair: That is a good lesson for us as politicians as well. Can I say a huge thank you to all four witnesses for your testimony this afternoon? It has been hugely helpful and is a great scene-setter for the inquiry.