Thank you Lady Cudlipp, trustees, and students of the London College of Communication for inviting me here tonight…

I come before you as a man of print, not the spoken word. A broadsheet editor determined to follow the trusted maxim: all power tends to corrupt, power point corrupts absolutely.

I come from a family of journalists. So does my younger brother, Tony. Our father left school at 15 and started as a copy boy on the Leeds Weekly Citizen before graduating to Fleet Street and the BBC World Service. Frank Barber was a blunt, self-educated Yorkshire man, a dedicated sub-editor who never met a paragraph he couldn’t cut. He regarded the news business not as a profession but as a vocation.

My own route to journalism was more circumspect. At Oxford, a young man called Mark Thompson turned down an article I proposed for Isis magazine. Now I know why people complain about editorial bias at the BBC. After many - too many - job rejections, I won a place on the Thomson regional newspapers training scheme in Newcastle and several shorthand tests later joined the Scotsman in Edinburgh.

Back in 1979, the Scotsman sold 91,000 copies. It carried a page of foreign news. 20 North Bridge, an imposing Victorian building overlooking Waverly station, housed printing presses which thundered through the night. It was also home to many fine journalists: reporters and editors such as Neal Ascherson, Chris Baur, Harry Reid, Jim Naughtie, and later Andrew Marr.

Today, the Scotsman is a tabloid; it sells 45,000 copies and that page of dedicated foreign news has disappeared. North Bridge is now a five star boutique hotel with a gym, poetic justice for generations of journalists raised on cigarettes and whisky.

As a cub reporter, I devoured books about journalism. One tome sticks in my mind because it sat for many years on my father’s many bookshelves at home in London. Hugh Cudlipp’s memoir Walking on the Water captured for me the thrill of the news business. The prose is economic, funny and splendidly irreverent. One paragraph toward the end of the book is particularly notable and quotable.
“Knowing what is going on is the lure of journalism. Explaining to vast audiences what is going on is the art. Influencing, or trying to influence, what is going on is the self-imposed mission.”

Cudlipp’s dictum just about sums up my own credo, though I might quarrel with the last point about media influence, especially in the light of the latest, pressing questions about journalistic ethics in this country. I will return to that subject later.

For the moment, I want to talk about the business of journalism today, specifically the role of the mainstream media, and my own experience as editor of the Financial Times for the past five years.

THE DECLINE of the mainstream media may no longer be front page news, if it ever was; but the pace of decline remains relentless. Since 2004, the UK newspaper market has shrunk by more than 20 per cent. The fall in circulation has affected broadsheets and tabloids alike. The News of the World, for example, still sells more than 3m copies every Sunday and remains a market leader, but that is one million fewer copies than 10 years ago.

These figures largely reflect a western disease: the virus has yet to strike the world’s biggest countries, China and India; and it is not true of many emerging countries such as Brazil, where the appetite for news in all forms is growing fast.

Since 2005, for example, the number of paid-for Indian daily newspaper titles has surged to 2,700, according to the World Association of Newspapers. The circulation of Hindi papers rose from less than 8m in the early 1990s to more than 25m last year. Meanwhile, the total circulation of Brazilian newspapers has expanded by 1m over the past decade to 8.2m, with steamy tabloids among the biggest beneficiaries.

The victims of mainstream media disease are often newspapers and broadcast news programmes with proud histories. Many have long enjoyed a publish-and-be-damned tradition of reporting stories which beyond doubt serve the public interest by exposing corruption, injustice or the abuse of office – precisely the kind of campaigning journalism in which Hugh Cudlipp revelled.

In the US, where I worked as a foreign correspondent for 10 years, some of the best known metropolitan dailies, often with newsrooms comprising of well over 500 or more journalists, have either died or are in intensive care. Metro papers such as the Los Angeles Times, the Philadelphia Inquirer, the Rocky Mountain News, and sadly the Washington Post.

I say sadly because in the summer of 1985 I was lucky enough to spend three months on the Post’s national staff, thanks to the Lawrence Stern fellowship, still going strong by the way after 32 years, and still a wonderful opportunity for an ambitious twenty-something reporter to work in a big American newsroom.

Back in 1985, Ben Bradlee was editor. There was a swagger about the Post newsroom. Memories of the Watergate scandal were still fresh. So, incidentally, was the scandal of Janet Cooke, who won a Pulitzer prize for an elaborately concocted
fake collage of an eight-year-old heroin addict in the nation’s capital. But that’s another story.

In hindsight, Watergate was a curse as well as a blessing for American journalism. The courageous reporting of the Post and the New York Times – coupled with the favourable Supreme Court rulings on publication of the Pentagon Papers – were landmarks for the interpretation of First Amendment rights and the freedom of the press. But they also encouraged the cult of celebrity and media self-absorption.

In the words of Eric Alterman, as reporters became more sophisticated and respected, the top rank came to be regarded as the social equal of those people they were reporting on such as Senators and CEOs. Some came to identify more closely with their subjects rather than with their readers. In short, they joined the Establishment.

The rise and fall of mainstream American journalism carries sobering lessons for those of us practising our craft here in Britain.

First, I believe we have entered our own period of media self-absorption, driven partly by our industry’s financial difficulties. Second, we have in recent years witnessed if not exactly a merger of the media and political class, certainly an increasingly intertwined relationship which, I suspect, does not necessarily serve the interest of either.

Today, many members of the political elite in Britain have all worked in or with the media industry. David Cameron worked in a commercial TV company. Jeremy Hunt ran a publishing business. Michael Gove was a newspaper columnist. Boris Johnson was a magazine editor (and still writes a weekly newspaper column). Ed Miliband was a TV researcher. And Ed Balls was an editorial writer for the FT.

This new social network in Britain may be more informal than formal, but it still comes across as far too cozy. Arguably, our elected representatives have become a tad too respectful toward broadcast and print media.

Of course, this reverence may be a tribute to the fearless interviewers on the Today programme or to the Christmas culinary delights of the Brooks household. But excessive deference – even in an age where deference has become a dirty word – is unhealthy.

As my FT colleague John Lloyd has written, and my old sparring partner Alastair Campbell would doubtless agree, it may also encourage the notion that the media is somehow an alternative establishment, enjoying as much or more popular legitimacy than MPs and ministers.
My next point is less political, more economic. Thanks to the internet revolution, the advertising model which has sustained newspapers since Cudlipp’s day is passing, or at least shrinking rapidly. This is particularly true of the classified advertising business which has now moved largely online.

The American media commentator Clay Shirky summed up this historic shift in December 2009 on his blog. In an earlier age, he wrote, the barriers to entry meant that advertisers had no choice but to use newspapers to reach their customers.

Shirky added: “The expense of printing created an environment where Wal-Mart was willing to subsidize the Baghdad bureau. This wasn’t because of any deep link between advertising and reporting, nor was it about any real desire on the part of Wal-Mart to have their marketing budget go to international correspondents. It was just an accident.”

Baghdad bureaus, as we at the FT among other news organisations know, are very expensive. But so are Beijing, and Washington, and Moscow, and Berlin, and Paris, and Johannesburg. For the FT, which has more than 100 staff foreign correspondents, these bureaus are essential. They are part of the DNA of our news organisation.

For others, they were once a vital source of news. Now, because of financial pressures and relentless cost cutting, they can be no longer for many sections of the mainstream media. So the foreign bureaus go – and a window on the world slams shut.

In the summer of 2009, I modestly predicted that most major news organisations would be charging for content within 12 months. Charging, I argued, would not only plug the revenue gap; it would also help to re-establish value in their news product.

This past year, pay walls have gone up around content that was previously free. News International has been a notable convert. This year, pay walls will appear around the content of the New York Times and, as the FT has reported, the Daily Telegraph too.

The hope in this is that people will wish to continue to read the content that these organisations provide – and will subscribe. The risk is that they will simply go elsewhere – to a free news site, like the BBC – or indeed, any major broadcaster.

For the BBC and others, a free website is an obvious and relatively cheap addendum to their main purpose of streaming news and entertainment on screen to a mass audience.
In this respect, I was pleased to see that the BBC has at last begun to recognise the economic threat that BBC online poses to newspapers, particularly those in the regions. The sharp cuts in the BBC’s online budget go some, if not all the way, towards redressing the balance. Further steps in this direction, including relaxing restrictions on cross media ownership in the provinces outside London, should be considered by the government.

For those publications adopting pay walls, the strategy represents a big leap into uncharted territory. Those which remain free or substantially free, have another kind of hope: that the very large audiences they are able to garner through freely available content will boost sales – or at least slow the decline of the print edition.

The other gamble for the free content camp is that they can gather sufficient advertising to provide the editorial budget which they need to sustain a major newspaper. New offerings such as online dating services may also boost the bottom line. Now it is true that digital revenues are increasing rapidly, albeit from a relatively low base. The question is whether the migration will occur in sufficient volume and at sufficient pace to compensate for the decline in print.

For all these extenuating factors, the broader criticism is that the British newspaper industry has mismanaged its own decline.

Yes, British broadsheets and tabloids have displayed eye-catching innovation compared to their stodgy US rivals. But they have essentially applied 20th century solutions such as new design, formats and aggressive marketing – to a 21st century problem, primarily fragmented audiences, new advertising platforms, and massive digital storage capacity through so-called cloud computing.

In the age of the personal computer, the Mac or the iPad, people are more likely to identify themselves as enabled consumers rather than as passive readers of a daily newspaper. So what is the way forward for the news business and how has the Financial Times managed this perilous transition from print to digital?

EVER since its foundation in 1888, the FT, with its roots in the City of London, has been a specialist newspaper not a general newspaper. Sir Gordon Newton, our greatest editor, who sat in the chair from 1949 to 1972, once defined the FT’s mission as reaching those people who influence or seek to influence decisions in business, finance and public affairs around the world. This is indeed the essence of FT journalism.

As our coverage of the global financial crisis shows, we connect the dots, between the sheikhs in Dubai, to the oligarchs in Russia, to the central banks in Beijing, Frankfurst, London and Washington.
Now, we do not always hit the ball out of the park. Like many other news organisations, we were, with two notable exceptions, too slow to highlight the risks ahead of the bursting of the credit bubble. Commentators such as Martin Wolf and Gillian Tett correctly identified the dangers in global financial imbalances and exotic debt instruments such as credit default swaps. But we did not always give them quite the front or full page exposure they deserved.

Overall, the challenge for all news organisations is to exploit the power of the brand across all platforms, from print to digital. The FT’s strategy can be summed up in five points.

First, we doubled the price of the newspaper on the retail stand in Britain and raised cover prices elsewhere around the world. The price hike had little impact on sales, but generated substantial extra revenue. More important, it sent a powerful signal to the market and to our own journalists that the FT was a premium product.

Second, we rapidly developed our subscription business, both digitally on ft.com and in newspaper form. That way we reduced our dependence on the casual purchaser in favour of the loyal subscriber. Coincidentally, we shifted the terms of debate here in the UK away from the febrile confines of the monthly ABC circulation figures to a broader and more meaningful definition of audience, based on both print and digital consumers.

Third, we swung firmly behind the principle of charging for content. At the height of the dotcom bubble, we havered between charging for business news while offering general news for free. In practice, the distinction, at least for FT readers, was meaningless. So we came up with an ingenious compromise.

From 2007, we started charging for content based on a meter model. Users would be given a limited number of free articles to entice them into first registering and later signing up for subscription.

Four years on, the meter model has proved to be an industry pioneer and an unequivocal success. FT.com now has more than 3.2m registered users and more than 200,000 paid subscribers. Other publications, including the New York Times, are now adopting or about to adopt similar meter models.

Fourth, we abandoned or revised arrangements which allowed other news providers or aggregators to sell our content to third parties in return for a fee. In future, we determined, we would sell direct to our customers. And we would aggressively pursue any party seeking through cookies or sharing of password to gain access to our content for free. Yes, believe it or not, some people do still think there is free lunch with the FT.
Fifth and finally, we made significant changes in the newsroom which complemented our commercial strategy.

Back in 1999, the FT pioneered the concept of the integrated newsroom. We put all web journalists on the same contracts as print colleagues. And we required all journalists to work both for the print and digital channels. More than a decade later, we have a fully flexible and integrated news operation in which reporters and editors work seamlessly in print and online.

These changes have put us in the best possible position to develop new niches, with more depth and focus to attract new audiences such as FT Alphaville, our award-winning financial blog or FT Tilt, our new emerging markets service, or our prize-winning iPad application which has brought in extra revenue and subscriptions. And, incidentally, I believe the tablet is the most exciting technological development in recent years, a game-changer because it has all the feel of a newspaper and the advantages of being a dynamic interactive device.

Let me be very clear: The FT approach does not necessarily lend itself to being adopted by others. We have a distinct advantage because we are both a high-end niche product but with weight, global reach, and tradition.

We live in a time of great experimentation. There are no universal media models, let alone silver-tipped bullets. Each news organisation must determine how to distinguish itself in an increasingly fragmented market, where the consumer is far more discerning and powerful than ever before.

Technology cuts both ways. It allows third parties and journalists to slice and dice content to better fit the demands of the consumer. Technology allows the use of content to be measured according to traffic generated. This in turn means journalistic supply and, crucially, demand can be measured in real time.

In theory, these advances threaten to undermine the traditional role of journalist as gatekeeper and arbiter of what constitutes news. In practice, the pass has already been sold. The question is what are the new terms of engagement, the new balance of power between the mainstream journalist and other non-traditional aggregators of news, analysis and commentary?

Now there may be some in the audience who find it surprising for a newspaper editor to dwell so long on the business side of the news business. But in my judgement newspaper editors need to be actively involved in strategic decisions affecting the business. Many on the commercial side would appear to agree.
In the past decade or more, many journalists with a background in business journalism have gone on to be national newspaper editors. Peter Stothard and Patience Wheatcroft, my old colleagues from the Sunday Times Business News section, as well as James Harding, Will Lewis and Robert Thomson from the Financial Times.

I am tempted to suggest that the FT should henceforth be renamed the GE School of Journalism given the number of first-rate former FT journalists now occupying the commanding heights of British journalism.

Of course, there will always be thick red lines between editorial and commercial. We at the FT are more than mindful of anything which could compromise the integrity of our journalism or our reputation, our most valuable asset.

The case for close co-operation remains unanswerable. In these revolutionary times, I am tempted to quote Benjamin Franklin on the signing of the Declaration of Independence. “We must all hang together or assuredly we will hang separately.”

Let me now turn to more current sources of controversy, notably the WikiLeaks phenomenon and the phone-hacking scandal. While each is very different and each raises important questions for public policy, there is a single common thread: the transformational power of technology which is rendering media laws and practice obsolete.

First, a few words on the WikiLeaks affair. The two industrial scale data-dumps included vivid, if partial US military dispatches from the front-line in Afghanistan and Iraq followed by 250,000 classified diplomatic cables from US embassies around the world. Set alongside each other, they look like the scoops of the century. But as both Alan Rusbridger, editor of the Guardian and Bill Keller, editor of the New York Times, have recounted: managing the story and Mr Assange was far from straightforward.

Keller describes Assange as a character out of a Stieg Larsson novel who was “elusive, manipulative, volatile and ultimately openly hostile to the New York Times and Guardian.” That will not surprise too many journalists accustomed to dealing with tricky sources, but in this case, other equally challenging ethical, legal and practical problems presented themselves.

These included how to deal with a US government committed to protecting classified information; how to conduct a cross-border investigation encompassing other media organisations; and how to disentangle the newsworthy and compelling from tens of thousands of computer-stored data. In this respect, the Daily Telegraph’s handling of its Westminster expenses scoop, while still a formidable logistical challenge, tends to pale by comparison.
Both Keller and Rusbridger have done a public service by revealing the decision-making behind the WikiLeaks story. Demystifying the editorial process may offend the traditionalists, but at a time when all established institutions face calls for greater openness and transparency this is surely the right path forward.

Keller’s observation that Assange was primarily a source is highly pertinent. That plain fact should tamp down the fevered debate over whether WikiLeaks spells either the end of diplomacy or a new age of journalism. Like Keller, I believe it does neither.

Cablegate caused enormous, if temporary embarrassment to the US government. Thanks to careful redaction on the part of the news organisations involved, there was little discernible damage to national security. (That may not have been the case with the earlier data where unredacted passages may have betrayed the identity of Afghan or Iraqi nationals assisting the American military occupation).

So while official reprisals may still follow, I am inclined to side with my FT colleague Gideon Rachman who wrote, half tongue in cheek, that the Obama administration should pin a medal on Mr Assange. By and large, the cables revealed that what the US government reported in private was exactly what the US government said in public.

As for WikiLeaks’ impact on journalism, I am again inclined to side with Keller. In his words, “Long before WikiLeaks was born, the Internet transformed the landscape of journalism, creating a wide-open and global market with easier access to audiences and sources, a quicker metabolism, a new infrastructure for sharing and vetting information and a diminished respect for notions of privacy and secrecy.”

What WikiLeaks underlines is that, in a world where the sources of information are varied and multiple, journalism must do more than simply provide the first intimations of significant events, the first analysis of those events; the first commentary on their meaning.

Journalism now needs to fulfil with renewed vigour an old task: that of aggregating and verifying sources. It must put the imprimatur of a trusted news organisation on those sources, assess them for reliability, quality and context, and then pass them on to the readers.

None of the above can substitute for deep and original reporting – to my mind the very core of quality journalism – but it should serve as one of the ordering principles for journalism in the internet age.
However, and it is a big however, the task of aggregating and verifying multiple sources and data depends fundamentally on trust. Trust that the facts are accurate. Trust that appropriate weight has been given to context. And, make no mistake ladies and gentleman, trust in the journalistic profession is a scarce commodity.

In her Reith lecture in 2002, Onora O’Neill declared that “deception is the real enemy of trust”. O’Neill highlighted how increased transparency – surely the most overused, most abused and most misunderstood word in the English language – did not lead to greater faith in public institutions.

Harold Evans, who alongside Hugh Cudlipp must rank as one of the finest British newspaper editors of the post-war era, said the other day that deception may ultimately be justified in the pursuit of the public interest. But it must only be used in the most exceptional circumstances. The reason is that can be deeply corrosive not just to the newspapers bond with its readers but also to the body politic.

In this respect, the Daily Telegraph’s decision to dispatch two journalists posing as constituents to interview the business secretary Vince Cable falls into a very different category than its earlier scoop on MPs expenses. The latter story, though acquired for money and deeply damaging to the standing of the Westminster class, clearly met the public interest test; the first did not. It was nothing more than entrapment journalism.

The Telegraph’s conduct, while regrettable, pales by comparison with the phone-hacking scandal which has engulfed Rupert Murdoch and News International and jeopardised his bid to take full control of BSkyB, the highly profitable satellite TV channel.

Full disclosure: I used to work for Rupert Murdoch. More than 25 years ago, I was a business reporter on the Sunday Times in London. I have nothing but admiration for how he took on the print unions and forced through change. He saved the British newspaper industry.

Rupert Murdoch has been an innovator and a risk-taker all his life. Not just with BSkyB, which brought News Corporation to bankruptcy, but also with Fox News, colour printing presses and much else.

The phone-hacking scandal marks a watershed – not just for News International but also for tabloid journalism. True, the practice of phone-hacking was widespread (and not only among the tabloids). The Information Commissioner’s report in 2006 showed that 305 journalists used private investigators. The number may well have been higher.
And yet, beyond the conviction of one News of the World journalist and one private investigator, the infamous Glenn Mulcaire, no serious action was taken against them; not by the police, not by the courts, and not by the Press Complaints Commission.

The PCC was supine at best. And while the Metropolitan Police has now re-opened its inquiry, many questions remain about why it did not pursue the original News of the World investigation with sufficient rigour.

Most important of all, the newspaper industry itself did not take the issue seriously or seek to establish the truth. Indeed, aside from the lead taken by the Guardian, which was followed by the FT, BBC and Independent, the rest of the newspaper industry took a pass on the News of the World phone-hacking story – almost certainly because they too were involved in “dark arts”.

Indeed it took a foreign newspaper – the New York Times – to break fresh ground after an investigation lasting many months. For all that period and more, a conspiracy of silence ruled Fleet Street.

As for News International itself, the management failed to follow the advice its newspapers would have given business or any other public figure in similar circumstances: own up rather than cover up, come clean rather than surreptitiously paying off aggrieved celebrities such as the publicist Max Clifford.

The suspicion must remain that News Corporation assumed that it enjoyed enough power and influence in Britain to make the phone hacking controversy go away.

Now, thanks to the overwhelming opposition of its news industry rivals to its bid for BSkyB, that influence is under threat as never before.

News Corporation can argue, with some justification, that opposition to its BSkyB bid is motivated by base commercial interests rather than a high-minded concern over media plurality.

Yet the concentration of broadcast and print power which would result from a fully combined BSkyB and News International’s titles is troublesome, especially in the light of still unresolved questions about the extent of phone hacking at the News of the World. The bid deserves proper scrutiny by the authorities. Promises about editorial independence for Sky should be judged in the light of repeated assurances that the phone hacking was the work of a lone actor at the News of the World.

In the final resort, failure to clean house at all news organisations would leave the mainstream media in Britain at risk of retribution in the form of statutory regulation. Many MPs are itching to retaliate for the humiliation of the expenses scandal, but statutory regulation would be a grave step in the wrong direction.

Press freedom is woven into the fabric of our nation. We do not want to go down the same road as countries such as Argentina, Hungary and South Africa which have adopted or are about to adopt new laws curbing press freedom. Democracy, it should be remembered, is not just about holding elections.
There is a case for rebalancing the right to privacy and the protections offered by Britain’s overly onerous libel laws which are weighted in favour of the well-heeled plaintiff. But Westminster should also tread carefully with regard to privacy, lest the rich and famous, on and off the football field, become untouchable.

More interesting, perhaps, would be to consider whether it is feasible to introduce curbs on newspaper bribery of employees or other institutions and organisations. This may not be unreasonable given the strictures on corporate behaviour laid down in the new Bribery Act, though I see tonight that the government is delaying enactment after lobbying by business.

It would be infinitely more preferable, of course, for the profession to conduct a rigorous collective self-examination. Journalism is not perfect, nor was it ever meant to be. But we have allowed our standards to lapse. Let us hope we have not left it too late.

Ladies and Gentlemen, whatever its current difficulties, the mainstream media in Britain has much to be proud of.

Despite its preponderance of power in this country, the BBC remains a world-class brand. Its journalism is rightly ranked among the best.

Rupert Murdoch remains one of the leading innovators in the news business. His drive to establish a new paid-for culture in the UK digital business deserves applause.

And while Britain’s popular press may be gossipy, raucous and sensationalist, it reflects at its best, the national mood and the aspirations of the majority of its readers, as Paul Dacre, one of Britain’s most successful editors (and most influential moral arbiters) noted in an earlier Cudlipp lecture.

Finally, as I mentioned at the beginning of this lecture, media companies across the emerging world are either being formed or are growing rapidly.

British media companies could be exporting their brands, insights, talent and technology, just like the advertising business before them. As the FT discovered more than a century ago, there is a whole world out there to be explored.

That’s the new frontier in the business of journalism. Let’s go for it!

Ends