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COMMENT

RBS and business

THE length of time it is taking to get the Royal Bank of Scotland back on track is a grim reflection of the bank's problems.

Without the biggest bank bailout in history, RBS would have gone bust in 2008.

Before the business was stabilised, the Government poured in £42bn of taxpayers' money – a rescue which left the lender under effective state control.

Since then, senior bank executives have spent every waking moment dealmaking – disposing of “non-core” toxic loans, bad mortgages and poorly-performing companies – in a bid to return RBS to profitability and give the Government its money back.

In the latest overhaul announced yesterday, £38bn of toxic legacy loans will be ring-fenced in an internal “bad bank”, which will be wound up within three years.

This goes against the guidance of the Parliamentary Commission on Banking Standards. It will also mean writing off billions in bad loans.

However, on the upside, these changes should allow the Government to sell down its stake in the bank quicker and will also free up fresh capital.

Ultimately, anything which creates a stronger bank, better able to stand on its own two feet without further Government support, has to be a good thing.

However, the jury is still out.

A report by the former Deputy Governor of the Bank of England, also published yesterday, revealed major shortcomings in the way the RBS deals with small businesses.

This shake-up will only be judged a success if it helps RBS boost its lending to small and medium-sized enterprises and hastens the day when taxpayers get their money back.

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Is there still a free press?

A new press regulator is to be set up to oversee newspapers following the phone-hacking scandal, but will it lead to curbs on freedom of speech?

Journalist and Teesside University lecturer **Neil Macfarlane** is worried

IN April this year, the Cumberland and Westmorland Herald ran with an exclusive front page story about their local Police and Crime Commissioner's expenses. Richard Rhodes claimed £700 for two chauffeur-driven trips in a top-of-the-range Mercedes.

It was a good scoop, a textbook example of journalism in the public interest and exactly what a local paper should be doing. An embarrassed Mr Rhodes acknowledged as much when he issued an apology. He also paid back the £700 out of his own pocket. Fair enough, given his £65,000-a-year salary.

What happened next should worry anyone who values the notion of a free press. Cumbria Police officers arrested three of their own colleagues, who they believed had leaked details of the claims. They then swooped on the newspaper's offices, demanding to know the source of the story.

The arrested trio were all later cleared, although one of them had to wait until last week before the charges were dropped. She remains suspended by the force and now faces a misconduct investigation. The woman, 50-year-old Irene Brown, would once have been called a whistleblower and protected accordingly. Now she is labeled a criminal.

WHAT has changed? The Daily Mail interviewed Ms Brown this week, and was quick to highlight her case as an example of the Leveson “chill effect”. Education Secretary Michael Gove, a former journalist, was the first to coin the phrase.

The Leveson Inquiry was set up to look at press malpractice following the revelations of phone-hacking at the News of the World – which was clearly an illegal and immoral practice.

While condemning the actions of those involved, Mr Gove warned that journalism itself was increasingly being seen as grubby and untrustworthy. As a result, the authorities were finding it easier to shirk their obligations to transparency and democratic accountability.

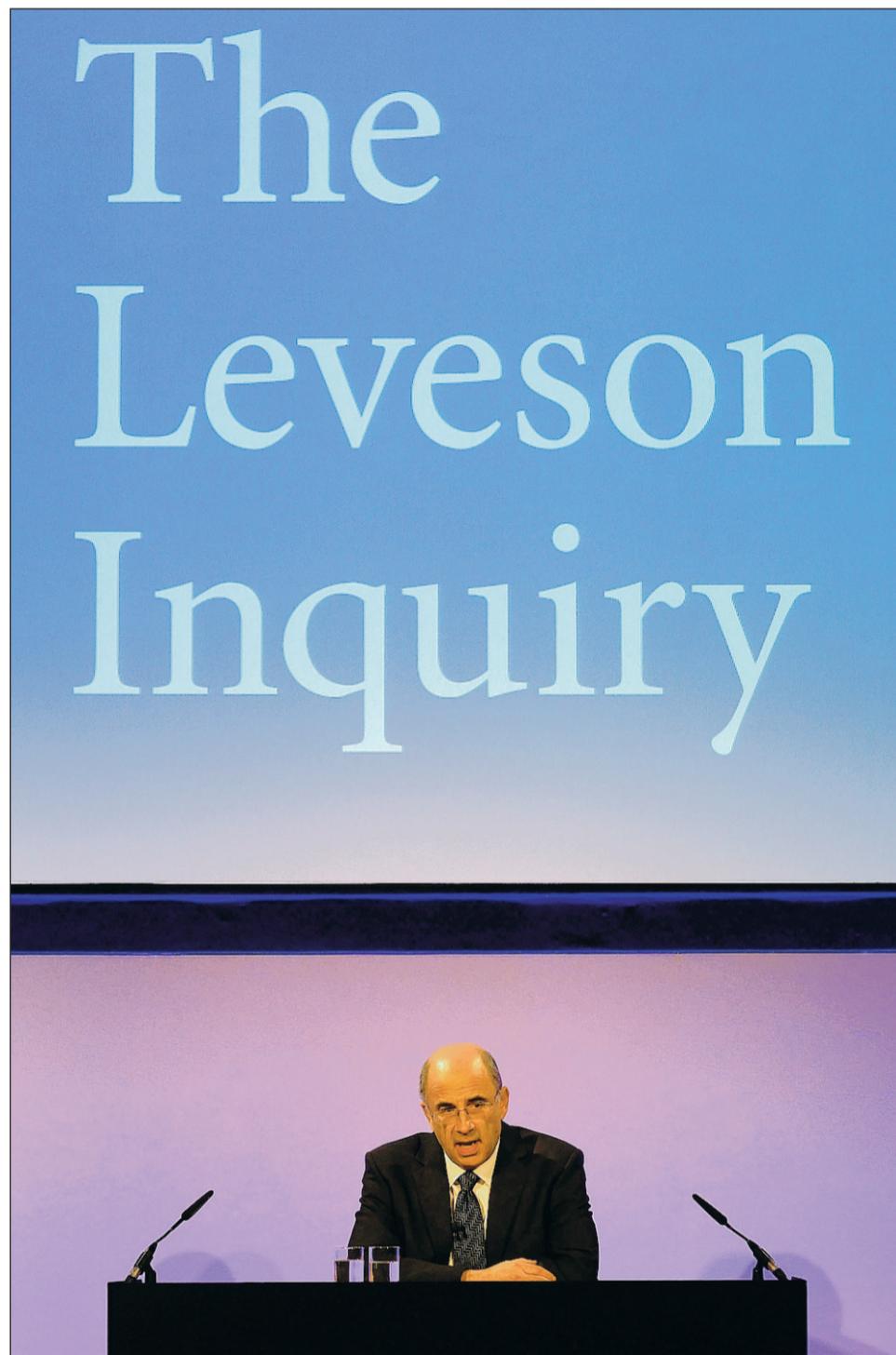
He said: “The big picture is that there is a chilling atmosphere towards freedom of expression which emanates from the debate around Leveson.”

Mr Gove also warned that the inquiry might lead to a “cure that is worse than the disease.”

There is a growing consensus in newspapers that that “cure” was passed into law this week under Royal Charter, and a new regulator will soon be set up to oversee the actions of the press. This was approved by the Privy Council – a mysterious group which apparently consists of ministers and other figures of high influence who are handpicked as advisors to the Queen. Do not try a Google search to find out what they discussed – you are not allowed to know.

The new regulator can also be changed at any time with the support of two thirds of the House of Commons – the same group of people who so frantically tried to change the law to stop the publication of MPs' expenses claims a few years ago.

In the past 12 months, this newspaper has reported allegations of corruption, misconduct



PRESS INQUIRY: Lord Justice Leveson delivers his findings

and gross ineptitude by policemen, politicians and several other public officials. Every newspaper in the country has. And you can bet that nearly every time the journalist picked up the phone to give the subject a right of reply, they were accused of being good-for-nothing muckrakers who have no business snooping into that person's affairs. Some of those people are now in jail.

Sometimes papers get it wrong and apologise or face court action – not often, though. Yet the received wisdom in this post-Leveson age is that we must trust the establishment to ultimately decide what is, and is not, fit for publication.

PRIVATE Eye editor Ian Hislop has repeatedly questioned the need for a new regulator. He told Leveson that phone-hacking was, and is, illegal. Paying policemen for information was, and is, illegal.

The problem was that the police and politicians did nothing about it for so long. Who did? The Guardian – which led on phone-hacking revelations by their peerless investigative journalist Nick Davies week after week for

years. It was not until he revealed that Milly Dowler's phone had been hacked that the police and Government finally acted. Yet it has been decided that journalism is the problem.

On Have I Got News for You last week, Hislop said: “Everyone says ‘Oh well, Lord Leveson reported and nothing happened’. It did happen. They closed down the biggest newspaper in the country, scores of people have been arrested – journalists – lots of people are being prosecuted, it's a big result.”

AND as if to prove Ian Hislop's point about the dangers of the new system, police officers tried, unsuccessfully, to remove copies of this week's edition of Private Eye from newsstands in the capital. They claimed the magazine's front cover was so inflammatory it could scupper the ongoing phone-hacking trial.

We will see what comes of the new regulator – at the moment most national newspapers look set to boycott it.

In the meantime, Irene Brown is still waiting, after seven months, to find out if she can keep her job.