The News International phone-hacking saga threatens to retoxify the Tory brand. Cameron needs to be ruthless to save his reputation

David Cameron’s closeness to the News International elite and his hiring of Andy Coulson have posed real and serious problems for the PM as the phone-hacking story continues to unfold. Tim Leunig argues that Cameron needs match Rupert Murdoch’s ruthlessness in taking on the media giant and preventing the scandal from retoxifying the Conservative Party.

In shutting the News of the World, the Murdochs have shown themselves to be ruthless. Their ruthlessness changed the story, although it has not killed it.

David Cameron needs to be as ruthless. So long as the Murdochs have a powerful media presence, his hiring of Andy Coulson and his closeness to Rebekah Brooks are real issues. The retoxification of the Tory party is underway.

Cameron should announce that he was lied to by Coulson, and that the level of rot can only have happened if people at the top were not managing the paper properly. It was Brooks and the Murdochs’ job to know how their reporters got their scoops: whether they actually knew about the phone tapping and corrupt payments to the Police is irrelevant.

Cameron should state his view that they are not fit and proper people to hold any form of media licence, and that he has written to OFCOM accordingly. The bid for BSkyB would be dead. He should also announce that the government will place no advertising in any Murdoch paper from now on, and call on other advertisers to do likewise.

He should then announce an immediate ban on all Murdoch staff from all government press conferences, and state that no government minister will grant interviews, brief or take calls from any part of the Murdoch Press. He should challenge Labour to do likewise. They could hardly refuse.

Murdoch is a global player, and there comes a point when it is simply not worth his staying in Britain. He would be angry, very angry, but today Cameron holds more cards than Murdoch. The Sun is hardly going to back Miliband in revenge. In any case the evidence that the Sun and other papers sways voters is very slim indeed. The Sun would either limp on under Murdoch ownership, fold, or be sold. There is a market for a right-wing red top, and no doubt in some form the market will supply that. Cameron need not worry about his coverage in the medium term.

This strategy would undercut Cameron’s opponents, reassert his primacy in the news cycle, win him plaudits from all other papers (including the Mail, which is important in Tory circles), and turn a retoxification event into a detoxification event. Of course it would involve Cameron admitting a mistake in hiring Coulson, but that is already obvious to everyone, and he can blame Coulson for lying to him.

So Mr Cameron, are you as ruthless as Mr Murdoch?