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The BBC Overseas Service.

BROADCASTING.

Foreign Language (Vernacular)
Broadcasts.

MAY 1979.

Referred to	Date	Referred to	Date	Referred to	Date	Referred to	Date
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PREM 19/394

TO BE RETAINED AS TOP ENCLOSURE

Cabinet / Cabinet Committee Documents

Reference	Date
OD(79) 12 th Meeting, Minute 4	05/11/79
OD(80) 1	03/01/80
OD(80) 3 rd Meeting, Item 1	29/01/80
OD(81) 28	28/05/81
OD(81) 10 th Meeting, Item 1	01/06/81
CC(81) 30 th Meeting, Item 1	30/07/81
OD(81) 42	08/09/81
OD(81) 45	16/09/81
OD(81) 16 th Meeting, Item 1	18/09/81

The documents listed above, which were enclosed on this file, have been removed and destroyed. Such documents are the responsibility of the Cabinet Office. When released they are available in the appropriate CAB (CABINET OFFICE) CLASSES

Signed Wayland

Date 10 February 2011

PREM Records Team

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Broadcasting

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DESKBY 222000Z

FM FCO 221826Z OCT 81

TO IMMEDIATE UKDEL CANCUN

TELEGRAM NUMBER 62 OF 22 OCTOBER.

INFO IMMEDIATE WASHINGTON (FOR PS/LORD TREFGARNE).

FOR SECRETARY OF STATE FROM LORD PRIVY SEAL

BBC EXTERNAL SERVICES

1. THE OPPOSITION ARE PUTTING DOWN A MOTION SIMILAR TO EARLY DAY MOTION NO 492 FOR DEBATE IN THE HOUSE OF COMMONS ON MONDAY AFTERNOON 26 OCTOBER. MIFT CONTAINS THE TEXT OF A MINUTE I HAVE TODAY SENT TO OD COLLEAGUES. THE TREASURY HAVE AGREED AN EXTRA POUNDS 1.5 MILLION FOR 1982/3, BUT INSIST THAT THE FIGURES FOR 1983/84 AND 1984/85 REMAIN AS ORIGINALLY PROPOSED. THEY AGREE HOWEVER THAT THE CAPITAL PROGRAMME WILL BE COMPLETED IN FULL IN DUE COURSE, ALTHOUGH THIS WILL ENTAIL SOME SLIPPAGE.

2. ON THAT BASIS, IT IS MY BELIEF THAT WE WILL CARRY THE HOUSE. MAY I TAKE IT THAT YOU AND THE PRIME MINISTER ARE CONTENT.

3. I SHALL BE AT THE FOREIGN AFFAIRS COUNCIL ON MONDAY. THE INTENTION IS THAT RICHARD LUCE SHOULD SUMMON THE DIRECTOR-GENERAL OF THE BBC THAT MORNING AND THEN MAKE THE OPENING STATEMENT IN THE COMMONS, WITH NICHOLAS RIDLEY WINDING UP.

CARRINGTON

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DESKBY 222000Z
FM FCO 221700Z OCT 81
TO IMMEDIATE UKDEL CANCUN
TELEGRAM NUMBER 63 OF 22 OCTOBER.
INFO IMMEDIATE WASHINGTON (FOR PS/LORD TREFGARNE).

FOR SECRETARY OF STATE FROM LORD PRIVY SEAL

MIPT: BBC EXTERNAL SERVICES

1. FOLLOWING IS TEXT OF MINUTE TO OD:
BEGINS

THE OPPOSITION ARE PUTTING DOWN A MOTION FOR DEBATE IN THE HOUSE OF COMMONS ON MONDAY, 26 OCTOBER SIMILAR TO EARLY DAY MOTION 492 (WHICH HAS BEEN SIGNED BY 76 CONSERVATIVE MEMBERS INCLUDING ALL THE OFFICERS OF THE BACK BENCH FOREIGN AFFAIRS COMMITTEE AND MOST CONSERVATIVE MEMBERS OF THE FOREIGN AFFAIRS COMMITTEE.

THE OD MEETING OF 18 SEPTEMBER INVITED ME, WITH THE SUPPORT OF THE FINANCIAL SECRETARY TO THE TREASURY, TO DISCUSS WITH GOVERNMENT SUPPORTERS IN PARLIAMENT THE PACKAGE OF CURRENT EXPENDITURE CUTS AND AN INCREASE IN THE CAPITAL PROGRAMME WHICH REPRESENTED THE MAXIMUM OF PUBLIC MONEY WHICH COULD BE MADE AVAILABLE TO THE BBC EXTERNAL SERVICES. I HAVE NOW HELD A SERIES OF DISCUSSIONS WITH THE CHAIRMEN AND OFFICERS OF THE CONSERVATIVE PARTY FOREIGN AFFAIRS AND MEDIA COMMITTEES AND WITH THE CHAIRMAN OF THE HOUSE OF COMMONS FOREIGN AFFAIRS COMMITTEE, AND OTHERS. I HAVE CONCLUDED THAT OUR EXISTING PROPOSALS WILL NOT COMMAND THE SUPPORT OF THE COMMONS. THERE WOULD HOWEVER BE RELUCTANT SUPPORT FOR OUR MAKING APPROXIMATELY HALF THE CURRENT EXPENDITURE CUTS ORIGINALLY PROPOSED. THIS WOULD TAKE THE FORM OF ENDING THE VERNACULAR SERVICES TO MALTA, ITALY AND SPAIN, HALVING THOSE TO FRANCE AND BRAZIL, AND HALVING THE SUBSIDY TO THE TRANSCRIPTION SERVICES. THIS IS NOT VERY FAR FROM THE PROPOSALS THE FOREIGN AND COMMONWEALTH SECRETARY FIRST PUT TO OD IN HIS PAPER OF 1 MAY AND WOULD INVOLVE RELIEVING THE SERVICES TO THIRD WORLD COUNTRIES INCLUDING SOMALIA AND BURMA. THE ANNUAL SAVING WOULD AMOUNT TO ABOUT POUNDS 1.5 MILLION INSTEAD OF THE POUNDS 3 MILLION ORIGINALLY PROPOSED AT 1982/83 CASH PRICES.

I EMPHASISED THAT THE BALANCE OF POUNDS 1.5 MILLION PER ANNUM WOULD HAVE TO BE MET BY POSTPONING THE CAPITAL PROGRAMME. I MET VERY STRONG OPPOSITION ON THIS POINT. THE BACK BENCHERS REMINDED ME OF THE GOVERNMENT'S EMPHASIS ON IMPROVED AUDIBILITY, WHICH COULD ONLY BE ACHIEVED BY THE CAPITAL PROGRAMME AS ORIGINALLY PROPOSED. HOWEVER I JUDGE THAT THEY WOULD NOT OPPOSE A PARTIAL REDUCTION IN THE CAPITAL PROGRAMME OF POUNDS 0.5 MILLION PER YEAR. EVEN THIS WOULD ADVERSELY AFFECT PRIORITY PROGRAMMES LIKE BUSH HOUSE MODERNISATION AND SATELLITE LINKS AND INVOLVE POSTPONING THE PROPOSED FAR EAST AND EAST AFRICA PROJECTS A FURTHER YEAR. BUT TO SEEK HIGHER SAVINGS FROM FURTHER POSTPONEMENT OF THE CAPITAL PROGRAMME WOULD SERIOUSLY AFFECT AUDIBILITY IN THE MEDIUM AND SHORT TERM AND BE VIGOROUSLY RESISTED IN PARLIAMENT.

WE HAVE NOT YET PUT ANY PROPOSALS TO THE BBC. HOWEVER THEY HAVE MADE CLEAR THAT WE ARE NOW SO CLOSE TO THE 1982/83 FINANCIAL YEAR THAT IT WOULD BE UNREALISTIC TO EXPECT SIGNIFICANT SAVINGS UNTIL 1983/84. WE HAVE TOLD THE BBC THAT THEY MUST FIND THE POUNDS 1.2 MILLION PER ANNUM DIFFERENCE BETWEEN THEIR 1981 PAY AWARD AND THAT YEAR'S CASH LIMIT FROM WITHIN EXISTING RESOURCES (PARAGRAPH 5 OF OUR PREVIOUS PAPER OD(81)42 DESCRIBES THE BACKGROUND) SEMI COLON BEFORE THE INTRODUCTION OF CASH PLANNING THE BBC WERE NORMALLY ALLOWED SUCH QUOTE RISEN COSTS UNQUOTE.

IN PARAGRAPH 4 OF HIS PAPER OD(81)49 OF 16 SEPTEMBER THE CHIEF SECRETARY EXPLAINED THAT THE NEW RESOURCES AVAILABLE TO THE BBC WOULD BE AS FOLLOWS:

1982/83	- POUNDS 1.5 MILLION
1983/84	+ POUNDS 7.6 MILLION
1984/85	+ POUNDS 5.5 MILLION

THE MINUS FIGURE FOR 1982/83 WAS ON THE ASSUMPTION THAT WE COULD ACHIEVE THE FULL POUNDS 3.0 MILLION SAVINGS ORIGINALLY PROPOSED IN THAT YEAR. THIS FIGURE MIGHT HAVE BEEN ACHIEVED NEXT YEAR HAD THE BBC BEEN INVAST JUNE TO MAKE THE NECESSARY CUTS. BUT THE BBC CANNOT NOW REALISTICALLY SAVE MORE THAN POUNDS 1.0 MILLION FROM CURRENT AND CAPITAL EXPENDITURE COMBINED IN 1982/83 GIVEN THE NEED TO MAKE REDUNDANCY PAYMENTS AND TO FULFIL TRANSCRIPTION SERVICE CONTRACTS WITH OVERSEAS CUSTOMERS.

IF MY PACKAGE IS APPROVED WE WOULD BE PROPOSING TO THE BBC POUNDS 1.5 MILLION PER ANNUM CURRENT SAVINGS AND POUNDS 0.5 MILLION PER ANNUM POSTPONEMENT OF THE CAPITAL PROGRAMME. THEREFORE IT WOULD BE NECESSARY TO INCREASE THE CHIEF SECRETARY'S FIGURES MENTIONED ABOVE BY POUNDS 2.0 MILLION IN THE FIRST YEAR AND POUNDS 1.0 MILLION PER ANNUM THEREAFTER, MAKING THEM + POUNDS 0.5 MILLION, + POUNDS 8.6 MILLION AND + POUNDS 6.5 MILLION RESPECTIVELY (THESE FIGURES WILL NEED MINOR ADJUSTMENT SINCE INFLATION FACTORS HAVE BEEN CHANGED). AS THE FOREIGN AND COMMONWEALTH SECRETARY SAID IN HIS PAPER OF 1 MAY WE CANNOT AGREE TO IMPOSE ADDITIONAL CUTS ON FCO PROGRAMMES TO COMPENSATE FOR THE INCREASED REQUIREMENTS FOR THE BBC.

IN SUMMARY THEREFORE I JUDGE THE POSITION TO BE AS FOLLOWS. IF WE MAKE NO CHANGE IN OUR EXISTING PROPOSALS, MONDAY'S MOTION WILL BE CARRIED AGAINST THE GOVERNMENT. IF WE REDUCE THE CURRENT EXPENDITURE CUTS IN THE MANNER DESCRIBED ABOVE BUT INSIST THAT ALL THE BALANCE IS FOUND BY POSTPONING CAPITAL EXPENDITURE, WE SHALL STILL LOSE. IF, HOWEVER, WE REDUCE THE CAPITAL EXPENDITURE PROGRAMME BY APPROXIMATELY POUNDS 0.5 MILLION A YEAR AND INCREASE THE CHIEF SECRETARY'S FIGURES BY POUNDS 1 MILLION, WE SHALL BE ABLE TO CARRY THE HOUSE OF COMMONS.

IN VIEW OF THE TIME FACTOR, I SEEK COLLEAGUES' AGREEMENT TO THIS PROPOSAL BY MIDDAY ON FRIDAY, 23 OCTOBER. I SHALL THEN INFORM THE BBC OF WHAT WE NOW PROPOSE, CONFIDENT THAT I WILL BE ABLE TO CARRY THE HOUSE OF COMMONS WITH US IN THE FACE OF ANY FURTHER RESISTANCE BY THE BBC.

I AM COPYING THIS MINUTE TO THE MEMBERS OF OD, TO THE CHIEF SHIP, AND TO SIR R ARMSTRONG.

ENDS

CARRINGTON

CONFIDENTIAL

Broadcasting ^{wh} ^{pa} 28/10



HOME OFFICE
QUEEN ANNE'S GATE
LONDON SW1H 9AT

22 October 1981

WK
pa

Dear Michael,

BBC EXTERNAL SERVICES

Mr. Atkins called on the Home Secretary at his own request at 11.45 a.m. this morning and handed him his minute of today's date which he had circulated to the Members of OD, the Chief Whip and Sir Robert Armstrong.

In discussion the Home Secretary said that he shared the Lord Privy Seal's view that, for the sake of a difference of £1M, it would not be worth risking defeat in the House of Commons in the debate next Monday. He noted that Mr. Atkins would be discussing further his proposals with the Chief Secretary, including the question (if the proposals were acceptable) of how the £1M was to be found. It was further agreed that Mr. Atkins would inform No. 10 of the outcome so that the Prime Minister could be informed.

I am sending a copy of this letter to Clive Whitmore (No.10) and David Wright (Cabinet Office).

Yours ever,

J. F. HALLIDAY

M. A. Arthur, Esq.



Distribution

Home Secretary

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BBC EXTERNAL SERVICES

The Opposition are putting down a motion for debate in the House of Commons on Monday, 26 October similar to Early Day Motion 492 (which has been signed by 76 Conservative Members including all the officers of the back bench Foreign Affairs Committee and most Conservative members of the Foreign Affairs Committee.

2. The OD Meeting of 18 September invited me, with the support of the Financial Secretary to the Treasury, to discuss with Government supporters in Parliament the package of current expenditure cuts and an increase in the capital programme which represented the maximum of public money which could be made available to the BBC External Services. I have now held a series of discussions with the Chairmen and Officers of the Conservative Party Foreign Affairs and Media Committees and with the Chairman of the House of Commons Foreign Affairs Committee, and others. I have concluded that our existing proposals will not command the support of the Commons. There would however be reluctant support for our making approximately half the current expenditure cuts originally proposed. This would take the form of ending the vernacular services to Malta, Italy and Spain, halving those to France and Brazil, and halving the subsidy to the Transcription Services. This is not very far from the proposals the Foreign and Commonwealth Secretary first put to OD in his paper of 1 May and would involve relieving the services to Third World countries including Somalia and Burma. The annual saving would amount to about £1.5 million instead of the £3 million originally proposed at 1982/83 cash prices.

3. I emphasised that the balance of £1.5 million per annum would have to be met by postponing the capital programme. I met very strong opposition on this point. The back benchers reminded me of the

/Government's



Government's emphasis on improved audibility, which could only be achieved by the capital programme as originally proposed. However I judge that they would not oppose a partial reduction in the capital programme of £0.5 million per year. Even this would adversely affect priority programmes like Bush House modernisation and satellite links and involve postponing the proposed Far East and East Africa projects a further year. But to seek higher savings from further postponement of the capital programme would seriously affect audibility in the medium and short term and be vigorously resisted in Parliament.

4. We have not yet put any proposals to the BBC. However they have made clear that we are now so close to the 1982/83 financial year that it would be unrealistic to expect significant savings until 1983/84. We have told the BBC that they must find the £1.2 million per annum difference between their 1981 pay award and that year's cash limit from within existing resources (paragraph 5 of our previous paper OD(81)42 describes the background); before the introduction of cash planning the BBC were normally allowed such 'risen costs'.

5. In paragraph 4 of his paper OD(81)49 of 16 September the Chief Secretary explained that the new resources available to the BBC would be as follows:

1982/83	- £1.5 million
1983/84	+ £7.6 million
1984/85	+ £5.5 million

The minus figure for 1982/83 was on the assumption that we could achieve the full £3.0 million savings originally proposed in that year. This figure might have been achieved next year had the BBC been instructed last June to make the necessary cuts. But the BBC cannot now realistically save more than £1.0 million from current and capital expenditure combined in 1982/83 given the need to make redundancy payments and to fulfil Transcription Service contracts with overseas customers.

/6. If



6. If my package is approved we would be proposing to the BBC £1.5 million per annum current savings and £0.5 million per annum postponement of the capital programme. Therefore it would be necessary to increase the Chief Secretary's figures mentioned above by £2.0 million in the first year and £1.0 million per annum thereafter, making them +£0.5 million, +£8.6 million and +£6.5 million respectively (these figures will need minor adjustment since inflation factors have been changed). As the Foreign and Commonwealth Secretary said in his paper of 1 May we cannot agree to impose additional cuts on FCO programmes to compensate for the increased requirements for the BBC.

7. In summary therefore I judge the position to be as follows. If we make no change in our existing proposals, Monday's motion will be carried against the Government. If we reduce the current expenditure cuts in the manner described above but insist that all the balance is found by postponing capital expenditure, we shall still lose. If, however, we reduce the capital expenditure programme by approximately £0.5 million a year and increase the Chief Secretary's figures by £1 million, we shall be able to carry the House of Commons.

8. In view of the time factor, I seek colleagues' agreement to this proposal by midday on Friday, 23 October. I shall then inform the BBC of what we now propose, confident that I will be able to carry the House of Commons with us in the face of any further resistance by the BBC.

9. I am copying this minute to the Members of OD, to the Chief Whip, and to Sir R Armstrong.

H.A.

22 October 1981

CONFIDENTIAL

Broadbent

Ref. A05552

MR ALEXANDER

BBC External Services

(OD(81) 42 and 45)

BACKGROUND

OD last discussed the BBC External Services at their meeting on 1 June (OD(81) 10th Meeting). The Committee approved in principle a deal under which additional Government money would be provided for the capital expenditure required to improve audibility, which is agreed on all sides to be the first priority, provided that part of the cost was offset by immediate cuts in a number of the BBC's vernacular services and the removal of the subsidy for the BBC's transcription service. The BBC have objected strongly to this proviso and their supporters, in Parliament and the Press, have mounted a powerful campaign against it. The BBC have also incurred £1.2 million additional expenditure in 1981/82 by agreeing to a pay deal of 8½ per cent rather than the 6 per cent allowed for in the cash limit: if the Government does not provide new money to cover the £1.2 million gap, or prescribe cuts elsewhere, the baseline for calculating the BBC's estimates from 1982/83 will be squeezed.

2. The offsetting cuts envisaged by OD in June were those originally proposed by the Foreign and Commonwealth Secretary, worth £2.05 million per annum at-updated prices, plus "the maximum of additional cuts ... that was practicable". The Committee set no figure on the latter, but in Lord Carrington's package as put to the BBC they were worth £0.95 million.

3. Lord Carrington now judges it impossible to secure the whole of this £3 million "offset". His paper OD(81) 42, therefore, suggests negotiating further with the Government's backbenchers and :

- a. going for an offset of only the £2.05 million he originally had in mind;
- b. failing that, going for no net offset at all (£1.2 million would be cut from vernacular and transcription services but the BBC would be allowed to use this to finance their higher wages);

- c. failing that, insisting that any part of the whole £3 million not attainable by current expenditure cuts must be met by cutting the proposed capital programme.

The progression is an odd one, since the cost to public funds by comparison with OD's decision (as subsequently quantified by the FCO) would be as follows:

- a. £0.95 million
 b. £3 million
 c. Nil

It is also odd of Lord Carrington to say that "b. and c. go beyond" OD's decision; b. certainly does, but so also does a., while c. goes beyond OD only in terms of policy, not money.

4. In OD(81) 45 the Chief Secretary, not surprisingly, favours going straight to course c. He also argues for imposing this on the BBC and against negotiating with backbenchers.

5. The Home Secretary, who cannot be present and does not wish to be represented, wrote to you on 15 September in support of Lord Carrington's paper.

6. Course a. could only be reconciled with OD's decision in June by deeming the "maximum practicable" extra cuts to be nil. Publicly it would be a clear if partial retreat. There might also be a risk that some of the capital sum would be diverted from audibility improvements to helping pay the wage bill: this risk might be averted by stipulating to the BBC that the excess wage award must be met from current rather than capital expenditure.

7. Course b. would be less satisfactory in that the "audibility bribe" would have been used simply to ensure that the BBC sticks to their cash limits. On the other hand, the Government's major objective of greater audibility for the World Service would survive and the BBC's reductions in current expenditure could be shown to flow directly from its own actions; and it would be demonstrated that the vernacular services was not sacrosanct.

8. Course c. would be the only one consistent with OD's June decision. It would be the more defensible to the Government's supporters by reference to the worsening public expenditure climate in the interval. But it would involve postponing if not abandoning the Government's prime objective of dealing with the World Service's declining audibility. In common sense terms, a costly service which cannot be readily heard would clearly be the worst of all worlds.

HANDLING

9. The Foreign and Commonwealth Secretary should be invited to speak to his proposals and the Chancellor of the Exchequer and the Chief Secretary to the latter's paper. The Lord Privy Seal may have additional points to make. The Lord President and the Chief Whip (who has been invited for this item) will be able to offer an assessment of Parliamentary sentiment.

10. Questions the Committee may wish to consider in reaching a decision are:

- a. Are negotiations with leaders of the BBC's Parliamentary lobby likely to do the trick (and how will they be conducted following Mr Ridley's transfer to the Treasury)? Or will an approach to the BBC's Director General be more effective?
- b. If the latter, might there be advantage in the Prime Minister herself summoning Sir Ian Trethowan for this purpose?
- c. Will the tactics employed in dealing with the questions of the Overseas Services have any implications for the handling of the forthcoming negotiations on the issue of the licence fee?

CONCLUSION

11. Subject to the points made in discussion the Committee might be guided to agree that Sir Ian Trethowan should be offered a straight choice between course a. and course c.; and that the backbenchers should be prepared for this outcome in whatever way the Lord President and Chief Whip think best.

ROBERT ARMSTRONG

17 September 1981

Ref: A05561

CONFIDENTIAL

MR. ALEXANDER

Meeting of OD - 18th September

Two problems have arisen concerning attendance at tomorrow's meeting of OD.

2. First, I understand that the Chief Whip will not after all be able to attend for the item on BBC external services; but Mr. Jopling would like to be represented by one of the Assistant Whips (The Hon Anthony Berry). As you know, the Parliamentary aspect is crucial to the discussion of this item.

3. Second, DOI officials were under the impression that their Secretary of State, Mr. Patrick Jenkin, would not be in London tomorrow, and were content that a Department of Trade Minister should represent their (identical) interests in the Food Aid for Poland item. In fact, Mr. Jenkin, whose office had been informed of the meeting (but not this particular item) before the Ministerial changes, would like to attend. As Lord Carrington is proposing that substantial sums of money allocated to provide credit for the sale of industrial goods to Poland should be re-allocated to agriculture, there is a case for Mr. Jenkin's attendance.

4. I should be grateful if you could let me know whether the Prime Minister agrees to these two requests.


D.J. Wright

17th September 1981

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Handwritten signature

Treasury Chambers, Parliament Street, SW1P 3AG

Michael Alexander Esq
No. 10 Downing Street
London SW1

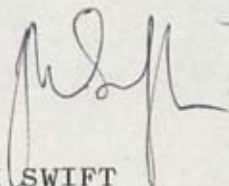
16 September 1981

Re: Mr Alexander

The Chief Secretary has asked me to say that he would very much like to take up his invitation to attend the meeting of OD on Friday 18 September for the discussions on BBC External Services and relations with developing countries.

I am copying this letter to Mr Facer at the Cabinet Office.

Yours sincerely



MISS J M SWIFT

Assistant Private Secretary

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QUEEN ANNE'S GATE LONDON SW1H 9AT

15 September 1981

plw pps for D.A.

Phw

My dear Prime Minister

BBC EXTERNAL SERVICES

I am afraid that, because of long-standing constituency engagements which it would be difficult to cancel, I shall be unable to attend the meeting of OD at 10.00 am on Friday, at which the Foreign and Commonwealth Secretary's paper on the BBC's External Services (OD(81)42) is to be discussed. On that subject, I believe that we now have to seek the best compromise we can get to avoid serious embarrassment in the House of Commons. Therefore, I should like to record my agreement with the Foreign and Commonwealth Secretary's conclusion in OD(81)42.

I am sending copies of this letter to the other members of OD, and to Sir Robert Armstrong.

Margaret Thatcher

The Rt Hon Margaret Thatcher MP.

CONFIDENTIAL

~~PM~~

Mr Patten / Mr May will see
for questions purposes. 10/1/81

Broadcasting



Foreign and Commonwealth Office

London SW1A 2AH

23 JUL 1981

(2)

From The Minister of State

Prime Minister

You may like to see Mr Ridley's
circular letter. M/A 24/11

Dear Colleague

I am writing to you about the Government's plans for the enhancement of the BBC's External Services.

Responsibilities

The Government must retain its right to determine what its foreign policy priorities are, and how much it can afford to spend on them. The Government decides how much money the BBC can afford to spend, and to which countries it wishes to broadcast, and for how many hours a week. We leave complete editorial freedom to the BBC, which alone decides upon the material that should be broadcast. It is right for me, at this time of misunderstanding, to repeat that balance of responsibilities. The BBC cannot, for all its wisdom, be expected to decide either foreign or financial policy. Equally we repeat our determination not to interfere in the BBC's editorial policy.

Money

After 18 months of careful discussion and consultation with the BBC the Government decided that it would have to spend more money on the External Services. Despite the pressure in the Party for reductions in Government spending, and thus in taxation, we concluded that this was a programme, (along with Defence) that was so important that expenditure in real terms must increase. The overwhelming argument for doing this is the deteriorating audibility of BBC programmes by comparison with our competitors. The work of replacing and modernising the capital equipment has been continually put off, both by our predecessors, and by ourselves (sadly, I agree, but as a result, I must say, of Parliamentary pressure in 1979). Unless we make funds available, the External Services will be barely audible in many parts of the world by 1990.



The total cost of the capital programme, (extending over 9 years and at 1981 Survey prices,) is about £102 million. Within the current PESC programme this involves an extra £13 million being made available over and above present provision in the two years 83/84 and 84/85 combined, and broadly similar amounts in future years. The BBC have agreed this will cover their desired capital spending plans.

Priorities

What should the priorities be for spending it? The Government believe the top priority is to spend it on putting the transmitters, Bush House and other equipment into first-class shape. We believe it would be wrong to jeopardize, or reduce this capital programme by keeping going all the vernacular services. We need to save some £3 million a year (£2.6 million in 1981 prices) to achieve this. In rough terms, the £102 million would be found by £23 million of savings and £79 million of government money over the 9 year period.

There are between 2500 and 9000 languages in the world today - experts argue about how many. Obviously we cannot broadcast them all. First, we have to take a view of which are the most important to our interests as a nation. Second, our priorities will change, as economic, political, and strategic considerations change too. We must therefore decide which languages we use, and the number of hours for which we broadcast in each. We must be prepared to change as the world situation changes. This is where the true input of foreign policy arises. I am sure that you will agree that the Government must decide this, not the BBC.

The Decision

Within our increased PESC programme, and in the light of our judgement of where our priorities lie, we decided to give priority to replacing the capital equipment: otherwise what we broadcast will not be heard. This is of particular importance for the vital World Service in English.

With what remains - the large annual sum of £64.5 million in 1981/82 - we have made our judgement as to which services are our priorities. We have increased some (Russian, Farsi and Turkish), started a new one (Pushtu) and decided to dispense with others (Burmese, French to Europe, Italian, Maltese, Portuguese to Brazil, Somali, and Spanish to Spain). We have also decided that the Transcription Service should continue only if self-financing. This judgement is based on our carefully considered view of the effect of the various vernacular services in terms of British foreign policy.



I hope this explanation will be helpful, and I enclose a factual note giving more precise details of all this for those who are interested. A further memorandum, produced by Research Department, is available in the Whips Office.

*Yours
Nicholas*

Nicholas Ridley



BBC EXTERNAL SERVICE'S AUDIBILITY PROGRAMME

In consultation with the BBC the Government have drawn up a long-term programme. Some progress has already been made, notably two medium wave transmitters now in Cyprus and four short wave ones due next year. A medium wave transmitter will also come on stream then at Orfordness.

The new programme envisages existing relay stations being fed by satellite by 1985, eight modern short wave transmitters operational in the United Kingdom by 1985, and six more by 1987 and new relay stations being established to cover East Africa and the Far East. There will also be substantial plant replacement and a thorough modernisation of Bush House, the headquarters of the External Services. The total of all these projects, at 1981 Survey Prices, is estimated to cost £102.4m.

Putting this capital programme into effect at the optimum speed requires a large increase in expenditure by the External Services from 1983-84 onwards. The Government would be prepared to make a substantial increase in the grant-in-aid to help meet this.

Out of this new, increased total of money available, we have to plan our priorities. We believe the priority must be to make the service audible. To this end it is necessary to make some savings in current spending. The Government have accordingly requested the BBC to make net savings in current services of about £3 million per annum from 1982-83 onwards.

The savings will involve a reduction of 58 hours per week out of a total of 726 hours of broadcasts in all languages, or about 8 per cent. The 24 hours a day of the BBC's World Service in English will not be cut and will be heard more clearly, as will the remaining vernacular services. The BBC will still retain its position as the World's fifth largest international broadcaster. Under the BBC's licence and agreement which Parliament has recently renewed, the Foreign and Commonwealth Secretary is empowered to prescribe the languages and hours of External Services programmes. He does so after taking into account the national interest and available funds. The External Services have already been exempted from the cuts on most Government spending plans announced last November.

In the difficult task of deciding which services to end we have looked first to the transcription services which are a net charge of nearly £1 million on the grant-in-aid. We recognise the value of providing to overseas broadcasting stations recordings in such fields as music, drama and entertainment, but we do not consider them essential. We have looked next to broadcasts to friendly neighbouring countries where Britain's voice is already well heard, namely French to France, and Spanish to Spain, Italian and Maltese. It was particularly hard to choose services to the Third World. We have chosen from each continent a service directed to one country or confined area only, namely Portuguese to Brazil, Burmese and Somali. In no case does the ending



of the vernacular service imply any diminution of the excellent relations we enjoy with the country concerned. In all cases, not only will the World Service in English continue - it will be heard more clearly as a result of the steps we plan to take to improve audibility.

Figures setting out likely proposed savings are as follows (at 1981 Survey Prices):-

		Hours per week
Transcription Services	£1,100,000	
French to Europe	£ 400,000	15 3/4
Portuguese to Brazil	£ 387,000	15 3/4
Italian	£ 229,000	7
Spanish to Europe	£ 198,000	7
Burmese	£ 183,000	7
Somali	£ 182,000	5 1/4
Maltese	£ 14,000	1/2
Overheads/Rounding up	£ 107,000	
	<hr/>	<hr/>
	£2,800,000	58 1/4
Increases (Russian, Farsi Pushtu and Turkish)	£200,000	17
	<hr/>	
Net reduction	£2,600,000	

(1982/83 forecast cash prices about 15% higher)

p.a. Wh 22/7
Broadcaster

Foreign and Commonwealth Office

London S.W.1

22 July 1981

Dear Sir,

BBC External Services - Capital Expenditure

Thank you for your letter of 8 July about the proposed Far East relay station.

We have always accepted that it has a lower priority than other stations and that it falls outside the current PESC period. But it is virtually on a par with the proposed East Africa relay station which falls to be constructed in the same period for approximately the same cost. Both projects were listed in the table annexed to the Foreign and Commonwealth Secretary's minute to the OD Committee on 1 June and, like the rest of the programme, were listed in the written reply to Geoffrey Johnson Smith's Parliamentary Question on 6 July. As you know, the minutes of the OD Committee meeting concluded by approving the capital programme in principle with the proviso that the maximum practicable additional cuts on vernacular services should be secured from the BBC.

It is our intention to authorise each individual part of the programme separately, just as we have recently done for the Bush House modernisation scheme.

You suggest that any decision to start on a Far East station would have to be reached in 1984. But because of the long lead time for ordering transmitters and the need to negotiate a site with the Hong Kong Government, such a decision will be required by the second half of 1982. It may even be that slippage in other parts of the programme may persuade us to bring forward this or other projects.

In view of the strong parliamentary interest in this issue it is important to be able to state that the programme as a whole will be approved once the required cuts have been made.

I am sending copies of this letter to Michael Alexander (No. 10) and to Ian Ellison (Dept of Industry).

(B J P Fall)
Private Secretary

T F Mathews Esq
Private Secretary to the
Chief Secretary

Broadcasting

File

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10 DOWNING STREET

From the Private Secretary

10 July 1981

The Prime Minister has seen and noted the Chief Whip's minute of 8 July about BBC External Services.

I am sending a copy of this letter to Brian Fall (Foreign and Commonwealth Office) and John Halliday (Home Office).

W. F. S. RICKETT

70

Murdo Maclean, Esq.,
Chief Whip's Office.



- 1 Mr ~~Patten~~
- 2 Mr ~~Alexander~~
- 3 ~~Prime Minister~~

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For information

wh
14/7

Foreign and Commonwealth Office
London SW1

10 July 1981

Mr Michael,

BBC EXTERNAL SERVICES

Peter Carrington and I have seen your minute of 8 July to the Prime Minister in which you expressed concern that 40 of our backbenchers have signed Early Day Motion No 492. The BBC have as expected mounted a powerful lobbying campaign and our side of the case has been distorted by the media. The truth is that to improve its audibility the BBC is being offered about twice as much new money as it is being asked to save. I enclose a note which sets the record straight on a number of points. I understand you have it in mind that a suitably edited version of this might be circulated to our members, and I should have thought this might issue without delay, whether or not there is to be a debate. If this were done I believe that many colleagues would understand that they have been misled and that there would be a good chance of turning some of the 40 round.

Nicholas Ridley will I hope be back from abroad very soon and he or Douglas Hurd would be pleased to talk to any members whom you thought would be worth seeing. I will also gladly see Geoffrey Rippon if you think that useful

I am copying this letter to the Prime Minister, Willie Whitelaw, Francis Pym and Geoffrey Howe.

*your ✓
lan*

The Rt Hon Michael Jopling MP
Government Chief Whip
12 Downing Street

BBC EXTERNAL SERVICES

1. Press coverage of the Government's plans to improve the audibility of the BBC External Services has been one-sided. The intention has not been to look for economies but to find finance for major investment in capital equipment so that the BBC's excellent output can be better heard. The Government are prepared to contribute the lion's share by substantially increasing the Grant-in-Aid to the BBC and to make up the rest by switching resources from the BBC's current operations to capital. The BBC's estimate of the new money required in 1983/84 and 1984/85 combined (in forecast cash prices) is about £13m. The Government would be prepared to make sums of this order available in these and future years, provided the BBC can make savings on current services of some £3m per annum from 1982/83 onwards. New Government money will not be needed until the following year because capital projects take time to organise and only then will the 'bulge' begin.
2. There is widespread evidence of poor audibility. It would have been easy to continue as in the past two years to keep within the financial provision by allowing capital projects to slip. But we want to grasp the nettle by approving a long-term programme to build new transmitters, relay stations, etc. This programme, agreed with the BBC, involves two major new transmitting stations in the UK, providing those overseas with satellite feeds, creation of two more relay stations overseas, modernisation of Bush House and comprehensive plant replacement. One of the new stations, to cover the Far East, has never been in any previous programme. Provided the BBC make the savings required, this capital programme can be considered as assured. The overall cost till the end of the eighties is about £102m at 1981 prices.
3. This is a remarkable offer in these days of financial stringency, when many other government activities, including the Diplomatic Service, are being

/cut

cut back. In the two years up to 1 April 1981, the payroll of the FCO excluding the Passport Office has been reduced 4.6 per cent and the mainstream Diplomatic Service grades by 7.3 per cent. 15 posts have been closed and the 10 largest have been reduced by 10 per cent.

4. It has been said that the proposed new money merely restores cuts announced in 1979 and that the External Services have been subject to a series of cuts in recent years. Both these assertions are misleading. The reductions we announced in 1979 of £2.7m per annum in that year's prices related to a reduction of planned increases inherited from the previous administration. The BBC probably suffered less than most other Government activities in that and subsequent rounds of economies and indeed its Grant-in-Aid for broadcasting services in 1980/81 was 12 per cent higher in real terms than in 1979/80.

The new money we are prepared to contribute over the current PESC period up to 1984/85 does not quite match the total of those 1979 reductions, but thereafter will exceed it considerably. In any case, the BBC would have had difficulty in spending the missing £2.7m per annum on capital projects because of slippage caused by planning permission delays. As for the allegation about a series of cuts, these were mainly small ones and there had also been increases in the Grant-in-Aid. The BBC has almost invariably been granted 'risen costs', that is to say inflation-proofing.

5. The constitutional position under the BBC's Royal Charter and Licence and Agreement is as follows. The Government finances the External Services by Grants-in-Aid. For 1981/82, they are about £58m for External Broadcasting and £3m for the Monitoring Service (the latter is not affected by our plans). To this should be added some £6½m for costs (excluding staff) of relay stations operated by FCO. For the year when the £3m economies in forecast cash terms begin (1982/83) these figures will be considerably higher. The BBC has complete editorial independence over the content of programmes. The

Government fully respect this. In return, we expect the BBC to respect the Government's right and duty to prescribe the hours and languages of programmes broadcast. We do this, taking into account both foreign policy considerations and the limitations of available finance. It is our job to draw up priorities and our top priority - and we had thought also the BBC's - is to improve audibility. It really is vital that the BBC should be heard better overseas. We must also have flexibility to prescribe increases in broadcasts when the national interest so requires. In 1980 and 1981, we have prescribed 17 extra hours a week of Russian, Farsi, Turkish and Pushtu, the latter being a new service to Afghanistan due to start in August.

6. It is true that Turkish was one of the two languages we thought of discontinuing in 1979 but are continuing now. But since then, the invasion of Afghanistan has had a profound effect on the area. Had the service been ended then, we are confident that the BBC would have been able to restore it quickly, bearing in mind the speed and ingenuity with which they are now restoring a Pushtu service.

7. It is claimed that the BBC's international standing may suffer from the proposed reductions. But the BBC is respected for its quality not its quantity. The only real criticism it faces is its relative inaudibility and that is precisely what we are seeking to combat. The BBC will still remain in its present fifth place among international broadcasters in terms of both hours and languages broadcast. It is worth noting that France is a long way down the league table. Though the French are increasing their activity, the emphasis is on their own language, on broadcasts to the Third World, and on audibility. Since 1975 US, China and Egypt have reduced hours broadcast and USSR only increased by 5%; BBC has remained the same.

8. There have also been suggestions that the BBC may lose frequencies and that some of the new transmitters were supposed to carry services which are now being discontinued. Neither argument has much relevance when the

reduction in output is only eight per cent and there is such a shortage of both frequencies and transmitters. It should be easy for any gaps in the best frequencies to be filled by the 24-hour a day World Service and the remaining vernacular services. The transmitter argument presumably refers to the new medium wave transmitter at Orfordness which could have carried three hours a day of French to France. But, besides carrying English almost all day, it can be used for 3½ hours German and also, if required, several hours of Polish, Czech, Slovak and Russian.

9. We naturally regret the loss of jobs in certain services. Some extra jobs will be created in the engineering field by the expanded capital programme. It is also worth noting that the BBC has not been required to make manpower savings as the Civil Service has.

10. It has been very hard to decide which of the BBC's many first-class services should be ended. In fact, broadcasts will only be ended in four languages since French will continue to be broadcast to Africa and Spanish to Latin America and the BBC's combined Portuguese service to Portugal and Africa will also continue. It should be possible for some French speakers in Europe to pick up some of the 26 hours or so per week of French to Africa. In France and Belgium, almost as many people listen to the BBC's English services, including the World Service and BBC domestic radio, as to the French service. The French and Spanish do not broadcast to us in English (the Italians do for 20 minutes a day). Nor do the US broadcast in Western European languages.

11. In Brazil, the separate Portuguese service is rather costly at some £100,000 per annum. Again, the English services should become more audible as will the Spanish service which is understood by some Brazilians. It may even become possible to pick up the Portuguese service to Europe and Africa.

12. It will be more difficult for Spaniards in Europe to pick up the Spanish service to Latin America because of more differing time zones and directions of transmissions. But many Spaniards may tune into the round-the-clock World Service in English rather than the present one hour a day Spanish service to Spain; the suggestion that the latter helped foil the February coup is flattering.

13. Turning to the four languages being discontinued, we have selected services to different parts of the world directed at one country only or, in the case of Somali, to a very small population (less than 7m people of all ages). These are broadly speaking the services to each continent with the smallest audience. All the countries should benefit from better audibility of the World Service and in all cases there are signs that the teaching of English is expanding.

14. The Burmese and Somali services are useful but not essential.

As regards Maltese, the service is only for 35 minutes a week and most of the 320,000 Maltese understand English. The one hour a day of the Italian service is valuable, but the BBC's 'regular' audience is only some one per cent of the adult population. The Italian press did not give our proposals front page treatment.

15. On the general question of audience figures, one must recognise the limitations of surveys. In many countries, surveys are not permitted or are impractical. In others, the samples are small and infrequent. There is perhaps a natural tendency to err on the optimistic side. Much depends on whether one is talking of what the BBC call 'regular' listeners (ie at least once a week) or those who only listen up to once a year; the latter figure is not very meaningful.

16. The largest saving of some £1m should come from ending the contribution from the Grant-in-Aid to the Transcription Services. These recordings of BBC output are certainly popular with overseas radio stations. However, they are mainly in the fields of music, drama, culture and entertainment and mostly in the English language. It may be possible for the BBC to

continue to sell some of them or to obtain funds from other sources. No change is being made in the contribution to the Overseas Regional Services (which supply specially prepared material to overseas radio stations) and to English by radio.

17. The BBC External Services are a most valuable national asset. The Government has the duty to ensure that the limited funds available are well spent in accordance with foreign policy needs. It is said that the £3m pa saved is the price of 3 tanks, a false analogy - it would also buy 3 transmitters. We regret that vernacular broadcasts to 7 countries will end, putting them on a par with Netherlands, Denmark, Norway, Israel etc (where lack of such a service does not seem to impair our good relations). But this will not leave the BBC as a mere propaganda machine broadcasting to few countries. The 198 hours a week of the World Service will be able to win ever greater audiences. Broadcasts will continue in all the major international languages and several others which are understood in many countries throughout the world. Overseas reactions to our plans have been muted, with only one government expressing concern. It is wrong to say, as the BBC Governors have, that this a 3½% cut reducing hours of output by 8% - the former figure does not allow for the roughly double amount of new money from the government and the latter ignores the fact that overall audiences will increase.

18. In drawing up these plans, we have consulted the BBC fully about the capital requirements. We have also in regular Ministerial-level discussions with BBC management over the last 18 months made clear our desire to switch resources towards the audibility programme. An indication of most of the services which we had in mind for savings was given to senior BBC officials at least six months ago. Our final decisions, including proposals for three further services which we required to be discontinued, were given to the BBC two full days before the announcement in Parliament. This was done by written question merely because no time was available for an oral statement - there is plenty of time for further questions in Parliament. We hope to continue close cooperation with BBC management in implementing these very comprehensive capital plans. We fully recognise their difficulties over the contribution we expect from them. But it must be repeated that the Government is prepared to contribute the lion's share. As the Prime Minister has said, it is better that 33 services should be properly heard than that 40 should be inadequately heard.

9 July 1981 July 1981



Government Chief Whip
12 Downing Street, London SW1

PM has seen

MAD 9/vii

PRIME MINISTER

BBC EXTERNAL SERVICES

I am becoming increasingly alarmed at the Party's reaction to these proposals. In spite of very hard work by the Whips in trying to stop our backbenchers signing Early Day Motion No 492, I am afraid that about 40 have already done so. Many of the names on the motion can only be described as heavy-weights in the Party. Another alarming feature is that whilst we have been successful in keeping off many of those who signed the Early Day Motion opposing our previous plans, a great many new names have appeared this time. Again, things have been made more difficult by the absence abroad of Nick Ridley, the Minister in charge.

After this week the Opposition have only one remaining Supply Day and it may be that they will use this issue for part of their day. In those circumstances I think we should find it very difficult to hold the line.

I am copying this to Peter Carrington and Willie Whitelaw.

8 July 1981

CONFIDENTIAL



Broadcasting

Treasury Chambers, Parliament Street, SW1P 3AG

B J P Fall Esq
Private Secretary to the
Secretary of State
for Foreign and Commonwealth
Affairs
Foreign and Commonwealth Office
Whitehall
London SW1

For Andy

8 July 1981

Dear Brian,

BBC EXTERNAL SERVICES - CAPITAL EXPENDITURE

Thank you for sending me a copy of your letter to Michael Alexander of 24 June about the BBC External Services Capital Programme.

We assume that the proposed Far East Relay Station remains a low priority item. Mr Ridley implied this in his letter of 10 February to the Financial Secretary; and when he saw the Chief Secretary on 1 April he confirmed that the FCO were not seeking authorisation to construct the Far East Relay Station at this stage.

Although the station is not in any case due to be started until 1985-86, and is therefore outside the present proposed PES period, any decision to start on it would presumably have to be reached during 1984 ie. inside the current PES period.

I am copying this letter to Michael Alexander (No.10) and the PS to the Secretary of State for Industry.

Yours ever

Terry Mathews

T F MATHEWS

Private Secretary

CONFIDENTIAL

Broadcasting

29 June 1981

BBC External Services - Capital Expenditure

The Prime Minister has seen and taken note of your letter to me of 24 June on this subject.

MICHAEL ALEXANDER

B.J.P. Fall, Esq.,
Foreign and Commonwealth Office.



Foreign and Commonwealth Office

London SW1A 2AH

24 June 1981

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Ronnie Amster

Doc Michael

Amster 24/6

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BBC External Services - Capital Expenditure

When OD met on 1 June the Prime Minister asked how and where the £87m total proposed for BBC External Services Capital Expenditure (listed in the attached Annex to the Foreign and Commonwealth Secretary's minute of 1 May) would be spent.

The main thrust of the programme is to improve worldwide transmissions from the United Kingdom by replacing Skelton 'B' (an old low-powered station in Cumbria) with:

- a. eight modern 500 kW HF (short wave) transmitters at a more suitable site in the south, probably Rampisham in Dorset; and
- b. four 250 kW HF transmitters at Orfordness in Suffolk.

There will also be two further 250 kW HF transmitters and a 500 kW MF one at Orfordness to replace an old station at Crowborough in Sussex. To help relay these transmissions four 250 kW HF transmitters should be operational in the existing Cyprus relay station next year and two completely new relay stations will be equipped, each with two 250 kW HF transmitters, to cover the Far East and East Africa (probably but not necessarily in Hong Kong and the Seychelles).

Satellite feeds (equipment to receive signals from the United Kingdom via satellite) will be introduced at the relay stations, instead of less clear signals by direct HF broadcasts.

Bush House modernisation involves improving old studios and connected facilities and removing a health hazard arising from asbestos ducting.

'Minor and General' refers to replacement of ageing plant, aerials, rectifiers, transmitters and generators as opposed to the initial capital cost of such plant.

Only some 2% of the £87m is likely to be spent overseas on the local building costs for the overseas relay stations. The expenditure on Skelton B, Orfordness, the relay stations in the Seychelles, the Far East and Cyprus and Satellite Feeds principally involves transmitters, aerials and ancillary equipment. Such equipment is tailored to the particular requirements of each project and purchased on international tender. The BBC are under instruction to buy British where this is practicable and economic in accordance with Treasury minute PPC(81)3.

/Marconi,




Marconi, whose works are at Chelmsford, are the only company in the United Kingdom with the necessary manufacturing expertise and capability in this field, though they do a small amount of sub-contracting for specialist components such as valves, which in the past have been supplied by Telefunken of Germany and Thomson CSF of France. Marconi were invited to tender for the Skelton B replacement contract, but because of the long delivery they quoted part of the contract was awarded to Telefunken. An agreed BBC/FCO specification for new transmitters has been given to Marconi through DTI in the hope that they will develop suitable equipment to meet the requirements for Orfordness, Seychelles and the Far East stations. Such contracts are a major undertaking for suppliers and their ability to compete will depend on their capability at the appropriate time. A high proportion of the cost of the Orfordness HF station is related to extensive aerial foundation work which one can expect to be undertaken by UK contractors.

The largest single sub-head in the Annex is £26.7m for Minor and General works. Purchase of the individual items is also made on the same criteria as initial capital equipment, but since the requirements are not so massive the chances of their being met by United Kingdom suppliers are considerably higher. In the past the English Electric Group have supplied rectifying equipment from their Midlands factories, the Marconi Company have supplied transmission and aerial equipment and the Ruston's Engine Group have supplied generating equipment from their Newton le Willows factory.

The modernisation of Bush House principally involves internal building work and UK companies should also be well placed to win contracts.

I am sending copies of this letter to the Private Secretaries to the Chief Secretary to the Treasury and the Secretary of State for Industry.

Yours ever,


(B J P Fall)
Private Secretary

M O'D B Alexander Esq
 10 Downing Street

NOTES

1. The figures for Communications Engineering Department (CED), FCO have in accordance with previous practice, been presented with those for the BBC since as regards the audibility programme they are inextricably woven together.
2. The total requirements (BBC plus CED) for the proposed capital programme, by project and year, are as follows (£1,000's at 1980 Survey Prices).

A.

CAPITAL

	1981/2	1982/3	1983/4	1984/5	1985/6	1986/7	1987/8	EXPENDITURE IN LATER YEARS TO COMPLETE PROJECTS	TOTAL
SKELTON "B" REPLACEMENT	1,920	3,130	5,740	1,656					12,446
SATELLITE FEEDS	238	559	559	559					1,915
SEYCHELLES					550	2,987	1,188	275	5,000
BUSH HOUSE MODERNISATION	2,064	2,169	2,330	1,483	1,540	2,032	1,590	1,422	14,630
MINOR AND GENERAL	1,363	1,733	2,025	1,745	3,745	4,855	4,595	6,695	26,756
*FAR EAST					526	1,316	2,105	1,783	5,730
ORFORDNESS MF	820								820
ORFORDNESS HF			3,400	6,500	5,120	2,000			17,020
CYPRUS HF	1,637	1,168	28						2,833
TOTAL	8,042	8,759	14,082	11,943	11,481	13,190	9,478	10,175	87,150

* Planned to be sited in Hong Kong or elsewhere



Treasury Chambers, Parliament Street, SW1P 3AG

Mr Nicholas Ridley MP
Foreign & Commonwealth Office
Downing Street
London SW1A 2AL

22 June 1981

N. Ridley,

[Handwritten mark]

Prime Minister

(2)

Print 22/6

BBC EXTERNAL SERVICES

You wrote to me on 17 June outlining the action you propose to take following discussion in OD Committee on 1 June of Peter Carrington's proposals for expenditure on the BBC External services.

I note that in political terms you consider that at this stage it would only be practicable to scrap three further vernaculars over and above the cuts which have already been proposed. This would bring the total net saving from 1982-83 onwards up to £2.2 million per annum at 1980 Survey prices. I agree that, given the importance of getting the BBC to act soon so as to achieve the whole of this saving in 1982-83, you should propose these cuts to them on 23 June.

Strictly speaking, the BBC should not be told of the OD decision in principle to provide new money, provided certain conditions are met, in 1983-84 and 1984-85. But I appreciate that it is fundamental to your tactics to be able to dangle this carrot while pressing the BBC to make cuts which they will dislike. I therefore agree that you should speak to the BBC on the lines of the Prime Minister's summing up at OD, namely that the speed with which the audibility programme can be implemented will depend on the speed of implementation of the cuts in the vernaculars.

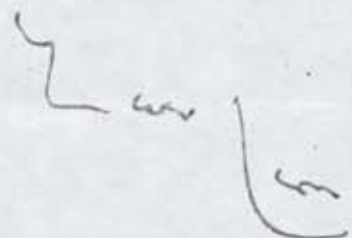
Provided it is clear by the time decisions are taken in the Autumn Survey that the BBC are going to be in a position to produce savings in current expenditure of the order of at least £2.2m per annum from 1982-83 onwards, an additional £12 million, at 1980 prices, will be added to the BBC's PES provision for 1983-84 and 1984-85.

Subject to the Paymaster General's views, I would not object to a fairly early announcement of our plans in Parliament on the lines enclosed with your letter. But I cannot agree that a Minister should go on record, in advance of the Survey, specifying precisely what additional money the Government would be prepared to make available to the BBC from 1983-84 onwards. This strikes me as a very dangerous course. We cannot rule out the possibility that the BBC will either refuse to make all the cuts proposed, or drag their feet over implementation in such a way that it will become clear that the desired savings cannot be produced within the desired timescale.

In those circumstances we must be free to reconsider the amount of money which we would be prepared to make available for the capital programme. This would certainly be more difficult if the BBC could quote a specific public commitment against us, notwithstanding the conditions which are worked into the text. I must therefore ask you to remove the figures for the increase in the PES provision in the first sentence of paragraph 2, and the second sentence of the last paragraph of the text. In addition, the last paragraph must make clear the conditionality of any offer of additional money. Remaining figures in the text should be in cash terms (converted using the general factors agreed by Cabinet last month for working purposes) since we have announced that our planning is now in cash. If you agree, my officials could get together with yours to agree on suitable wording.

I am afraid that I must draw to your attention the implication of a "worst case" outcome. This assumes that the BBC do not make the required cuts in current expenditure, but for one reason or another the Government finds it impossible to withhold the additional money for the capital programme approved in principle in OD (e.g. because the transmitters had been ordered before it became clear that the BBC would not make the cuts etc.). Were that to happen, we would have to look to you to find fully offsetting savings from within your other programmes; lesser savings would no longer be acceptable.

I am copying this letter to the Prime Minister, the Paymaster General, the Chief Whip and Sir Robert Armstrong.



LEON BRITAN

Broadcasting



Foreign and Commonwealth Office

London SW1A 2AH

cc Mr Ingham

From The Minister of State

17 June 1981

(2)

Dear Leon

for
Mrs

Prime Minister

To Mr. Ingham

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BBC EXTERNAL SERVICES

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As requested by the OD Committee at its meeting on 1 June the Foreign and Commonwealth Secretary has considered what additional cuts in vernacular services we could put to the BBC beyond those proposed in his minute of 1 May. The choice has been difficult and the range of possibilities limited in view of the important role played by all the vernaculars in our political and commercial effort overseas. In each case abolition of a service will cause resentment in the recipient countries and imply a lessening of British interest and influence.

To limit the damage Lord Carrington has selected three further vernaculars each of which serves one country only - Portuguese to Brazil (likely saving £357,000 at 1981 Survey Prices), Somali (£182,000) and Burmese (£183,000). The total of £722,000 pa (or about £0.7m in the 1980 Survey Prices hitherto used) is the absolute maximum which we judge to be acceptable in foreign policy terms. In any case we anticipate a very hostile parliamentary and public reaction. It will therefore be essential to present our case effectively, in particular by making full use of the colleagues' approval in principle of the capital programme outlined in Lord Carrington's minute.

As regards how we should negotiate with the BBC, our judgement is that we should be decisive and leave no room for misunderstanding. I therefore intend to inform the BBC management on 23 June of our firm intention to prescribe the total of £2.4m cuts, namely the £0.7m in this minute plus the £1.7m in paragraph 3 of Lord Carrington's paper for OD, as from 1982/83 (this would be £2.2m net allowing for the £200,000 of recently increased services mentioned in the same paragraph).

I have already mentioned my plan in general terms to the Chairman of the Backbench Media Committee and would intend to put the officers of that Committee fully in the picture on the day I speak to the BBC.

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In speaking to the BBC I shall take the line in the Prime Minister's summing up at OD that the speed of implementation of the capital programme will depend on the extent to which the cuts are applied. On the assumption that my proposed savings of £2.2m pa can be achieved in full from 1982/83 onwards, I should be grateful for your confirmation that we and the BBC may make plans on the basis of the table annexed to the Foreign and Commonwealth Secretary's minute to OD and that at the appropriate time the required new money will be added to the BBC's PES Provision.

I should welcome the Paymaster General's views on how and when we might announce our plans in Parliament. I enclose a draft of a possible statement which I myself or another Minister might make. Our experience in 1979 suggests that any delay in making the announcement could lead to leaks and give the BBC time to mount a lobbying campaign. On the other hand it would be reasonable to give them some time to inform their staff and Governors. Moreover under the Licence and Agreement changes may only be prescribed 'after consultation with the Corporation'. My recommendation would be to make the announcement a few days after I inform the BBC, unless there are any leaks whereupon we would make it immediately.

I am sending copies of this minute to the Prime Minister, the Paymaster General, the Chief Whip and Sir Robert Armstrong.

Nicholas Ridley

The Rt Hon Leon Brittan QC MP
Chief Secretary
to the Treasury
Parliament Street
LONDON
SW1P 3HE

DRAFT STATEMENT IN PARLIAMENT

BBC EXTERNAL SERVICES

The BBC's External Services are a valuable national asset. It is essential that they should be audible. Over the years various plans for a capital equipment programme have been subject to postponement. The Government are now determined that a major effort should be made to improve audibility. In consultation with the BBC they have drawn up a long-term programme. Some progress has already been made, notably two medium wave transmitters now in Cyprus and four short wave ones due next year when a medium wave transmitter will also come on stream in Orfordness. The new programme envisages existing relay stations being fed by satellite by 1985, 8 modern short wave transmitters operational in the UK by 1985, and 6 more by 1987 and new relay stations being established in the Indian Ocean and the Far East. There will also be substantial plant replacement and a thorough modernisation of Bush House.

This capital programme by itself would involve an increase in the present PESC provision for expenditure by the External Services of roughly £8.4m (in 1980 Survey prices) in 1983/84, £6.6m in 1984/85 and broadly similar amounts in the following years. The government are prepared to make a substantial increase in the Grant in Aid to help meet this. However in these days of stringency we must look for a proportion of the extra costs to be met from the External Services' current operations. The reductions in planned expenditure decided in 1979 of £3.1m p.a. (at 1980 Survey prices) were met entirely from the capital provision in both 1980/81 and 1981/82. The Government have accordingly requested the BBC to make gross savings in current services of about £2.4m p.a. from 1982/83 onwards. The net savings will be ^{slightly} lower because of recent increases we have prescribed in certain languages costing £200,000 p.a.

The savings will involve a reduction of 63 hours per week out of a total of 726, or about 9% - a reasonable price to pay for a substantial increase in overall audibility. The 24 hours a day of the BBC's excellent World Service in English will be heard more clearly, as will the remaining vernacular services.

Under the BBC's Licence and Agreement which this House has recently renewed, the Foreign and Commonwealth Secretary is empowered

/to

to prescribe the languages and hours of External Services programmes. He does so after taking into account the national interest and available funds. Funds are very limited and the External Services have already been exempted from the 2% cut imposed on most government spending plans last year.

In the difficult task of deciding which services to end we have looked first to the Transcription Services which are a net charge of nearly £1m on the Grant in Aid. We recognise the value of providing to overseas broadcasting stations recordings mainly of music, drama and light entertainment, but we do not consider them essential. We have looked next to broadcasts to friendly neighbouring countries where Britain's voice is already well heard, namely French and Spanish to Europe, Italian and Maltese. It was particularly hard to choose services to the Third World. We have chosen from each continent a service basically directed to one country only, namely Portuguese to Brazil, Burmese and Somali. In each case the improved audibility of the World Service in English should provide some compensation. In no case does the reduction imply any weakening in the excellent relations we enjoy with the country concerned. Services in French, Spanish and Portuguese to other parts of the world will continue.

To sum up, we firmly believe that resources should be switched to improving audibility. From 1983/84 additional funds averaging some £7.5m p.a. will be made available to this end of which only £2.4m p.a. will come from the BBC's current resources, the balance of £5.1m p.a. being new money.



Foreign and Commonwealth Office

London SW1A 2AH

(4)

Prime Minister
To note the line being taken
by Mr Ridley.

h.c. *[Handwritten initials]*

9 June 1981

Dear Michael

[Handwritten initials]

[Handwritten initials]

Audibility of BBC World Service in the UK

/ As a follow up to the OD discussion of the BBC
External Services on 1 June, Mr Ridley thought that the
Prime Minister would like to see the attached "standard"
/ reply we are sending MPs and others who enquire about
audibility in the UK itself. This is an updated version
of the letter which Mrs Thatcher wrote to John Roper MP
on 3 September 1980 (copy enclosed for ease of reference).

So far during 1981 we have received 53 letters from listeners
(29 via MPs) who are concerned that they may not be able to
hear the World Service on medium wave after the old
transmitter at Crowborough is replaced by a more powerful
modern one at Orfordness next spring. Interest in this
issue is likely to grow, but we have a good case to deploy.

In view of the connection with the BBC Home Services
I am copying this letter and enclosure to Miss Kippax
in the Home Office, and also to the Private Secretary to
Mr Timothy Raison (Home Office).

Yours ever
[Handwritten signature]

(B J P Fall)
Private Secretary

M O D' B Alexander Esq
10 Downing Street
LONDON
SW1

Registry
No.

DRAFT LETTER

Type 1 +

SECURITY CLASSIFICATION

Top Secret.
Secret.
Confidential.
Restricted.
Unclassified.

To:-

From

Telephone No. Ext.

Department

PRIVACY MARKING

.....In Confidence

Thank you for your letter about [from]

The high quality of the BBC's World Service in English broadcasts is acknowledged both by its many overseas listeners and also by many at home who have the good fortune to hear them. Such people at the present time mainly live East and South of a line which runs roughly between Lincolnshire and Hampshire: it varies between daytime and nighttime; so only a proportion of the population of the UK have such opportunities.

As an important part of their plans to improve the audibility of their overseas broadcasts to Western Europe, the BBC propose to replace the old medium wave transmitter at Crowborough by a new high-powered transmitter, with a directional aerial system, at Orfordness on the Suffolk coast. When this transmitter comes into service early in 1982, the audibility of the World Service in Western and Eastern Europe will be greatly increased. It is true that in some parts of the United Kingdom it will be unavoidably reduced. The precise extent of this reduction cannot be judged until the transmitter has been installed and tested. However it is likely still to be generally

/audible

audible in East Anglia, Greater London, the South East, and parts of the South coast. It is not yet possible to predict accurately the area of the country which may find reception harder. Short-wave transmissions (which can be heard in the South of England) will not be affected.

I realise that to add a few more areas to the large part of the UK where these broadcasts cannot be heard is going to be a disappointment for those affected. Any solution, to be fair to the country as a whole, would have to make the broadcasts available to the whole population. It would be wrong to do this by getting the External Services to provide programmes to this end: it is not their responsibility to do so; it would require expensive equipment which it is not the responsibility of the Foreign and Commonwealth Office to finance: it could also involve expensive problems of copyright and contract.

It is the responsibility of the Home Services to provide broadcasting material for domestic audiences. If you/ your constituent feel that the sort of material broadcast on the World Service in English is what he would like to hear, I suggest he writes to the BBC Home Services making his views clear.

(Broad) casting

Ref: B06210

PRIME MINISTERBBC External Services
(OD(81) 28)

BACKGROUND

1. The BBC External Services are almost wholly funded by the Foreign and Commonwealth Office. They comprise the English-language World Service, which broadcasts 24 hours a day and is agreed by everyone to deserve the highest priority (it has been doing particularly good work in recent weeks in putting over the Government's case on Northern Ireland); the Vernacular Services which broadcast for shorter periods in over 30 languages; and certain minor ancillaries such as the Transcription Service. Expenditure is also divided between capital investment (which governs audibility) and current (which governs the number of hours broadcast in each language to each area). Commonsense would suggest that maintenance of the World Service is essential, because of its authority, effectiveness and wide appeal; that capital expenditure to ensure audibility is also essential (because only BBC employees gain if they are paid to broadcast splendid programmes which cannot be heard); and that the Vernacular Services should therefore bear the brunt of any unavoidable cuts. This was the Government's approach in the autumn of 1979. But the Vernacular Services have well-trained parliamentary and public lobbies to support them, and the result was a backbenchers' revolt.

2. When OD last considered the subject in January 1980 (OD(80) 3rd Meeting, Item 1) the immediate problem was how to implement an agreed cut of £2.7 million in 1980/81. The Foreign and Commonwealth Secretary suggested appointing a "wise man" to consider the problem, as an alternative to abandoning the cuts or risking further trouble in Parliament by imposing them against the BBC's wishes. The Committee rejected this; reaffirmed that the BBC should not be immune to public expenditure cuts; and invited Lord Carrington and Mr Ridley to explore the possibilities further. Lord Carrington reported later developments in his minutes to you of 27th February and 21st July 1980; and you accepted his recommendation in the latter that the £2.7 million for 1980/81 should be found by postponing capital expenditure (some of which had in any case to be delayed for purely practical reasons).



3. Lord Carrington's latest minute of 1st May this year (attached to OD(81) 28) calls for further decisions which require collective discussion. He wants to impose on the BBC in 1982/83 and each of the two subsequent years a current expenditure out of £1.7 million (£1.5 million net after asking them to increase certain Afghanistan-related broadcasting). As well as abolishing the Transcription Service this will eat into the Vernacular Services and will therefore be strongly resisted by the BBC and their supporters in Parliament and elsewhere. To neutralise criticism Lord Carrington wants simultaneously to offer the BBC £21 million more, over the same 3 years, for capital expenditure on audibility. £12 million of this would be new money from the Contingency Reserve; the balance would come from the imposed cuts on current expenditure plus certain current savings resulting from capital programme slippage. An early decision is needed if the BBC are to issue redundancy notices in time to implement the imposed cut for 1982/83.

4. The Chancellor of the Exchequer (in his minute of 18th May, also attached to OD(81) 28) objects strongly to this attempt to pre-empt PESC decisions due this autumn; to the principle of bribing the BBC, on capital account, to do what they are told on current account; and, more marginally, to the shallowness of the current expenditure cuts proposed for the Vernacular Services. He fears that the BBC will try to wriggle out of Vernacular cuts whatever bargains are offered. He therefore wants to impose the current cuts now; defy the Parliamentary lobby; and settle the capital problem later.

HANDLING

5. The Foreign and Commonwealth Secretary should be invited to speak to his proposals and the Chancellor of the Exchequer to reply. The Home Secretary may also have relevant views, given his responsibility for the non-external side of the BBC. The Chancellor of the Duchy and the Lord President should then be asked to comment on the likely attitude of Parliament. The Committee will also want to hear from Mr Ridley (who will be present for this item) how he assesses the present mood both of the BBC and ^{of} their Parliamentary supporters.



6. The Parliamentary prospect is likely to be decisive. Sir Geoffrey Howe thinks that the BBC's supporters will be less strident than in 1979, given present economic severities. Lord Carrington's judgement is that neither deeper Vernacular cuts nor a smaller Audibility bribe would be acceptable.

7. You will need the Committee's answers to the following questions, which may be easiest to approach in the order given.

(a) Would Sir Geoffrey Howe's plan (to impose current cuts now without addressing the capital issue) stand any chance in Parliament? If so, it should presumably be tried.

(b) If not, does Sir Geoffrey Howe see any alternative to addressing the capital (ie audibility) issue now, despite the PESC timetable?

(c) If current cuts and capital bribe are to be considered together, is the Carrington formula the least expensive way of securing Parliamentary acceptance? Or would the BBC's supporters accept, *if pressed,* ~~at a pinch,~~ deeper cuts and/or a smaller bribe?

CONCLUSION

8. You will need decisions on (a) - (c) above. The Business Managers are, with yourself, the ultimate arbiters of (a). On (b) the Chancellor of the Exchequer may be brought to accept that the unsatisfactory procedure suggested by the Foreign and Commonwealth Secretary would be a lesser evil than missing the chance of Vernacular cuts in 1982/83; but if not the Committee will probably not want, in the last resort, to overrule him on a public expenditure issue which could cause resentment to other spending Ministers. On (c) it will be a matter of probing whether Lord Carrington and Mr Ridley could, at a pinch, manage with somewhat less generous figures (ie deeper cuts and smaller bribe).

9. Subject to the discussion, you may be able to guide the Committee to agree

(a) that Parliament would not accept current cuts if nothing can be said on the capital side;



(b) that final decisions on the shape of the deal with the BBC must await PESC decisions in the autumn;

(c) that at this stage the proposed Carrington deal looks about right, if perhaps marginally too generous on both accounts; and that the BBC should therefore be put clearly on notice now that current cuts involving staff reductions will be needed in 1982/83, and may have to be correspondingly deeper if they cannot be effected at the start of the financial year because redundancy notices were not issued in good time.

R. L. WADE-GERY

29th May 1981

c Sir Robert Armstrong o/r

CONFIDENTIAL



Treasury Chambers, Parliament Street, SW1P 3AG
01-233 3000

2. Broadcasting
Prime Minister.
To see
this is coming
OD on 1 June.
1984
M

PRIME MINISTER

BBC EXTERNAL SERVICES

I have seen Peter Carrington's minute of 1 May to you.

2. I have grave doubts about the wisdom of the approach he advocates. It is suggested that we should agree now, in advance of the normal autumn PES round, to provide an additional £21 million up to 1984/85 for capital expenditure, to ensure net current savings of £1.5 million p.a. from 1982/83 onwards. Surely the procedure should be the other way round? The BBC should agree now to make appropriate cuts in current expenditure, while their proposals for additional money for the capital programme should be considered at the right time alongside other competing bids, in the usual way. It seems quite unacceptable that we should be asked to bribe an institution which is 90 per cent grant-aided.

3. My concern is increased by the fact that the BBC have always hitherto successfully resisted attempts to make cuts in the vernacular services. The 1977 CPRS Review of Overseas Representation considered that there was scope for savings to be made in this area, to offset increased capital expenditure on improving audibility. Sir Michael Swann wrote to the then-Foreign Secretary on 15 November 1978:

/"The Board take



"The Board take the view that this cutting the vernaculars is a most expensive and damaging course to adopt and that every effort should be made to avoid it. The means of doing so are not hard to find. Within the Preferred Minimum Programme to improve audibility there are degrees of priority, and a re-phasing of capital expenditure amount in the five year PESC period ... can certainly be contrived which would not markedly affect any of the major items in the Programme."

4. Ian Gilmour wrote to you on 27 October 1979 suggesting that about two thirds of the annual cut to be imposed on the BBC (equivalent to £3.1 million at 1980 prices) be met by cutting seven vernacular services. He thought this could be done "without loss to our essential interests". But it did not happen: as Peter Carrington says, the BBC chose to take the whole of the cut on their capital programme. This reinforces my belief that, this time, the BBC must first show willing to make current savings.

5. I also find it difficult to understand that, whereas in 1979 we could contemplate cutting seven vernaculars, now we can only contemplate cutting four. French to Africa is to be maintained, although in 1979 it was thought to be dispensable. The total cost of broadcasting in French (to France and Africa) is given as £891,600. With shared overheads, the savings to be made mainly by abolishing French to France can only be part of this. And who in West Africa is listening? The BBS's own 1981 Handbook states that a survey conducted in 1978 in the Ivory Coast showed that only about 6.6 per cent of the potential audience in major towns, and 0.9 per cent in rural areas, listened to the BBC in French.

/We were prepared to



6. We were prepared to drop Turkish in 1979. This costs £288,00 p.a. The 1980 Handbook quotes a survey as showing that only 0.9 per cent of the population listened, once a week, to the BBC in Turkish. The survey found that "listening to both foreign and domestic broadcasts had declined significantly since a daily television service was introduced". This must surely apply to many other parts of the world. Portuguese to Latin America costs £387,000 p.a., and about 1.3 per cent of the population are said to listen, in Brazilian cities. The BBC's World Service in English is broadcast 24 hours a day. Surely in most countries the elite understand English? Peter Carrington says that he does not recommend further economies in the vernacular services "since these are important tools of foreign policy". Perhaps; but can we afford such a wide range of tools?

7. I see no need for a decision by June. The FCO can start straightaway discussing cuts in the vernaculars with the BBC. The sooner the BBC agrees, the sooner it can begin issuing redundancy notices. The proposals for additional money for capital expenditure in 1983/84 and 1984/85 can be considered on their merits in the autumn round.

8. I am copying this minute to OD colleagues, the Chief Whip and Sir Robert Armstrong.

(G.H.)

18 May 1981

CONFIDENTIAL

Broadway VLB



FILE

cc HO LPSO
LCO D/T
HMT CHO
COLO CO
LPO
MSP

10 DOWNING STREET

From the Private Secretary

15 May 1981

BBC External Services

The Prime Minister has seen the Foreign and Commonwealth Secretary's minute to her of 1 May on this subject. She is inclined to think that expenditure proposals such as those described by the Foreign and Commonwealth Secretary should not be considered in isolation from the rest of the Government's future public expenditure. Nonetheless, she recognises the urgency in this instance and has agreed that there should be an early Ministerial discussion of the Foreign and Commonwealth Secretary's minute. This might best take place in OD.

I am sending copies of this letter to the Private Secretaries to members of OD, to Murdo Maclean (Chief Whip's Office) and David Wright (Cabinet Office).

M. O'D. B. ALEXANDER

G. G. H. Walden, Esq.,
Foreign and Commonwealth Office.

CONFIDENTIAL

VLB

CONFIDENTIAL

I think the Chancellor
is right in saying
all Public Insp.
proposals must

Prime Minister

(1)

Ref. A04843

MR. ALEXANDER

Agree an early discussion in OD.?

The minute suggests that you should have a
word with the Chancellor but I cannot myself
see much point in your doing so.

discussed together
not

BBC External Services

And

The Prime Minister will wish to decide in what forum and how soon the
problem discussed in the Foreign and Commonwealth Secretary's minute of
1st May should be tackled.

2. Lord Carrington's proposals would involve a call on the central
contingency reserve. They would also entail savings of a kind likely to bring the
External Services' formidable lobby back into action. The proposals could leak
at any time, and it would be much easier to maintain a firm line on the BBC's
current expenditure if this were accompanied by decisions to ensure greater
audibility. The proposals have been the subject of Ministerial correspondence
between the FCO and the Treasury, and of discussion at a meeting between
Mr. Ridley and the Chief Secretary. In neither Department are Ministers ready
to accept the other's position without collective discussion. The Chancellor of
the Exchequer is now being advised to minute the Prime Minister that -

- (a) Lord Carrington's expenditure proposals should not be considered in
isolation from the rest of the Government's future public expenditure;
and that minimal financial penalties would be incurred by delaying a
decision until the autumn.
- (b) The choice of overseas services for retention deserves closer scrutiny
(particularly, for example, the BBC's French language broadcasts to
francophone Africa, costing £1 million per annum).

3. In January, when the Prime Minister considered the Forward Look of
business expected to come forward in the spring, she expressed the hope that the
future of the BBC External Services might be resolved without the need for
discussion by OD. This is why, on Cabinet Office advice, the Foreign and
Commonwealth Secretary has simply copied his proposals to OD colleagues,
rather than putting them formally in a memorandum to that Committee. Given
the range of interests involved, OD would be a suitable forum for discussion, and

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we have a meeting of OD provisionally arranged at which this could be taken; but it would be possible to arrange for an ad hoc discussion, if the Prime Minister would prefer that. And she may wish to have a word with the Chancellor before he makes any further contribution to the argument.

4. As regards timing, both Ministers are clearly influenced by tactical considerations in relation to the next Public Expenditure Survey round. Depending upon the terms of the Chancellor's minute, the Prime Minister might agree that there should be an early discussion, so as to allow for the possibility of the Foreign and Commonwealth Secretary's persuading his colleagues of the need for a quick decision. This timing would not of course exclude the alternative conclusion that the proposals should be held over for consideration together with the rest of the expenditure programme for the years in question.

RA

Robert Arms trong

8th May 1981



PM/81/22

PRIME MINISTER

Prime Minister

You will wish to be aware of
this minute. There will certainly be a
report from the Treasury subsequent
discussion L.O.A.

BBC External Services

1. My minute to you of 21 July 1980 described the position reached in Nicholas Ridley's discussions with the BBC External Services. Decisions are now required on:-

- (a) obliging the BBC to make a cut of £1.7m p.a. (at 1980 Survey prices) in current operations on the transcription services and vernacular language broadcasts to Western Europe;
- (b) financing a capital programme to improve audibility which would require new money from the central contingency reserve of £6.9m in 1983/84 and £5.1m in 1984/85.

2. These proposals form a carefully worked-out package which I believe is essential if we are once for all to ensure the BBC's audibility and avoid difficulties in Parliament. The attached table (Annex A) shows that if the plan is accepted there will be an underspending of the existing PESC provision when counting both 1981/82 and 1982/83, but that requirements on the capital side in 1983/84 and 1984/85 will necessitate the new money mentioned above. The proposed expenditure contains some unavoidable new elements, in particular further modernisation of Bush House to deal with an unexpected health hazard caused by asbestos ducting and unforeseen ground works at Orfordness. We must also replace obsolete transmitters with up-to-date equipment. All the projects involve further development of work whose commencement has been approved, except a proposed additional relay station in the Far East designed to improve audibility in China and Japan.



3. I attach top priority to ensuring that the BBC is heard. Its audibility is far below that of Radio Moscow, the Voice of America and others. The savings which the External Services were required to make in 1979 (equivalent to £3.1m p.a. at 1980 Survey prices) have been found from the capital side in 1980/81 and 1981/82. But as I said in my minute, we cannot go on milking the capital programme. We have therefore put the BBC on notice (without as yet instructing them) that they must reduce their planned current side operations by £1.7m p.a. from 1982/83 onwards. Of this £0.9m would come from ending the Transcription Service (tapes of cultural and other programmes distributed abroad) and the balance from ending all broadcasts in Italian, Maltese, French to France and Spanish to Spain (French to Africa and Spanish to Latin America would not be affected). However, since we have asked the BBC to increase output in Russian, Farsi, Turkish and Pushtu to meet FCO priorities over Afghanistan at a cost of £200,000 p.a., the net saving on the current side would be £1.5m p.a. I judge this to be the most we can expect from the BBC. I do not recommend further economies in the other vernacular services, mainly directed to communist and developing countries, since these are important tools of foreign policy. (Full list at Annex B).

4. I have met great resistance from the BBC to making savings in these services, which they vigorously maintain are of national importance. You will recall from the campaign which the BBC conducted in 1979 that they can muster a powerful lobby against cuts in Parliament and elsewhere. In my view the main national interest lies in approving the capital programme. This would be phased over a number of years, since appropriate forward planning is necessary. To stretch it further into the future would increase overall costs, eg repairs and additional recruitment to keep obsolescent stations open. There is at present no scope for cost-sharing with the Voice of America or other broadcasting organisations.



5. In spite of the BBC's resistance I have, of course, so far insisted that the original cut of £3.1m p.a. at 1980 Survey prices mentioned above should be applied throughout the planning period. I have however decided to exempt the External Services from the 2% expenditure cut imposed on Departmental programmes last November (£.9m at 1980 Survey prices) and I am with difficulty finding the required saving from other FCO programmes. It would not be right to impose additional cuts on the programmes under my control to compensate for the increased requirements for the BBC. I am not prepared to make further cuts in overseas representation. Nor am I prepared to transfer any more funds from the Aid Programme; this has already been subjected to much sharper reductions, as part of general Government public expenditure cuts, than those for most other Departments.

6. I invite my colleagues to consider the following possibilities:-

- (a) If no change is made in the present PESC provision there will have to be further cuts in vernacular services and the BBC's capital equipment will start to deteriorate in 1983/84. For health reasons priority must be given to Bush House modernisation. Thus planned improvements in transmission, notably to Eastern Europe from Orfordness, would be postponed six years and work on the proposed Seychelles and Far East relay stations would not start until 1993. High priority repairs and maintenance would also be delayed.
- (b) If on the other hand my proposals are accepted, we would establish a settled programme for an invaluable British asset.

7. I see an inherent bargain between us and the BBC: if they accept our cuts in current operations they would secure the



extra money necessary for the capital programme. We must expect a row in the House of Commons about our proposed savings. If we render the capital programme unviable by refusing the extra funds opposition may be irresistible.

8. I have agreed the factual basis of the figures in this minute with the Treasury. A decision is required by June in order for the BBC to issue the necessary redundancy notices for the cuts mentioned in paragraph 3 to come into effect by 1982/83. I hope that this matter can be settled quickly.

9. I am sending a copy of this minute to OD colleagues, the Chief Whip, and Sir Robert Armstrong.

A handwritten signature in blue ink, appearing to be 'C' with a diagonal slash at the bottom right.

(CARRINGTON)

Foreign and Commonwealth Office

1 May 1981

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ADDITIONAL RESOURCES REQUIRED FOR THE EXTERNAL SERVICES EXPENDITURE PROGRAMME

	£m 1980 survey prices				Expenditure in later years to complete projects
	1981/82	1982/83	1983/84	1984/85	
<u>(A) CAPITAL EXPENDITURE</u>					
(1) Present PES programme	8.4	5.2	4.1	4.1	
(2) Programme now proposed	8.0	8.8	14.0	11.9	44.4
<u>(B) RECURRENT EXPENDITURE</u>					
(3) Present PES provision	40.8	43.3	44.3	44.3	
(4) Reduction resulting from expected slippage in present capital programme running costs	0.0	-2.0	-1.5	-1.2	
(5) net reductions now proposed	0.0	-1.5	-1.5	-1.5	
(6) Resultant programme now proposed ((3) + (4) + (5))	40.8	39.8	41.3	41.6	
<u>(C) DIFFERENCES</u>					
(7) Between (2) & (1) - capital	-0.4	+3.6	+9.9	+7.8	
(8) Between (6) & (3) - recurrent	0.0	-3.5	-3.0	-2.7	
(9) Total of (7) and (8)	-0.4	+0.1	+6.9	+5.1	

- NOTES
- The figures for Communications Engineering Department (CED), FCO have in accordance with previous practice, been presented with those for the BBC since as regards the audibility programme they are inextricably woven together.
 - The total requirements (BBC plus CED) for the proposed capital programme, by project and year, are as follows (£1,000's at 1980 Survey Prices).

CAPITAL

	1981/2	1982/3	1983/4	1984/5	1985/6	1986/7	1987/8	EXPENDITURE IN LATER YEARS TO COMPLETE PROJECTS	TOTAL
SKELTON "B" REPLACEMENT	1,920	3,130	5,740	1,656					12,446
SATELLITE FEEDS	238	559	559	559					1,915
SEYCHELLES					550	2,987	1,188	275	5,000
BUSH HOUSE MODERNISATION	2,064	2,169	2,330	1,483	1,540	2,032	1,590	1,422	14,630
MINOR AND GENERAL	1,363	1,733	2,025	1,745	3,745	4,855	4,595	6,695	26,756
*FAR EAST					526	1,316	2,105	1,783	5,730
ORFORDNESS MF	820								820
ORFORDNESS HF			3,400	6,500	5,120	2,000			17,020
CYPRUS HF	1,637	1,168	28						2,833
TOTAL	8,042	8,759	14,082	11,943	11,481	13,190	9,478	10,175	87,150

* Planned to be sited in Hong Kong or elsewhere

Cost of BBC Vernacular Services as at 31st March 1981

	Hours per Week	Annual Cost
		£000
Arabic	63	1,779
French : to Africa	26½	891
to Europe	21	
Russian	45	933
Spanish to Latin America	28	604
German	24½	740
Polish	21½	480
Czech/Slovak	21½	532
Hungarian	18	430
Serbo-Croat/Slovene	16½	363
Chinese (Cantonese/Mandarin)	16	473
Portuguese to Latin America	15½	387
Hindi	14	366
Romanian	14	335
Farsi	12½	310
Bulgarian	12½	292
Turkish	10½	288
Greek	10½	267
Indonesian/Malay	10½	301
Urdu	10	250
Hausa	8½	271
Portuguese to Europe and Africa	8½	238
Vietnamese	8½	250
Finnish	8½	199
Bengali	8	224
Swahili	7	250
Burmese	7	183
Japanese	7	226
Thai	7	177
Italian	7	229
Spanish to Europe	7	198
Somali	5½	182
Tamil	1½	36
Nepali	¾	20
Maltese	½	14

Notes

1. The above costs relate to direct costs including transmissions and an allowance for accommodation. No other overheads are included.
2. The above amounts do not necessarily represent what would be saved if any particular service or services were to be abolished.

CONFIDENTIAL



10 DOWNING STREET

From the Private Secretary

22 July 1980

file
cc: HO
LEO
4
HIT
FO
CO
DT
Ch. Wh.
CO
Broadcasting
AK

Dear George,

BBC External Services

The Prime Minister has seen the Foreign and Commonwealth Secretary's minute to her of 21 July about the BBC External Services. She has agreed that the dialogue with the BBC should continue along the lines described by the Foreign and Commonwealth Secretary in paragraph 4 of his minute.

I am sending copies of this letter to the Private Secretaries to members of OD, to Murdo Maclean (Chief Whip's Office) and David Wright (Cabinet Office).

Yours ever

Michael Alexander

George Walden, Esq.,
Foreign and Commonwealth Office

CONFIDENTIAL

*Prime Minister**After A i family ?**Yes not**Prime*

PM/80/57

PRIME MINISTERBBC External Services

1. At the OD meeting on 29 January, which considered the scope for finding economies in the BBC External Services in 1981/82 and throughout the PESC period, it was agreed that I should arrange for Nicholas Ridley and a senior FCO official to discuss with the BBC at high level, ways in which the necessary economies could be arranged for these years. My minute of 27 February reported progress to that date. Since then there have been two further meetings. This minute describes the present position.

2. The immediate problem has been to identify where the annual saving of £2.7 million (at 1979 Survey Prices) will come from in 1981/82. Nicholas Ridley has now thoroughly examined the Monitoring Service, English by Radio and Television, and the Transcription Services:
 - a) The Monitoring Service is having to meet exceptionally heavy demands because of the situation in Afghanistan, although their attempts to raise income by means of increased subscriptions have met with some limited success.

 - b) We are studying how to make English by Radio and Television more profitable.

 - c) The only way to make savings in the Transcription Services would be to abolish them altogether. This would be resisted vigorously by the BBC. It would save £0.9 million a year, but only after redundancy payments had been made.

3. We have looked again to capital expenditure for the necessary savings for 1981/82. You will recall that £2.7 million was cut from the capital programme to improve audibility

/in



in 1980/81. Since then the BBC have themselves rephased their capital plans over the PESC period to provide annual savings of £2.7 million. The effect of this rephasing will not greatly delay the implementation of the programme, as difficulties have arisen concerning two sites where capital projects are planned. Although this is not an ideal solution, it is the only one likely to produce the required saving without causing parliamentary opposition and I recommend that we accept it.

4. I do not think that we can go on milking the capital programme indefinitely. In the longer term, the BBC have agreed to the regular consultations (mentioned in paragraph 6 of my minute of 27 February) by which we will seek to ensure that their programme prescription accurately reflects the FCO's changing priorities. These consultations will be confidential. We may in due course wish to cut some existing vernacular services and increase others (which will obviously have implications for capital expenditure, the planning and distribution of new transmitters and aerials). We may also want to cut out the Transcription Services. We must not be seen by our cuts seriously to damage the audibility programme. These negotiations will not be easy, we must avoid accusations of interfering with the BBC's independence. I seek colleagues' approval to a continuing dialogue so that by persuasion and hopefully by agreement we can ensure that the External Services of the BBC do what we want them to do within their PESC limit.

5. Nicholas Ridley has kept the Backbench Media Committee fully informed. They are acquiescing warily so far.

6. I am copying this minute to OD colleagues, to the Chief Whip and to Sir Robert Armstrong.

e



Foreign and Commonwealth Office

London SW1A 2AH

20 June 1980

Broadcasting

mt

Prime Minister

*fa
PMB*

PMB 20/6

Dear Michael,

Newspaper Reports of Further Economies
in the BBC's Overseas Services

The Prime Minister has asked for the background to recent press reports about economies in the BBC's overseas services.

The economies referred to result from the BBC's need to keep its operational expenditure within cash limits for 1980/81. This has been made difficult by pay rises, the increased cost of fuel supplies and other outgoings. Staff cuts are currently under discussion between management and unions. The BBC assure us however that it should be possible to find economies and to keep within cash limits without any reductions in programme hours. So far as we can establish, the present press reports are not inspired by the management, but by BBC staff unions who are unhappy about the implications of the need to stay within cash limits.

In this context there was a recent problem about the additional programmes in Farsi and Russian which the BBC introduced at the FCO's behest after the Soviet invasion of Afghanistan. NUJ staff in the Bush House newsroom withdrew their support for these additional programmes as a gesture of their opposition to the economies being made to keep within cash limits. The programmes, however, although varied in content, continue to be transmitted at the same hours. (I attach a copy of a Parliamentary Question on this subject answered by Mr Ridley on 10 June.)

The annual £2.7 million cut in the BBC's PESC provision resulting from the review of public expenditure last year is a quite separate matter. In 1980/81 savings of £2.7 million have been found by means of a rephrasing of the capital expenditure programme to improve audibility. Mr Ridley and the management of the BBC are at present engaged in discussions to decide where this annual saving will be found in future years.

G G H Walden

(G G H Walden)

M O'D B Alexander Esq
10 Downing Street

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VOL 986

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101

Written Answers

10 JUNE 1980

Written Answers

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**FOREIGN AND COMMONWEALTH
AFFAIRS**

BBC (External Services)

Mr. Brotherton asked the Lord Privy Seal if he will take steps to ensure that industrial action by the National Union of Journalists does not interfere with broadcasts by the BBC external service to the Soviet Union and Afghanistan.

Mr. Ridley: The relationship of Her Majesty's Government to the BBC external services is governed by the licence

and agreement which forms part of the BBC charter. Under this, the Foreign and Commonwealth Office's powers are limited to prescribing, after consultation with the corporation, the number of hours broadcast, the languages in which programmes are transmitted, and certain other services such as monitoring.

The management of the BBC external services, like the contents of the programmes, is solely a matter for the BBC. I understand that the programmes in Russian and Farsi which the BBC instituted in the new year, at the request of the Foreign and Commonwealth Office, although varied in content, continue to be transmitted at the same hours.



*File 116.
Broadcasting*

10 DOWNING STREET

From the Private Secretary

4 March 1980

BBC EXTERNAL SERVICES

The Prime Minister has seen the progress report on contacts between the Foreign and Commonwealth Office and the BBC contained in the Foreign and Commonwealth Secretary's minute to her of 27 February. She has taken note of the present position.

I am sending copies of this letter to the Private Secretaries to the members of OD, to Murdo Maclean (Chief Whip's Office) and to David Wright (Cabinet Office).

M. O'D. B. ALEXANDER

G. G. H. Walden, Esq.,
Foreign and Commonwealth Office.

116



PM/80/15

PRIME MINISTER

La. Amt
 Prime Minister
 Amt - 27/2
 (2)

1. At the OD Committee meeting on 29 January, which considered my Memorandum on the scope for finding economies in the BBC External Services in 1981/82 and thereafter, it was agreed that I should arrange for Nicholas Ridley and a senior FCO official to discuss further with the BBC at a high level, ways in which the necessary economies could be arranged for the years beyond 1980/81. You might like a progress report.
2. Mr Ridley and the Under-Secretary responsible for liaison with the BBC have had two meetings with Mr Mansell, the Managing Director of BBC External Services, at the first of which the Director-General, Ian Trethowan, was also present.
3. It was explained and accepted that the cut of £2.7 million per annum would continue throughout the PESC period. The BBC have expressed fears about the additional financial difficulties which they expect will result from the CAC pay award, due to be announced shortly. They expect it will have the effect of making them exceed their present cash limits possibly by as much as £1.5 million. They wish to know what the Government's reaction would be to such a situation. Mr Ridley has made it clear that there will be no easing of cash limits to accommodate pay awards, even mandatory ones, and that anything beyond the percentage agreed in the fixing of cash limits will have to come from further economies.
4. Discussions on specific savings have focussed on three main areas, in each of which we have suggested that there is scope for increased revenue from a more commercial approach:
 - a) The Monitoring Service costs the Exchequer £3.8 million. Mr Ridley has suggested that we should increase subscriptions generally and also explore the possibility of participation in its financing by our NATO allies and possibly Australia. My officials are exploring these ideas.
 - b) The Transcription Services (ie the selling of recordings on tape and disc to overseas radio stations) bring a net loss of £900,000 p.a. Mr Ridley has told the BBC to make them self-financing or, if this is impossible, to cut them out.

/c)



c) The English-by-Radio services are already financially self-supporting, but we believe they could be run at a profit.

On the capital programme to improve audibility the BBC have referred to practical problems which might make it difficult to implement the plan according to the original time-scale. They have undertaken to produce details to show what is feasible.

5. The BBC are now drawing up figures to show what savings can be achieved from the three areas described above, together with the likely shortfall on capital spending. Mr Ridley has made it clear that any deficiency will have to be found by ending some vernacular services, principally the European ones.

6. Mr Ridley believes that a 'steering committee', drawn from the External Services and the FCO, should be instituted to improve consultation, meeting periodically, perhaps with Ministerial participation. The BBC's reaction to this suggestion has been generally welcoming, provided of course the intention is not to interfere with their editorial independence. Among other functions, the committee could regularly review the vernacular services, increasing or reducing particular ones in accordance with our financial and political requirements.

7. The Backbench Media Committee have been kept fully informed. They are likely not to object to this solution provided no cuts are made in the vernacular services, although we might get away with some by means of the steering committee.

8. I am copying this letter to OD colleagues and to the Chief Whip.

(CARRINGTON)

Foreign and Commonwealth Office

27 February 1980

CONFIDENTIAL

Ref. A01227

PRIME MINISTER

BROADCASTS

Promie Pinter: You have already expressed my very firm views on this suggestion. Having consulted the Foreign & Commonwealth Secretary's Private Secretary I circulated a letter BBC External Services setting them out. Your colleagues (OD(80)1) will therefore be well aware that you are not convinced of the merits of the idea.

BACKGROUND

On 5th November last year OD discussed this subject and the Parliamentary difficulties associated with the proposed £2.7 million reduction in the 1980-81 level of expenditure. The Foreign and Commonwealth Secretary in his paper is clear that the principle should be maintained that public expenditure cuts should apply to the BBC External Services, but he is doubtful whether the financial savings to be obtained justify the political penalties of another Parliamentary confrontation which would be likely to arise from the maintenance of this principle. In these circumstances he is proposing a third option of appointing a "wise man" to review the possibilities of finding economies in the BBC External Services. It is implicit that the "wise man" selected should be one who would be likely to achieve this purpose. So the object of this suggestion is to maintain the principle that the BBC External Services should not be immune from cuts, but to do so in a way which will minimise the political difficulty.

2. Another background consideration is the need for us to consider stepping up broadcasts from the free world to Soviet Russia and to the Moslem world in the light of recent events in South West Asia. The Foreign and Commonwealth Secretary is likely to make this point in presenting his case, as he did at the OD meeting on 22nd January. The Americans are already doing this.

HANDLING

3. You will wish to ask the Foreign and Commonwealth Secretary to introduce his paper. You may then wish to invite the Chancellor of the Exchequer to give his views, in the light of his letter to the Foreign and Commonwealth Secretary of 17th January in which he argues against the "wise man" proposal in favour of pressing on with expenditure cuts regardless of the political pressures. If,



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however, the Foreign and Commonwealth Secretary judges these pressures to be too strong, the Chancellor would be content to impose the cuts elsewhere in the FCO programme. It is proposed that the Chief Whip should be present for this item.

4. The points to establish in subsequent discussion are:-

(a) Is there any general feeling that the position of the BBC External Services are so special, particularly in the light of recent international events, that they should be protected from reductions in the planned growth of their programme as a matter of general principle?

(b) Do recent events in South West Asia, coupled with the Parliamentary resistance which manifested itself in November, make it unwise to press ahead with the 'cuts' proposed at present? There is some doubt whether BBC vernacular broadcasts are always as helpful to United Kingdom interests as is sometimes argued.

No

(c) Is the "wise man" option likely to placate this resistance? And can we be sure that his recommendations will support the principle to which the Foreign and Commonwealth Secretary and Chancellor of the Exchequer both attach importance?

No

Obviously this will depend on the identity of the "Wise man". You will wish to ask the Foreign and Commonwealth Secretary for his ideas on this point. His officials have suggested Lord Briggs. He is of course an established authority on broadcasting: is he too close to it to be sufficiently objective? What about Lord Blake?

(d) Is there a risk that the "wise man" proposal might lead to a recommendation for unchanged or even increased expenditure? This is always a risk when any public expenditure field is considered in isolation but at worst the Government's position would be buttressed by a weighty outside opinion.

CONCLUSION

5. In the light of discussion on these points, the Committee should decide whether the Foreign and Commonwealth Secretary should be invited to pursue his proposal to appoint a "wise man" to review the possibilities of finding economies in the BBC External Services. If the answer is that he should, then



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the Foreign and Commonwealth Secretary could be invited to circulate for the information of his colleagues (and clearance out of Committee) his proposals for the choice of the "wise man", the terms of reference, and the timescale for his task.

RA

(Robert Armstrong)

25th January, 1980

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LONDON

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Broadcasting

10 DOWNING STREET

From the Private Secretary

22 January, 1980.

BBC External Services

The Prime Minister has seen the Chancellor of the Exchequer's letter to the Foreign and Commonwealth Secretary of 17 January on this subject. She has commented on the suggestion that a "wise man" should be appointed that she sees no need to investigate or review the external services in this way.

I am sending copies of this letter to the Private Secretaries to the members of OD.

M. O'D. B. ALEXANDER

G.G.H. Walden, Esq.,
Foreign and Commonwealth Office.

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JS



Prime Minister

(2)

You may wish to have a word with the Foreign Secretary about this.

Treasury Chambers, Parliament Street, SW1P 3AG
01-233 3000

Phinds
17/1

17 January 1980

Dear Peter

I see no need to investigate or review these services in any way. Not

OD(80)1 : BBC EXTERNAL SERVICES

I have serious misgivings about your suggestion that a "wise man" should be appointed to review the possibilities of finding economies in the External Services. I do not see what fresh insight such a man, however wise, could bring to the problem. Few issues can have been considered so thoroughly - by Ministers, officials and technical experts - in recent months. Moreover, it seems to me unlikely that the BBC could be brought to co-operate with a "wise man" unless he had a free hand to restore the cut in whole or in part. We should in effect have delegated the decision to him in accordance with (as you say) "whatever he may recommend".

We have agreed that a cut of £2.7 million in each year is justified. I accept that it is politically difficult to implement, but so are most of our public expenditure decisions. In this case we are faced by a considerable lobby, organised by the BBC. I am quite sure that we should not surrender to it. So, even if you really are convinced that the whole of this reduction cannot be made, I hope you will agree that most of it should; in which event, of course, the residual amount would have to be found from elsewhere in your Votes.

We must decide very soon on the figures and text for the next White Paper on public expenditure. An early discussion of this issue is obviously essential.

I am sending copies of this letter to other members of OD.

(GEOFFREY HOWE)

The Rt. Hon. The Lord Carrington, KCMG, MC

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vb

Broadcasting

27 November 1979

BBE External Services

The Prime Minister has seen your letter to me of 26 November on this subject. She has commented that the impression has been given that the vernacular services are being kept at the expense of the capital programme; and that if the Government goes back on this there will only be another row.

M.A.

G.G.H. Walden, Esq.,
Foreign and Commonwealth Office.

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ABO

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Foreign and Commonwealth Office

London SW1A 2AH

26 November 1979

(2)

The impression has been given that we are keeping to the vernacular services the expense of the

Dear Michael, capital expenditure Prime Minister if we go back on that - that's what will only be another now.

BBC EXTERNAL SERVICES

You may like to know where we stand on the BBC External Services since the Supply Debate in the Commons on Tuesday 13 November.

A meeting was held under the chairmanship of the Lord Privy Seal and attended by Mr Blaker, Mr Ridley and Mr Hurd on 16 November to decide where we should go from here. Basing their discussions on the Prime Minister's statement (at her meeting in the House on the night of 12 November) that the Government could not agree now that both the vernacular services and the capital expenditure programme should be exempted from cuts in 1981/2 and thereafter, Ministers discussed various options open to them. It was generally agreed that it would be a mistake to eat further into the Capital Expenditure Programme to improve audibility and that the Government's earlier proposal to cut some vernacular services had been the right one from the point of view of the national interest, if not from the point of view of the BBC, Mr Critchley and his friends. FCO officials were instructed to examine possible ways out of this dilemma confronting us and to propose a paper for OD.

While it is tempting to let things rest for a while longer to allow public attention to die down, there are two time constraints which cannot be side-stepped. First FCO and BBC engineers point out that it is now getting very late indeed to place orders for that part of the capital expenditure programme for which financial provision has already been made in 1979/80 and 1980/81. In order to do this, they must have a clear idea of the future sums which will be available for the programme as a whole. An early decision therefore is required on the future financial provisions and time scale for the programme as a whole. Second, the White Paper on Public Expenditure for 1981/82 and beyond is due to be published before the end of this year. Although the figures in the White Paper will be aggregated under departmental votes, the publication of the Government's financial plans will certainly provoke questions in Parliament and elsewhere about their effects on the BBC External Services. Such questions could of course arise at any time.

/At

Michael O'D B Alexander Esq
10 Downing Street

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At some stage a further approach to the BBC will be necessary, but Ministers decided that before there were further talks with them, we should clear our own minds in a discussion in OD. The Secretary of State's paper will be submitted shortly.

*Yours
G G H*

G G H Walden



VB
Broadcasting

10 DOWNING STREET

From the Private Secretary

19 November 1979

BBC External Services

The Prime Minister has seen and was grateful for the Home Secretary's undated minute to her on this subject.

I am sending a copy of this letter to George Walden (Foreign and Commonwealth Office).

M. O'D. B. ALEXANDER

J.A. Chilcot, Esq.,
Home Office.

Handwritten initials

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(2)

Prime Minister

PRIME MINISTER

BBC EXTERNAL SERVICES

Handwritten notes:
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Following our discussion yesterday evening I took the opportunity of speaking to Michael Swann about the BBC's External Services when I met him this evening on other matters.

I explained to him that I had followed the question of the financing of External Services, though in financial terms this must remain separate from the financing of the Home Services. I made it clear that I expected that good sense would now prevail.

I said that I thought the arrangements for 1980-81 were much better now that the vernacular services had been preserved. I noted that the money for this had come from what the BBC had in mind for the capital programme on audibility and for which, though there was PESC provision, the Government had not yet given formal approval.

I told him firmly that I thought there should now be some common sense discussions between the BBC and the Foreign and Commonwealth Office about the allocation of the money available for 1981-82 onwards. I said that I hoped that he could help to arrange these confidentially and sensibly. I pointed out to him that the Corporation might face longer

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term damage if they continued behaving publicly in the way they had done on this matter.

I am sending a copy of this minute to the Foreign and Commonwealth Secretary.

W/L

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2
Broadcasting

10 DOWNING STREET

Prime Minister,

When I mentioned to
you yesterday evening that
Sir Michael Swann had
written to you about Peter
Murray, you said that you
could not remember seeing his
letter.

I attach the letter, ^(8.11.79)
together with the covering minute
which Mike Patterson put
with it. The last paragraph
deals with Peter Murray.

Sorry did not
get to last - full
page in view 15xi
of Murray's CV

This is the conversation that Prime Minister mentioned to you. A copy has gone to the Home Secretary.

RECORD OF TELEPHONE CONVERSATION BETWEEN THE MINISTER OF STATE AT THE FOREIGN AND COMMONWEALTH OFFICE, PETER BLAKER MP, AND THE ACTING DIRECTOR GENERAL OF THE BBC AT 10.30 AM ON 13 NOVEMBER

1. Mr Blaker drew Mr Mansell's attention to the article on page 6 of the Times. Mr Blaker said that he thought it had been agreed at their meeting in the House of Commons on 12 November that nothing would be said to the press about the detail of their discussion. Mr Mansell agreed that this was so. He said that he would speak to Mr Gregson, the Acting Director-General of the External Services, who had obviously inspired the piece. Mr Mansell commented that it did seem nonetheless to be a factual account of their discussions the previous day.
2. Mr Blaker said that his senior colleagues had not agreed to the package they had discussed on Monday afternoon. Mr Blaker reminded Mr Mansell that their agreement had always been ad referendum to his (Mr Blaker's) senior colleagues. In the debate this afternoon he would be unable to make any promises beyond 1980-81. The amount of money available for the BBC in later years would depend on a number of factors including the state of the economy. Mr Blaker said that for Mr Mansell's private information the licence fee would also be relevant. Mr Blaker said he imagined that on the basis that the government could talk only about 1980-81 the BBC would prefer to take the reduction in the grant-in-aid on the capital programme and save the vernaculars. Mr Mansell said that this was correct - for all the reasons that had been trotted out over the last few months. Mr Mansell said that he would not wish to disguise from Mr Blaker that he was hardly delighted with his news. He asked if Mr Blaker would be prepared to talk about the importance the government attached to improving audibility. Mr Blaker said that he was prepared to do so but would have to qualify any statement on this subject with reference to the state of the economy.
3. Mr Mansell then referred to the problems of phasing capital expenditure. Decisions taken for 1980-81 would be relevant to spending in subsequent years unless of course the government was prepared to accept a position whereby projects were started and then halted before conclusion. Mr Blaker and Mr Mansell agreed that Mr Mansell's letter of 12 November provided a great deal of helpful and relevant information.
4. Mr Mansell also said that he sincerely hoped the BBC would not find themselves with the same difficulties that they were now experiencing later on. The uncertainty would have a damaging effect on morale.
5. Mr Blaker asked Mr Mansell if he would refrain from passing on details of their conversation until at least just before the debate. He would not wish Mr Mansell to talk immediately to his colleagues. Mr Mansell's response was equivocal. He noted that the government might now find themselves in a politically difficult situation.

6. Mr Blaker subsequently had a word with Mr Julian Critchley, MP. He explained that in the debate he would talk only about 1980-81. He would say that the vernacular services would be preserved. He would also point out that even after the reduction there would be an increase in spending on the BBC's external services of around £5 million in 1980-81 compared with the current financial year. What happened after that would depend on further discussions and circumstances at the time. Mr Critchley said he assumed from what Mr Blaker had just said that the Treasury had not agreed to the proposals as described in the Times. Mr Blaker said that the position was that the government could not commit themselves beyond 1980-81. Mr Critchley said that this was a pity because the deal that appeared to have been struck was a good one. Mr Critchley said he assumed that the government's tactic would be to accept the Opposition motion. Mr Blaker confirmed that this was so. Mr Critchley said that he thought he could give a guarded welcome to the government's proposals, they were alright as far as they went, they kept the position open for later years. He would make a five-minute speech.

Distribution

PS
PS/LPS
PS/Mr Ridley
PS/Mr Hurd
PS/Mr Blaker
PS/PUS
Sir E Youde
Lord N Gordon Lennox
Mr McQuillan, IPD
Mr Streeton, Finance Dept

THE TIMES 13. NOVEMBER 1979

Cuts plan will defer crisis, BBC chief says

By Roger Berthoud

Ideas for rephasing capital expenditure that would come near to providing the £2.7m cut in annual expenditure demanded by the Government—but only for the first two years—were yesterday submitted by the acting head of the BBC's external services to the Foreign and Commonwealth Office.

Mr Robert Gregson, who went to the FCO with Mr Gerard Mansell, at present acting director general, said that cutting the capital spending required to maintain audibility would at least postpone the crisis threatened by the Government's original plan to close seven of the BBC's 38 foreign language services.

But he pointed out that the capital expenditure programme was considered absolutely essential to renew and replace the service's predominantly wartime transmitters; £20m had been earmarked for this by the Labour Government for a five-year programme.

The Government originally proposed to cut the external service's annual expenditure by £4m.

Both the reduction to £2.7m and the subsequent switch to capital expenditure came after a threatened rebellion by Conservative backbenchers, 115 of whom signed a motion against the cuts.

That was then adopted by the Opposition and tabled for debate today.

It is expected that the Government will accept it as an amendment.

Lord N Gordon Lennox
Minister

BBC EXTERNAL SERVICES: MR GREGSON

1. Mr Gregson telephoned at about 1.30 pm to ask about the form of words agreed between Mr Blaker and Mr Ridley and Mr Mansell and Mr Gregson at the meeting in the House of Commons at 4.00 pm on 12 November.
2. I reminded Mr Gregson that this 'agreement' had been subject to the agreement of Mr Blaker's senior colleagues. Mr Gregson interjected to say that he supposed Ministers were not renegeing on their agreement with the BBC that the capital expenditure programme would be completed in six years. I told Mr Gregson that my notes of the meeting were precise and detailed: there had been no agreement and if he, Mr Gregson, were now to spread it about in public that FCO Ministers were renegeing on an agreement the BBC's relations with the Government would be bound to suffer. I told Mr Gregson that it was crystal clear at our meeting yesterday that the whole thing had been subject to the approval of Mr Blaker's senior colleagues. I then asked Mr Gregson if Mr Mansell had been in touch (Mr Mansell had agreed to speak to Mr Gregson about the article in today's Times). Mr Gregson said that he had not. I then drew Mr Gregson's attention to the article in The Times and said it looked as though information about the meeting with Ministers yesterday had leaked. Mr Gregson vehemently denied that he had anything to do with this. He said that he had spoken to The Times before the meeting yesterday afternoon but not after it. I conceded that it would have been possible for The Times to put the article together on the basis of information received before the meeting.
3. Mr Gregson was most disagreeable and said that he would be 'briefing the Labour Party'.

13 November 1979

C A Munro
C A Munro
PS/Mr Blaker

PS/Mr Ridley
cc: Lord N Gordon Lennox
Mr McQuillan, IPD

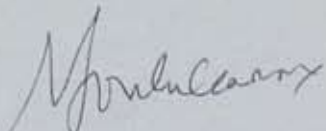
Minister:

1. Mr Munro reported this to me over the lunch hour. I thought it right to telephone Mr Mansell as soon as possible, and was able to get hold of him at 2.45 pm this afternoon.

2. I reported what Mr Gregson had been alleging, and said that this was quite contrary to the understanding reached at last night's meeting. This was that our agreement to the formula discussed was ad referendum to Mr Blaker's senior colleagues. If Mr Gregson was going to start taking this line in public, he would do his own relations with the Government great damage, and those of the BBC also. I hoped Mr Mansell would be able to speak to him firmly about this. I added that I would much rather than Mr Gregson received details about what was now proposed from Mr Mansell himself, rather than from us. Perhaps Mr Mansell would be able to speak to him on the lines of the conversation he had had with Mr Blaker earlier today.

3. For once, Mr Mansell did not attempt to argue back. He said that he had not spoken to Mr Gregson today. His intention was to speak to him shortly before the Debate, as agreed with Mr Blaker. He could now understand why Mr Gregson had been trying to contact him urgently, and he would speak to him as soon as possible. I urged him to do so as strongly as he could and for him not to repeat the canard he had earlier floated with us. Mr Mansell said he could not understand where Mr Gregson's information had come from. It could not have been anyone on the BBC's side. I said I had no idea. Perhaps Mr Gregson had been acting on surmise. If so, that made the business all the worse.

13 November 1979


Lord N Gordon Lennox

cc. Mr. Ridley

Mr. McLintock

PS/PJS

Andy Clerk



Broadcasting
JCS

cc Master Let

10 DOWNING STREET

From the Principal Private Secretary

13 November 1979

Dear Munro,

BBC External Services

The Prime Minister met your Minister at 2330 last night in her room in the House of Commons to discuss his minute of 12 November to her. The Chief Whip, the Financial Secretary and Mr. Ridley were also present. The Chancellor of the Exchequer joined the meeting subsequently.

Your Minister said that the formula which he and Mr. Ridley had agreed with Mr. Mansell earlier in the evening was the best they could negotiate with the BBC. There was no denying that it would sound as though the BBC were laying down its terms. The fact was that Mr. Mansell knew that there were 90 Conservative backbenchers who were on his side and if he had a mind to, he could get them to apply pressure on the Government. Mr. Ridley said that the BBC were seeking a bargain under which they kept intact all their vernacular services and their capital programme while accepting no more than a rephrasing of the latter which would make it possible to say that there had been a cut in their programme of £2.7 million in 1980/81. There was no doubt that if the Government were seen to subscribe to this form of words, it would be regarded as a serious breach of its approach to public expenditure generally. But the fact was that the BBC, with 90 Conservative backbenchers supporting it, was in a very strong position. The choice before the Government was whether it was going to be defeated on a vote or be defeated by giving way.

The Chief Whip said that he believed that the Government had to accept the Motion on the Order Paper or else it would be defeated. The Home Secretary had said that if we found ourselves in difficulties with the BBC over external services, he would call in the Chairman of the Governors.

The Financial Secretary said that the formula agreed with the BBC was totally unsatisfactory. If it was used it would be said that the Government was not serious in its attempts to restrain public expenditure. Acceptance of the BBC's case meant conceding £11 million over five years. In particular he could not go along with a commitment on the part of the Government to find the necessary money in the years after 1980/81 to complete the audibility capital investment programme. He did not believe it right that the Government's freedom of action should be constrained in this way. As the Motion now stood, it could be read as being open-ended and not confined only to 1980/81. He could however

/accept the

CONFIDENTIAL

accept the Motion on the understanding that it meant that there would be no cut in real terms below the present level of expenditure of £40.3 million in the current year.

The Prime Minister said that the Government could not agree now that both the vernacular and capital expenditure should be exempted from cuts in 1981/82 and thereafter. The fact was that the BBC external services programme as a whole was receiving far more favourable treatment in 1980/81 than many other public expenditure programmes. The increase between the present year and next year would be £4.9 million or 12 per cent, and this fact needed to be got home to Government backbenchers. When she had explained the position recently to the Executive of the 1922 Committee, nobody had demurred. The Government could not enter any commitment beyond 1980/81. We could accept the Motion as it stood on the understanding that it applied only to next year. The debate the following day should be handled on that basis.

I am sending copies of this letter to Tony Battishill (Chancellor of the Exchequer's Office), Murdo Maclean (Chief Whip's Office) Stephen Locke (Financial Secretary's Office) and Ken Temple (Mr. Ridley's Office, Foreign and Commonwealth Office).

Yours sincerely,

Sheila Whittaker

C.A. Munro, Esq.,
Foreign and Commonwealth Office.

CONFIDENTIAL



13. 11. 79

Clive


This came in like
this last night from
Peter Blaker's Office

Page

None of us, and I repeat none of us, doubts the value of the BBC External Services. Our overseas broadcasting is one of the things we do well, and the many tributes which my colleagues and I have received in the last few months from both sides of the House, and many other people in public life, are eloquent of this. Generally I believe ^{of the External Services} their reputation for impartiality is amongst the highest in the world.

If economic circumstances were better, the arguments of the past few months ^{might} would never have arisen, and there ^{might} would have been no need for this debate. But the facts are as they are and I must remind hon. members of the context ⁱⁿ which the Debate takes place. Under the Labour Government the growth of public expenditure was linked to economic growth. The economic growth did not take

/place



place. The result was that Labour's spending plans were wildly out of line with what the country could afford. My right hon. Friend the Prime Minister spelled out the seriousness of the present situation in her speech at the Guildhall last night. As my right hon. Friend the Chancellor of the Exchequer has pointed out Labour's spending plans for next year would have meant raising the basic rate of income tax to 40p in the £ and VAT to over 20%.

The review of public expenditure which the Government ^{set under way} ~~initiated~~ shortly after taking up office in the spring of ~~this~~ year, and in which the BBC External Services, ^{have been involved,} ~~together~~ with many other Government Departments and organisations which are financed by the taxpayers' money, ~~have been involved~~ is an essential part of the Government's strategy


/to hold



to hold total public spending at its present level in volume terms for the time being.

The Chief Secretary in the previous Administration has acknowledged that even a Labour Government would have had to make cuts in their planned expenditure. This is what he said in his article in the Guardian newspaper on 25 September: "there are no miracles left. We have to face the unpalatable fact that with, at best, low rates of economic growth, and at worst, nil or even negative growth, public expenditure cuts will be necessary." The previous Chancellor recognised the need for cuts at the time of his last Budget. The Leader of the Opposition said as long ago as 1976 that public spending should take a falling share of the nation's output.

/That is



That is the background. The Government has given a great deal of thought to the implications of the public expenditure review for the BBC External Services. They recognised that the BBC External Services play an important role for this country and fill it well but, such is the overriding need to control public expenditure, that the Government decided after taking everything into account that it could not exempt the BBC External Services from its Review.

Discussions with the BBC have been taking place in recent months. The BBC quite ^{legitimately} ~~properly~~ took the view in ^{these discussions} ~~the consultations~~ which ~~took place between the ECO and the management of BBC External Services~~ that it was not for them to volunteer where economies could be found in their organisation, as the Licence and Agreement clearly places that onus

/upon the

upon the Foreign and Commonwealth Office. The
Government ^{was} ~~was~~, therefore, faced with some
unpleasant choices. There was no obvious
candidate for economies. In the circumstances,
the Foreign and Commonwealth Office, proposed
a list of seven foreign language services
whose loss they considered to be the least
damaging to the overall national interest.
These I described in my statement to the House
on the 2nd of November. Lesser adjustments
were also envisaged to the capital expenditure
programme and to transcription services.
That statement made it perfectly clear, as
the BBC have known for many months, that there
will be no cuts to the BBC's world service
in English. None in the languages of the
countries of Eastern Europe and the Soviet
Union. None in the languages of the vast
majority of the developing world.

/I regard




I regard the BBC, as I hope all Members do, not as a political football to be kicked around for Party advantage but as a national institution and a matter of national concern. Our proposal that the main economies should be found in some of the foreign language services was certainly not a partisan one, but was consistent with the priorities expressed by the previous Administration in the White Paper on Overseas Representation published in August 1978, from which I quote:

'Cuts can however be made in some of the vernacular services. The pattern of vernacular services should not be regarded as immutable'.

The House will note with interest that the amount by which we proposed to reduce spending on the vernacular services, £1.7 million, exactly coincided with the sum by which, according


/to Baroness Llewelyn



to Baroness Llewelyn Davies, speaking from the Front Bench for the Opposition in another place on 26 July this year, the previous Administration were proposing to cut foreign language services.

I would remind hon. members of the financial provision for the BBC's External Services in 1980/81, which has been central to discussions we have had with the BBC for the past few months. The provision for 1980/81 in fact involves a very large increase on the provision for this year. The latter was £40.3 million, and in 1980/81 it will be £45.2 million on the same basis. This is an increase in real terms of £4.9 million, or some 12 per cent. And this very large increase occurs after a reduction of £2.7 million on the plans which we inherited from the previous Government. No Department of the

/United



United Kingdom Government can claim to be doing
as well in 1981 as the BBC External Services.

A 12 per cent increase in real terms is four
times the ^{percentage} increase in the provision for the
Ministry of Defence. Roads and Transport,
Housing, Education, all have to face reductions
The Foreign and Commonwealth Office itself
faces the closure and reduction of 23 overseas
posts. The British Council have accepted
economies in real terms of over £5 million in
their planned expenditure for 1980/81. Further
reductions in Civil Service manpower,
including that of the Diplomatic Service, are
being considered by Ministers in the context
of the Review put in hand by my right honourable
and noble Friend the Lord President. The BBC
External Services are exempt from this Review,
which will apply to all Central Government
Departments.

/Against this

There was clearly
strong support
for the retaining
all the foreign
language services.

Against this background, the House will recall my statement of 2 November and the feelings which hon. members expressed on that occasion. The Government took note of the feelings expressed then, and elsewhere, and concluded, in consultation with the BBC, that it would be preferable to leave the ^{foreign language} vernacular services intact for 1980/81 and to look for economies in the capital programme to improve audibility instead. Under the plan inherited from the previous Government, the capital programme to improve audibility envisaged capital expenditure of £7.8 million in 1980/81.

Our revised plan envisages capital expenditure for that year of £5.1 million, still a very substantial sum by any yardstick. Any reduction is regrettable, as the BBC will be the first to admit, but I would emphasise to hon. members that over £5 million, and I

repeat that figure, will be available . . .
next year for projects to improve audibility.
I would like to add a word about the audibility
programme. Of course we recognise the
importance of audibility. I know very well
that other countries are boosting the power
of their transmitters, and this will in due
course become a problem for us. I think
it right to add that judging from the audience
figures now claimed for the BBC External
Services, which are very large, most of
their services must be pretty audible now.
But we will continue to bear in mind the
importance of the audibility programme.

To sum up, in 1980/81 there will be no
cuts in the vernacular services or to the
World Service. Audibility will be improved
and overseas listeners will begin to reap
the benefits. The BBC External Services

/are not

are not going into decline; on the contrary their services will be improved. As regards the years beyond 1980/81, these will be *the* subject of further discussions between the Foreign and Commonwealth Office and BBC officials. For 1980/81, far from there being a cut, there is to be an increase in real terms in the BBC's spending next year. I recommend my hon. Friends to accept the Motion.

Seen by the Prime Minister.
 ARL
 12xi

Prime Minister

1. Nicholas Ridley and I had a meeting this evening with Mansell, the Acting Director General of the BBC and Gregson, the Acting Director of the BBC External Services. At this meeting we resumed our discussion of last week about the possibility of rephrasing the BBC's capital expenditure programme for audibility as a means of maintaining the vernacular services.

2. After considerable discussion, Mansell said he would agree to the following formula, which I emphasised would require the approval of senior colleagues.

'The BBC regrets the need to defer completion of the capital investment programme for improved audibility. The programme, which is already behind schedule, has been regarded as essential by successive governments.

In view of the overriding need for economies in public expenditure the BBC are prepared to accept a plan to rephrase the audibility capital investment programme, so that it will be completed not more than two years later than previously planned.

The BBC welcomes the commitment by the Government that money will be made available to complete the programme. The BBC also welcomes the fact that their external broadcasting services, including the World Service and all vernacular services, will be maintained intact at their present level.'

3. This is the best deal we could get which the BBC will publicly accept. The formula has the advantage of making it possible to escape from an extremely difficult position in Parliament tomorrow, by enabling us to accept the motion put down by the Opposition, that there should be no cut in the spending of the BBC External Services.

/(The £2.7 million

£2.7 million saving in 1980/81, which the BBC have told us they will make, can be correctly described as a reduction in a higher planned level of expenditure rather than a cut.) It makes it clear that the Vernacular Services and World Services will remain intact and that the capital expenditure programme for audibility will go ahead, although taking rather longer to implement than originally planned.

4. I do not want to minimise the disadvantages. There is no commitment to a reduction of £2.7 million beyond 1980/81. The Chancellor's agreement will be needed to make up the £2.7 million re-phased from 1980/81, and also to restore the £2.7 million to the BBC's Grant-in-Aid for subsequent years, to honour our promise that the audibility programme will be completed and to avoid cuts in the vernacular services. Peter Carrington takes the view strongly that the Foreign and Commonwealth Office cannot be expected to provide this money.

5. The alternative is to maintain our demand for recurrent reductions of £2.7 million throughout the PESC period and go down to likely defeat in Parliament tomorrow. Which of these alternatives is better is not for Nick Ridley and me to say.

6. Prior to our meeting with the BBC, I had consulted Willie Whitelaw about the idea, which originally came from Sir Michael Swann, that £1 million might somehow be saved by means of a greater degree of rationalisation between the BBC's domestic and external services. I also consulted Francis Pym about the possibility of the defence vote meeting the whole cost of the BBC's monitoring services: the Ministry of Defence at present pay approximately 20% (£0.8m) of the total expenditure (£3.8 million) on this service, the rest falling on the FCO's grant-in-aid. Both Ministers sympathised with our predicament, but made it clear that, given the pressures on their own votes, solutions along these lines were not possible.

Peter Blaker

(Peter Blaker)

12 November 1979

Distribution:

Foreign and Commonwealth Secretary
Chancellor of the Exchequer
Home Secretary
Secretary of State for Defence
Lord Privy Seal
Chief Whip
Financial Secretary to The Treasury
Parliamentary Private Secretary to The Prime Minister
Sir Michael Palliser
Sir Edward Youde
PS/Mr Ridley



10 DOWNING STREET

From the Private Secretary

12 November 1979

Thank you for your letter of 7 November, in which you set out the Home Secretary's view on the suggestion that some part of the costs of BBC's external services might be met by switching funds from domestic broadcasting.

The Prime Minister has noted the Home Secretary's conclusion that the present distinction is a proper one, and that amendments to the Licence and Agreement would probably be necessary if any change to be implemented.

For the present, this proposal can be set aside in view of the discussions on rephasing of capital expenditure which are taking place between the Foreign Office and the BBC.

I am sending a copy of this letter to George Walden at the Foreign and Commonwealth Office.

M. A. PATTISON

[Handwritten signature]

John Chilcot, Esq.,
Home Office.



10 DOWNING STREET

From the Private Secretary

9 November 1979

BBC EXTERNAL SERVICES

I enclose for your records a copy of the line which the Prime Minister would have taken in the House of Commons yesterday afternoon had a Question been put to her about the BBC External Services. I understand that the Leader of the House read this text more or less verbatim to the Lobby yesterday evening.

M. O'D. B. ALEXANDER

G. G. H. Walden, Esq.,
Foreign and Commonwealth Office.

VUB

BBC EXTERNAL SERVICES

Line to take:

I have been into this matter in some detail.

This year the provision for the BBC External Services is £40.3 m. and next year it will be £45.2m. on the same price basis. That is an increase, in real terms, of £4.9m., or some 12%. Moreover, expenditure next year on capital projects, mainly the improvement of audibility, will be £7.1m. That is four times this year's expenditure. The programme is due to continue at a similarly high level for some years.

These figures represent by any standards a high rate of growth. Although the revised provision is not as much as the BBC would like, the External Services are in fact receiving exceptionally favoured treatment in present circumstances.

The BBC have all along been reluctant to express any view on the priorities within the budget for the external services. But Ministers had a meeting yesterday with the Acting Director General of the BBC to discuss whether a way could not be found to maintain all the vernacular services within the revised provision. I am glad to say that it was agreed at that meeting to explore jointly ways of rephrasing the Capital Expenditure Programme as a means of achieving the necessary savings. I hope that in this way it may prove possible to maintain all the vernacular services.

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Broadcasting

Line approved for ^{her} use by Prime Minister at Questions on 8 Nov. Not used but used by Leader of the House with the Lobby that evening.

to Prime 9/11

PRIME MINISTER

This is Michael Swann's "thank you" letter after your talk with him.

His point about news of that meeting is somewhat disingenuous: it was mentioned at the Lobby only after we had heard from the BBC that they would have a photographer at the door filming Sir Michael's arrival.

The BBC's 9 o'clock news this evening took about five minutes over the story on the IRA at Carrickmore, much of it taken up with the Panorama team's justification. The same bulletin also referred to discussions going on to preserve the seven vernacular services, and referred to the intention to impose cuts in the external services financing despite this.

MAJ

and

8 November 1979

Peter O'Rourke is not
 "delighted". But let the matter
 rest there for the time being.
 and

CHAIRMAN

SIR MICHAEL SWANN, F.R.S.

PPS in Private office

BROADCASTING HOUSE

LONDON W1A 1AA

01-580 4468

8th November 1979

Dear Mrs Thatcher,

Can I thank you most warmly for sparing so much time the other day for things that must be amongst the least of your worries.

I'm sorry that the fact of the meeting leaked into the Press - the more so in that I had told our people that I wanted nothing said about it. But for once it seems not to have been our fault. The meeting was evidently mentioned at a Lobby briefing, whereupon Lobby Correspondents started ringing up, relating it to the External Services cuts. I think our Press Office was rather thrown by this, but answered reasonably sensibly in the circumstances.

Thank you for listening so sympathetically to our various financial woes. We really do think that we are in for terrible trouble over the ITV pay rise. It is going to put quite lowly people almost on a level with our 5 Directors. And unless there is something to offset the monopoly i.e. competitive advertising or a recasting of the levy, or both, I can see nothing but decline ahead. The facts of the levy are that increased expenditure - on salaries, Morecambe and Wise, Olympics, or what have you only cost the companies 17%. No wonder we are always outbid.

Thank you also for listening about the External Services. I already realise you have asked some relevant questions, and I am most relieved, and grateful, that the cuts to the vernacular services may yet be avoided. Mansell has had discussions with the F.C.O. already, and will have more. There are difficulties, not least with my Board of Governors. But I believe a way can be found.

Last of all, you asked about Pete Murray. I have made some infinitely discreet enquiries - so discreet indeed that I may not have the full story. But it appears that he sat on the platform on 29th April, and made a speech very critical indeed of the Labour Party. There is however an old, and very firm rule, that staff, or regular presenters, are not allowed to engage in political activity (left, right or centre). So he was indeed reprimanded, and quite rightly I think. But it isn't true that he has been punished by not being used since the affair. On the contrary, in place of "Open House", which I gather he felt he'd had enough of, he is going to do a 3½-hour

programme on Saturday mornings, and a 3½-hour one on Sunday mornings, and he is reported to be delighted.

Yours sincerely

Michael Swann,

The Rt. Hon. Mrs. Margaret Thatcher, M.P.,
Prime Minister,
10, Downing Street,
London,
S.W.1.

P.S. I, and the Governors are furious at
Lime Grove's latest escapade.
Deliberate flouting of our rules, I think.
Some people - its not quite clear who as
yet - look like getting into deep trouble.

CONFIDENTIAL

BBC EXTERNAL SERVICES

BRIEF FOR PRIME MINISTER'S QUESTIONS:
THURSDAY, 8 NOVEMBER

BACKGROUND

1. At the meeting last night between Mr Blaker and Mr Ridley, and Mr Mansell, the Acting Director-General of the BBC, Ministers made it clear that there could be no new money for the BBC External Services. They enquired whether it would be possible to meet the savings required by means other than cutting the vernacular services. In the discussion that followed various means were aired including the financing of the capital expenditure programme by private sector borrowing or by leasing arrangements. Mr Mansell took note of these suggestions, could offer no immediate comment, but said he would investigate them further with his experts. The only solution which offered an immediate way out of the impasse was the rephasing of the capital expenditure programme which the BBC readily accepted. Broadly this would involve reducing the provisions for capital expenditure in 1980/81 and 1981/82 by £2.7 million and extending the programme for a further two years. The point was raised by the BBC where £2.7 million savings would be found in 1982/83 and thereafter. Ministers said that this was a matter for discussion; various ideas had been floated such as a closer working relationship between domestic and external services. It was agreed that these were complicated matters which would take time to resolve, and that the rephasing of the capital programme offered the best means of a breathing space during which alternative solutions could be studied.
2. The part of the line to take which concerns last night's discussions has been cleared with the BBC.

BBC EXTERNAL SERVICES

Line to take:

I have been into the relevant figures in some detail.

This year the PESC provision for the BBC External Services is £40.3 million and next year it will be £45.2 million on the same price basis. That is an increase, in real terms of £4.9 million or some 12 per cent. These figures represent by any standards a high rate of growth.

In the light of recent exchanges, Ministers held a meeting yesterday with the Acting Director-General of the BBC to discuss whether all the vernacular services might be maintained by finding savings elsewhere. I am glad to say that there was agreement to explore the possibilities of rephasing the capital expenditure programme as a means of achieving the necessary savings, and discussions are continuing to this end.

SUPPLEMENTARIES

1. Q. What are the provisions in the existing 1979 PESC for the capital expenditure programme to improve audibility?

A. A sum of £23.5 million (1979 Survey Prices) has been included in the current Public Expenditure Survey Programme for capital expenditure by BBC External Services. Most of the sum is earmarked for new or improved transmitters to enhance the audibility of External Services. There is also an element (5.3%) for continuing modernisation of Bush House. Financial details are as follows.

£ million	1979 Survey Prices					
	1979-80	1980-81	1981-82	1982-83	1983-84	
Capital	1.8	7.8	6.2	4.3	3.3	23.5 (rounded)
Recurrent Costs	0.1	0.3	0.9	2.1	2.7	

In the year 1984-85, capital expenditure of £1.8 million is required to complete the audibility programme at a total capital cost of £25.3 million; when the programme is complete, recurrent costs will be £2.8 million (all at 1979 Survey Prices).

2. Q. Will not this affect plans for improving audibility of the BBC External Services?

A. I place a high priority on the maintenance and where possible the improvement of the audibility of the BBC External Services. Despite rephasing, audibility will be steadily improved. It will simply take us a little longer to achieve the level of improvement desired.



CONFIDENTIAL

13

BBC EXTERNAL SERVICES

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HOME OFFICE

QUEEN ANNE'S GATE LONDON SW1H 9AT

7 November 1979

1. Mr Alexander
2. PRIME MINISTER

Mr Whitelaw sees no real scope for switching Home Service funds to External services.

For the present, this is overlapped by discussions on re-phasing of capital expenditure. M.A. 8/81.

Dear Mike,

I understand that when Sir Michael Swann, the Chairman of the BBC, saw the Prime Minister on Friday he indicated that, given a free hand with its priorities, the BBC would like to use some of its Home Services income on the External Services.

We do not believe that this is possible under the terms of the BBC's present Licence and Agreement dated 7 July 1969 (Cmd 4095). That document clearly states in Clause 16 that the revenue for the purposes of the Home Services shall be derived from monies provided by Parliament, being a sum equal to the net licence revenue or such lesser percentage as the Treasury may determine and in Clause 17 that the Minister shall finance the External Services out of the monies provided by Parliament. An amendment to the Licence and Agreement would require Parliamentary approval.

We believe that in principle the present distinction is a proper one. The Home Secretary determines the level of the television licence fees and hence the level of income for the Home Services. The Foreign Secretary determines the level of the vote for External Services. Any transfers between these two sources of income seem to us unjustifiable because the aims of the two types of expenditure are different and are differently supervised by Government. Nor can we readily see by what criteria the Licence and Agreement ought to be amended.

If, however, the Government and the BBC were to agree that it was appropriate to change the boundary between Home and External Services of the BBC because some element now paid for by the External Services should more properly be attributed to the Home Services, then it might not be to the interests of any third party to question the change, though we would need to consider whether an amendment to the Licence and Agreement was necessary in the particular circumstances of what was proposed.

/The Home Office is

M A Pattison Esq

The Home Office is not, however, aware of any expenditure on the External Services Vote which should more appropriately be treated as Home Services expenditure at the present time. (The fact that the World Service is more extensively audible in this country since the wavelength changes is only a temporary phenomenon. Moreover, if it were once admitted that the World Service or part of it was directed to the United Kingdom, then additional royalties would have to be paid to BBC staff, making the cost of the service more expensive.) There could be difficulties of public presentation since it would be bound to be thought more than a coincidence that the BBC should have discovered the virtues of any such change just at the time when they were being required to save £2.7 million on the External Services. Moreover, the Home Secretary would at the very least have to be satisfied that there would be a real reduction of expenditure of £2.7 million on the Home Services in 1980-81 so that he could say, and demonstrate, that neither the amount nor the timing of future fee increases was affected. It would not in fact be easy to find savings of this amount even on the Home Services since the BBC already have several uses for every extra £ they can get. Thirdly, any such transfer of services and resources would be irreversible.

Yours,
John

(J A CHILCOT)

7/4/79



Mr Alexander

With the compliments of

THE PRIVATE SECRETARY

George Walden

FOREIGN AND COMMONWEALTH OFFICE
SW1A 2AH

for
Am

A

In the light of recent exchanges,

~~I~~ had a meeting ~~held~~ ^{discussed} yesterday
 Ministers ~~have~~ ^{talked} with the Acting Director General
 of the BBC, Mr G E H Mansell, ~~and have discussed ways~~ ^{rather than as it would not be possible}
~~of maintaining~~ ^{to discuss whether} all the vernacular services ^{and not be maintained} within the
 Government's ~~reduced~~ ^{revised} PESC provision. The problem is
 largely owing to the peaking of capital expenditure
 in 1980/81 and 1981/82. ^{I am glad to say that} It was agreed ^{at that meeting} that we would
 explore jointly ways of rephrasing ~~the commitment and~~
~~financing~~ of the Capital Expenditure Programme ~~to see whether there were~~
~~together with~~ any savings which the BBC External
 Services ^{might} ~~may~~ be able to find elsewhere. I hope that
^{in this way} ~~as a result~~ it may prove possible to ~~to~~
 maintain the existing vernacular services, ~~without~~
~~additional expenditure.~~

A



Foreign and Commonwealth Office

London SW1A 2AH

kg. Am

7 November 1979

②

Sean Michael

*Pamie Minister
The end of the chapter, 1 hope.*

PUBLIC EXPENDITURE CUTS: BBC EXTERNAL SERVICES

mb Am 7/11

In his letter to the Prime Minister of 27 October about the BBC External Services, the Lord Privy Seal said that the BBC French Service broadcast only 45 minutes a day to African countries. As you have already been told this was incorrect. The figure should have been 3 3/4 hours a day (the comparable figure for French to Europe is 2 3/4 hours per day).

The mistake was corrected before Mr Blaker spoke in the House on 2 November, but it had been mentioned in unattributable briefing by an FCO spokesman the previous day and picked up, presumably from a press contact, by Mr Julian Critchley who mentioned it in the course of the Adjournment Debate.

The Lord Privy Seal has asked me to say how much he regrets this serious mistake, which arose from a misreading of information supplied to us by the BBC. Those concerned have been left in no doubt of the serious view taken of this error. Fortunately, Parliament has not been misled. But the Lord Privy Seal wishes to apologise to the Prime Minister and his other colleagues concerned.

*Gene Am
Michael*
M J Richardson

M D O'B Alexander Esq
10 Downing Street
London SW1

cc: PS/Chancellor of Exchequer
PS/Home Secretary
PS/Secretary of State for Trade

Mich Sanders.

no 10.



With the compliments of

FOREIGN AND COMMONWEALTH OFFICE

LONDON, SW1A 2AH

As agreed with Geo Walden,
I shall ring you not
later than 18.20 hrs to night
to let you know how
the meeting goes. You may
like to see the brief
(attached) in advance.

Brian Quinlan

COVERING CONFIDENTIAL

Spare

kg. Shunt

PS/Mr Blaker

PUBLIC EXPENDITURE CUTS: BBC EXTERNAL SERVICES

/ I attach a Background and Argument together with Speaking Notes for Mr Blaker's and Mr Ridley's meeting this afternoon with Mr Mansell of the BBC. The brief has been cleared with Treasury and Communications Engineering Department of the FCO.

W R McQuillan

W R McQuillan
Information Policy Department

7 November 1979

cc PS/Mr Ridley
Lord N Gordon Lennox
PS/PUS
Private Secretary
Mr Ferris, Finance Dept
Mr T Matthews, HM Treasury

COVERING CONFIDENTIAL

CONFIDENTIAL

LINE TO TAKE

1. Ministers will wish to begin by spelling out to Mr Mansell, as directed by the Prime Minister, that:-
 - (a) The Government can provide no more money for the BBC; and
 - (b) If the BBC wish to suggest that vernacular services should be restored at the expense of the Capital Expenditure Programme, the Government will not raise objections.
2. Ministers will then wish to invite comments from Mr Mansell. If he declines to offer any, they may wish to float the idea of finding permanent savings of £0.3 million annually from transcription services, as the BBC have been previously informed, and finding the remaining £2.4 million by a rephasing of the Capital Expenditure Programme as outlined in paragraph 6 of the Background and Argument.
3. If Mr Mansell should enquire where the Government expect to find economies in the years 1983/84 and thereafter, Ministers may wish to say that by that time they would hope to have explored in detail the suggestion put forward by the BBC of finding economies by means of a closer relationship between Domestic and External Services.

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BACKGROUND AND ARGUMENT

PUBLIC EXPENDITURE CUTS: BBC EXTERNAL SERVICES
MEETING BETWEEN MR BLAKER AND MR RIDLEY AND MR MANSELL
7 NOVEMBER

1. The Prime Minister has asked Mr Blaker and Mr Ridley to see Mr Mansell to discuss expenditure on the BBC's External Services, specifically to tell Mr Mansell:-
 - (a) The Government could provide no more money for the BBC, but;
 - (b) If the BBC wished to suggest that vernacular services should be restored at the expense of the Capital Expenditure Programme the Government would not raise objections.
2. The immediate political objective of the meeting is to enable the Prime Minister to make an early statement in Parliament on the lines of the attached Line to Take and thus to abate the outcry against proposed cuts to the vernacular services.
3. In the course of official discussions with the BBC about public expenditure cuts, the BBC have consistently refused to volunteer any economies whatsoever and have emphasized that it was the FCO's responsibility to tell them where cuts should be made. In taking this line the BBC were adhering closely to paragraph 13.5 of the Licence and Agreement which makes it clear that the onus for telling the BBC External Services what languages to broadcast in, and what other services to perform, lies with the FCO. The BBC may well continue to follow this line, especially as Mr Critchley's Early Day Motion calls for no cuts at all.

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4. If so, what can we propose? The public expenditure cuts already announced envisage, in addition to the £1.7 million from vernacular services, £0.7 million from adjustments to the Capital Expenditure Programme and a reduction in transcription services to the value of £0.3 million. (These figures are not hard and fast; at the BBC's request they were left flexible and we have announced our intention of working out the details between FCO and BBC officials.) Assuming that £0.3 million savings are still possible from transcription services we are now looking for a total of £2.4 million per annum from the capital programme. A plan showing the programme in the form inherited from the previous Government, together with calculations of the effect of annual cuts of £0.7 million and £2.4 million respectively is attached.

5. As the plan shows, the effect of an annual reduction of £2.4 million would be to reduce the funds available to the programme by a total of £9.6 million. (Incidentally, it is not a viable option to consider only the year 1980/81 for cuts and to leave discussion of later years for another opportunity. As engineers from both sides will point out, they need to know now, for planning purposes, the shape and funding of the programme in its entirety.) A reduction of £9.6 million in the money available to the Capital Expenditure Programme would seriously diminish its effectiveness and would be difficult to defend publicly, given the priority which Ministers have always attached to the improvement of audibility: a priority which we respected in formulating our original package.

/6.

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6. An alternative solution however would be to rephrase the Capital Expenditure Programme. This could be done in several ways and would require detailed technical discussions between BBC and FCO engineers, but, for illustrative purposes, savings of £2.4 million could be made in the years 1980/81 and 1981/82 (the years when capital expenditure peaks) and restored later by extending the programme by a further two years. This however would provide only a temporary solution. In the years 1982/83 and thereafter, savings would have to be found from elsewhere in the BBC's operations to compensate for the loss of savings from the Capital Expenditure Programme. Nevertheless, the advantages of such a solution would be threefold:-

- (a) It would give Ministers a breathing space to consider alternative solutions such as the finding of economies by means of a closer working relationship between the Domestic and External Services (an idea put forward by the BBC themselves which involves many snags and would take some time to work out); or conceivably by shifting some of the burden for monitoring services on to the MOD.
- (b) It would not reduce the long term improvement of audibility, simply defer it; and
- (c) It would have presentational advantages in the sense that it could be publicly stated that, "Following discussions with the BBC, it has been found possible to avoid making cuts to vernacular services by means of

/rephasing

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rephasing the Capital Expenditure Programme. The effect of such rephasing will be not to reduce the long term improvement of audibility, but simply to delay it. The Programme will be stretched by a further two years [until the country is in better shape economically to pay for it]."

6. I recommend that the Ministers should first invite ideas from the BBC. If they decline to offer any, Ministers may wish to float the proposed rephasing scheme described above.

Information Policy Department

7 November 1979

CONFIDENTIAL

Lord N Gordon-Lennox

BBC External Services

Mr Sanders at No 10 telephoned this morning to say that, subject to Lord Carrington's agreement, the Prime Minister would like Mr Blaker and Mr Ridley jointly to see Mr Mansell (and any others he wished to bring with him) to discuss expenditure on the BBC's External Services. The Prime Minister wanted Mr Blaker and Mr Ridley to tell Mr Mansell:-

- (a) The Government could provide no more money for the BBC, but:
- (b) If the BBC wished to suggest that vernacular services should be restored at the expense of the capital expenditure programme, the Government would not raise objections.

Mr Sanders said that it was the Prime Minister's strongly held view that the BBC should have been given the opportunity to discuss this subject at an earlier stage with Ministers (although she is aware of the Secretary of State's private talks with Sir Michael Swann). She hoped that Mr Blaker and Mr Ridley would see Mr Mansell as soon as possible, though she accepted that it might not be feasible to set up a meeting today.

Mr Sanders said that No 10 had separately requested a line for the Prime Minister to take at Question Time this afternoon when the External Services seemed certain to be raised. I understand that the line she wishes to take is that no more money can be made available to the BBC at a time when hospitals, social services etc are facing restrictions on expenditure, but that it is up to the BBC to decide how to allocate its finances.

I have spoken to Mr Lever, who is with Lord Carrington in The Hague today, and will let you know as soon as we have the Secretary of State's comments.

R M J Lyne

(R M J Lyne)

6 November 1979

ccs:-

PS

PS/LPS

PS/Mr Blaker

PS/Mr Ridley

Mr McQuillan, IPD

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Paragraph 13(5) of Licence and Agreement

5. The Corporation shall send programmes in the External Services to such countries, in such languages and at such times as, after consultation with the Corporation, may from time to time be prescribed, with the approval of the Postmaster General and the Treasury, by such Departments of Her Majesty's Government in the United Kingdom as may from time to time be specified in writing by the Postmaster General: and shall perform such other services by way of monitoring emissions of wireless telegraphy and recording matter intended to be broadcast by wireless telegraphy as after such consultation as aforesaid may from time to time be prescribed as aforesaid. The Corporation shall consult and collaborate with the Department so specified and shall obtain and accept from them such information regarding conditions in, and the policies of Her Majesty's Government aforesaid, towards, the countries so prescribed and other countries as will enable the Corporation to plan and prepare its programmes in the External Services in the national interest.

BBC CAPITAL EXPENDITURE PROGRAMME

£ million

PESC Provision	1979/80	1980/81	1981/82	1982/83	1983/84															
Inherited Plan:																				
Capital	1.8	7.8	6.2	4.3	3.3															
Current	0.1	0.3	0.9	2.1	2.7															
Total	1.9	8.1	7.2	6.4	6.0															
			(rounded)																	
Cut of £0.7 m	N/A	7.4	6.5	5.7	5.3															
Cut of £2.4 m	N/A	5.7	4.8	4.0	3.6															
<p>The programme also includes a small element (5.3%) for Bush House modernisation as follows:-</p> <table border="1"> <thead> <tr> <th>1979/80</th> <th>1980/81</th> <th>1981/82</th> <th>1982/83</th> <th>1983/84</th> </tr> </thead> <tbody> <tr> <td>0.151</td> <td>0.521</td> <td>0.188</td> <td>0.201</td> <td>0.193</td> </tr> <tr> <td colspan="4">Project Total</td> <td>£1,254.000</td> </tr> </tbody> </table>						1979/80	1980/81	1981/82	1982/83	1983/84	0.151	0.521	0.188	0.201	0.193	Project Total				£1,254.000
1979/80	1980/81	1981/82	1982/83	1983/84																
0.151	0.521	0.188	0.201	0.193																
Project Total				£1,254.000																

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iBF 7/11/79
MA

10 DOWNING STREET

From the Private Secretary

6 November 1979

Dear George

BBC EXTERNAL SERVICES

You are aware of the discussions that took place earlier today when it seemed likely that the Prime Minister would have to answer a Question in the House on the BBC External Services.

In the event, the matter did not come up. However, it may well come up on Thursday. I enclose the text of the line the Prime Minister would have taken and would propose to take on Thursday together with the texts of two supplementaries.

If you have any comments on the texts I should be glad to have them by close of play tomorrow.

Yours ever

Michael Alexander

G. G. H. Walden, Esq.,
Foreign and Commonwealth Office.

RESTRICTED

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BBC EXTERNAL SERVICES

Line to take:

I have been into the relevant figures in some detail.

This year the provision for the BBC External Services is £40.3 m. and next year it will be £45.2 m. on the same price basis. That is an increase, in real terms, of £4.9 m., or some 12%. Moreover, expenditure next year on capital projects, mainly the improvement of audibility, will be £7.1 m. That is four times this year's expenditure.

These figures represent by any standards a high rate of growth. The BBC External Services are receiving exceptionally favoured treatment.

The revised provision is of course not as much as the BBC would like. Faced with the need to make some savings on the previously planned budget, they have been reluctant to express a view on priorities. But when pressed, they produced illustrations based on cuts to the vernacular service and the world service rather than to the capital programme. No doubt they considered the highest priority was to ensure that what they broadcast could be heard.

This is a view I understand. But if the BBC would now prefer to maintain the vernacular programme in its entirety and to reduce the capital programme, that could be considered. My Honourable friend the Minister of State would, I know, be happy to discuss the matter further with the BBC.

NOTES FOR SUPPLEMENTARIES

HOW WERE THE VERNACULAR PROGRAMMES TO BE CUT CHOSEN?

Any selection of services is bound to be in some respects arbitrary. The choice was made in the light of a number of factors including the availability of other sources of information, the size of the audience, and the importance of the receiving country to the UK.

LOSS OF WAVELENGTHS

The BBC will be able to retain those wavelengths which it regards as essential.

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(2)

Prime Minister: You asked for some background on the FCO's dealings with the BBC. I would probably get some more background on the cases mentioned in para 6 - or on similar cases - if you wanted it.

PERSONAL & CONFIDENTIAL

BBC EXTERNAL SERVICES

Print 6/41

1. At a meeting with Lord Carrington on 19 July Sir Michael Swann said that he did not expect the BBC to be spared from the cuts exercise but they wanted to minimise the cuts. He added that irrespective of his own wishes the BBC tom-toms would no doubt start beating once the 'Mafia' realised that cuts were inevitable. Later the same day Cabinet confirmed that BBC should accept a cut of £4 million, but did not specify where the cuts should fall. No public announcement was ever made about this, (It was decided that the details should only be announced at the time of the publication of the White Paper), but the fact that the Government were contemplating a £4 million cut was leaked to the press over the weekend and the predicted campaign in the press, Parliament, and broadcasting services, began.

2. When asked for illustrative options for a £4 million cut the BBC suggested three options based on cutting a list of vernacular services. (They made it clear that these options were unacceptable to them.) They suggested that two of these options involved closing down relay stations which would then become uneconomic, but never suggested any options to cuts, even illustrative ones, based on adjustments to the capital expenditure programme.

3. In our discussions with the BBC they have never volunteered economies of their own, in any sector of their activities. (By way of contrast the British Council have cooperated in suggesting and producing savings of £5.1 million in 1980/81.) In their talks with the FCO, the BBC have throughout taken the line that it is for the FCO to tell the BBC which vernacular services they want cut. However, now that an announcement has been made, the BBC (Mr Mansell's radio broadcast, and Sir Michael Swann's talk with the Prime Minister) are taking the line that the vernaculars selected for cutting are ill-chosen, adducing reasons for saying this.



4. The Secretary of State informed Sir Michael Swann on 22 October that the Government were able to reduce the savings expected of the BBC by £1 million. In a speech by Sir Michael Swann to the Institute of Directors in Sheffield on 29 October, however, which was widely reported by the BBC and the press, Sir Michael still spoke of the £4 million savings expected of the BBC. He said this would change the whole nature of the External Services and in the long term inevitably undermine the English Language World Service as well.

5. Sir Michael also said in his speech that he wished to make it quite clear that he was not questioning the Government's objectives: 'no one aware of the country's present economic plight could doubt the importance of finding ways of drawing the line on public spending'. There has, however, never been any accompanying suggestion that cuts of any kind should be visited on the External Services.

6. Although the large majority of reports about the BBC External Services are laudatory there is an obverse side. We have frequently received complaints from overseas, usually through our posts, about the allegedly tendentious or inaccurate nature of the BBC External Services' reports. For instance, in the last year or so we have had complaints from Afghanistan, Nigeria, Sudan, Pakistan, Malta, Spain, Iran and Syria. We do not know how many of the complaints are justified, but we suspect that some are not without foundation. In replying to such complaints we always ask that the complainant take up his case direct with the BBC, as we do not wish to leave the impression that we are in any way responsible for what they say.

PRIME MINISTER

Ja
c.c. Mr. Gow
Mr. Wolfson
Mr. Ingham
Mr. Lankester

BBC External Services

The Treasury figure of £5m is a correct statement of the increased funding for 1980/81 at constant prices.

Mr. Blaker's figures for 1980/81, quoted at 1979 survey prices, are accurate - original provision of £47.9m reduced by £2.7m to leave £45.2m.

Mr. Blaker quoted the 1979/80 provision as £43.5m: but that is at forecast out-turn prices. The 1979 survey price figure was £40.3m. So, comparing like with like, the remaining increase in provision is £4.9m, rounded to £5m in the Treasury briefing.

The 1980/81 figure will have to be re-valued in cash terms early next year, but for the moment the £4.9m difference is the only true point of comparison of like with like.

MAD

5 November 1979



Foreign and Commonwealth Office

London SW1A 2AH

L.S.
Richardson

5 November 1979

Dear Michael

PUBLIC EXPENDITURE CUTS : BBC EXTERNAL SERVICES

I attach in annex a breakdown of figures for the cuts proposed in the BBC's External Services, as requested by the Prime Minister this afternoon. As you will see, the package of cuts already announced includes a reduction in the capital expenditure programme for which PESC provision was made by the previous administration to meet the need to improve audibility in the BBC's External Services. The fact that we have not loaded all the cuts on to the capital expenditure programme has been because of the importance we attach to the need to maintain and improve audibility for the BBC's overseas services, including the World Service. The BBC themselves have frequently emphasised the need to renew obsolete equipment and to maintain competitiveness with other broadcasters who are increasing the power and number of their transmitters.

I understand that the Prime Minister also asked the Lord Privy Seal for chapter and verse of an opposition statement on the cuts they had considered making in the BBC External Services. I attach a copy of Hansard for 26 July recording an intervention by Baroness Llewellyn Davies in a debate on the BBC External Services expenditure review.

Yours truly
M J Richardson

M J Richardson
Private Secretary to the
Lord Privy Seal

Michael Alexander Esq
10 Downing Street
London SW1



TABLE 1

BBC EXTERNAL SERVICES : CAPITAL EXPENDITURE PROGRAMME BEFORE CUTS

A sum of £23.4 million (1979 Survey Prices) has been included in the current Public Expenditure Survey Programme for capital expenditure by BBC External Services. Most of the sum is earmarked for new or improved transmitters to enhance the audibility of External Services. There is also an element for continuing modernisation of Bush House. Financial details are as follows:

	1979 Survey Prices					
	1979-80	1980-81	1981-82	1982-83	1983-84	1984-85 £ million Total
BBC External Services Total PESC Provision	41.0 40.3	47.9	47.0	46.9	46.8	
Capital	1.8	7.8	6.2	4.3	3.3	23.5 (rounded)
Recurrent Costs	0.1	0.3	0.9	2.1	2.7	

In the year 1984-85, capital expenditure of £1.8 million is required to complete the audibility programme at a total cost of £25.3 million; when the programme is complete, recurrent costs will be £2.8 million (all at 1979 Survey Prices).

TABLE 2

(a) EFFECTS OF CUTS PROPOSED

Cuts as proposed by the Foreign and Commonwealth Office would have the following effect on this programme:

	1979 Survey Prices					
	1979-80	1980-81	1981-82	1982-83	1983-84	1984-85 £ million Total
Total PESC Provision		46.2				
Capital	1.8	7.1	5.5	3.6	2.6	20.7 (rounded)

/This



This involves saving £0.7 million in each year on the capital programme, £0.3 million in the transcription services, a proportion proposed by the Foreign and Commonwealth Office, but left flexible at the request of the BBC.

(b) SAVINGS FROM PROPOSED VERNACULAR SERVICES CUTS

French	£ 652,000
Italian	£ 179,000
Greek	£ 195,000
Turkish	£ 166,000
Spanish to Spain	£ 151,000
Burmese	£ 117,000
Maltese	£ 11,000

Total : £1.47 million

Balance to be found from support costs to make up a total of £1.7 million.

Lord CARRINGTON: My Lords, I am grateful to my noble friend for reminding me of that.

Viscount MASSEREENE and FER-RARD: My Lords, would my noble friend not agree with the old saying that the pen is mightier than the sword? Therefore, although I agree with my noble friend that public expenditure cuts are absolutely essential, would he not agree that the external services of the BBC are perhaps one of the places where there should be no cuts?

Lord CARRINGTON: My Lords, as an ex-Secretary of State for Defence I would hesitate to run down the sword.

Baroness LLEWELYN-DAVIES of HASTOE: My Lords, since the noble Lord referred to the cuts which the previous Administration were said to be going to make, may I ask him whether he is aware that ours were in the nature of something like £1.7 million, whereas the present Administration are proposing £4 million?

Lord BROCKWAY: My Lords, may I ask the Minister whether he will consider very seriously the reports that these cuts may apply to Africa and Asia? Is he aware that many of us receive from different countries in Africa, from India and from Malaysia, letters paying tribute to the objectivity of the BBC's World Service? In view of the enormous importance of these areas in the future, and of British influence there, may I ask him whether he will be very careful not to cut off services to these territories?

Lord CARRINGTON: We must be very careful, clearly, my Lords, where cuts are made.

Lord ORR-EWING: My Lords, does my noble friend understand that we appreciate that he has to make cuts in the public service in order to get within the £8½ million public sector borrowing requirement instead of the £10 million legacy which he has inherited, but would he examine whether this is really the best way to cut expenditure within the Foreign and Commonwealth Office? This manner of propagating the British way of life is a very cheap and very effective way,

and it may be that it ought to take priority over other ways.

Lord CARRINGTON: My Lords, I think the truth of the matter is that there will have to be reductions in public expenditure everywhere.

Lord HOWIE of TROON: My Lords, in reply to Lord Harris of Greenwich I think the noble Lord admitted that these particular cuts would be damaging—

Several noble Lords: Order, order!

Lord HOWIE of TROON: My Lords, having admitted that these cuts will be damaging, would the noble Lord then explain to us why he is making them?

Lord CARRINGTON: I did not say that, my Lords. I said we had to make sure that the cuts were not damaging.

Lord WHADDON: My Lords, is the noble Lord aware that those of us who are involved in trade, particularly with East Europe—as I suppose I must declare an interest here—are constantly made aware in our discussions that the BBC broadcasts create an atmosphere of sympathy and understanding of Britain which is vital in our trade discussions, and that these cuts are liable to be very damaging to our trade prospects?

Lord CARRINGTON: My Lords, I do not think the noble Lord knows what the cuts will be, so he is not in a position to say how damaging they would be or whether they would be damaging at all.

Lord BROOKES: My Lords, will my noble friend give consideration to encouraging the BBC to reduce its budget in less necessary areas, areas of less consequence, and perhaps to retain this vital service, which I am sure he values as much as any other Member of this House?

Lord CARRINGTON: My Lords, the difficulty of that, of course, is that this is a particular part of the BBC. The BBC external services are financed wholly by the Government, and I think it would be very difficult to do what my noble friend suggests.



Foreign and Commonwealth Office

London SW1A 2AH

5 November 1979

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Phms

John Michael

PUBLIC EXPENDITURE CUTS : BBC EXTERNAL SERVICES

I understand that the Prime Minister has enquired whether it would be possible to find economies in the BBC's capital expenditure programme and thus avoid the need for cuts to vernacular services in the context of the public expenditure review. The short answer is that it is possible and indeed the package of cuts already announced includes a reduction in the capital expenditure programme of at least £0.5 million per year. The fact that we have not loaded all the cuts on to the capital expenditure programme has been because of the importance which our Ministers attach to the need to maintain and improve audibility for the BBC's overseas services, including the World Service. The BBC themselves have frequently emphasised the need to renew obsolete equipment and to maintain competitiveness with other broadcasters who are increasing the power and number of their transmitters.

The fact that we have chosen to cut vernacular services rather than to eat further into the capital expenditure programme is a reflection of our view that despite what the BBC may say about their vernacular services, we are frankly sceptical of the value of continuing to broadcast in vernaculars to countries in Europe which do not broadcast to us in English. Furthermore when asked to provide options for cuts, the only illustrations provided by the BBC were based on cuts to the vernaculars and to the World Service.

/The BBC

Michael Alexander Esq
10 Downing Street
London SW1



The BBC throughout, however, have made it quite plain that they would oppose cuts of any kind and have waged a very effective campaign in support of this, not only in Parliament and press, but in their own broadcasting services.

If, in the light of this pressure, Ministers should decide to preserve all existing vernacular services they still have an option to delay instead the capital expenditure programme, details of which are attached (in its uncut form). It should be noted however that this would offer only temporary relief as any cuts made would be regarded by the Treasury as due to be repeated in each year of the PESC period and any savings produced temporarily from the capital programme would have to be restored later if audibility is to reach the level planned.

Yours truly

MC

JP C A Munro
Private Secretary to Mr Blaker

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CONFIDENTIAL

CAPITAL EXPENDITURE PROGRAMME TO IMPROVE AUDIBILITY:
FINANCIAL DETAILS

A sum of £23.4 million (1979 Survey Prices) has been included in the current Public Expenditure Survey Programme for capital expenditure by BBC External Services. Most of the sum is earmarked for new or improved transmitters to enhance the audibility of External Services. There is also an element for continuing modernisation of Bush House. Financial details are as follows:-

	1979-80	1980-81	1981-82	1982-83	1983-84	1979 Survey Prices 84/85 £ million Total
Capital	1.8	7.8	6.2	4.3	3.3	23.5 (rounded)
Recurrent costs	0.1	0.3	0.9	2.1	2.7	

In the year 1984-85, capital expenditure of £1.8 million is required to complete the audibility programme at a total cost of £25.3 million; when the programme is complete, recurrent costs will be £2.8 million (all at 1979 Survey Prices).



Foreign and Commonwealth Office
London SW1A 2AH

Telephone 01- 233-3043

3PPS

T Lankester Esq
No 10 Downing Street

Your reference

Our reference

Date 5 November 1979

Dear Lankester,

PUBLIC EXPENDITURE CUTS: BBC EXTERNAL SERVICES

1. Further to our telephone conversation, the Bush House element in the Capital Expenditure Programme, details of which I enclosed with my letter of today's date, is as follows:-

<u>1979/80</u>	<u>1980/81</u>	<u>1981/82</u>	<u>1982/83</u>	<u>1983/84</u>
£151,000	£524,000	£188,000	£201,000	£193,000

Project Total £1,254,000

All of this is capital expenditure and represents $5.\overset{3}{8}$ per cent of the total capital cost of the programme in the period 1979/80 to 1983/84.

2. It is not possible to provide a breakdown of expenditure of the BBC's External Services for 1980/81 as detailed estimates are still to be worked out by the BBC. For illustrative purposes, however, I attach a copy of figures provided to us by the BBC on 31 August 1979 showing their latest available breakdown of expenditure. (These are estimates, however, and should not be confused with PESC provisions.)

Yours ever,

W R McQuillan
Information Policy Department

cc PS/LPS
Private Secretary
PS/Mr Blaker
Lord N Gordon Lennox
PS/PUS

B.B.C. EXTERNAL SERVICES

ANALYSIS OF BROADCASTING CURRENT EXPENDITURE

at April 1979 prices

	Weekly Programme Hours	Cost	
		£000	£000
1. Programme Production			
French Language Services (France & Africa)	42½		520
German Language Service	25		491
South European Service			
Italian	7	130	
Greek	10½	119	
Turkish	7	109	
Spanish	7	103	
Portuguese (Portugal & Africa)	8½	103	
Management		157	721
Central European Service			
Czech	21½	296	
Hungarian	18	222	
Polish	21½	269	
Finnish	8½	114	
Management		146	1047
East European Service			
Bulgarian	12½	157	
Romanian	14	169	
Russian	34½	383	
Yugoslav	16½	195	
Management		141	1045
Arabic Service	63		871
African Service			
Hausa	8½	118	
Somali	5½	83	
Swahili	7	123	
Management		96	420
Latin American Service			
Brazilian	15½	167	
Spanish	28	260	
Management		79	506
Far Eastern Service			
Chinese	16	265	
Japanese	7	121	
Thai	7	96	
Vietnamese	8½	148	
Indonesian/Malay	10½	167	
Management		111	908
Carried Forward	430½		6529

ANALYSIS OF BROADCASTING CURRENT EXPENDITURE

at April 1979 prices

	Weekly Programme Hours	Cost	
		£000	£000
Brought forward			
Eastern Service	430½		6529
Persian	10½	149	
Hindi	15½	167	
Bengali	8	115	
Tamil	1½	16	
Nepalese	3	13	
Urdu	8½	119	
Burmese	7	98	
Sinhala		2	
Management		161	
World Service	197½		840
Maltese, French for Canada, Falkland Islands	1½		2396
English by Radio and Television - Expenditure			11
- Income	30½	632	
Sub-total	711½	600	32
2. Central Writing Departments			9808
News		2978	
Talks and Features		609	
3. Non-Transmitted Output			3587
Transcription Services - Expenditure		1111	
- Income		-340	
Overseas Regional Services		266	
4. Supporting Services			1037
i) Engineering and Transmission including overseas relay bases		8400	
ii) Studio Services		1538	
iii) Accommodation, including telephones postage etc.		3926	
iv) Publicity including "London Calling" and "Huna London"		584	
v) Music Performing Rights		837	
vi) Management, Personnel, Finance, Training Audience Research and other central services		4060	
TOTAL	711½		19345
			33777

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B.B.C. - EXTERNAL SERVICES

7. Revised Estimate and Cash limit 1979-80

A1 Broadcasting Services

Current Expenditure
Capital Expenditure

A2 Monitoring Services

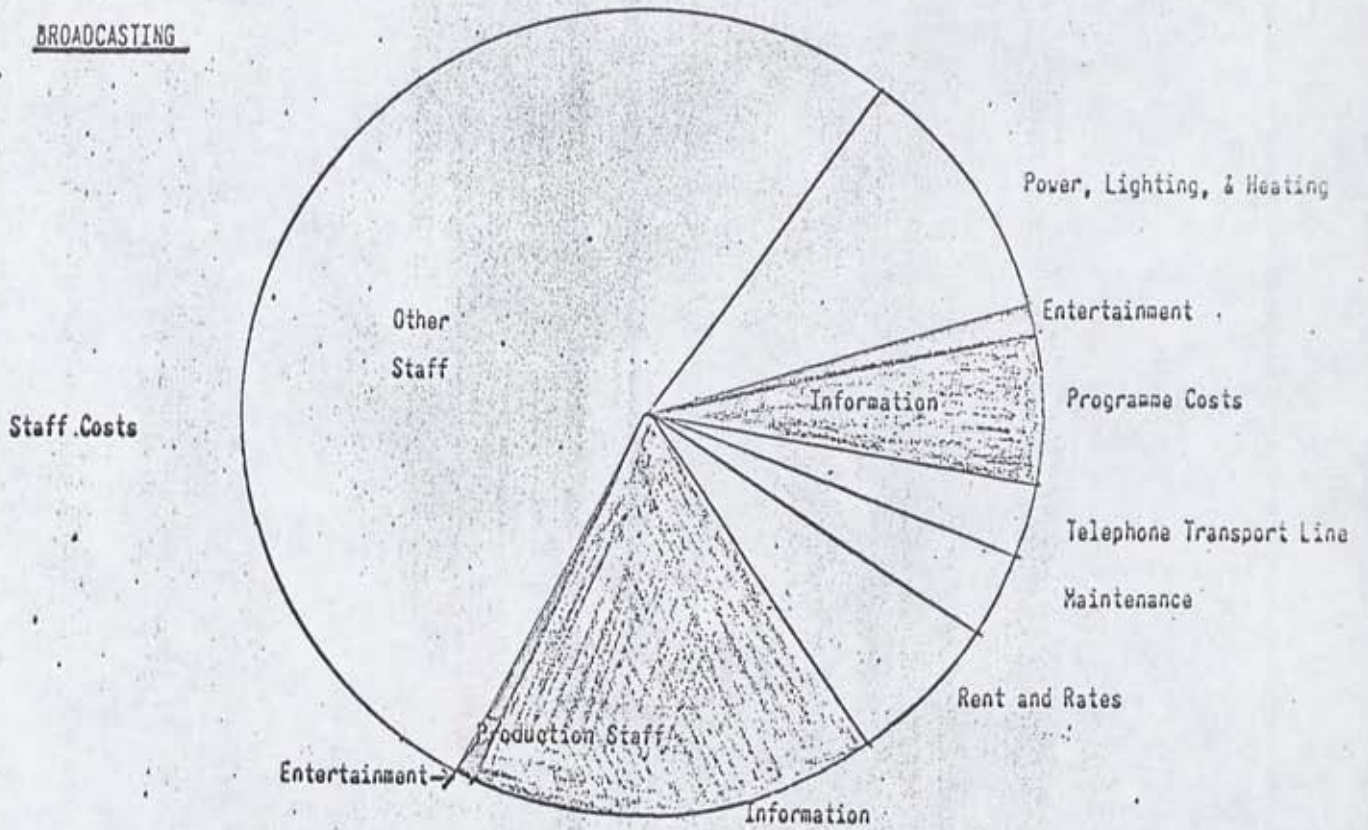
Current Expenditure
Capital Expenditure

M.O.D. Share (20%) of Monitoring

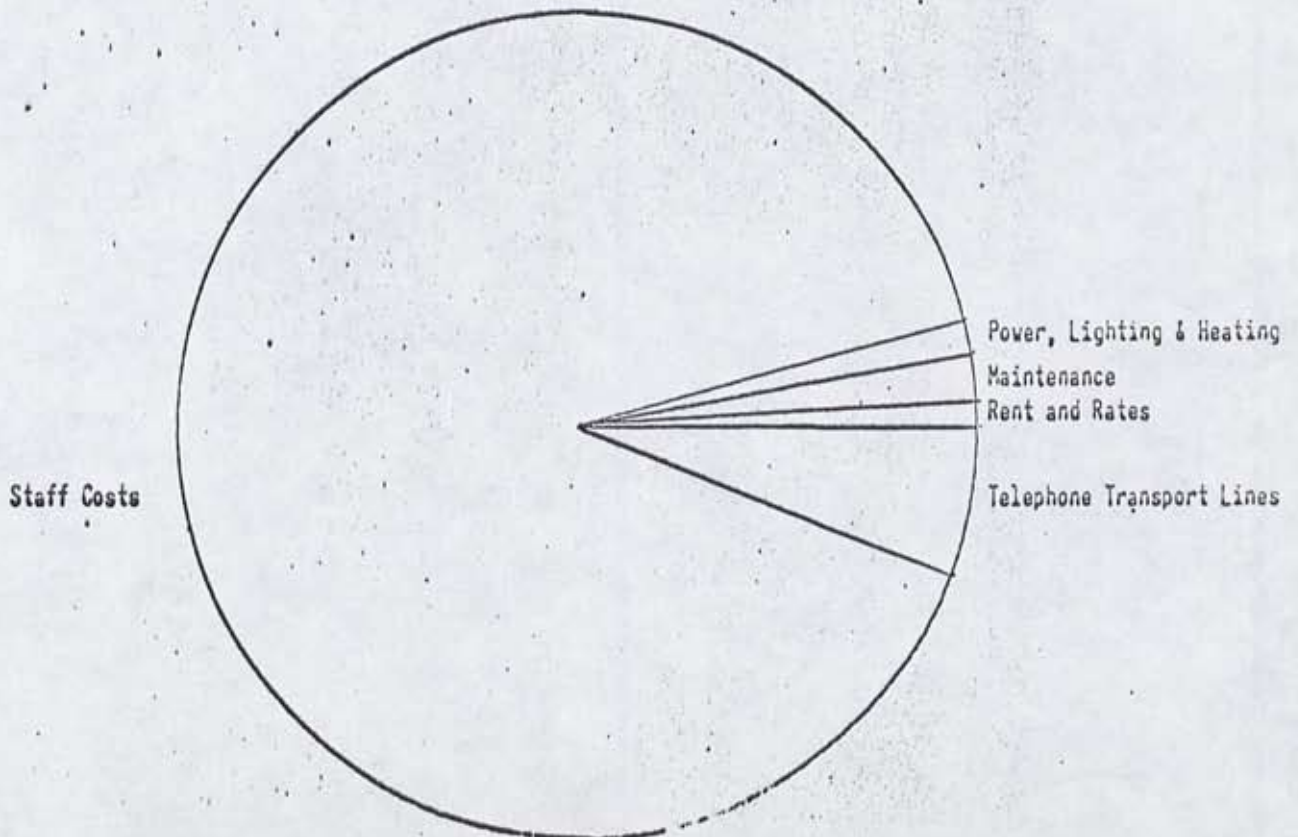
£	£
35,858,000	
3,707,000	
	39,565,000
3,602,000	
217,000	
	3,819,000
	43,384,000
	764,000
NET F.C.O. Vote	42,620,000

EXTERNAL SERVICES - OPERATING EXPENDITURE AS AT 1st APRIL 1979

BROADCASTING



MONITORING





10 DOWNING STREET

The attached

Can come from

FEO

You might like

to show my

note to the Foreign

Secretary (it attempts

to set out the

total position). 12



Foreign and Commonwealth Office
London SW1A 2AH

Telephone 01-

Mr Lancaster
No 10 Downing Street

Your reference

Our reference

Date 5 November 1979

Dear Lancaster

PUBLIC EXPENDITURE CUTS: BBC EXTERNAL SERVICES

1. The Prime Minister has asked for more information about the proportion of the FCO's grant-in-aid to the BBC accounted for by the Capital Expenditure Programme to improve audibility.
2. In the short time available, I enclose a copy of a note describing the programme which shows that provision is made in 1979/80 for the expenditure of £1.9 million and in 1980/81 of £8.1 million, an increase of £6.2 million. Some of this sum, however, will be spent by Communications Engineering Department of the FCO which operates certain transmitters overseas and at home on behalf of the BBC. (There is also an element in these figures for modernisation of Bush House.)
3. PESC provision for BBC External Services in 1979/80 was £40.3 million (at constant 1979 survey prices); for 1980/81, £47.9 million (at 1979 survey prices).

Yours ever,
W R McQuillan
W R McQuillan
Information Policy Department

G

CONFIDENTIAL



CAPITAL EXPENDITURE PROGRAMME TO IMPROVE AUDIBILITY:
FINANCIAL DETAILS

A sum of £23.4 million (1979 Survey Prices) has been included in the current Public Expenditure Survey Programme for capital expenditure by BBC External Services. Most of the sum is earmarked for new or improved transmitters to enhance the audibility of External Services. There is also an element for continuing modernisation of Bush House. Financial details are as follows:-

	1979-80	1980-81	1981-82	1982-83	1983-84	1979 Survey Prices 84/85 £ million Total
Capital	1.8	7.8	6.2	4.3	3.3	23.5 (rounded)
Recurrent costs	0.1	0.3	0.9	2.1	2.7	

In the year 1984-85, capital expenditure of £1.8 million is required to complete the audibility programme at a total cost of £25.3 million; when the programme is complete, recurrent costs will be £2.8 million (all at 1979 Survey Prices).

CONFIDENTIAL

Secretary of State

Private Secretary

cc: PS/LPS
PS/Mr Blaker
PS/Mr Hurd
PS/PUS
Lord N Gordon Lennox

Lg
Purd

BBC EXTERNAL SERVICES: PUBLIC EXPENDITURE CUTS

1. The Prime Minister has drawn attention to an apparent discrepancy between the figures quoted in Mr Blaker's speech in the House of Commons on 2 November and a note prepared by the Chief Secretary on public expenditure cuts. I understand that she intends to raise this question at this afternoon's OD meeting.
2. We have not in the time available been able to obtain a copy of the Treasury note, and our contact in the Treasury who deals with Diplomatic Service estimates had no knowledge of it.
3. The figures in Mr Blaker's speech were as follows:

'The cut of £2.7 million is a cut for 1980/81 and — subsequent years on a figure of £47.9 million which — had been the planned expenditure for 1980/81, at 1979 — survey prices. The grant-in-aid for the current financial year is £43.5 million (1979 survey prices).'

These figures are correct as they stand, except that the latter figure of £43.5 million instead of being described as 'at 1979 survey prices' should have been described as 'at out-turn prices'. It includes a sum of £0.8 million as an MOD contribution to monitoring services.

4. To compare like with like, the second sentence in the passage quoted from Mr Blaker's speech should be amended to read as follows:

'This compares with a PESC provision for 1979/80 of £40.3 million (at constant 1979 survey prices).'

403

/5.

CONFIDENTIAL

Do you understand this?



CONFIDENTIAL

2

5. I understand that the Prime Minister has asked why, in view of the substantial increase in the provision for the BBC between 1979/80 and 1980/81, it has been found necessary to cut any vernacular services. The answer is that it is a question of priorities. The increase is accounted for by additional capital expenditure to improve audibility. The existing £2.7 million package of cuts already involves a cut of at least £ 0.5 million per year in the capital expenditure programme. The FCO considers the improvement of audibility to be of great importance (it is obviously not cost-effective to maintain a broadcasting service which is difficult to hear). Of course it is possible to take the whole £2.7 million out of planned capital expenditure, but this would further delay improvement of audibility. Furthermore, public expenditure cuts are permanent and such a solution would only offer a temporary relief.

W R McQuillan
Information Policy Department

5 November 1979

Capital instead of Current.

CONFIDENTIAL

pa

PRIME MINISTER

c.c. Mr. Gow
Mr. Ingham
Mr. Wolfson

BBC External Services

The basic facts which I have gleaned from the Treasury and FCO are as follows:

	<u>£ million at 1979 survey prices</u>		
	1979/80 provision	1980/81 Labour plan	1980/81 revised plan
	40.3	47.9	45.2
of which spending on audibility programme	1.9	8.1	7.6 (approx)

Thus, next year's provision is £4.9 million higher than this year's spend. The FCO, who prescribe how the BBC spend their money, decided that it was right to proceed with the audibility equipment programme at a relatively high level - i.e. £7½ million (albeit at a slightly lower level than planned by Labour). This means that spending on the rest of the programme will be cut. FCO decided that there should be a cut of £½ million in transcription services and £1.7 million in vernacular services.

It is of course arguable that it might be better not to spend so much on audibility and maintain the vernacular services in full. The FCO view is that improving the audibility of the services which are left is more important than maintaining the full range of services.

The FCO have promised a fuller break-down of expenditure. The above information is still only rudimentary I am afraid.

Handwritten notes at the bottom of the page:

- 1.7 (underlined)
- 12
- 7.6
- 4.9 (circled)
- 2.7 (underlined)



7920

4.11.79

10 DOWNING STREET

THE PRIME MINISTER

Tim: 1 card made head or tail of
RBC external services program.

In the House on Friday. Peter Bales said.

	<u>1579 survey miles</u>	
<u>This year</u>	<u>Next year</u>	
£ 43.5-	£ 2.7 off £ 47.5 - = £ 45.2.	
	∴ increase is £ 1.7m.	

The incoming audit says (E 2A)

'The RBC external services provision
is some £ 5m more next year.'

Are there reconcilable? Or don't
they know. If not, it's severely with
expenditure over £ 2.7 - which is within their margin
of error. M.T.



10 DOWNING STREET

PRIME MINISTER

I understand that the Sunday Telegraph first edition has a piece by Ian Waller on external services. He apparently states that you have decided that the £2.7 m. cut is to be reviewed. Other papers are now checking this story with the Press Office.

I have told the Press Office to deny that there has been any decision to review the cut, but not to deny the thought that the Government will probably listen in due course if the present number of backbenchers continue to oppose the cut very strongly.

Are you content with this line?

MAP

Yes Sir.

3 November 1979

To be replaced
Broadcasting

PRIME MINISTER

BBC EXTERNAL SERVICES

Ian Gow reports that the Adjournment Debate was uneventful. Messrs. Critchley, Strang, Blaker, David Ginsberg (Labour, Dewsbury) and Scott spoke. All were especially critical on the French service. They also spoke of the Maltese, Greek and Spanish services. Mr. Blaker spoke as in the attached text. He was interrupted by Peter Shore who claimed that there was a majority in the House against the cuts. Messrs. Grieve and Sandelson also interrupted.

I understand that Mr. Blaker spoke firmly but that the House was not interested in listening to his arguments. Afterwards, Julian Critchley asked Ian that he and other signatories of the Motion (Messrs. Scott, Blaker, Waldegrave, Watson and Higgins) should call on you early next week. They would be accompanied by Geoffrey Rippon as Chairman of the Foreign Affairs Committee. Ian suggested that they might first address themselves to Lord Carrington, but Mr. Critchley was adamant that they wished to see you.

Ian has already drawn attention to the strength of backbench feeling on this subject, in his letter to Lord Carrington (attached), which you have seen. He says that nothing has happened since he wrote that letter to change his assessment.

You told Mr. Blaker that your experience of museum charges made you wary of pressing these cuts against strong backbench opinion. At the same time, this would be an unfortunate item on which to back down now, especially when Sir Michael Swann is known to have called on you on the morning after the announcement. The long arranged time of that meeting has proved very unfortunate. I have asked the Home Office to advise us urgently on the possibility of giving Sir Michael Swann more flexibility over the use of funds. If we could find some movement within that approach, I think it might offer the least damaging way out of an awkward corner.

MAP

SWJET

CONFIDENTIAL

cf Proc

M/JS



10 DOWNING STREET

From the Private Secretary

2 November 1979

Mr. Blaker called on the Prime Minister this morning to discuss the proposed reduction of £2.7 million in the public expenditure allocation for BBC external services.

The Prime Minister had had a private discussion with Sir Michael Swann earlier in the morning. She had been impressed by four arguments. Sir Michael had pointed to the risk of BBC wavelengths being taken over by others if the BBC withdrew. He had asked whether it was wise to cut broadcasting in Spain in view of the strength of Communism there. He had argued that one should not concentrate on influencing unfriendly countries at the expense of losing influence with Britain's friends. He had also argued that the external services were better and of more value than the domestic services. He would like to be able to shift some resources to the external services, if he had the authority to do so. There was already a grey area, as external services used BBC correspondents employed for the domestic services.

The Prime Minister said that, following her own experience in handling the issues of proposed museum charges in the past, she did not wish the Government to be irrevocably committed to the £2.7 million cut. First, it was essential to be clear about the base against which this cut was to be applied. She understood that only £1.7 million was to come from vernacular services whilst a further £1 million would be found from transcription services and other items. The sums in question were too small to be worth facing major difficulties with Government backbenchers. Mr. Blaker should use the debate this afternoon to put across the facts, stressing how much was being retained, underlining that the English service was to be untouched, and stressing the strength of service and improvement of transmission to key areas.

Mr. Blaker said that his staff were still checking for him the precise figures with which he would demonstrate the relevant insignificance of the proposed changes. Sir Michael Swann's comment about lost wavelengths should not be a worry, as the BBC intended to maintain the wavelengths by transmitting in English. He agreed that it was necessary to check what

/true saving


CONFIDENTIAL

true saving there would be in these cases: essentially, this would be derived from the shedding of the vernacular staff. He had it in mind to send a copy of his speech to all the Conservative MPs who had signed the Early Day Motion. The Prime Minister agreed that this would be useful, perhaps with a personal covering letter in each case. Mr. Blaker said that he was also considering arranging an appearance at the Conservative Foreign Affairs Committee on Tuesday.

The Prime Minister re-emphasised the importance of putting across the strength that would be left to the external services. She nevertheless asked Mr. Blaker to ensure that he left some room for manoeuvre. She asked for the possibility of some more flexibility between domestic and external service funding to be investigated.

M. A. PATTISON

C.A. Munro, Esq.,
Foreign and Commonwealth Office.



PRIME MINISTER

You are seeing the Chairman of the BBC tomorrow. You may recall that he asked to see you recently specifically on the question of external services. You declined to see him at this stage because you did not wish to undermine the authority of the Foreign Secretary. Now decisions have been reached and promulgated today.

The Chairman nevertheless wants to see you on another point which he does not define: and he wishes to discuss this privately. I suspect in practice that events have overtaken this (the most recent letter from him is dated 3 October and relates to his own future, details of which have since been made public).

You nevertheless wanted to speak to him generally - though not aggressively - about the objectivity of BBC coverage. You had in mind particularly the propensity to speculation, especially on "Today" - and we have had ample evidence of this recently.

You were also concerned with the recent Panorama programme which dealt with hypothetical cuts through vox pop recordings. We felt this very unhelpful and certainly not consistent with the declared BBC aim of instructing its public in the implications of the economic factors on which Government policy is based. You will not, I suspect, want to be too specific but you could reasonably point to the self-confessed bad habit of "Today" (Liz Purvis today referred to their "bad habit of speculation"). But I am sure you will not want to debate this too far. Certainly the Chairman in the absence of the Director General would not necessarily be the best person to argue with.

You may recall that last week you met Bob Gregson, Acting Deputy Head of BBC External Services, and mentioned to him en passant the incident of the two Portuguese journalists. I don't think frankly that this is worth pursuing further. I attach a note on this (it is a BBC note) and on another point of criticism related to the Persian service. But the Portuguese incident dates back to 1975 and the record of the external services is in practice a good one.

You mentioned the other day the possibility of suggesting a diversion of resources from domestic broadcasting to external services. But quite properly the latter is financed by the taxpayer and it is arguable that it would be improper to divert resources from the television licence (a separate tax) to overseas work. So I don't think this is a tenable argument. You will be receiving a separate note on the television licence fee.

*in the box
separately
P.*

But on the whole the tone of your remarks I believe should be directed to ensuring that the present excellent relationship between the Paymaster General and the Director General should be the normal line on matters of dispute or potential dispute. We have a good professional working relationship also through Peter Hardiman Scott.

We have had minor points of debate lately on the use of interviews given by you for one programme in another. And you will recall that last week your interview in "Play School" was almost scooped by "Today": but you and I agreed that this should not be so, and the BBC accepted that.



Henry L James
1 November 1979

Note on incidents
in the BBC Portuguese Service
in 1975

Two Portuguese members of staff were involved in five incidents between March 12 and June 10 1975. These were concerned with the insertion of asides in the presentation of British press coverage of events in Portugal and with the use of loaded adjectives in describing Portuguese political parties and British newspapers (e.g. "the reactionary Daily Telegraph ...")

The incidents were immediately noted by senior members of the South European Service, the two wayward members of staff were called to account and given the statutorily required warnings. The first disciplinary interview took place on March 13 i.e. the morning after the first incident. Over the next few weeks there were four more incidents leading to further recorded interviews and a final warning, as required by law, was given on June 19.

In July Mr. Winston Churchill M.P., travelling in Portugal, was told by Mr. Mario Soares, the Social Democratic leader, that some communist propaganda had been infiltrated into the output of the Portuguese Service. This led to questions in Parliament on July 15 and August 6, i.e. almost a month after the final warnings had been issued. On August 16 both Portuguese members of staff were dismissed after professional lapses. These did not involve recurrences of editorial bias but in one case translation errors and in the other reading with over-dramatic emphasis, apparently designed to discredit the text being read. Both members of staff appealed against their dismissal to an Industrial Tribunal, but were unsuccessful.

In the four years since then no further incidents of this kind have taken place. In fact the Service has drawn tributes from Portuguese politicians including Mr. Mario Soares. Soares in a letter to Mrs. Thatcher, copied to the BBC dated September 3 1979, said the Service had been "... highly appreciated by the Portuguese listeners for the accuracy and objectivity of their news, having had a fundamental role in the 1975 post-revolutionary period, in the tradition of the British democracy".

The conservative leader, Francisco Sá Carneiro, (letter of September 12 to the BBC's Director General) congratulated the Portuguese Service on "the excellent work done along these 40 years I hope we will continue to have the pleasure of listening". The President, General Ramalho Eanes, (interview of October 6) expressed concern at the possibility of cuts in the Portuguese Service which had been "vitally important to Portugal in the past and remained so today". He said he would ask the Portuguese Foreign Ministry to make representations to the British Embassy.

In private conversations Portuguese leaders have also emphasized the importance of the BBC Portuguese Service to Angola and Mozambique.

PF/ysaq
30.10.79.

NOTE ON THE BBC PERSIAN SERVICE 1976-79

The Persian Service of the BBC, founded in 1941 and currently broadcasting for one and a half hours a day came under increasing attack from the authorities in Iran as that country became wealthier and more authoritarian. The Shah himself had always resented its intrusion upon an audience whose only other choice was the totally controlled and ineffective Iranian Radio and TV organisation or, alternatively, the totalitarian propaganda stations of the USSR, Iraq or Libya. Successive British Ambassadors supported the Persian Service in spite of the argument that broadcasting was an irritant. When the importance of Iran for UK manufacturers grew there was more pressure on the British Government to curtail it; attempts by SAVAK (The Secret Police - two of whose divisions are reported largely intact under Khomeini) to discredit the service and its staff with fake monitoring; attempts at interference with the staff and with the audience - the PO box in Teheran had to be closed down. One consequence of these pressures was that the service enjoyed the unceasing vigilance of senior BBC staff, became exceptionally well staffed with a team of outstandingly able and devoted Iranians - several doctorates have been gained in this small section.

The service is well supported by Persian speaking British specialists who scrutinise the accuracy of translation, write analyses of developments in Iran and edit current affairs output. Even when the Embassy in Teheran appeared to hope that financial stringency would help to remove this irritant of the Shah, there was solid support from others in the FCO. A long and thorough enquiry by the FCO, with the participation of a BBC senior man reviewed the Persian Service in great detail in 1976-77 and concluded that it was in the national interest that it should be maintained. During the crisis of the Shah's downfall outrageous and ridiculous allegations about the content of broadcasts were made. There are even individuals of standing who claim to have heard items which were in fact never broadcast. Recordings were made of all transmissions, checked and translated when challenged. A line-feed of transmissions was given to the Iranian Embassy. From all this the Iranian Embassy was able to make no allegation of any substance forwarded from Teheran, stand up. On minor points the BBC agreed to use a different word to translate 'casualties' from the one normally used - that was about all.

The myth about the BBC's projection of Khomeini was widespread. In fact there was mention of him only five times in several hundred news items about Iran in the period before his ascendancy in Iran. His voice was not heard until two skilled interviewers from the Persian Service visited him in Paris. The austerity of their cross-examination revealed the threadbare political ideas of the Ayatollah and his aides cut short the interview which was nevertheless broadcast. Since the new regime came in it has attacked the Persian Service even more virulently than did the Shah. Before the Shah left, the leading experts on Iran in the House of Commons, Peter Temple-Morris and Eldon Griffiths, examined the output and expressed themselves fully satisfied with it. The UK Ambassador during the crisis has since said the output was accurate and we could do no other than broadcast it - he would not have had the Persian Service behave any differently. An assessment in the early summer by another senior UK diplomat was that Britain's stake in Iran's trade was probably greater now because of the BBC's early broadcasts, than it would otherwise have been.

The myth however dies hard.

My only doubt is
whether you will feel
this through the
House. There is
nothing on the side
Agree and
Your Prime Minister.



Foreign and Commonwealth Office
27 October 1979

(1)

CONFIDENTIAL

Prime Minister.

The cuts to be imposed on BBC have
been reduced by 30%: the area affected, while
important, is not one where the influence of the BBC
is likely to be all that significant. Agree proposal?

Am

PUBLIC EXPENDITURE CUTS: BBC EXTERNAL SERVICES

Peter Carrington, who is in Oslo, has asked me to write to you about our proposals for reductions in the budget of the BBC External Services for 1980/81 and succeeding years. (Your Private Secretary wrote to Peter Carrington's on 2 October to enquire about progress in this field).

The proposals we are now putting forward reflect our view that the BBC's External Services are a very important instrument of foreign policy. First, we shall be keeping the BBC World Service in English (cost £2.4 million) intact. I do not think anyone doubts its immense value as a news carrier and in terms of promoting our interests abroad. In addition, subject to some economies, we shall be going ahead as soon as possible with a capital programme to improve audibility. The sum of £23.4 million is already included in the current Public Expenditure Survey Programme for this purpose. For defence and intelligence reasons we have also decided not to touch the monitoring services. The highly successful English by Radio services, which pay for themselves, have also been retained.

This leaves the vernacular services which are transmitted in more than thirty languages to all parts of the world. Not all are of equal importance to the national interest and we have therefore reviewed them, bearing in mind your wish that services to Eastern Europe should be maintained. We have also tried to preserve services to developing countries, particularly those which have a commercial interest for us.

Against this background, we consider that seven vernacular services could be cut without loss to our essential interests: these are the services to France (including French to Francophone Africa), Italy, Greece, Turkey, Spain (but not including Spanish to Latin America), Burma and Malta. As you will see, the bulk of these services are aimed at our allies in Western Europe, and we are, frankly, sceptical of their present value. As an example, the French service costs us something in the region of £650,000 a year, and of this only 45 minutes a day is also broadcast to Francophone African countries.

This will give
Wankle

/It

CONFIDENTIAL



CONFIDENTIAL

It is against this background that one should I think look at the considerations which Roy Jenkins recently put ~~forward~~ to you. ~~in a letter~~ At the other end of the scale, the Maltese service, which costs £11,000 a year, is on the air for only half an hour a week. The abolition of these vernacular services would leave 30 vernacular services unaffected, including most of those broadcasting to the developing world and all of those which broadcast to countries which do not allow free and open access to news and information. The savings to be gained would amount to £1.7 million a year.

We would propose to save a further £1 million per annum by adjustments to the Capital Expenditure programme, mentioned above, and by reductions in the BBC's Transcription Services, which are largely concerned with distributing recorded material overseas.

The total savings thus achieved would be £2.7 million. The original proposal from the Chief Secretary had been that the BBC External Services should be cut by £4 million. But Peter Carrington and I consider that, while it would not be right to exclude the External Services wholly from current efforts to reduce public expenditure, we should ease the burden of the BBC to the maximum extent. Peter therefore proposed, and the Chancellor agreed, to take a further £1 million of the cuts required of the BBC out of the aid budget instead. We had hoped, following a suggestion from Sir Michael Swann, that the BBC might themselves make internal savings of £1 million by rationalisation of their home and external services. But when it became clear from the BBC that this would not be workable in practice, we decided to take an additional £300,000 out of that part of the FCO vote which relates to overseas accommodation - thus reducing the total figure for the BBC to £2.7 million.

Peter Carrington and I believe that, unless you think the Chancellor should exempt the BBC from cuts altogether, this reduction in the Grant-in-Aid is not unreasonable. The total reduction strikes a reasonable balance between the reductions being made to the FCO Votes. It also bears very favourable comparison with what has been proposed, subject to the interdepartmental review, for the British Council. I believe our proposals will be defensible in Parliament and to our own supporters whose effort has been greatly stimulated by misleading reports of our intentions, largely emanating

/from

CONFIDENTIAL



CONFIDENTIAL

from the BBC itself. And I do not think we should want it to appear that we can be pushed off our public expenditure economies by individual lobbies.

I am copying this letter to the Chancellor of the Exchequer, the Home Secretary and the Secretary of State for Trade.

Yours ever
Ian.

Ian Gilmour

CONFIDENTIAL

Broadcasting External Services

Top Copy
Euro Pol, May 79
arty with Roy Jenkins

Fact of meeting record between the Prime Minister and the
President of European Commission, Mr Roy Jenkins, at
10 Downing Street at 1130 on Monday 22 October

BBC External Services

Mr. Jenkins expressed concern about reports that the BBC French language services were likely to be curtailed. He was not worried about broadcasts to France as such but he thought the consequences of a reduction in services to Francophone Africa would be serious. In the absence of the BBC, the listeners in that region would have no programmes other than French national programmes to which to listen.

~~MAP (OR)~~

Broadcasting

CONFIDENTIAL



NKPR yet

Print

Treasury Chambers, Parliament Street, SW1P 3AG
01-233 3000

19 October, 1979

Dear Peter

PUBLIC EXPENDITURE REDUCTIONS:
BBC EXTERNAL SERVICES

Thank you for your minute of 17th October.

Since you are offering a compensating reduction in the aid programme of £1 million in each year, I am content to accept your proposal.

I am sending a copy of this letter to the Prime Minister.


GEOFFREY HOWE

The Rt. Hon. The Lord Carrington, KCMG. MC.

CONFIDENTIAL



10 DOWNING STREET

MR. JAMES

Handwritten initials

*Mr. High
Don't want to
consider how to
demonstrate
to be*

I rang Sir Michael Swann's office today and he is coming to see the Prime Minister at 1100 hours on Friday 2 November.

Handwritten initials

*Bring the
PM. (Mr
Miles' notes
below).*

17 October 1979

This is hobby time at #/c.
I've allowed 10 mins for
the private chat w/ not
erable (I) to get back. So
one will have to be delegated.

Handwritten initials



Broadbank

R/F 24/x

FCS/79/165

CHANCELLOR OF THE EXCHEQUER

Public Expenditure Reductions: BBC External Services

1. Since I wrote to John Biffen on 3rd October to accept the reductions proposed in FCO programmes I have been giving further thought to the size of the cut to be borne by the BBC External Services, originally agreed at £4 million for 1980/81 and the succeeding years.
2. It is emerging from the discussions my officials have been having with the BBC that a cut of the size envisaged would require curtailment of the External Services to a degree incompatible with our best interests. I do not seek to exempt the BBC from the cuts but I have concluded that a more realistic reduction would be £3 million for 1980/81 and the remaining years of the PESC programme. I hope you can accept this change. In return I offer a compensating additional reduction of £1 million in the reduced Aid programme already agreed for 1980/81 - 1983/84.
4. I am sending a copy of this minute to the Prime Minister in view of her interest in this subject.

(CARRINGTON)

Foreign and Commonwealth Office

17 October 1979

PRIME MINISTER



You will recall that we discussed a possible meeting with Michael Swann and Ian Trethowan and you agreed in principle that this would be a useful idea as a tour d'horizon; though obviously the external services would be one of the subjects for discussion.

You made it plain that you would not in any way erode the autonomy of the Foreign and Commonwealth in making decisions on external services: therefore the meeting might well take place after those decision had been made and probably promulgated. You also wondered whether the Home Secretary ought to be present. I have spoken to him and he feels on the whole that a meeting of the kind envisaged would be mutually useful, but it would be better separated from his Ministerial responsibilities.

Meantime Ian Trethowan has unhappily had a heart attack as Michael Swann's letter tells us. The suggestion therefore is that the Chairman might bring along Gerard Mansell (Head of External Services) and effective Deputy Director-General. There would be no harm in this providing we made it clear to the Chairman that the external services are not the principal theme.

In all the circumstances therefore the smaller the group the better and we should, I think, perhaps restrict the meeting to yourself (accompanied by myself and Bernard), the Chairman and Gerard Mansell.

You will see that Michael Swann wishes to discuss one subject à deux. Perhaps this were best done at the beginning. If you agree to this prospectus, I shall arrange an early evening meeting in the diary, and provide you with a brief.



Henry L James
4 October 1979

*we haven't got
an early date - not*

CHAIRMAN

R MICHAEL SWANN, F.R.S.

BROADCASTING HOUSE

LONDON W1A 1AA

01-580 4468

3rd October 1979

Dear Mrs Thatcher,

Ian Trethowan told me the other day, following a meeting he'd had with Henry James, that you might be willing to talk with us about a number of broadcasting matters, including our External Services financial problems.

But, as you may have heard, Ian has, I'm very sorry to say, had a heart attack. Fortunately it is not serious and he is doing well. But he will inevitably be out of action for quite a while.

I should, however, very much value a talk myself if you have time. Could your office, I wonder, let me know a suitable date?

One of the things I had hoped to talk about is perhaps best discussed privately. But if you wanted to go into the External Services problem in any detail, perhaps I should bring Gerard Mansell for that.

yours sincerely

Michael Swann.

The Rt. Hon. Mrs. Margaret Thatcher, M.P.,
Prime Minister,
10, Downing Street,
London,
S.W.1.



CS/79/158

CHIEF SECRETARY TO THE TREASURY

Public Expenditure Reductions 1981/82 TO 1983/84

Registry entered
Mr. Griffiths
Mr. Parks
Mr. Callaghan
Miss Platt

PS
PS/KB
PS/Mr. Warten
PS/PUS
PS/Sr. P. Preston
Mr. Fry - ODA
Mr. Figg
Chief Clerk
Chief Inspector
PPD

115

108

1. Thank you for your letter of 19 September about the need for bilateral discussions on the proposed reductions in FCO expenditure for 1981/82 and later years. I am content to proceed without such talks although I am unable to accept without qualification reductions in two of the areas proposed by Geoffrey Howe and yourself in the Paper C(79)35.
2. As the Paper acknowledged the extent by which British Council expenditure can be reduced is dependent upon the outcome of the present interdepartmental review of the Council's functions. We can consider the question of actual reductions in expenditure when the review committee has done its work. In the meantime your officials on that body will be able to keep you informed of progress.
3. The additional cut of £5.5 million proposed for Other External Relations would be dependent on the winding up of UNFICYP. I cannot undertake that the whole of this sum can be saved, since some UN military role in Cyprus, and a British contribution to it, will be necessary for the foreseeable future. Nor can I guarantee to make significant savings by unilateral action. However I am considering consulting the other troop contributors about ways in which substantial cuts can be achieved in the cost of the Force, with consequential savings in the United Kingdom's contribution. I shall report the outcome to you in due course.
4. I can accept the other reductions proposed in FCO programmes.

C

Foreign and Commonwealth Office (CARRINGTON)

3 October 1979

CONFIDENTIAL

CONFIDENTIAL



10 DOWNING STREET

From the Private Secretary

2 October, 1979.

Dear George,

Overseas Broadcasts

The Prime Minister, whose attention has been caught by recent articles in the Press (notably a piece by Woodrow Wyatt in the Sunday Mirror on 30 September), has asked me to enquire about the progress of your expenditure review as it affects the BBC Overseas Services. She is concerned lest, in order to make relatively minor savings, major damage is inflicted on the BBC's foreign language programmes. She has asked in particular whether it is the case that it is no longer possible to slim down the overseas services all round, and that the BBC will be faced with the need to cut out permanently its service to entire regions.

I should be grateful if a reply which I could show to the Prime Minister could reach me by close of play on Friday, 5 October.

Yours ever

Richard Alexander

G.G.H. Walden, Esq.,
Foreign and Commonwealth Office.

CONFIDENTIAL

2/18

Sunday Mirror : September 30 1979

WOODROW WYATT

Lg.

(with my letter to
G. Walden)

Hands off Britain's voice

AS PART of the Government's spending cuts the BBC overseas services have been told by the Foreign Office to spend £4,000,000 a year less. After suffering a cut every year except one since 1973 the BBC overseas has no administrative fat left to remove.

- Vast chunks of foreign language programmes would have to go for ever. As these do immense good for British prestige and exports, this would be a calamity.

Instead the Foreign Office should be told to cut 10 per cent of its own swollen expenses on staff at home and abroad. They run at £144 million a year. In some areas, like South America, we could have one embassy for several countries, not one in each.

We have too many costly, overmanned embassies. The Foreign Office itself is too large. Our overseas broadcasting is the best and most admired in the world. There's no need to damage it.

Print

CAROLINE (OR)

Henry James has agreed with the Prime Minister that she should see the Chairman and Director General of the BBC. I attach a little note from Mr. Whitelaw about this, making it clear that he does not want to come to the meeting himself. The second and third pages of Mr. Whitelaw's note are superg~~ed~~ed by a meeting we had here on 28 September.

Could you, in collaboration with Henry James, make the arrangements for the meeting?

MJS

28 September 1979

Tickson & Swann

Live

Broadcasting

1. John Chubb has told me through Henry James about the PM's readiness to see the hammer and Scribe Journal of the BBC. I think she should. They will get a real dressing down on programmes this little in these circumstances that I am not there because of my direct position.


21. She says she would like to talk
time about the BBC and my
paper on the license fee. It was
written made to provoke a discussion!!
(call it what you will!!)

I am ready at your convenience. I
talk think a talk with a Private
Sec present for record purposes.
Therefore a general chat at Chequers
at the Beckend is probably not
the best way. But I would

late you advice I shall
be at Disney wood on Sat and
Sunday and would of course
be delighted to have Mr PR
and DI to lunch if that
was the best way and they
would like it.

WILL
27/9

Chic Whitmore





*Original in G/Lam. D59
Broadcasting
C.FLO*

10 DOWNING STREET

THE PRIME MINISTER

25 September 1979

Thank you for your letter of 3 September. I understand your concern about possible cuts in the BBC's services to Portugal and I am grateful to have your views.

I too attach importance to the role played by the External Services of the BBC and I am glad that you feel their services to Portugal during the difficult days of 1975 were of value to Portuguese listeners.

The British Government have, however, judged it necessary to review all aspects of future plans for public expenditure from which, as a grant-aided body, the BBC External Services cannot be excluded. And they believe an effort must be made to produce savings in virtually every area.

The conclusions reached in the review are to be announced in due course in a Government White Paper. I cannot say more at this stage but I assure you that we wish to minimise the effects of public expenditure cuts on the BBC's External Services and close consultations have been taking place with the BBC about this.

(SGD) MARGARET THATCHER

Dr. Mario Soares.

vb



(3)

10 DOWNING STREET

Prime Minister

Draft prepared by FCO.

"Dear Mr Soares".

I understand that the
BBC Vernacular Service to
Portugal is unlikely to be cut.
But clearly this cannot be said
to Mr Soares until Ministerial
Decisions have been taken.

Am

24/5

Ch. Pre Date +
return to me.



Fib
Tous
Broadcasting

10 DOWNING STREET

From the Private Secretary

17 September 1979

BBC External Services

As I told you on the telephone this morning, Sir Michael Swann asked whether the Prime Minister would be willing to see him for half an hour this week to discuss the prospects facing the BBC External Services.

The Prime Minister has commented that in her view this is a matter for the Foreign Secretary or the Lord Privy Seal. I have therefore told Sir Michael's office that if he wishes to pursue his discussions at Ministerial level, he should approach the Foreign Office.

I am copying this letter for information to John Chilcot (Home Office).

N. J. SANDERS

R.M.J. Lyne, Esq.,
Foreign and Commonwealth Office.



PA

10 DOWNING STREET

MR. SANDERS

When this comes out of
the box, could you please
ring Miss Gregory on
580 0757.

Done
MS

A large, stylized handwritten signature in blue ink, possibly reading 'EJ'.

14 September 1979



10 DOWNING STREET

PRIME MINISTER

Sir Michael Swann
(Chairman of the BBC) would
like to come and talk to you
for half an hour next week
about the BBC External
Services. Would you be
prepared to see him? I
would have thought that this
was something for the Home
Secretary?

ES.

BBC External

Service in the

14 September 1979

Foreign Sec

(on the Admin) [unclear]

Essadentig
M1

PRIME MINISTER

You asked for a breakdown of how the BBC External Services' money is spent, especially between different types of programming. I attach a letter from the Foreign Office covering an explanation from the BBC. The information you want is presented in diagram form at Flag A. The diagrams are not as clear as they might be but the main message is that entertainment (including sport) is a small proportion, compared with information, of both programme and staff costs. Following the diagrams, there is an explanation and defence of the allocation of resources.

MAD

6 September 1979



Foreign and Commonwealth Office

London SW1A 2AH

5 September 1979

Dear Mike,

BBC EXTERNAL SERVICES

--- The Prime Minister has asked for a breakdown of how the BBC External Services' money is spent (your letter of 28 August) covering both the geographical spread of broadcasting and types of programming. I enclose a paper prepared by the BBC.

The Prime Minister may wish to know that talks are still going on with the management of the BBC about the implementation of the £4 million cut in their PESC provision for 1980/81 agreed by Ministers. When these talks have concluded - it is hoped by the end of this week - recommendations will be submitted to Ministers.

(G G H Walden)

Mike Pattison Esq
10 Downing Street

B.B.C. - EXTERNAL SERVICES

1. Revised Estimate and Cash limit 1979-80

A1 Broadcasting Services

Current Expenditure
Capital Expenditure

A2 Monitoring Services

Current Expenditure
Capital Expenditure

M.O.D. Share (20%) of Monitoring

£	£
35,858,000	
3,707,000	
	39,565,000
3,602,000	
217,000	
	3,819,000
	43,384,000
	764,000
NET F.C.O. Vote	42,620,000

B.B.C. EXTERNAL SERVICES

ANALYSIS OF BROADCASTING CURRENT EXPENDITURE

at April 1979 prices

	Weekly Programme Hours	Cost	
		£000	£000
1. Programme Production			
French Language Services (France & Africa)	42½		520
German Language Service	25		491
South European Service			
Italian	7	130	
Greek	10½	119	
Turkish	7	109	
Spanish	7	103	
Portuguese (Portugal & Africa)	8¾	103	
Management		157	721
Central European Service			
Czech	21½	296	
Hungarian	18	222	
Polish	21½	269	
Finnish	8½	114	
Management		146	1047
East European Service			
Bulgarian	12½	157	
Romanian	14	169	
Russian	34¾	383	
Yugoslav	16½	195	
Management		141	1045
Arabic Service	63		871
African Service			
Hausa	8¾	118	
Somali	5½	83	
Swahili	7	123	
Management		96	420
Latin American Service			
Brazilian	15¾	167	
Spanish	28	260	
Management		79	506
Far Eastern Service			
Chinese	16	265	
Japanese	7	121	
Thai	7	96	
Vietnamese	8¾	148	
Indonesian/Malay	10½	167	
Management		111	908
Carried Forward	430¾		6529

ANALYSIS OF BROADCASTING CURRENT EXPENDITURE

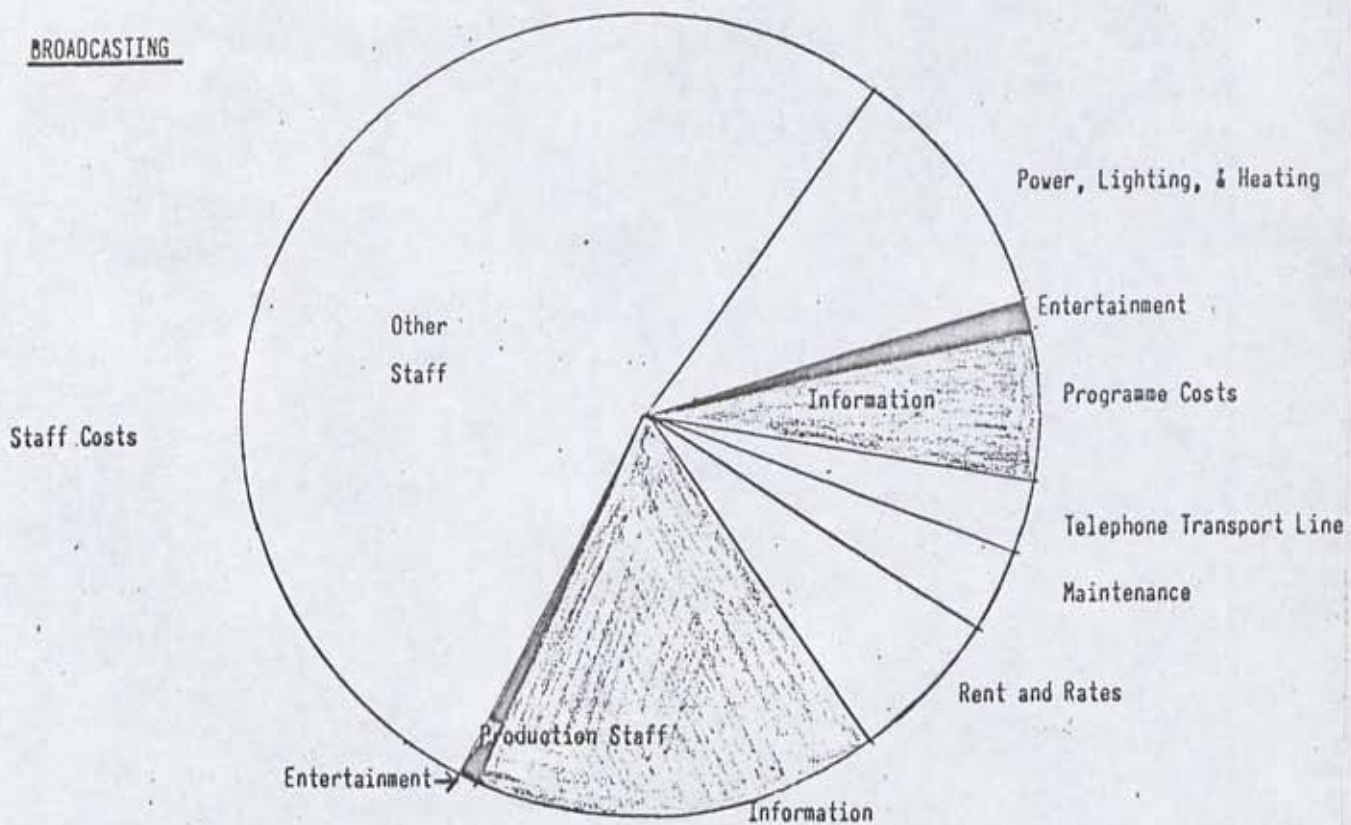
at April 1979 prices

	Weekly Programme Hours	Cost	
		£000	£000
Brought forward	430½		6529
Eastern Service			
Persian	10½	149	
Hindi	15½	167	
Bengali	8	115	
Tamil	1½	16	
Nepalese	¾	13	
Urdu	8½	119	
Burmese	7	98	
Sinhala		2	
Management		161	
			840
World Service	197½		2396
Malfese, French for Canada, Falkland Islands	1½		11
English by Radio and Television - Expenditure	30½	632	
- Income		-600	32
Sub-total	711½		9808
2. <u>Central Writing Departments</u>			
News		2978	
Talks and Features		609	3587
3. <u>Non-Transmitted Output</u>			
Transcription Services - Expenditure		1111	
- Income		-340	
Overseas Regional Services		266	1037
4. <u>Supporting Services</u>			
i) Engineering and Transmission including overseas relay bases		8400	
ii) Studio Services		1538	
iii) Accommodation, including telephones postage etc.		3926	
iv) Publicity including "London Calling" and "Huna London"		584	
v) Music Performing Rights		837	
vi) Management, Personnel, Finance, Training Audience Research and other central services		4060	19345
TOTAL	711½		33777

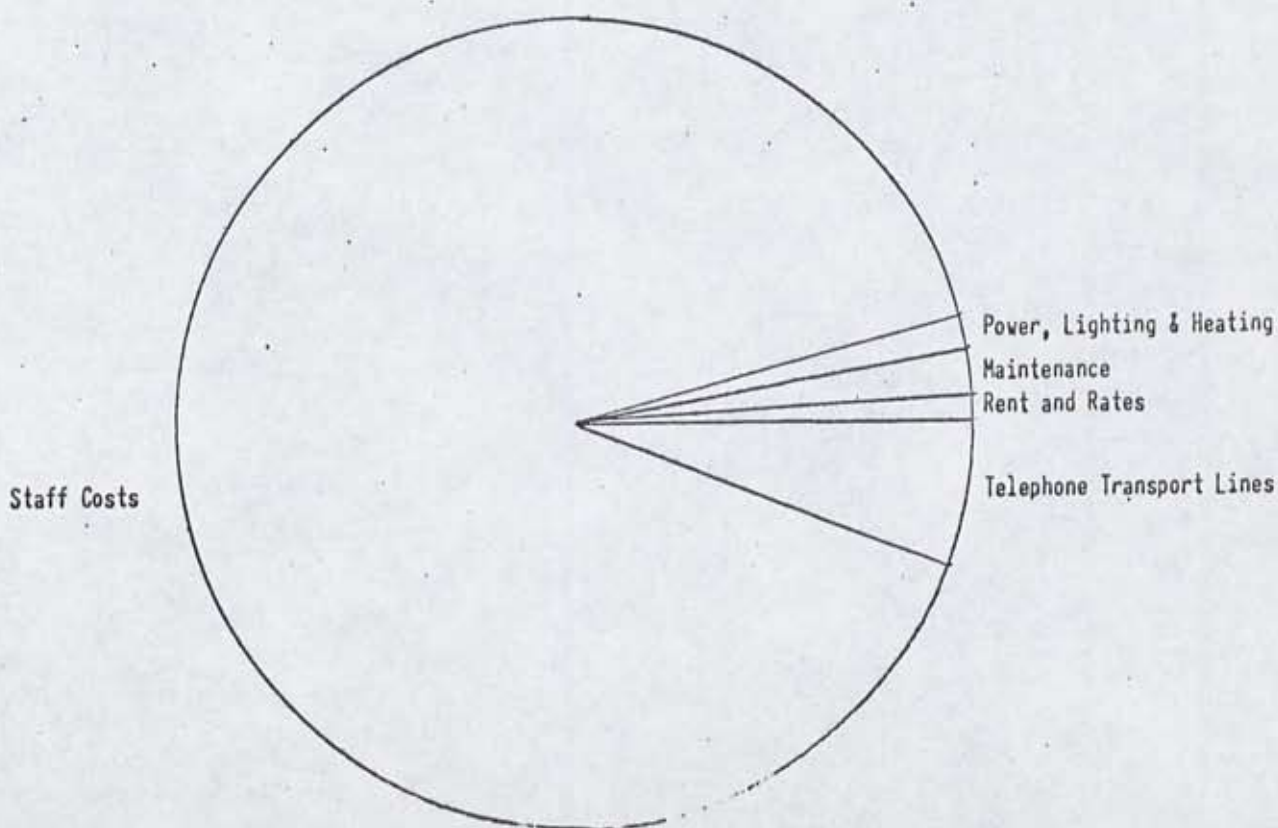
A

EXTERNAL SERVICES - OPERATING EXPENDITURE AS AT 1st APRIL 1979

BROADCASTING



MONITORING



Note on the deployment of resources
in External Broadcasting as between
Information and Entertainment Programmes

This paper, together with the attached schedules, sets out the answers to the questions which have been asked about the proportion of air-time and resources given to entertainment and sport as against news, information, programmes on current affairs, etc.

The first Schedule shows the overall breakdown of expenditure for 1979-80 between Broadcasting and Monitoring and between current and capital.

The second Schedule shows weekly programme hours Service by Service together with the direct cost (staff and other programme expenditure) for each service, followed by the cost of central and supporting departments, accommodation, publicity, engineering, etc.

The above merely confirms what you already know and is included for ease of reference.

The answers to the specific questions asked must be given separately for the World Service, the Arabic Service and other vernacular services because there are substantial differences between them arising from the overall purpose of each, the nature of audiences and their expectations, the extent of competition from local media which make it necessary, in the case of the Arabic Service for instance, to include rather more entertainment and music as 'bait', so to speak, than would be required for most other vernacular services. Explanatory notes follow the factual answers: Category 1 represents news, information, current affairs, etc. Category 2 represents entertainment, music, record request programmes, drama and sport.

1. World Service

(i) Percentage of air-time:

Category 1	69%
Category 2	31%

(ii) Percentage of programme expenditure:

Category 1	63%
Category 2	37%

N.B. The cost of news, which represents 25% of total World Service air-time, is not counted in Category 1 because the News Department is a central charge. If a proportion of the cost of the News Department was charged to World Service the cost of Category 1 as a percentage of the total would be higher.

(iii) Percentage of total staff effort expressed in numbers of posts:

Category 1	78%
Category 2	22%

(iv) Percentage of total staff effort expressed in expenditure:

Category 1	88%
Category 2	12%

2. Vernacular Services other than the Arabic Service

N.B. The figures shown are totals for all vernacular services:

- (i) Percentage of air-time:
- | | |
|------------|-----|
| Category 1 | 94% |
| Category 2 | 6% |
- (ii) Percentage of programme expenditure:
- | | |
|------------|-------|
| Category 1 | 91.3% |
| Category 2 | 8.7% |

N.B. A large element in the output of vernacular services is news, which is provided for centrally and not charged to individual services.

- (iii) Percentage of staff effort as expressed in expenditure:
- | | |
|------------|-----|
| Category 1 | 98% |
| Category 2 | 2% |

N.B. No programme staff in vernacular services are employed exclusively on entertainment programmes. It is not realistic to quantify the number of posts represented by the staff effort involved.

3. Arabic Service

- (i) Percentage of air-time:
- | | |
|------------|-----|
| Category 1 | 64% |
| Category 2 | 36% |
- (ii) Percentage of programme expenditure:
- | | |
|------------|-------|
| Category 1 | 52.9% |
| Category 2 | 47.1% |
- (iii) Percentage of total staff effort expressed in expenditure:
- | | |
|------------|-------|
| Category 1 | 84.9% |
| Category 2 | 15.1% |

N.B. As with the World Service and the other vernacular services a large element of the output is straight news, which is provided centrally and not charged to the Arabic Service. If a proportion of news costs was charged, the cost of Category 1 as a percentage of the total would be higher and the cost of Category 2 lower.

Explanatory Notes

1. The precise mix of programmes varies from week to week and thus the division of output is based on averages or sample weeks.
2. The cost of Type 2 programmes in staff and other programme expenditure (Contributors, Actors, etc.) does not represent the amount that would be saved if this type of programme were removed. If information type programmes were substituted there might in some cases be an increase in cost.
3. The programme mix of the World Service must of necessity be richer and more varied, for the following reasons:
 - (i) The World Service caters for a wide variety of audiences and a wide range of tastes.
 - (ii) It attracts many of its listeners through its lighter and more entertaining programmes. For instance it is known that the younger generation in Communist Eastern Europe are keen followers of its pop music programmes.
 - (iii) Sport (Ball by Ball Test Match commentaries, Football, etc.) has a wide and enthusiastic following and costs little, since in most cases the World Service merely relays at no cost the sports transmissions of the BBC's internal services.
 - (iv) Drama, which includes the Classics, as well as being entertainment, is one of the ways the World Service reflects the quality of artistic and literary life in this country. Many listeners who are culturally starved for one reason or another regard it as one of the bright spots in their lives. It brings them into contact with a culture they long for and admire, and serves to disseminate British ideas and the fruits of British creative talent.
 - (v) The variety and richness of the World Service's programme mix, apart from being one of the features which is most often commented on as giving it its unique character, helps to ensure that it is not regarded as a narrowly conceived exercise with propaganda undertones.
 - (vi) The World Service is in a position to exploit the full richness of the English language as expressed in its literature, drama and poetry.

4. The Arabic Service must also of necessity provide a somewhat richer programme mix if it is to hold its own in the highly competitive environment in which it operates. Listeners in the Arab world have a wide range of stations to choose from, many of which use Arabic music, drama, etc., as their main attraction. In fact very few of the Arabic Service's 'entertainment' programmes have no informational or 'projection of Britain' content. Drama, for instance, includes regular serialisations of the English Classics. Even Arabic music from records has export potential since a great deal of Arabic music is published by the E.M.I. Group.
5. Much of the music broadcast by individual services, is in the form of gramophone request programmes, which are very popular with the audience, particularly those which concentrate on pop music. The presenters of such programmes often become well loved and well known personalities who add to the attractions of the service concerned and help to broaden its appeal and give it a human face.
6. The average expenditure on outside Contributors, Actors, Artists etc., per hour of broadcasting in the vernacular services including Arabic is £21.

31st August, 1979

Brouden Key

JS



10 DOWNING STREET

From the Private Secretary

28 August 1979

~~SE~~ 4.9.79

As you know, the Prime Minister has received representations from a number of sources about possible cuts in BBC External Services. She would like to see a breakdown of how the External Services money is spent. She has in mind not merely the geographical spread of broadcasting, but the breakdown into types of programming. She would like to be able clearly to identify the amount spent on discussion and information programmes as against the amount spent on music, sport, and light entertainment.

|| It would be helpful if you could let me have some information on this by 4 September. ||

M. A. PATTISON

G.G.H. Walden, Esq.,
Foreign and Commonwealth Office.

SP

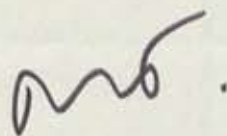
PRIME MINISTER

B.B.C. - EXTERNAL SERVICES

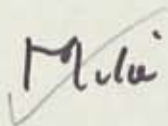
1. Herewith letter dated 16th August from Ray Whitney, together with its enclosure, and carbon copy of my reply.
2. Whitney is a good man.

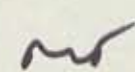
24th August, 1979


Ian Gow



Action being
taken see
off filing 28/8/79



- can we have breakdown
of how the BBC intended
services money is spent? I suspect
a lot of it is on musical programmes
etc. not on education or
journalistic programmes etc etc


24th August, 1979

Many thanks for your letter of 16th August, with which you enclosed a copy of a letter dated 14th August, which you had sent to Ian Gilmour.

As you would expect, I agree, very much, with the first sentence of the second paragraph of your letter.

I do not know enough about the External Services of the B.B.C. to comment, with any authority, on the main point which you make.

However, I will ensure that your letter is seen by the Prime Minister.

Ray Whitney, Esq. O.B.E., M.P.
House of Commons,
Westminster, London SW1

RAY WHITNEY, O.B.E., M.P.



HOUSE OF COMMONS
LONDON SW1A 0AA

16 August 1979

I Gow Esq MP
10 Downing Street
London SW1

My dear Ian,

I hope I am one of the most enthusiastic "economisers" in the Party but I really believe it would be misguided to try to save £4 million on the BBC External Services. Their role in the Third World is particularly important.

I enclose a note I have written to the Lord Privy Seal in case it may be of interest:

*I hope you are getting a
decent holiday.*

*Yours ever,
Ray.*



HOUSE OF COMMONS
LONDON SW1A 0AA

14 August 1979

Rt Hon Sir I Gilmour MP
Lord Privy Seal
Foreign and Commonwealth Office
London SW1

Dear Sir,

I am reluctant to enter into the public debate on the issue of the proposed cuts in the external services of the BBC but cannot forbear to add my small voice to the chorus of protest which I have no doubt you and your colleagues are receiving.

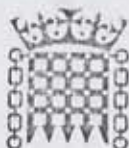
Most of us agree on the need to stabilise and, as soon as it can be managed, to cut public expenditure in real terms and I would count myself as one of the most dedicated of the economisers. The Party has, however, also accepted that the defence of our national security - from external and internal threat - called for the expenditure of more resources. I believe the same arguments apply to the external services.

Whether we like it or not, we are caught up in a ceaseless campaign of ideological warfare and any withdrawal we make from that battlefield is a victory of those hostile to our interests and values. Moreover, for reasons you will well appreciate, any ground which is surrendered now would be very difficult indeed to recapture - should there come a time when the folly of constant retreat is understood.

I should be very surprised indeed if, after all the cuts and reviews of the last decade or so, there is still any fat left to remove from the external services. Reductions are bound to do real harm to our interests, particularly coming when our antagonists are increasing their own efforts.

At the risk of sounding disloyal to my former colleagues, I have to say that my own experience has left me with the conviction that when economy drives are under way, the FCO has a marked tendency to look for savings in the BBC external services budget. To do so is less painful than to inflict cuts on the more immediate FCO family and there is always the feeling that, at the end of the day, the powerful "Bush House lobby" may be effective in gaining an eleventh-hour reprieve. In any case, there can be an element of schadenfreude in the FCO reaction to reductions in the external services. Their broadcasts so often ruffle feathers in foreign capitals and lead to uncomfortable interviews for our High Commissioners and Ambassadors!

/cont ...



HOUSE OF COMMONS
LONDON SW1A 0AA

- 2 -

Rt Hon Sir Ian Gilmour MP

14 August 1979

The £4 million involved seems to be a trifling sum for what is at stake and I am sure that far less damaging savings could be found in other areas, whether on the Diplomatic Service Vote or elsewhere. As an example, I remember being involved some years ago in a study of our effort in Somalia. It then seemed very clear that the very small amount we spent on the Somali service (was it £30,000?) was far more effective than maintaining five or six UK-based diplomats in what was, at that time, a hostile environment.

There is no doubt that the external services still have a very important international audience. In my experience, for instance, the majority of Soviet bloc diplomats are regular listeners when they are serving in third countries.

I hope very much that a solution can be found.

I am copying this letter to Ian Gow in case it may be of interest.

Yours ever,
Ray.

Broadcasting

CONFIDENTIAL



10 DOWNING STREET

From the Private Secretary

18 June 1979

BBC Vernacular Services

Thank you for your letter of 12 June about the BBC's foreign language broadcasts.

The Prime Minister has seen your letter and has commented that she hopes that no cuts will be made in the BBC's services to Communist countries.

I am sending a copy of this letter to Martin Vile (Cabinet Office).

R. G. CARTLEDGE

G.G.H. Walden, Esq.,
Foreign and Commonwealth Office.

CONFIDENTIAL

Previous ref. on
GERMANY - Visit of Herr
Stobbe; March 1979 2

Prime Minister



I asked about this
in the light of your
remark to the Mayor of Berlin
that there should be no
cuts in our broadcasts to Communist-dominated countries.

Foreign and Commonwealth Office

London SW1A 2AH

12 June 1979

Dear Bryan,

BBC Vernacular Services

BH
12
6

In your letter of 25 May you asked about the position of
certain of the BBC's foreign language broadcasts.

No changes have been made recently in the vernacular services
to the Soviet Union and Eastern Europe. But as part of a general
review of the vernacular services officials have been considering
the possibility of reducing the broadcasting hours of the
German Service. This Service is broadcast to both the German
Democratic Republic and the Federal Republic of Germany. A
reduction would, therefore, affect listeners in the GDR. In
view of the cuts which we have been asked to make in spending
plans, we see no alternative to examining cuts of this kind.

The possibility will no doubt come up again for discussion
in the course of the current review of PESC provisions in the
period 1980-83, but FCO Ministers will be consulted before any
decision is taken.

Yours ever
G G H Walden

G G H Walden

B G Cartledge Esq
10 Downing Street

I hope they will not make
cuts in BBC services to
Communist countries.
no

CONFIDENTIAL



Germany

Original on GERMANY:
Visit to UK by Herr Stobbe:
MARCH 1979

10 DOWNING STREET

From the Private Secretary

25 May 1979

R/F 8-6 79

Dear Paul,

Call on the Prime Minister by the Governing Mayor of Berlin on 25 May 1979.

The Governing Mayor of Berlin, Herr Stobbe, called on the Prime Minister at No. 10 at 1015 this morning, accompanied by the FRG Ambassador and others.

I enclose a copy of my note of the Prime Minister's conversation with Herr Stobbe. I should be grateful if you would give it the restricted distribution appropriate to Prime Ministerial records.

You will see that the Prime Minister expressed the view to Herr Stobbe that there should be no economies in UK or Western broadcasts to the Soviet Union and Eastern Europe. I should be grateful if you would let me know, for the Prime Minister's information, whether any cuts have recently been made in the BBC's service to the Soviet Union and Eastern Europe or if any cuts are planned.

I am sending a copy of this letter and enclosure to Martin Vile (Cabinet Office).

Yours ever,
Byzantine

Paul Lever, Esq.,
Foreign and Commonwealth Office.

CONFIDENTIAL

gn