

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



Foreign and Commonwealth Office
27 October 1979

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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?

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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
work

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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

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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

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