

PRIME MINISTER

CABLE POLICY

There are two issues which were not fully explored in E(TP) and which may crop up in the Cabinet discussion.

1. The "National Electronic Grid" Fallacy

Arnold Weinstock has called for a "National Electronic Grid" as opposed to what he dismisses as a "quick buck" policy for cable. This is supported by Sir George Jefferson. At present, he argues that the profitable trunk network of British Telecom subsidises the local telephone network. Why, he asks, should the cable companies be able to cream off the profitable traffic, leaving poor British Telecom with its statutory obligations to provide unprofitable local services?

It is important to nail the falsity of this analogy. The Grid-ites confuse the historical development of a service with its present coverage. Almost all the services which are now called public utilities started as local, profit-oriented services and only gradually came to cover the country as fresh extensions became profitable (railways, electricity, gas, telephones). Even now, the gas-pipes have not reached rural areas. Would Arnold be calling for a National Gas Grid (yes, I suppose, if GEC were building it)?

If Cable does become highly profitable, then its coverage will spread rapidly. If not, then it won't, and the nation will not have wasted too much money on an unpopular service. Commitment to a national electronic grid would almost certainly draw on public funds, and could well become another Concorde project.

All that matters is that we should insist on technical standards which make it possible to expand the number of homes covered and the types of service offered.

2. The fears about programme content

These fears tend to be lumped together in an ill-focussed fear that Cable TV would "lower standards". It is important to separate out

these fears and appreciate that some are better-based than others.

(a) The fear of "cheap foreign trash"

This seems exaggerated. Of the Top 20 programmes on BBC1 and ITV last week, only one - Dallas - was an American import (and in any case a remarkable one). People who want trash tend to prefer British trash. If Cable TV channels buy cheap American series, they are unlikely to woo audiences away from BBC and ITV - and thus unlikely to make money.

(b) The fear of cheap British trash

Those who are scornful of public taste must, at least, reckon with the fact that British trash is not all that cheap to produce, with present studio manning levels. Intelligent programmes, however, often can be produced quite cheaply. The "diversity" criterion may therefore fit in with economic considerations.

(c) The fear of soft pornography

This seems to me a much more realistic fear. And I think this ought to be the one exception to the otherwise light regulatory hand of the new Authority.

We should go some way to calm fears if we made it clear that channel operators would be expected to make sure that they did not screen offensive, salacious or sadistic material - if they hoped to retain their franchise. We might even contemplate a break-clause in the contract for persistent offenders.

(d) The fear of a continuous diet of old films

There are a limited number of good old films. At the sixth viewing, even The Third Man and Gone With The Wind begin to pall. Once again, unless the cable channels provide a varied diet, audiences will drift back to the BBC and ITV.

Thus most of the fears of "lowered standards" have little basis, alas, for the simple reason that standards are not that high to start with.

I suggest, therefore, that we should take a strongly positive line about the possibilities of cable and not be timidly defensive about its potential.

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