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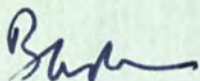
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MR. LANKESTER

On your advice, I raised the issue of advertising on BBC with the Prime Minister this morning. I said the departure had such serious implications that it ought to be given the most serious consideration before it was put forward outside Government.

I begged of her to ensure that it was properly discussed within Government and I believe she took my point. Clive, who was there will, I hope, confirm that you should raise this issue with the Home Office with a view to ensuring that the idea is not conveyed to the BBC pending further consideration.

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B. INGHAM

5 November, 1979

SECRET

cc. Mr. Gaffin

MR. LANKESTER

TV Licence, etc.

I discussed with you that part of the Home Secretary's minute of October 31 which mentions the possibility of advertising on the BBC and promised you a note.

It is not clear from Mr. Whitelaw's note whether he intends to disclose publicly that the Government would not exclude the possibility of advertising as a means of BBC's raising non-licence revenue. I take it that he would merely indicate this to the BBC. In practice, however, that may well be tantamount to publication, given that the BBC is such a leaky vessel.

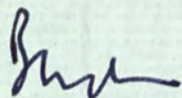
However, at this stage, I am less concerned about mechanics than with principles. I have not been able to establish from the papers available to me this weekend whether the concept of advertising on BBC has been fully considered by Cabinet. It is, however, such an important departure that it merits the most careful discussion before there is any public speculation. To canvass the possibility in the context of cash limits would cause severe (and contemptuous) criticism.

First point, then, is whether the Government is agreed, as a Government, to contemplate advertising on BBC and whether it is in a position, on or before November 23, to deploy arguments in favour (and to meet criticisms)?

That there will be criticism of a stern kind, I have no doubt, leaving aside the effect on commercial stations. (And the Government has enough trouble at present on the BBC front with External Services). I doubt whether I am the stuffiest member of society, but I would consider it a retrograde step to introduce advertising to BBC radio or television. The BBC's reputation world wide rests in part on its integrity as an independent source of information financed without commercial sponsorship. To introduce commerciality could only, in my view, damage its reputation, particularly in the areas of news and

current affairs. I do not suggest that standards or independence would necessarily be eroded; it would, however, be much easier to persuade people that standards were being debased.

I feel I would be failing in my duty if I did not signal heavy weather ahead on this subject and I am grateful to you for giving me the opportunity to do so. Specifically, I think it is crucial that the Government should have discussed and reached a collective view on advertising on BBC before the idea is canvassed with the BBC or publicly.



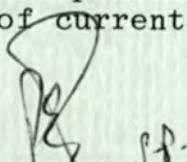
B. INGHAM

5 November, 1979

TIM LANKESTER

You should know that the Prime Minister is seeing the Chairman of the BBC tomorrow morning.

I have discussed this note with Bernard Ingham and we are agreed in practice that the introduction of advertising into BBC Radio or Television would be retrograde. The BBC has established its international reputation on its integrity as an independent source of information financed without sponsorship. I am sure that any erosion of that philosophical principle could harm its reputation and its acceptability particularly in the field of current affairs.



Henry L James
1 November 1979