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The Rt Hon Douglas Hurd MP
Secretary of State for the Home Office
50 Queen Anne's Gate
LONDON SW1H 9AT

18 February 1987

Dear Home Secretary,

GREEN PAPER ON RADIO

I have seen the text of the Green paper on Radio which your Private Secretary circulated on 3 February. While I am broadly content, there are several points I would like to clear up before it is published.

The main one concerns the method by which the cable authority would select stations for the local area. According to Paragraph 7.23, the authority would identify "needs", then invite applications. Stations would then be allocated. Any new stations would have to be providing a distinctly new service. This last requirement seems to me distinctly anti-competitive, since it seems to suggest that competitive entry would be blocked even if frequencies are available. Consumer welfare is a matter of choice between similar services as well as of the breadth of services available. I would, therefore, like to see the sentence "Any additional stations.....distinct range of programming" removed. More generally, I think it is against the general spirit of light regulation to have a regulating authority decide what "needs" to be broadcast. I would like to see the second sentence onwards redrafted to read:

"Having drawn up such a plan, the authority would then invite applications to provide a radio service. Using such criteria as the financial viability of the proposals and local audience demands, the authority would then decide which applications would be granted for which areas, assign frequencies and set technical standards."

Similar amendments would be needed to Paragraphs 7.2 and 8.9.

Similarly, although it is not explicit, Paragraph 4.16 seems to imply an advance determination that one of the frequencies transferred from the BBC should be used for a national speech channel. I do not see that this is necessarily right. The nature of the national commercial channels is something that should be left to the new broadcasters, particularly if, as indicated by Paragraph 7.26, they are to be put to competitive tender. I, therefore, think that the last sentence of Paragraph 4.16 should be omitted.



Three other unrelated points are:

In Paragraph 2.13, the Green Paper seems weak. Needletime is a clear example of exploitation of a monopoly position. Instead of merely hoping for a satisfactory agreement, the paragraph should say that the Government "intends to look into the question of whether restrictions on needletime should be curtailed";

Paragraph 4.17 I am not sure that I understand the last sentence. Surely the relevant point is that the BBC has a surfeit of national channels on which it currently simulcasts? I would have thought it possible to end this well before 1995, even if only by providing a wider range of BBC services than at present. A better target might be "within five years".

Paragraph 9.10 I do not accept that savings from ending Radios 1 and 2 of £55 million pounds, which translates as £3 off the licence fee, are not significant. I suggest you remove the last sentence and the word "only" from "only 24 per cent of the total operating costs".

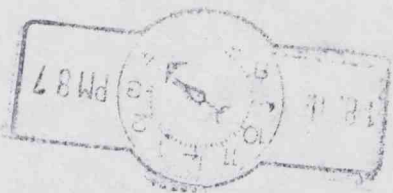
Subject to these amendments, I am content with the Green Paper. I am copying this letter to members of MISC 128.

Yours sincerely,

Cathy Ryding
(Private Secretary)

PP NIGEL LAWSON

(Approved by the Chancellor and
signed in his absence.)



BROADCASTING. Legislation pt 2.