



Treasury Chambers, Parliament Street, SW1P 3AG  
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31 August 1988

The Rt Hon Douglas Hurd MP  
Secretary of State for the Home Department  
Home Office  
50 Queen Anne's Gate  
London SW1

Dear Secretary of State,

SUBSCRIPTION

I have seen your minute of 19 August to the Prime Minister reporting on your discussions on subscription and night hours broadcasting with the BBC and IBA.

I am disappointed that you were unable to persuade the IBA to offer separate contracts for the night hours when the existing ITV contracts are extended. I think we have lost a useful opportunity for a wider experiment involving subscription in the period before 1993. The approach which the IBA have adopted may mean that viewers will be accustomed to receiving "free" night hours broadcasting. This may make it more difficult to introduce subscription on the gradual basis you have proposed. Whilst in the longer term it is clearly right to leave the choice of financing to the operators' commercial judgement, I think that in addition to laying down the general principle of a separate night hours license, we should leave open in the White Paper the possibility of requiring subscription finance for such licenses. We can judge, in the light of reactions to it, whether we need to insist on a degree of subscription financing in the interests of ensuring a sufficient degree of consumer responsiveness in the system.

On the BBC, I too welcome the positive approach which they are taking to subscription and I would certainly want them to be authorised to develop new down loaded subscription services. This is a good example of the extension of broadcasting services which



the new regime should achieve. It is also important that the BBC understand that the license fee will be limited (and may even be reduced) by the amount which they can reasonably be expected to earn from subscription.

There are also, as you point out, strong arguments in favour of leaving both channels with the Corporation for use on a subscription basis, if we want to get subscription off to a good start and maximise the BBC's income from this source. However, I hope that we can be satisfied that the BBC will use this opportunity in a constructive way and not in a way which offers unfair competition to other operators introducing subscription services. There seems to be a risk of this at least if one channel draws predominantly on the BBC's archive material.

I am copying this letter to the recipients of yours.

*Yours sincerely,*

*Moriz Wallace*

*N* NIGEL LAWSON

*(Approved by The Chancellor  
and signed in his absence)*

