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6 October 1988

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

A handwritten signature in dark ink, appearing to read 'Douglas Hurd'.

BROADCASTING WHITE PAPER

I have now seen your response to the Prime Minister's ^{with PLG} comments on the draft White Paper you circulated on 14 September.

On night hours and subscription, I remain concerned that we may not be giving subscription a big enough push, if the only clear subscription element in the package is the night hours on one BBC channel. My letter of 31 August suggested that the White Paper should leave open the possibility of requiring subscription finance for some commercial licenses at least in the short term. I continue to think that that would be helpful. We could then judge, in the light of reactions to the White Paper, whether we need to insist on a degree of subscription financing, eg for channel 5 or night hours licenses. Without such positive discrimination, our opportunity to establish a consumer-responsive market may be lost. Greater emphasis on the development of subscription could also help deal with the arguments we will face about quality.

I also share the Prime Minister's view that the White Paper should express strongly the overall objective of progressively replacing the BBC license fee by subscription. With that aim in view, the White Paper should not rule out an actual reduction in the license fee reflecting the earning potential of subscription. I agree we would need to consider the impact of such a move in the circumstances of the time.



On another matter, in reformulating your proposals about new services, you have gone back on our earlier decision to end the ITN monopoly and its protected financial position. This seems to me likely to damage ITN itself in the longer term by eliminating any pressures on it for improved efficiency. It also seems out of keeping with the White Paper's general approach. We obviously need to ensure the continued existence of a high quality news service but I remain to be persuaded that this cannot be done by the explicit reinforcing of licence conditions dealing with news and current affairs coverage, which you also suggest.

Finally, you are aware of my views on the appropriate regime for Channel Four. But whichever of the options paraded in your first draft we eventually decide on, the third option in your latest draft surely goes too far in suggesting that a final arrangement might be one which gave Channel Four no incentive to efficiency.

I am copying this letter to the Prime Minister, the members of MISC 128 and Sir Robin Butler.


NIGEL LAWSON