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File D&S



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10 DOWNING STREET

LONDON SW1A 2AA

From the Private Secretary

3 July 1989

Dear Jonathan,

MISC 128: CHANNELS 3, 4 and 5

Thank you for your letter of 19 June which the Prime Minister has seen, together with Gareth Jones' letter to you of 26 June.

The Prime Minister continues to have serious doubts about the proposal that the cash bonds of unsuccessful applicants for Channel 3 franchises should be used to contribute towards setting up costs of Channel 5. But she agrees with the Secretary of State for Trade and Industry that the next step should be for officials to come forward with a range of alternative proposals for financing the Channel 5 costs.

I am copying this letter to the Private Secretaries to members of MISC 128 and to Sir Robin Butler.

*Yan.
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PAUL GRAY

Jonathan Taylor, Esq.
H.M. Treasury

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