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10 DOWNING STREET

LONDON SW1A 2AA

From the Private Secretary

13 December 1989

Dear Colin,

BROADCASTING BILL: CHANNEL 4

The Prime Minister and the Home Secretary had a brief discussion this afternoon about the issues set out in your letter to me of 5 December.

I should be grateful if you and copy recipients would ensure that this letter is given a restricted circulation only.

The Home Secretary said that he had no enthusiasm for the revised proposal that the Channel 4 Corporation should be enlarged to between 13 and 15, so that it included the executives. However, it was necessary to reach a judgement on whether it was worth a further fight in order to resist this approach, and on balance he felt it was not. As long as the non-executive members of the Corporation were in a clear majority he thought the revised approach would not be damaging.

The Prime Minister said that, with the benefit of hindsight, it might have been better to have privatised Channel 4. However, that option had not been pursued, and in view of the Home Secretary's comments, she was prepared to accept his judgement that the revised proposal set out in your letter should be accepted. But she thought it would be appropriate to make clear to the Channel 4 management that the Government would be keeping a close eye on how economic were its operations.

I am copying this letter to the Private Secretaries to the members of MISC 128 and to Sonia Phippard (Cabinet Office).

*Yan.
PGR*

PAUL GRAY

Colin Walters, Esq.,
Home Office.

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