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10 DOWNING STREET

From the Private Secretary

2 November 1979

Mr. Blaker called on the Prime Minister this morning to discuss the proposed reduction of £2.7 million in the public expenditure allocation for BBC external services.

The Prime Minister had had a private discussion with Sir Michael Swann earlier in the morning. She had been impressed by four arguments. Sir Michael had pointed to the risk of BBC wavelengths being taken over by others if the BBC withdrew. He had asked whether it was wise to cut broadcasting in Spain in view of the strength of Communism there. He had argued that one should not concentrate on influencing unfriendly countries at the expense of losing influence with Britain's friends. He had also argued that the external services were better and of more value than the domestic services. He would like to be able to shift some resources to the external services, if he had the authority to do so. There was already a grey area, as external services used BBC correspondents employed for the domestic services.

The Prime Minister said that, following her own experience in handling the issues of proposed museum charges in the past, she did not wish the Government to be irrevocably committed to the £2.7 million cut. First, it was essential to be clear about the base against which this cut was to be applied. She understood that only £1.7 million was to come from vernacular services whilst a further £1 million would be found from transcription services and other items. The sums in question were too small to be worth facing major difficulties with Government backbenchers. Mr. Blaker should use the debate this afternoon to put across the facts, stressing how much was being retained, underlining that the English service was to be untouched, and stressing the strength of service and improvement of transmission to key areas.

Mr. Blaker said that his staff were still checking for him the precise figures with which he would demonstrate the relevant insignificance of the proposed changes. Sir Michael Swann's comment about lost wavelengths should not be a worry, as the BBC intended to maintain the wavelengths by transmitting in English. He agreed that it was necessary to check what

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true saving there would be in these cases: essentially, this would be derived from the shedding of the vernacular staff. He had it in mind to send a copy of his speech to all the Conservative MPs who had signed the Early Day Motion. The Prime Minister agreed that this would be useful, perhaps with a personal covering letter in each case. Mr. Blaker said that he was also considering arranging an appearance at the Conservative Foreign Affairs Committee on Tuesday.

The Prime Minister re-emphasised the importance of putting across the strength that would be left to the external services. She nevertheless asked Mr. Blaker to ensure that he left some room for manoeuvre. She asked for the possibility of some more flexibility between domestic and external service funding to be investigated.

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