

This is the conversation that Prime Minister mentioned to you. A copy has gone to the Home Secretary.

RECORD OF TELEPHONE CONVERSATION BETWEEN THE MINISTER OF STATE AT THE FOREIGN AND COMMONWEALTH OFFICE, PETER BLAKER MP, AND THE ACTING DIRECTOR GENERAL OF THE BBC AT 10.30 AM ON 13 NOVEMBER

1. Mr Blaker drew Mr Mansell's attention to the article on page 6 of the Times. Mr Blaker said that he thought it had been agreed at their meeting in the House of Commons on 12 November that nothing would be said to the press about the detail of their discussion. Mr Mansell agreed that this was so. He said that he would speak to Mr Gregson, the Acting Director-General of the External Services, who had obviously inspired the piece. Mr Mansell commented that it did seem nonetheless to be a factual account of their discussions the previous day.
2. Mr Blaker said that his senior colleagues had not agreed to the package they had discussed on Monday afternoon. Mr Blaker reminded Mr Mansell that their agreement had always been ad referendum to his (Mr Blaker's) senior colleagues. In the debate this afternoon he would be unable to make any promises beyond 1980-81. The amount of money available for the BBC in later years would depend on a number of factors including the state of the economy. Mr Blaker said that for Mr Mansell's private information the licence fee would also be relevant. Mr Blaker said he imagined that on the basis that the government could talk only about 1980-81 the BBC would prefer to take the reduction in the grant-in-aid on the capital programme and save the vernaculars. Mr Mansell said that this was correct - for all the reasons that had been trotted out over the last few months. Mr Mansell said that he would not wish to disguise from Mr Blaker that he was hardly delighted with his news. He asked if Mr Blaker would be prepared to talk about the importance the government attached to improving audibility. Mr Blaker said that he was prepared to do so but would have to qualify any statement on this subject with reference to the state of the economy.
3. Mr Mansell then referred to the problems of phasing capital expenditure. Decisions taken for 1980-81 would be relevant to spending in subsequent years unless of course the government was prepared to accept a position whereby projects were started and then halted before conclusion. Mr Blaker and Mr Mansell agreed that Mr Mansell's letter of 12 November provided a great deal of helpful and relevant information.
4. Mr Mansell also said that he sincerely hoped the BBC would not find themselves with the same difficulties that they were now experiencing later on. The uncertainty would have a damaging effect on morale.
5. Mr Blaker asked Mr Mansell if he would refrain from passing on details of their conversation until at least just before the debate. He would not wish Mr Mansell to talk immediately to his colleagues. Mr Mansell's response was equivocal. He noted that the government might now find themselves in a politically difficult situation.

6. Mr Blaker subsequently had a word with Mr Julian Critchley, MP. He explained that in the debate he would talk only about 1980-81. He would say that the vernacular services would be preserved. He would also point out that even after the reduction there would be an increase in spending on the BBC's external services of around £5 million in 1980-81 compared with the current financial year. What happened after that would depend on further discussions and circumstances at the time. Mr Critchley said he assumed from what Mr Blaker had just said that the Treasury had not agreed to the proposals as described in the Times. Mr Blaker said that the position was that the government could not commit themselves beyond 1980-81. Mr Critchley said that this was a pity because the deal that appeared to have been struck was a good one. Mr Critchley said he assumed that the government's tactic would be to accept the Opposition motion. Mr Blaker confirmed that this was so. Mr Critchley said that he thought he could give a guarded welcome to the government's proposals, they were alright as far as they went, they kept the position open for later years. He would make a five-minute speech.

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