

CONFIDENTIAL



Treasury Chambers, Parliament Street, SW1P 3AG
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2. Broadcasting
Prime Minister.
To see
this is coming
OD on 1 June.
1984
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PRIME MINISTER

BBC EXTERNAL SERVICES

I have seen Peter Carrington's minute of 1 May to you.

2. I have grave doubts about the wisdom of the approach he advocates. It is suggested that we should agree now, in advance of the normal autumn PES round, to provide an additional £21 million up to 1984/85 for capital expenditure, to ensure net current savings of £1.5 million p.a. from 1982/83 onwards. Surely the procedure should be the other way round? The BBC should agree now to make appropriate cuts in current expenditure, while their proposals for additional money for the capital programme should be considered at the right time alongside other competing bids, in the usual way. It seems quite unacceptable that we should be asked to bribe an institution which is 90 per cent grant-aided.

3. My concern is increased by the fact that the BBC have always hitherto successfully resisted attempts to make cuts in the vernacular services. The 1977 CPRS Review of Overseas Representation considered that there was scope for savings to be made in this area, to offset increased capital expenditure on improving audibility. Sir Michael Swann wrote to the then-Foreign Secretary on 15 November 1978:

/"The Board take



"The Board take the view that this cutting the vernaculars is a most expensive and damaging course to adopt and that every effort should be made to avoid it. The means of doing so are not hard to find. Within the Preferred Minimum Programme to improve audibility there are degrees of priority, and a re-phasing of capital expenditure amount in the five year PESC period ... can certainly be contrived which would not markedly affect any of the major items in the Programme."

4. Ian Gilmour wrote to you on 27 October 1979 suggesting that about two thirds of the annual cut to be imposed on the BBC (equivalent to £3.1 million at 1980 prices) be met by cutting seven vernacular services. He thought this could be done "without loss to our essential interests". But it did not happen: as Peter Carrington says, the BBC chose to take the whole of the cut on their capital programme. This reinforces my belief that, this time, the BBC must first show willing to make current savings.

5. I also find it difficult to understand that, whereas in 1979 we could contemplate cutting seven vernaculars, now we can only contemplate cutting four. French to Africa is to be maintained, although in 1979 it was thought to be dispensable. The total cost of broadcasting in French (to France and Africa) is given as £891,600. With shared overheads, the savings to be made mainly by abolishing French to France can only be part of this. And who in West Africa is listening? The BBS's own 1981 Handbook states that a survey conducted in 1978 in the Ivory Coast showed that only about 6.6 per cent of the potential audience in major towns, and 0.9 per cent in rural areas, listened to the BBC in French.

/We were prepared to



6. We were prepared to drop Turkish in 1979. This costs £288,00 p.a. The 1980 Handbook quotes a survey as showing that only 0.9 per cent of the population listened, once a week, to the BBC in Turkish. The survey found that "listening to both foreign and domestic broadcasts had declined significantly since a daily television service was introduced". This must surely apply to many other parts of the world. Portuguese to Latin America costs £387,000 p.a., and about 1.3 per cent of the population are said to listen, in Brazilian cities. The BBC's World Service in English is broadcast 24 hours a day. Surely in most countries the elite understand English? Peter Carrington says that he does not recommend further economies in the vernacular services "since these are important tools of foreign policy". Perhaps; but can we afford such a wide range of tools?

7. I see no need for a decision by June. The FCO can start straightaway discussing cuts in the vernaculars with the BBC. The sooner the BBC agrees, the sooner it can begin issuing redundancy notices. The proposals for additional money for capital expenditure in 1983/84 and 1984/85 can be considered on their merits in the autumn round.

8. I am copying this minute to OD colleagues, the Chief Whip and Sir Robert Armstrong.

(G.H.)

18 May 1981