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OD(81) 10th Meeting

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CABINET  
DEFENCE AND OVERSEA POLICY COMMITTEE

MINUTES of a Meeting held at  
10 Downing Street on  
MONDAY 1 JUNE 1981 at 4.00 pm

PRESENT

The Rt Hon Margaret Thatcher MP  
Prime Minister

The Rt Hon William Whitelaw MP  
Secretary of State for the  
Home Department

The Rt Hon Lord Hailsham  
Lord Chancellor

The Rt Hon Lord Carrington  
Secretary of State for Foreign  
and Commonwealth Affairs

The Rt Hon Sir Geoffrey Howe QC MP  
Chancellor of the Exchequer

The Rt Hon Francis Pym MP  
Chancellor of the Duchy of  
Lancaster and Paymaster General

The Rt Hon Lord Soames  
Lord President of the Council

The Rt Hon John Nott MP  
Secretary of State for Defence

The Rt Hon Sir Ian Gilmour MP  
Lord Privy Seal

The Rt Hon John Biffen MP  
Secretary of State for Trade

THE FOLLOWING WERE ALSO PRESENT

The Rt Hon Leon Brittan, QC MP  
Chief Secretary, Treasury

The Rt Hon Michael Jopling MP  
Parliamentary Secretary, Treasury  
(Item 1)

The Hon Nicholas Ridley MP  
Minister of State  
Foreign and Commonwealth Office  
(Item 1)

SECRETARIAT

Sir Robert Armstrong  
Mr R L Wade-Gery  
Mr R M Hastie-Smith

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## 1. BRITISH BROADCASTING CORPORATION EXTERNAL SERVICES

Previous Reference: OD(80) 3rd Meeting, Item 1

The Committee considered a Note by the Secretaries (OD(81) 28) to which were attached minutes to the Prime Minister from the Foreign and Commonwealth Secretary and the Chancellor of the Exchequer about proposals to make reductions in the External Services of the British Broadcast Corporation (BBC) and finance a capital programme to improve audibility.

THE FOREIGN AND COMMONWEALTH SECRETARY said that the External Services were an invaluable British asset; but their audibility was seriously declining. As travellers abroad could testify, the BBC's English-language World Service was now much harder to receive than its main competitors. The proposed capital programme to improve audibility would require new money to the net extent of £6.9 million in 1983/84 and £5.1 million in 1984/85. In order to help to pay for the capital programme, the BBC had been put on notice to reduce their planned current operations by £1.7 per annum from 1982/83 onwards. Of this £0.9 million would come from ending the Transcription Service and the balance from reducing the Vernacular Services by ending all broadcasts in Italian, Maltese, French to France and Spanish to Spain. The saving thus generated would be reduced to £1.5 million because the BBC were being asked by the Government, for Afghanistan related reasons, to step up some of their other Vernacular Services. The BBC would certainly resist these (or any other) cuts and would be supported in their resistance by a strong Parliamentary lobby. While on objective grounds deeper cuts in the Vernacular Services could probably be justified, his own political judgement was that those he had suggested were the maximum Parliament would accept; and that even this would not be possible unless the Government at the same time agreed to the proposed enhancement of the audibility programme.

THE CHANCELLOR OF THE EXCHEQUER said that he accepted the importance of improving the External Services' audibility, but he was reluctant to prejudice the review of public expenditure which the Government would be undertaking in the autumn. There was never any lack of deserving candidates for special consideration in advance of each year's public expenditure exercise. It was important that all bids for new money should be considered at the same time.

Moreover he was concerned, that once the BBC's enlarged capital programme had been authorised, they would have no incentive to accept cuts in their Vernacular Services. The cuts should in any case go deeper, in his view, than the Foreign and Commonwealth Secretary had proposed.

In discussion there was general agreement that it was important to improve the audibility of the BBC's overseas services, and that the Vernacular Services were susceptible to some reduction. The following points were made -

- a. While it would be wrong to concede the capital increase in advance of agreement on economies in current expenditure, it would be impracticable to reverse this order. The two negotiations would therefore have to proceed in parallel. The issue for decision was whether they should do so at the present time or in the autumn. Delay until the autumn might reduce the level of savings which could be made before 1983-84.
- b. It would be preferable to avoid trouble in Parliament before the summer recess. Negotiating with the BBC on vernacular cuts might precipitate such trouble; but so might delaying tactics, since the BBC's parliamentary supporters were well aware of the importance and urgency of the audibility improvement programme.
- c. The Government would in the autumn have to face a major dispute with BBC on the home front, over the level of the licence fee. It might be wise to avoid conducting simultaneously both this dispute and a major negotiation over the External Service. The parliamentary debate on broadcasting on 21 May had shown that the domestic as well as the overseas side of the BBC enjoyed extensive public sympathy. Although the two sides were separately financed and organised, they were clearly seen as parts of a single entity both by their members and by their supporters.
- d. The External Service well knew that the Government could not decide against improving its audibility; and that much of its existing capital budget would have to be devoted to structural work at Bush House which was essential on health and safety grounds. But the Government could at least make clear that the rate at which funds were made available for the audibility programme would depend on adequate cuts in the Vernacular Services being accepted.

e. The audibility programme involved major works at two new sites in the United Kingdom. At Orfordness work had already begun. Work at the other site had been delayed by difficulty over planning permission for the original location, but orders for long lead items of equipment needed to be placed with Marconi in the near future. Transmission from Orfordness would not significantly affect the audibility of the World Service in the United Kingdom, though there might be marginal changes in regional coverages.

f. The BBC would not willingly agree to any reductions in the Vernacular Services, but in return for satisfaction on the audibility programme they might tacitly acquiesce in the cuts proposed by the Foreign and Commonwealth Secretary, and even perhaps in the abolition of some other vernacular programmes, eg Portuguese to Latin America. It would be important for trade reasons to maintain the French vernacular service to Africa.

THE PRIME MINISTER, summing up the discussion, said that the External Service's audibility needed to be improved. The proposed capital programme would therefore have to be accepted. But reductions in the cost of the External Service's current operations should be made at the same time. The Foreign and Commonwealth Secretary should therefore consider urgently what further vernacular cuts might be made in addition to the 4 he had suggested. These should then be put to the BBC; and it should be made plain to them that the speed with which the audibility programme could be implemented would depend on the extent of cuts in the Vernacular Services. On balance it would be better to begin this negotiation as soon as possible, rather than to wait until the autumn. In order to minimise parliamentary resistance, the backbench Media Committee should be kept closely in touch with developments.

The Committee -

1. Invited the Foreign and Commonwealth Secretary to consider what cuts in the British Broadcasting Corporation Vernacular Services might be appropriate in addition to the four he had proposed.
2. Approved in principle the External Service's capital programme proposed by the Foreign and Commonwealth Secretary, subject to his securing in return at least the cuts in current expenditure which he had proposed plus the maximum of additional cuts in the Vernacular Services that was practicable.

## 2. POLAND: POSSIBLE ECONOMIC SANCTIONS IN THE EVENT OF FORCIBLE INTERVENTION

The Committee considered a Note by the Secretaries (OD(81) 27) to which was attached an exchange of correspondence between the Foreign and Commonwealth Secretary, the Secretary of State for Trade and the Chancellor of the Exchequer about contingency planning in relation to the possibility of forcible Soviet intervention in Poland. The Committee also had before them a Note by the Secretaries (OD(81) 26) to which was attached a report by officials setting out the present state of contingency planning.

THE FOREIGN AND COMMONWEALTH SECRETARY said that the contingency planning contained in the Note by Officials attached to OD(81) 26 had to some extent been overtaken by discussions in the North Atlantic Treaty Organisation (NATO). Nevertheless it remained a useful basis for discussion. The economic situation in Poland was deteriorating, and was now perhaps beyond the possibility of rescue by Western aid. The elections for the Polish Party Congress in July was proceeding on the basis of a free vote and a secret ballot. It seemed likely that Solidarity would emerge in a very strong position in the new Congress. This might confront the Soviet Union with a position which they could not accept. Soviet intervention in Poland would cause a wave of indignation in this country. In such circumstances Britain could not take a softer line than that followed by her principal partners, eg the French or West Germans. What had been identified in contingency planning so far merely represented options. Difficult choices might have to be made very quickly if the need arose.

THE PRIME MINISTER, summing up a brief discussion said that there was general agreement with the Foreign and Commonwealth Secretary's analysis of the situation. Considerable Parliamentary opposition would be likely to be encountered in seeking to give effect to some of the measures identified in the contingency planning. Many of these measures would have far reaching effects on the economy, and it was possible that Britain's partners would not apply them wholeheartedly. The Committee should therefore have the opportunity to consider the situation collectively, at short notice if need be, before any decisions were taken to implement contingency plans.

The Committee -

Took note, with approval, of the Prime Minister's summing up of their discussion.