



10 DOWNING STREET

THE PRIME MINISTER

30 June 1980

Dear John.

Thank you for your letter of 17 June about the economics of the BBC.

I have considerable sympathy with all the points you make. I agree with you that, when considered together, they do suggest that there is some room for improvement. On the basis of your letter, I shall reinforce my enquiries. But the BBC is well able to argue its own case against Government, as was demonstrated over external services earlier in the year. The more independently-minded public figures who raise these questions, the more likely we are to see some improvement.

Lawson
Raymond

The Lord Vaizey

PERSONAL

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PRIME MINISTER

You wanted to reply to Lord Vaizey's comments without consulting the Home Secretary. I attach a draft endorsing his theme.

I still think that it would be very helpful to put these questions to the Home Secretary on your behalf, without necessarily identifying Lord Vaizey as the source. May we do so?

Yes
MA
See 17/7/80

27 June 1980



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PRIME MINISTER

Here is a letter from Lord Vaizey about the economics of the BBC. He puts together a number of criticisms of the BBC, most of which are being heard increasingly in various quarters.

Would you like us to ask the Home Secretary to provide a draft reply for you to send?

~~Yes - we~~ ~~provide reply to~~ ~~Govt.~~ MAF

~~Govt.~~ We can 25.6.71

do it. Many of his points are very valid and need more publicity -
no



Nick A

17 June 1980.

My dear Margaret

The Economics of the BBC.

1. The Annan committee scarcely considered the matter and its views were banal.
2. The licence fee is a tax, by all criteria established by Adam Smith.
3. The present Administration ought not to increase taxes.
4. The technological revolution is altering the structure of broadcasting costs and the BBC is not making the most of them.
5. The BBC's performance is patchy; Overseas producers do several times more hours broadcasting per man than Radio 4 producers.
6. Overseas (Bush House) is very popular. Why is it not generally available?
7. Why is BBC in local radio when commercial stations are satisfactory (compare LBC with Radio London)?
8. Why do we not, like Chicago, New York, Washington, have all-night music financed by the record industry?
9. Why do not BBC 1 & Radio 1 and 2 accept advertising apart from producers against "commercialisation", which they equate with low standards and vulgarity.

Why are these questions not put?

Yours ever

John Vaizey