

From: THE PRIVATE SECRETARY

COVERING CONFIDENTIAL

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HOME OFFICE
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Prime Minister²

18 September 1987

The note immediately below,
on video nasties is interesting.
But the Home Secretary's speech
has nothing to surprise you.

Dear David,

DCW

BROADCASTING SEMINAR, 21 SEPTEMBER

18/9.

In preparation for Monday's seminar, the Prime Minister may wish to see the enclosed copy of the Home Secretary's speech today in Cambridge to the Royal Television Society Convention.

Nigel Wicks wrote to William Fittall on 15 September about "Video Nasties" and as you know the subject came up again at yesterday's briefing for the seminar. We will let you have a full reply to Nigel's letter as soon as possible: in the meantime you will no doubt have already drawn the Prime Minister's attention to the note on video recordings which was annexed to the paper about broadcasting standards and sex and violence on television which the Prime Minister saw recently. I attach a copy of that annex for ease of reference.

Copies of this letter and enclosures go to Alex Allan (Treasury) and Jeremy Godfrey (DTI).

Yours sincerely,

P J C MAWER

David Norgrove, Esq

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ANNEX A

VIDEO RECORDINGS

1. The Video Recordings Act 1984 - based on a Private Member's Bill prepared and strongly supported by the Government - came into operation on 10 September 1985. The Act prohibits the supply of a video recording containing a video work which has not been given a certificate by the British Board of Film Classification. The Act is being applied in stages to successive classes of video work, so as to give time for their submission to and clearance by the Board. Since 1 September 1986 a certificate has been required for all English-language video works except those which are identical to cinema films registered with the DTI between certain dates. It is envisaged that all video works will be subject to the Act from September 1988.

2. The 1984 Act was founded upon the availability of the BBFC to operate it. The Board commanded respect because it has since 1912, on a non-statutory basis, censored cinema films to general satisfaction, including the satisfaction of local authorities who are statutorily responsible for preventing the showing of unsuitable films but who in practice adopt the Board's classifications. The Board carries out its video functions under the supervision of a President and two Vice-Presidents designated by the Home Secretary of the day, but it remains an independent body which could withdraw its services at any time. There is a Video Consultative Council composed of representatives of local authorities and of the video trade and of persons of individual distinction, which regularly meets officers of the Board to discuss general issues.

3. These arrangements are working well. "Video nasties" have disappeared from the shops. The video trade has come round to the view that the Act is in its interest because classification helps

its image and promotes the family market. The Board says that it has refused certificates to 13 video works, all because of violence, and cuts 29% of those passed for adult viewing, more than any of its counterparts in the EC. The trade do not object. Artistic critics tend to complain that the Board are too severe. Very few complaints have been made that they are too lax.

4. There are arrangements for appeals against the refusal of a certificate or against a decision to place a work in a particular category. There is no provision for appeals against the grant of a certificate, since it is not practicable - nor would it have much effect - for a certificate to be revoked after issue. Three appeals have so far been made, two of which have been allowed.

5. A watchdog organisation with the functions I envisage for broadcasting could not operate very satisfactorily in conjunction with the BBFC. The Board itself already exercises the closest form of supervision possible - that of censoring video works individually and in the closest detail - over cinema managers and video shops. The Video Recordings Act is a success for the Government, received very broad support and has not been fundamentally questioned. It would not be sensible to imply that these arrangements are defective. Nor would it be sensible to establish a new body with the function of declaring whether individual works were acceptable, when the supply of these works would ex hypothesi have been authorised by another body exercising statutory functions. Although the Board have not been consulted, I would expect their response to be that, if the new body's view is to be preferred to theirs, the new body should itself exercise the censorship role. The Board take their duties very seriously, often consulting with psychiatrists and others - including potential viewers - on the effect of individual scenes. They could say that they have as much advice to give to a new body as the new body has to give to them, and they would probably be right.

FINAL

THE SECRETARY'S SPEECH TO ROYAL TELEVISION SOCIETY CONVENTION

9.30 am on 18 September 1987

It is a great pleasure to be invited once more to address the RTS Biennial Convention. I am delighted to have this opportunity to share with you some ideas about the development of the television system. Television is a successful and growing section of British industry working in an increasingly competitive market. But is also something far more. It is a social and cultural enterprise which has a formidable influence in shaping our society. It helps to determine how people view the world about them: it colours attitudes and informs opinions. For the most part those who work in British television produce programmes of creditable quality and know that with the exceptionally powerful medium to which they have access must come a substantial responsibility.

The title of this talk is not "The Government fights back". Among other recent excitements in the television world, we were all diverted by Denis Forman's Dimbleby lecture a few weeks ago. And diverted in two ways. First, because the lecture was - as I would expect - entertaining. Second, because it led us wittily away from what I see as the main challenge now facing us: which is to ~~strengthen the position of the viewer as the broadcasting~~ environment - technological, social and financial - develops. We need a framework which will accommodate these changes and at the same time ensure, for the viewer, high programme standards, a wide range of choice and value for money. Denis Forman answered his

question - who are the masters now? - by talking about politicians, the broadcasting authorities, international media mercenaries and television producers. There were, to be fair, brief references at the beginning and end, like the nub ends of a loaf, to the viewer, but am I being too unfair in saying that the lecture gave the impression that the viewer was seen as a powerless and passive recipient of what others choose to give him? To my mind this is topsy turvy. Broadcasting is about programmes, and programmes are for viewers. The job of broadcasting policy is to ensure that the individual viewer, as consumer, citizen and taxpayer, gets the best service that broadcasters are able to provide. If we were to treat the viewer, in Denis's words, as a constitutional Monarch only, then we will not get broadcasting policy right. The viewer is not simply there to accept whatever advice you or I tender to him.

The job of getting the policy right is a continuous process. This of course puts the legislator in a difficulty. Every now and then the framework within which broadcasting operates needs to be changed if it is not to be stultifying. We are at such a moment now. But the facts, interests, opinions and possibilities which the legislator has to take into account shift from week to week. He is ~~trying to take a still photograph of a rapidly moving scene.~~ The sage deliberations of Whitehall and Westminster are constantly interrupted by ingenious entrepreneurs and passionate evangelists bustling through the door with some new idea, some new technological discovery which, they say, transforms the whole scene and compels us to start afresh. There will never be a moment when everything stops moving so that we can click the shutter and get a clear picture of the scene. But we cannot let that fact hold us back.

There comes a time, which is not today but must be fairly close now, when we have to decide what proposals to put to Parliament for changes to the framework of broadcasting. Precisely because we cannot claim to foretell the future or know what the viewer will choose or the engineer make possible, that framework needs to be as flexible as we can make it without losing its purpose. We must, as far as possible, act as enablers rather than grand architects.

This was the spirit in which the Peacock Committee approached its task, and I believe it is the right one. The immediate issue which prompted the Committee's appointment was the possibility of financing the BBC through advertising - and we should not forget the considerable controversy over the increase in the BBC licence fee which was one of the spurs to action. But its terms of reference, quite deliberately, also invited the Committee to consider any proposals for securing income from the consumer other than through the licence fee: that is, among other things, from subscription. This naturally led the Committee to its concept of a future where a free and fully competitive market in broadcasting might be attained. Whatever conclusions each of us comes to on the various specific proposals in the report, there can be no doubt that they ~~thought widely and did a good job.~~

As you will know, the Peacock Committee concluded that the present regulated duopoly mimicked well the kind of free market which it wished to see - but which in an age of spectrum scarcity was not hitherto realisable. I would endorse the Committee's tribute to all of you who work in what is not only an industry but also a brand of

journalism, of the performing arts and much more besides. Our system has succeeded in producing a service which is both of good quality and diversity and of considerable and sustained popularity.

But the Committee argued both that the present system could be improved - made more efficient and more responsive to the viewer's wishes - and that it could not in any event be sustained indefinitely. The Committee identified three stages for the development of broadcasting, with the first taking us through in the 1990s, with the bulk of television supplied by only a limited number of channels. The Committee's recommendations for Stage One were intended, first, to secure the continuity of BBC finances; second, to maintain television quality and standards; and third, to prepare the way for future stages and in particular for the exercise of consumer choice and sovereignty.

We have, of course, already accepted the Committee's advice that the BBC should not be made to depend on advertising finance and that the television licence fee should be kept in line with the RPI.

A system entirely dependent on competition for advertising revenue would, as Peacock so clearly brought out, have real dangers. Under such a system a broadcaster does not sell to the consumer its primary product - namely programmes: rather it sells a secondary product - advertising time - to a third party, the advertiser. This inevitably distorts the ability of the viewer to signal his preference and the value he places on the television programmes he receives. Such a system also values predictability: hence the very

long runs in the United States for any successful format, and the scarcity of the single drama which has so often been a high point in our schedules. It is right that in present circumstances we should continue to ensure that the two halves of the duopoly do not compete for the same pool of finance. One half looks to advertising and the BBC looks to the licence fee. Nonetheless, it is a clear drawback that neither brings the programme producer into direct contact with the consumer, and it is for that reason that we have been taking forward our study of the prospects for subscription financing.

As you will know, we published in July the Consultants' report on the technical and economic feasibility of introducing subscription television. Subscription as a payment mechanism is already emerging through cable, through subscription teletext and it is in prospect through DBS. BSB plan that one of its channels should be financed through subscription. As the consultants' report brings out there is an important choice between the use of subscription as a way of providing mainstream finance for a television service as a whole, and as an ancillary source of finance for new supplementary services. It may indeed be that subscription can be used at first to supplement existing programme services, by allowing viewers who ~~wish to do so to pay to obtain premium programmes which the~~ broadcaster could not otherwise afford to provide, with perhaps subscription gradually being used to finance the system as a whole. On publishing the report we made it clear that we would welcome comments by the end of September. As yet we have ourselves taken no firm view on the matter. But I remain interested in the potential of subscription, partly as a new source of finance for our

television services and partly as a way of bringing those operating the system into a direct relationship with the consumer. The attractions of principle are undoubted; we now need, informed by the consultants' report and the response to it, to see what the implications of various options are in practice.

For the immediate future our decision to tie the licence fee to the RPI will secure the continuity of BBC finance, as Peacock wanted, and provide strong incentives for the improvements in efficiency to which I know the Governors and senior management are committed. I am impressed by the way they have bitten on the bullet. Peacock was clear that one of the weaknesses in the present protected duopoly was that there was not enough of a competitive market to restrain inefficiency and restrictive practices of various kinds. Inflation in broadcasting costs, and the restrictive practices which can fuel that inflation, need to be tackled as least as vigorously as inefficiency and inflation elsewhere. The press has shaken itself free of that fatal embrace; broadcasting can do the same.

There are a number of recommendations by the Peacock Committee which are intended to bring in greater market and competitive disciplines, ~~so stimulating the ability of the industry to satisfy the viewer of the future.~~

We come back to the primacy of the viewer. The Peacock Committee has been criticised in some quarters for placing a lot of weight on efficiency and the removal of unnecessary obstacles to the operation of market pressures. These critics have constructed a dangerous

dichotomy between efficiency and programme quality: the pursuit of efficiency, yes, they say, a useful and desirable objective so long as it does not interfere with the serious business of making good quality programmes. Of course, good programmes will not necessarily be cheap programmes or vice versa. But we should nevertheless be prepared to see efficiency and quality as two sides of a single coin: providing viewers with the best service possible at the best possible price. Efficiency is to do with ensuring that the resources available for programme making are used to best effect, so that the resources are there which enable a camera team to be sent to cover a good story and so that a new drama series can be mounted in place of a repeat. To improve the efficiency with which programme making resources are used in order to make possible a better quality of product is not to mimick the Goths, Vizigoths and Vandals as they closed in on Rome - and should not be treated as such.

The Peacock Committee was at pains to stress that it was not advocating what the report calls commercial laissez-faire. In circumstances where the ordinary viewer does not yet have a multiplicity of channels to choose from and no way of directly registering his preferences with the broadcasters the path to the future is not so straightforward. But the further we advance down that path, the more the burden of proof will change: where there are restraints on competition the stronger will become the need to justify them.

With this in mind, we are now considering, in preparing a Broadcasting Bill, a package of proposals which are to do with

promoting efficiency, competition and diversity.

First, we are looking at the case for reform of the system of awarding ITV contracts. The Broadcasting Act of 1987 provided for the present contracts to be extended for a limited period to create an opportunity for reform to be considered. There are probably not many people who believe that the present arrangements are ideal. They take the form of a competition, but one in which it is not clear that all the participants are operating with the same currency or the same exchange rate. The IBA has done its duty under the Act; but changes which the present system has from time to time brought about have had a touch of the artificial and arbitrary about them. The members of the IBA, men and women of talent and total integrity, have been made to look from time to time, through no fault of their own, like the late Duke of Newcastle bestowing his boroughs. There may therefore be a case, as the Peacock Committee proposed, for a tender procedure which includes within it more transparent and therefore more defensible mechanisms for determining who gets a contract. The implications of such a change for regulation and the levy would, naturally, need to be weighed with care.

But we must ask do the present contract and levy procedures stimulate the programme companies to be fast-moving, adaptable and efficient? Do they stimulate fresh thinking by the broadcasters and diversity for the viewers?

The same questions apply in the case of another important and perhaps under-discussed feature of the ITV federation; the network

system. I welcome the fact that the IBA, and the ITV companies themselves, are now considering reforms to it. We may have our own views to contribute. A network is clearly needed and makes economic sense: if a good programme is made it should be seen nationwide since that will incur no additional cost. What is less certain is whether such a high proportion of networked material should arrive automatically by divine right, without surmounting some competitive process of selection. There is a sense in which present arrangements are an accident of history. In the absence of a more competitive process based on programme quality, there can be no guarantee that the viewer is receiving the best programming available. The present system may offer insufficient incentives to all the programme companies to seek out and nourish programme makers of talent.

This obviously links in with the live issue of access for independent producers. We have made the objective clear - 25% of new programmes on BBC and ITV should be provided by independent producers as soon as possible. Some useful progress has already been made, which I welcome: I have also, however, made it clear that the possibility of legislation to ensure that the target is met ~~remains open if it is needed.~~

We are sure that independent producers have much to offer the viewer, and deserve a fair opportunity to compete for access to both regional and network services.

We are also considering the Committee's proposal that Channel 4 should be reconstituted, without putting at risk its ability to meet its distinctive programming remit.

There are various ways in which this might be done, and it needs to be remembered that Channel 4 is not an island and cannot be considered in isolation from the rest of our broadcasting system. I think that the Channel 4 Board had this in mind when they expressed the view some months ago that they would not wish to see ruled out the possibility of alternative structures for Channel 4 as part of a more general restructuring of UK television.

I have spent the last few minutes talking about possible changes within one side of the existing duopoly. I am making no announcement today of Government decisions on these matters. My colleagues and I are examining them carefully - the issues I have raised are clearly interrelated - and we shall present our conclusions to you and to Parliament as soon as we can. The commentators have been leaping merrily ahead like hares in this race, but, rest assured, the tortoise of Government is on its way - and will certainly be stimulated by the Prime Minister's seminar next week.

In the immediate future, the majority of viewers will continue to rely on the programme services provided within the duopoly. But that situation is changing and will continue to change. Since I last addressed your Conference a contract has been awarded by the IBA for a British DBS service. There is the potential here for

first three, and then five, entirely new services, available throughout the country to all who obtain the necessary equipment to receive them. Here, potentially, is a doubling of the range of choice for the viewer. There are already other satellite services whose future development may be linked to the development of cable. There are other ways in which the constraints of spectrum scarcity may be overcome. You will know that our consultants on subscription referred to the possibility of new off-air terrestrial services either in the VHF or UHF bands. Off-air services at high frequencies may well become possible in the next few years. We need to establish what I might call the engineering possibilities - and this audience will hardly be amazed to learn that there is not entire unanimity among the experts on these matters - before we can consider the lines of policy for the years ahead.

But there are other, and more immediate, ways of creating new programme services that do not depend on additional channels. For the most part the night hours still remain unused - although I notice that an increasing number of the ITV companies have begun to camp out in them of late. I remain to be convinced that there is any corollary to squatters' rights on the airwaves. Peacock's ~~proposal was that the non-occupied night time hours of the BBC and~~ ~~ITV television wavelengths should be freed from programme regulation~~ and sold for broadcasting purposes. I find some difficulty in the idea that these hours should be free of regulation altogether. If regulation is justified even when adults are expected to be the main audience then it is justified at night too. Nonetheless the idea of using the night hours to bring into being new kinds of programme

service, and perhaps new programme providers, is one with many attractions and we shall be giving it the serious consideration which our subscription consultants proposed.

I hope that it will be clear from what I have said so far that our concern for the quality and range of programmes available for the viewer is paramount in our thinking. We shall therefore be seeking to provide a framework which enables such programmes to be made and then shown, but which also weeds out those programmes which fall short of accepted standards of taste and decency or which are excessively or gratuitously violent. If we are truly concerned about programme standards, we need to have the right mechanisms in place to respond to the widespread public concern about the display of violence and sex on our screens.

I need not dwell on the sombre form that this concern has taken on in the light of the tragic events at Hungerford. Nor would I seek to place an over-lavish share of the ills of society at your door. But clearly the industry, and those responsible for its regulation - including myself - must recognise that the power of the medium of television carries with it special responsibilities. Most people ~~including most of the young who see programmes showing violence as~~ entertainment are able to keep what they see separate from their own lives. They recognise the frontier which marks the willing suspension of disbelief, although there is of course an important question about the risks of crossing and re-crossing that frontier too often and too willingly. But beyond that I myself am persuaded that there are a minority of viewers for whom such a

frontier does not exist. What they view, what they think, and what they do form a confused and massive force at the centre of their lives. We have too to be alert to the possible insidious effect of too heavy a general level of violence on television in giving a false idea of its prevalence in our society, or in making it more difficult for some viewers to reject the idea of using violence to achieve individual aims. Television is a medium with mass appeal. It is more intrusive and compelling than the newspaper, the magazine or the film in the cinema, though all these also have their responsibilities.

We are therefore committed by our election manifesto to bringing forward proposals for stronger and more effective arrangements to ensure independent oversight of programme standards in respect of violence and public taste, without weakening the primary responsibilities in this important area of the broadcasting authorities themselves. The nature of the broadcast medium is such that special arrangements for its regulation need to continue. This means that we require our broadcasting authorities to exercise direct supervisory responsibility - about which I shall be speaking to the Chairmen of the BBC and the IBA later this month. We shall ~~also be bringing broadcasting within the law of the land so far as~~ ~~obscenity is concerned.~~ In addition, we are looking, as set out in our Manifesto, at the right form for a new body to reflect public interest in standards on matters of sex and violence - of which, in my view, violence is more important.

Nor, in this context, should we forget the wider broadcasting picture. We have already recognised, perhaps more than other countries, that television programme services are likely increasingly to cross frontiers. We do not propose to place any inhibitions in the way of this in pursuit of economic protectionism. It is however important that there are adequate arrangements to ensure the maintenance of programme standards. That is why we have been active in the work going on through the Council of Europe to develop a binding Convention on broadcasting. We see the need for a common understanding on programme standards and the need for open doors, or open skies, as two halves of the same proposition: namely, that television programme services, though no doubt reflecting their native cultures, will be increasingly international in their availability, and to some extent in their character.

CONCLUSIONS

I do not see television as under attack, and certainly not from the Government. Politicians and broadcasters have been scrapping about bias, and from time to time will scrap again. There is nothing new or particularly frightening about that, though each profession tends to get in a panic about the power of the other. Each should be prepared to listen attentively to the other, just in case they hear something useful. The ground rules are pretty well known, and have operated quite successfully through recent controversies. We really must not let these arguments divert us from the much more difficult task of setting the framework of the future. Our concern is to

unlock the possibilities of television in the way which brings the greatest benefits to the viewer in the form of good and varied programmes. This is exciting work for all of us with a care for the health and vitality of television.

