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C. (62) 103

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27th June, 1962

CABINET

BROADCASTING AND TELEVISION

Memorandum by the Chief Secretary to the Treasury
and Paymaster General

The words in square brackets in paragraph 61 of the draft White Paper (circulated with C. (62) 102) imply that a second British Broadcasting Corporation (B.B.C.) television programme and other possible B.B.C. developments may be able to be financed by means other than by increasing the licence fee. Behind this lies, in particular, the possible use of revenue from advertising on commercial television.

2. None of my colleagues would, I am sure, think of financing B.B.C. programmes from ordinary revenue. Using commercial television profits may not appear to amount to this, but Exchequer revenue is not spent according to its source; for example, motor taxation revenue is not spent wholly on motorists. Apart from licence fees, an Exchequer subsidy - direct or indirect - is, in effect, the only means of financing additional B.B.C. expenditure.

3. Expenditure on existing Governmental services is rising faster than revenue. So far from being able to reduce taxes, we are faced with the prospect of having to increase them. In these circumstances the Exchequer cannot afford to take on avoidable fresh commitments, or to hypothecate new or increased revenue to fresh forms of expenditure.

4. The Pilkington Committee recommend without equivocation that the B.B.C. should continue to be paid for exclusively out of licence revenue. Even if the television licence fee were to be doubled, the cost to each family would rise only from 1s. 2d. to 2s. 4d. a week - roughly the price of ten cigarettes.

5. It may be that my colleagues are not at this stage ready to accept this particular recommendation of the Pilkington Committee as it stands (although I greatly hope that their eventual decision will be in favour of doing so), but that they may want first to test the public reaction. If this is so, it would surely be a grave tactical mistake for the Government to go out of their way to throw doubt on this extremely important recommendation. We have nothing whatever to gain by doing so, but much to lose. To do so would encourage the very pressures which it is clearly in the Government's general interests to restrain. Moreover, for the public the issue for consideration would become blurred, as the public would be invited to express views on the possible expansion of television without knowing who would be expected to pay for it.

6. If we say nothing, we lose nothing. I urge therefore that in the present White Paper we make no comment at all on this recommendation of the Pilkington Committee - unless, of course, we are ready to say that we endorse it.

H. B.

Treasury Chambers, S. W. 1.
27th June, 1962