



QUEEN ANNE'S GATE LONDON SW1H 9AT

19 October 1988

Dear Nigel,

DBS CHANNELS 4 AND 5

Thank you for your letter of 17 October about my proposal that we should announce in the White Paper that the remaining two DBS channels would be allocated as soon as possible. *with PG?*

I am glad that you support this proposal. I am grateful for your suggestion that we might use this opportunity to give a further stimulus to subscription. In general we are in the White Paper leaving it to operators of commercial TV stations (including BSB) to choose for themselves the best mix between advertising and subscription, and I think this is right. But it is, I believe, open to the IBA to refuse to permit advertisements to be carried on one or both of these DBS channels. I assume that it is accordingly open to them to announce this fact at the time they advertise the contract. However, though I have not yet discussed the matter with the IBA, I anticipate that they will take the view that they could decide that this course was right only after considering the broadcasting scene in general, and the commercial television scene in particular. Obviously they will not be in a position to do that until our White Paper is published. Accordingly, if we want to administer a further nudge towards subscription the White Paper might say that we are interested in the possibility of using DBS Channels 4 and 5 to give a further stimulus to subscription and that we propose to discuss how this might be done with the IBA. If colleagues believe this to be the right approach I would be happy to agree to it.

I am copying this letter to the Prime Minister, other members of MISC 128 and Sir Robin Butler.

Tom,
Dylin.

The Rt Hon Nigel Lawson, MP.



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MIR