



10 DOWNING STREET

THE PRIME MINISTER

17 September 1979

Dear Sir Fred,

Thank you for your letter of 21 August expressing concern about the possible effects on key areas of the education and science services of any revisions which the Government may make to the spending plans which we inherited.

The Government's first priority is, and must be, a revitalisation of the economy, and this means transferring resources from the public services to industry. There is no way in which the economy could have sustained the spending plans of the last administration. The country spends over £8,000 million a year on education and science and it is not possible to exempt them from programme reductions. But we intend to abide by our Manifesto commitment (reiterated in The Queen's Speech) to maintain educational standards, both in schools and in higher education. To this end, we are selecting for particular economies areas like school meals without damaging essential parts of the education system.

The extent to which the Government can determine how the UGC and ABRC distribute their resources for Universities and science is, as you well know, limited. But we are doing our best to make sure that science and engineering are as far as possible protected from overall programme reductions. Mark Carlisle, Rhodes Boyson and Neil Macfarlane are continuing their discussions with the various

/bodies involved

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cc: DES
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Ch Sec HST.*

bodies involved and stressing the need to sustain essential areas of activity. We all share your view that it would be wrong to make indiscriminate savings, and I think you will find that the figures for next year, when they are announced, reflect your views.

You also referred to the British Library Grant-in-Aid and Capital programme. I assure you that we shall take full account of all the points which you have already put to Norman St. John Stevas on the need for the new building, when we finally decide on the future allocation of funds for arts and libraries.

Kind regards,
Yours sincerely,
Raymond Dainton

Sir Frederick Dainton, F.R.S.