

1500  
BF // CF Pl of 12 August 1981  
inform Robert Nicholson of the IMJ decision.  
BF a 3/9.  
MCA 6/8  
Order drawn  
under letter  
re letter met

PRIME MINISTER

MINISTERIAL GROUP TO LOOK AT R&D

At E(A) last week it was agreed that a small working group of senior ministers should consider the balance of R&D expenditure between Departments, reporting in October (ie before the Star Chamber gets going).

Membership of the group would be restricted to those with Departments having a significant slice of the overall R&D budget, probably comprising:-

- |        |  |
|--------|--|
| MOD    | Treasury   |
| DTI    | MWP  |
| DES    | FCO (the Foreign Secretary particularly asked that he be included) |
| Energy |  |
| MAFF   |  |

The key question for now is who should chair the group. You said you would need to consider this further with the Lord President. At E(A) the Defence Secretary made clear his preference that the Trade and Industry Secretary should take this on. ~~The other option is to go for a neutral chairman, viz the Lord President, or, possibly, the Minister without Portfolio.~~

Reasons for choosing the Trade and Industry Secretary are that, if anyone has overall responsibility for R&D, he has; he is willing to take on the job; and the Defence Secretary has a very strong preference that he should do so. Reasons for not choosing Mr Tebbit are that he is not a neutral in the discussion; the Chancellor of the Exchequer would object strongly to a "spending" Chairman; and, if the group ended up deciding that DTI should get a larger slice of the cake (as seems quite possible) this would be harder to sell to the aggrieved Departments.

Reasons in favour of going for the Lord President are that he has indicated that he would be willing to take this on; and that he would be a weighty and authoritative neutral chairman in an area fraught with scope for interdepartmental tensions. The reason for not choosing the Lord President is that the Defence Secretary would object, and that he is not nearly as well up in the subject as Mr. Tebbit.

Lord Young would not be the right choice. R&D is not his subject. And a Cabinet Minister with a good deal of seniority would be needed if the group is to reach a sensible conclusion which carries some weight.

Robin Nicholson thinks the job should go to Norman Tebbit; he believes the advantage of having someone who knows about R&D outweigh the Chancellor's objections. He also thinks Defence have it in their grasp effectively to frustrate the work of the Group, if Mr. Tebbit is not appointed, and that Mr. Heseltine's willingness to put his R&D budget on the table, so long as other Departments do too, is a helpful gesture which deserves encouragement.

There is however no particular need to sort this matter out immediately. Cabinet Office can begin their work without the precise composition of the Committee, or its Chairman, having been decided

You may therefore prefer to defer a decision until after the reshuffle.

*Yes not*

*Mark Addison*

Mark Addison  
5 August 1985