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Prime Minister  
MS 2074

Treasury Chambers, Parliament Street, SW1P 3AG

Rt Hon Sir Keith Joseph MP  
Secretary of State  
Department of Education  
and Science  
Elizabeth House  
York Road  
London SE1 7PH

18 April 1983

Dear Secretary of State

109/200/60  
19/4

SERC INTERNATIONAL SUBSCRIPTIONS

In your letter of 15 April to Geoffrey Howe, who is at a Council of Ministers in Luxembourg today, you asked for a reply before the SERC meeting tomorrow.

The SERC clearly faces difficult options in its efforts to meet the potential shortfall on its international subscriptions sub-head. The choices will have been eased by the recent improvement in sterling which has, as I understand it, reduced the shortfall to less than £4 million. But even so, I can see they remain painful.

You are best placed to judge the seriousness of the implications of the cuts. But in my view the answer is not to give the SERC a commitment that any money which you or they cannot find will be provided from the Reserve. Exchange rate fluctuations are not different in kind from any other price increase, and agreeing to a bid from SERC now would open the floodgates to bids from other parts of the public sector, all equally hard-pressed.

Rather, I believe that SERC should be urged to look again at the other 98 per cent of their budget. I would also urge you to look again for offsetting savings in the other Research Councils. The current review of R and D Support Services might provide at least one source of useful savings either in SERC or more generally. But in any case, I have difficulty in accepting that a sum of money amounting to less than one per cent of the total Science budget cannot be found without serious damage at this stage in the financial year.

You also asked for a report by officials on the general problem of international subscriptions. I know that our officials have already discussed this, but if you now see some potential means



of alleviating the problem which is consistent with the discipline of cash limits and would not create difficult precedents, by all means let us ask them to discuss it further.

I am copying this letter to the Prime Minister, Francis Pym, Patrick Jenkin, Robert Armstrong and Robin Nicholson.

Yours sincerely

J. G. Greve

Jr LEON BRITTAN

[Approved by the Chief Secretary]

IND FOR: Versailles Summit: Working Group on Technology  
June 1982

APR 9 1983

