



10 DOWNING STREET

Prime Minister

You need only look at Brian
Unwin's handling brief, Robin
Nicholson's note, and the Policy Unit
advice.

The item should not take long.
But you will want to cover
presentation, and probably timing
(any review should not drag on
interminably). Robin's note has a
useful piece on presentation; CERN
came up in the House today, where
DES were just for questions.

MBM 7/12

MR ADDISON

17 December 1985

CERN

The European responses to Mr Walden's discussions indicate that a 25% cut would meet with considerable resistance. The 10% cut that the Director of CERN considers possible seems a more realistic outcome (ie: a saving of some £4m per annum).

We could settle back for a relatively amicable enquiry, and accept around £4m pa savings. If we push our European partners harder we are sure to upset them, but at best will only increase the savings marginally. If we participate in the enquiry, and then disown it because the savings are too small, the row will surely be greater than if we withdraw outright now.

There are only two worthwhile options: to withdraw immediately, or to settle for limited savings from an amicable enquiry. Given the tenor of the previous E(A) on this subject, we recommend that we settle for an amicable enquiry.

Peter Warry

PETER WARRY

MT.



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PRIME MINISTERCERN: Economies and Review: Initial Report of Member States'ReactionsE(A)(85)74

Page 1

BACKGROUND

1. E(A)(85)21st Meeting on 18 November agreed that the Parliamentary Under-Secretary of State for Education and Science should explore in bilateral talks with Research Ministers in CERN Member States the extent of cutting back CERN (European Council for Nuclear Research) expenditure which they might accept and the prospects of securing two-thirds majority support for major reductions. He was authorised to reveal discreetly, if necessary, the UK's readiness to withdraw from CERN if satisfactory savings could not be negotiated. E(A) recognised, however, that it would be difficult to negotiate savings of 25 per cent (the negotiating target); savings of 15 per cent seemed a more realistic outcome.

Proposals

2. The Secretary of State for Education and Science proposes, on the basis of Mr Walden's soundings, that:

(a) the UK should continue to negotiate to secure significant reductions in CERN expenditure;

(b) the option of withdrawal from CERN should be maintained; but the response so far does not justify a decision to withdraw from CERN from 1 January 1987 (which would require notice by 31 December 1985).

MAIN ISSUE

3. The issue is whether the prospect of negotiating significant reductions in CERN expenditure is sufficiently strong to justify a decision not to withdraw from CERN forthwith.

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4. Sir Keith Joseph and Mr Walden believe the talks held so far are sufficiently promising to justify continuing negotiations over the CERN budget. While the responses have not been exactly overwhelming, there appears to be a fair degree of support for a review of CERN's activities (welcomed by the Dutch and West Germany, favoured by Belgium, Austria, Denmark and Italy, but regarded with scepticism by Switzerland, Norway and possibly Sweden; France is not averse to a review), with some Members (West Germany, Italy,) favouring an internal review, rather than an independent one; and there appears to be clear scope for some reduction in expenditure. Mr Walden's talks also confirm the view taken by E(A) that savings of around 15 per cent are a more realistic outcome than 25 per cent.

5. Withdrawal from CERN forthwith (ie on 1 January 1987) would release £38 million per annum for redeployment within the Science Budget (offset by a one-off payment of some £40 million for pension commitments). With the cessation also of domestic work in experimental particle physics (which would follow), a total of some £50-60 million per annum would eventually be released to other areas of science.

HANDLING

6. Since the expenditure implications are primarily of concern to Sir Keith Joseph himself (who initiated the current proposal), I doubt whether E(A) will want to dissent from the recommendation that negotiations should continue on the basis proposed. You may therefore be able to deal with this item very quickly. You will, however, wish to invite the Secretary of State for Education and Science to speak briefly to his paper and to enquire whether any member of the Sub-Committee wishes to dissent from his recommendation (I understand that the Chief Secretary is being recommended by the Treasury to accept it). If the recommendation is accepted, you may then wish to invite the Secretary of State



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for Education and Science to report further progress to the Sub-Committee at the earliest appropriate moment so that, if necessary, Ministers can consider whether the withdrawal option should still be pursued.

CONCLUSION

9. You will wish to invite the Sub-Committee to reach conclusions on:

- (i) whether the UK should continue to negotiate to secure significant reductions in CERN expenditure, on the lines proposed by Sir Keith Joseph and Mr Walden in E(A)(85)74; or
- (ii) whether the UK should withdraw forthwith from CERN from 1 January 1987 (which would require notice by 31 December 1985).

J B UNWIN

Cabinet Office
17 December 1985

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PRIME MINISTER

17 December 1985

CERN

The Secretary of State for Education and Science is proposing that Ministers agree **not** to give immediate notice of our withdrawal from CERN, but to continue negotiations to secure a radical independent joint review of CERN.

2. His proposals are of an interim nature as it is by no means clear that agreement will be obtained to a review of a sufficiently "independent" nature to be acceptable to the UK. However, I believe that the results of Mr Walden's consultations are encouraging enough that we should not give immediate notice of withdrawal.

3. I therefore support the Secretary of State's proposal and suggest that he is invited to report back to Ministers when a definite decision can be made on whether an acceptable form of review can be agreed with member states. Only then can a decision be made on the UK's negotiating position for a reduction in expenditure, including whether the threat of withdrawal should be lifted.

4. In the meantime presentation is of the utmost importance. Kendrew gave us an excellent start with his clear and firm recommendation of a 25 per cent cut or, failing that, withdrawal. I suggest that the public presentation of the DES position should be along the lines that Mr Walden's discussions with partner Governments in CERN have been sufficiently encouraging for us to believe that Council will agree to a review to consider the cost effectiveness of CERN in the light of the Kendrew report; pending the outcome of such a review the UK Government has decided not to give notice of withdrawal from CERN before 31 December 1985.

5. I am copying this minute to Sir Robert Armstrong.

RBN

SIR ROBIN NICHOLSON
Chief Scientific Adviser

but the threat of withdrawal should not, in any case, be lifted until the review is completed.

*Have See - Gal**PD agreed they can
come in this case. Tale Start*

Ref. A085/3287

NW

MR WICKS

*17.12**F.*E(A): Wednesday 18 December at 2.30 pm

On your instructions the meeting of E(A) scheduled for Monday 16 December which was to discuss the Patent Office and Fee Earning Businesses in Government was cancelled as a significant number of Cabinet Ministers were unable to attend in person.

2. I understand from Mrs Ryder that it would be possible to expand the E(A) meeting planned for Wednesday 18 December at 2.30 pm (to discuss CERN) to 1¹/₄ hours and thus provide time for these two subjects. We have, provisionally, approached the Private Offices concerned and it appears that all the Ministers principally concerned with these subjects could attend an E(A) meeting at that time. Although it cannot be argued that either of the additional subjects are of overwhelming urgency, it would be useful to have both of them out of the way before Christmas and in particular to have a decision on the future of the Patent Office so as to avoid holding up any further preparation of the White Paper on Intellectual Property and Innovation.

3. Those who are unable to attend are:

Members

the Secretary of State for Energy, who has a long standing engagement in Newcastle and who would like to be represented by Mr David Hunt;

the Secretary of State for Wales, who will be making a statement in the House of Commons on the Welsh Rates Support Grant and would to be represented by Mr Wyn Roberts;

the Secretary of State for Employment, who will be in China: but no representation is proposed, since the Paymaster General will attend;

the Secretary of State for the Environment will be making a statement in the House of Commons but does not wish to be represented;

Invited

the Foreign and Commonwealth Secretary, who will be "top for questions" and would like to be represented by Lady Young for the item on CERN.

--- 4. I attach a copy of the ring-round note which shows the proposed attendance.

5. I should be grateful if you would seek the Prime Minister's approval to the attendance of Lady Young, Mr Hunt and Mr Roberts as representatives and to the absences of the Secretaries of State for Energy, Wales, the Environment and Employment.

MS

M C STARK

17 December 1985

Copies of Ring Round should be sent to Private Office, Mr A J Wiggins and Mr J E Roberts.

CABINET

MINISTERIAL STEERING COMMITTEE ON ECONOMIC STRATEGY

SUB-COMMITTEE ON ECONOMIC AFFAIRS

E(A) (85) 25th MEETING

CEAN
PRIVATE OFFICE
FOR EARNING DUTIES
IN GOVERNMENT

FINAL RING ROUND LIST

WEDNESDAY 18/12/85 2.30pm No.

	FEDERAL NUMBER	ATTENDING	REPRESENTATIVE
Prime Minister			
S/S for Trade and Industry	2765	✓	
Chancellor of the Exchequer	1869	✓	
S/S Energy	2788		Mr D Hart
S/S Scotland	2314	✓	
S/S Wales	2223		Mr Wyn Roberts
Lord Privy Seal	2620	✓	
Chancellor of the Duchy of Lancaster	2305	✓	
S/S for Northern Ireland	2037	✓	
Minister of Agriculture, Fisheries and Food	2386	✓	
S/S Transport	1693	✓	
S/S Employment	2590	X	
S/S for the Environment	2488	X	INTERIMINARY STATEMENT
Paymaster General	2591 2594	✓	
Chief Secretary, Treasury	2187	✓	
INVITEES: Lord President	2839	X	
S/S State FCO	2426		Lady Young
S/S State Education & Science	2095	✓	
M/S Foreign Contact Office	2030	✓	
SECRETARIES Mr George Widdowson Ed & Sc		✓	
Sir Robert Armstrong	x8339		
Mr J B Unwin	x7029		
Mr A J Wiggins			
Mr J E Roberts	x6161		
Dr D P Walker	x8288		

Made on 17/12/85
Completed at 11.40

177/2
Mr Wiggins

cc Sir Robin
Nicholson
Mr Norgrove

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(1010)

W0847

MR UNWIN

17 December 1985

c Mrs Cunningham

CERN (E(A)(85) 74)

file into MEA

X If it is not absolutely disastrous for your timetable, I would still like a discussion of this at E(A). The paper is unsatisfactory in that it is far more optimistic than the summary comments from the countries would suggest.

2. Additionally France, the most difficult country and Sweden, another difficult one are still to be approached and Mr Walden could report verbally on these. I doubt whether Ministers will wish to do a Unesco-style pre-emptive withdrawal before 31 December 85 but they might.

3. It would also be valuable to have a word on presentation of the outcome of Mr Walden's talks.

RBN

SIR ROBIN NICHOLSON
Chief Scientific Adviser

We discussed. In view of Sir Robin's comments, let us keep it on the agenda but brief the Prime Minister to deal with it very quickly. If no one dissents, DES can be instructed to press on urgently with setting the review in place.

Science + Tech

Budget

Pt 4



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P 01842

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CC BSG
spic PW
From: J B UNWIN
16 December 1985

MR WIGGINS

cc Sir R Nicholson
Mrs Cunningham
Dr Walker

Mr Norgrove - No 10

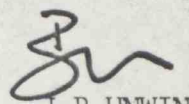
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CERN (E(A)(85)74)

ATTACHED

Having now seen the above paper, with Mr Walden's report of his talks with other Research Ministers, I doubt whether it is necessary to discuss this item at E(A) on Wednesday afternoon. Certainly not unless any other Department still wants to press hard for giving notice of pulling out before the end of this year. I should have thought that unlikely, given the views expressed at the previous E(A) meeting. The initiative has come from DES, and if they are content to play it a little longer (although I do not find the outcome of the talks so far all that encouraging) and thereby forego the possibility of larger savings earlier, I think they are entitled to do so.

2. I should be grateful for your quick reactions, and those of Sir Robin Nicholson. It would for other reasons be convenient to take this off Wednesday's E(A) agenda now that we have had to postpone to that meeting consideration of the other papers that were to have been taken this afternoon.


J B UNWIN

Science & Tech: Science Budget; Pt 4

