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Chancellor of the Duchy of Lancaster

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11
5 December 1986

The Rt Hon John MacGregor OBE MP
Chief Secretary to the Treasury
Treasury Chambers
Parliament Street
LONDON
SW1P 3AG

Prime Minister²

A not unexpected
point of view.

A paper is in preparation
for E(LA).

DRS
5/12

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D John

BRITISH NATIONAL SPACE CENTRE

Thank you for sending me a copy of your letter of 1 December to
Geoffrey Pattie.

I would not wish to prejudge the questions arising from any
proposal for new space activity, and would equally not wish to give
rise to further pressure on public expenditure. But I do wish to
be given the opportunity to assess the case for new activities of
this kind.

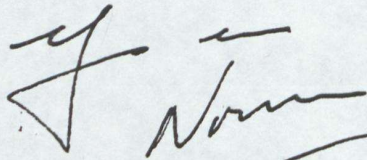
As a Minister without a Departmental portfolio, one of my concerns,
and I believe it is also yours, is that we should be able
collectively to assess fully the case for new expenditure. As you
rightly say, the provision of clear objectives for a programme are
essential for that process. It is also right that we should expect
Departments putting forward a bid for new spending to be asked to
offset it against their existing programmes. But the absence of
available offsetting savings of these Departments should not, in my
view, prejudice the issue.

We must anticipate that the relative levels of expenditure by
Departments should change over time. There will be instances where
a Department gives rise to potential new expenditure commitments
for which it cannot provide offsetting savings but which should be
a collective priority of Ministers. That, it seems to me, is more
likely to be true for a Department, such as DTI, which has seen its
expenditure fall considerably in real terms over recent years.

I should add, however, that it is vital that additional bids of
this kind should arise in the context of the annual PES round, not
in the interim. The Reserve, as you rightly say, cannot be a

"catch-all" source of funds to meet the costs of discretionary new proposals for expenditure.

I am sending a copy of this letter to the Prime Minister, George Younger, Kenneth Baker, other E(A) colleagues, Geoffrey Pattie, and to Sir Robert Armstrong.

A handwritten signature in dark ink, appearing to read 'Norman Tebbit', with a stylized flourish at the end.

NORMAN TEBBIT

AEROSPACE → Space Policy Pt 2

