



CBG  
CEBlop

MINISTRY OF DEFENCE WHITEHALL LONDON SW1A 2HB

MO 11/8/2E

TELEPHONE 01-218 9000  
DIRECT DIALLING 01-218 .....

17 December 1986

Dear Geoffrey,

DTI sending  
copy 8.

Further to your letter of 23rd October covering the UK National Space Plan, I have now seen comments from Geoffrey Howe, Norman Tebbit, John MacGregor and Nicholas Ridley, and I would like to add my own. I recall clearly that when we met on 28th October to discuss the Space Plan, you presented it on the basis that there was no intention to press Departments already contributing to BNSC to fund also, against their will, the substantial unfunded element of your proposed programme, and that new money would be sought to cover this. On this basis, as I believe my Private Secretary's letter to yours of 4th November made quite clear, I offered to support the broad thrust of the plan, but not at the expense of the MOD budget.

You will appreciate therefore that whilst I am in complete agreement with some of the statements in colleagues' letters; others cause me a good deal of concern. If, as John MacGregor

Geoffrey Pattie Esq MP



says, the additional bid for the proposed expansion cannot be met within the Contingency Reserve then I believe we are all in a difficult position and I must make clear to colleagues that the additional items proposed are not of sufficient interest to MOD to justify the expenditure of defence funds on them. Like many colleagues I am already hard pressed to stretch the defence budget to cover all our defence needs. The tasks we need to fulfil are not decreasing, and the process is one of vigorous prioritisation, involving hard decisions. If any colleagues doubt that this exercise is one of the utmost rigour, I hope that the current debate on AEW will have brought home the point, that the size of the defence budget is no more than proportional to the task, and that there is no margin for non-defence requirements. I might add that I think there is also a point of principle at stake here. I do not believe it is proper to divert moneys allocated for the defence of the realm, and published for all to see, to other non-defence requirements.

It has, I think, also been suggested in the past that MOD does not do enough for the UK Space industry. Proponents of this view fail to recognise the substantial MOD effort invested in space - outlined in a recent note to E(A) colleagues. Indeed, MOD spend more money annually on space than any other Department and much of this in areas with a very real commercial return, both now and in the immediate future, notably Skynet communications satellites on which negotiations are well underway for the sale of 2 satellites



to NATO. Furthermore, if MOD did have more money available for space there are higher priority defence space items which are of greater value to us than an expanded civil space programme.

While therefore, other things being equal, I would still hope that some new money can be found to support perhaps a modest increase in UK civil expenditure, this must not be at the expense of defence needs, to which I am bound to accord a higher priority.

I am sending copies of this letter to the Prime Minister, Kenneth Baker, other E(A) colleagues and to Sir Robert Armstrong.

Yours sincerely,  
*George*

George Younger



17. XII

PM 186