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10 DOWNING STREET

LONDON SW1A 2AA

26 February 1987

From the Private Secretary

Dear Mike,

SPACE

The Prime Minister this morning held a meeting to discuss expenditure on space on the basis of EA(87)6 and EA(87)7. There were present your Secretary of State, the Lord President, Chancellor of the Exchequer, Chief Secretary, Mr Brian Unwin, Cabinet Office and Mr George Guise, No.10 Policy Unit.

Your Secretary of State said that the Government in 1985 had voted in favour of a large increase in its subscription to the European Space Agency, had set up a space centre and decided to have a space plan. It would be difficult now to step back from those announcements.

In discussion, it was argued that it was misleading to concentrate on Government expenditure on civil exploitation of space; the UK also devoted substantial resources to military uses of space and there was higher private sector involvement than in nearly all other countries. A further increase could strain scarce scientific resources. The choice had been presented to Ministers as largely all or nothing. But it should be possible to rank the proposed expenditure in order of priority, and it would be helpful in this regard to group the expenditure by its scientific purposes rather than by the way it was administered (for example the space station might be grouped with micro-gravity). Priority should be given to identifying the areas with the greatest commercial potential and in which the UK had existing strengths, for example satellite communications.

The Prime Minister invited your Secretary of State to prepare a further paper for circulation to E(A) to aid the discussion. This should set out the priorities which would be adopted if expenditure on space remained at its existing level. It might then describe the areas which would be supported if the programme were allocated rather more resources, for example satellite communications. She was herself however sceptical about the case for higher expenditure on space. The paper should also set out clear

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figures for total UK expenditure on space, including all Government expenditure (both military and civil) and expenditure by the private sector.

I am copying this letter to Joan MacNaughton (Lord President's Office), Alex Allan (HM Treasury), Jill Rutter (Chief Secretary's Office), Andrew Lansley (Chancellor of the Duchy of Lancaster's Office) and Brian Unwin (Cabinet Office).

*Y
Joan,*

David.

David Norgrove

Michael Gilbertson, Esq.,
Department of Trade and Industry.