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PRIME MINISTER |

SPACE

John Fairclough argues that E(ST) should have an opportunity to try to find from other programmes money to support Option 3 expenditure on space. He has told me that he has in mind reductions in expenditure on energy and agriculture.

You will understand and sympathise with his objectives. But the attempt to wrest resources from other departments has been made several times during the past months. You will only win resources from Messrs. Parkinson and McGregor if you are prepared to give this a high priority and to have a battle. And it must be doubtful whether any money you could get from them, for example by cutting back Dounreay, would be best spent on space rather than on some other R & D.

John Fairclough also argues that it would give the wrong message to "withdraw" from space so soon after the publication of the Government's response to the House of Lords' report. But this could be argued in the opposite direction: not to increase expenditure on space and, at the same time, to announce continued expenditure on information technology (if that is what happens) could be said to show that the Government was showing firmness in setting its priorities.

Agree that Lord Young should be left to put his proposals to colleagues, recognising that this will mean no extra expenditure on space?

JKW

Yes not

D.R.N

17 July 1987

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B.R.P