

PRIME MINISTER

SPACE AND IT92

Mr Clarke, in his minute below, proposes to make an announcement combining Space and Information Technology. He proposes, in particular, announcing firm proposals for a "significant" programme for ESPRIT and the follow-up to Alvey, to which DTI would allocate £70 million over the next five years with the SERC adding another £55 million. Approval is requested by noon tomorrow, in order that he might make a statement tomorrow afternoon.

This timing is intended to help the business managers to avoid a log jam of statements later in the week. But the fact that the proposed expenditure would come from within the existing baseline is neither here nor there. DTI have made substantial bids for this year's Survey, and Mr Clarke says only that they would not anticipate needing to press for any "significant funds above baselines" in future years for support for research and applications in this sector of industry". You will want more information than is provided in this minute before being prepared to agree to expenditure on IT in this way.

There are at present no statements scheduled for Wednesday. I suggest you ask Mr Clarke to circulate during the course of tomorrow an urgent, more complete explanation of the proposals on IT, including the pattern of expenditure year by year and the proportions of spending to be found by private industry, compared to the amount found by private industry for Alvey I. You might say that you will not rule out an announcement on IT alongside Space on Wednesday but that, in view of the significance of the proposals, it may be necessary to be less forthcoming on Wednesday and to postpone a firm announcement until Parliament returns in November.

Agree?

DW

D R NORGROVE

20 July 1987

*A good MT*