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CONFIDENTIAL

W066

PRIME MINISTER

21 July 1987

SPACE AND IT92

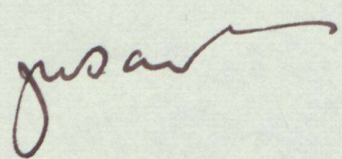
Allen TIT 2/21

I have now seen The Chancellor of the Duchy of Lancaster's minute of 20 July to you about the announcement he proposes to make on Space and on IT92. I do not know enough about the specific proposals for IT to comment at this stage.

2. The Chancellor proposes keeping our spend on Space R & D at currently planned levels. This will serve only to defer a difficult decision. We must either decide to spend more or stop though, in the circumstances, I believe we need more time for the new machinery to begin its work.

3. Ministers are, at the moment, not well prepared to decide such an important issue. I am preparing a paper for E(ST) for a meeting later this month on the way in which priorities should be set. I should hope to follow this up with a more substantive paper by October at the latest which would propose guidance on spending priorities as an input to the final stages of the PES round. I should like Ministers to have the opportunity to consider Space as part of this exercise, and I think it would be unfortunate if any announcement now were to foreclose that possibility.

4. I am copying this minute to the Chancellor of the Duchy of Lancaster and to the recipients of his of 20 July.



JOHN W FAIRCLOUGH
Chief Scientific Adviser



AKKOSPACE

SPACE

PT 3

COMMISSION