

PRIME MINISTER

SPACE AND IT92

Kenneth Clarke has now come back with more information about his proposals on Information Technology. This is reassuring to some extent, for example in claiming that industry would pay "in the region of up to" 70 per cent of the cost of the programme, compared with around 42 per cent under Alvey. However, the note is still very thin. Moreover, the Chief Secretary has weighed in with a heavy letter, arguing that no commitment to domestic funding for IT92 should be made at this stage. He is concerned in particular that this would appear to pre-empt the Survey. I would add that Mr. Hurd was not permitted to announce a programme for spending on prisons, which was arguably far more politically difficult than the announcement on space. It is also particularly important to support the Chief Secretary at this stage.

I recommend that the statement should make no specific commitment on domestic funding for IT92 and that Mr. Clarke should be invited to bring his proposals back for more detailed discussion in the autumn.

Agree?

*Yes not*

John Fairclough has come back on the question of space. He argues that the Government must either decide to spend more, or stop. He hopes that any announcement now will not foreclose this possibility.

I do not think that Kenneth Clarke's statement necessarily does this, but you could ask him to leave the possibility open, as John Fairclough wishes.

Agree?

*Yes not*

*Disagree*

p.p. David Norgrove

21 July 1987

DG2CBV