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Treasury Chambers, Parliament Street, SW1P 3AG

The Rt Hon Kenneth Clarke QC MP
Chancellor of the Duchy of Lancaster
Department of Trade and Industry
1 - 19 Victoria Street
London
SW1H 0ET

9 February 1988

Dear Chancellor,

SPACE POLICY

attached

I have seen a copy of your minute to the Prime Minister of 1 February.

The conclusions of your review of space policy are welcome. I support your decision not to enter into any new major ESA projects and to finance proposed future developments from your existing budget for 1988-89 and 1989-90.

The reactions of major companies suggest that there is no substantive technological or economic reason for UK support for the major ESA projects of Ariane V and Columbus. And the House of Lords Select Committee on Science and Technology Report on UK Space Policy bears out these doubts.

As you suggest the political case for expanding space provision is also very weak. There is certainly no justification for additional space spending financed from the Reserve.

Indeed, I really wonder whether we are justified in continuing to fund space activity even at the present level. I have seen John Fairclough's letter of 3 February which suggests a strategic review of space policy to 1992-93 taking account of technological implications and value for money. I support this approach. But it may be that in the absence of a larger space budget the present level of spend should be reduced. (The Select Committee Report also supports this view.) Given the pressure on public expenditure in general and in particular

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the range of demands for science and technology spending, ought we not to consider whether at least part of the £100 million plus a year we currently devote to civil space would not yield better returns elsewhere? I therefore suggest that a longer term review might look seriously at options for winding down Government funding, taking account of contractual commitments to ESA etc.

I am copying this letter to the Prime Minister, Geoffrey Howe, George Younger, Kenneth Baker and to John Fairclough and Sir Robin Butler.

Yours sincerely,

Jim Ruth

PP JOHN MAJOR

(Approved by the Chief Secretary
Signed in his absence).

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