

CONFIDENTIAL



10 DOWNING STREET

From the Private Secretary

Sir Robert Armstrong

Annual Review of Government-funded Research and Development

The Prime Minister was grateful for your minute of 23 July advising on the second Annual Review of Government Research and Development. She has also noted the comments made by ACARD, and the advice of Dr. Nicholson in his minute of 27 July.

The Prime Minister agrees that copies of the Review, and of ACARD's comments should now be sent to Departments, and I shall be writing accordingly to Private Secretary colleagues in the terms of the draft attached to your minute. The Prime Minister also agrees that the Review should be published in the autumn, subject to the deletion of classified information relating to future defence expenditures.

As regards machinery for further consideration of the issues raised by ACARD, the Prime Minister would be content for you now to consult interested Departments over the terms of reference for an interdepartmental examination. She agrees that the group should be under Cabinet Office chairmanship, and that it should aim to start work after current PES discussions are complete.

As regards the work of the interdepartmental group, the Prime Minister agrees that it should focus mainly on the economic impact of current defence R & D expenditures. She would be grateful if it could consider specifically the proposition put forward in paragraph 6 of Dr. Nicholson's minute, that there is a case for examining the consequences of a reduction of MOD expenditure on R & D to roughly half its present value over a period of 5 years.

The Prime Minister has noted that the remaining issues raised by ACARD can be considered by the Sub-Committee of Chief Scientists.

I am copying this minute to Dr. Nicholson.

David Barclay

6 August, 1984.

CONFIDENTIAL

56 30

56

Secure Budget-

file to

CONFIDENTIAL



10 DOWNING STREET

From the Private Secretary

Dr. Nicholson

I enclose a copy of a minute to Sir Robert Armstrong conveying the Prime Minister's response to the papers submitted last week on the Annual Review of Government-funded R & D.

There is just one point to add. This is that the Prime Minister agreed that you should now make available your analysis to the Chief Secretary, for use at his discretion in the PES Round, as proposed in paragraph 13 of your minute.

D13

6 August, 1984.

CONFIDENTIAL

✓

CONFIDENTIAL



FILE

JK

10 DOWNING STREET

From the Private Secretary

6 August 1984

Dear John,

ANNUAL REVIEW OF GOVERNMENT FUNDED RESEARCH AND DEVELOPMENT

The Prime Minister has received the report from the second of the Annual Reviews of R and D announced in Cmnd 8591 (Government observations on the report "Science and Government" from the House of Lords Select Committee on Science and Technology) together with the views of the Advisory Council for Applied Research and Development (ACARD) on the expenditures covered in the Review.

The Prime Minister has asked that the Review and ACARD's views (copies attached) should be drawn to the attention of members of the Cabinet, and she has agreed to publication of the Review with the deletion of classified information relating to defence expenditures.

The Prime Minister has noted that ACARD's major comments relate first to expenditures on defence R and D, secondly to the balance between the Government's support for R and D for agriculture, fisheries and food and for manufacturing, and thirdly, within manufacturing, to the distribution of support among different industrial sectors. She further notes that ACARD will themselves be considering the last aspect in more detail over coming months.

The Prime Minister has asked Sir Robert Armstrong to advise her on how the issues raised by ACARD in respect of defence R and D expenditures might best be examined inter-departmentally and to invite the Sub-Committee of Chief Scientists to consider the other comments made by ACARD.

I am sending a copy of this letter and the attachments to the Private Secretaries of members of the Cabinet and (without attachments) to Richard Hatfield.

Yours ever,
David

(DAVID BARCLAY)

John Gieve, Esq.,
HM Treasury.

CONFIDENTIAL