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PRIME MINISTER

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R&D PRIORITIES ACROSS GOVERNMENT

The research community is a pressure group like any other, and will use any argument which comes to hand to advance its cause. This is evident in the ACARD document, which enlists "wealth-creation" and international comparisons as arguments for a higher spend. ACARD offer no rigorous scientific analysis whatever. If we accepted their peculiar criteria - improved production processes, energy efficiency, enhancement of skills - we would do little or no basic research at all. ACARD adds nothing to our understanding of R&D. We think that it should be disbanded.

The ABRC is not convincing either. They say that other countries spend more. Maybe, but what are they achieving? They say that the "cost of science" is rising. This is unprovable. Individual items of equipment cost more (in real terms) than their predecessors, but they are also more powerful. We wouldn't accept this argument from the CEGB; so why from researchers? On this performance, the ABRC should go too.

Are we falling behind?

The international comparisons of expenditure show that the share of GDP which major economies spend on R&D are similar. The trends are too slight to give cause for concern,

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especially when one remembers how difficult it is to measure R&D. If more R&D is so vital for our prosperity, why has industry not spent more? It can afford it. The real rate of return of non-oil industry in 1985 was predicted by the CBI in March to be the highest (8½%) since 1973. So finance cannot be the problem. The probable reason why industry doesn't spend more is that it judges that R&D is running into diminishing returns.

Why, in any case, are we talking about R&D expenditure, rather than performance? It is the latter which matters, and such evidence as there is suggests that we are not doing badly. A survey of innovative performance (PA Consultants, 1984) produced the following comparison:

Percentage of companies which in the last 2 years introduced significant:

new products			new production processes		
UK	US	Germany	UK	US	Germany
64	58	65	57	62	71

Matters for decision

The meeting will consider:

1. Should "wealth-creation" be given higher priority?  
No. Government's research priority must be to use research more effectively to help it govern and manage

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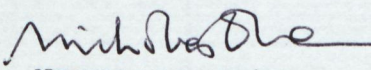
its resources better, eg by understanding which medical treatments work best, how better to protect the environment, etc.

2. Should a Ministerial Group be established to "examine priorities across Government"?

No. It is an impossible task. The idea is based on a confusion that there is some entity called "Government research" which can be deployed across departments. The reality is that departments have certain objectives; they commission research as one means of achieving them. The important thing is that departments use their own R&D more flexibly, and better - eg that MAFF concentrates less on how to increase yields of unwanted food and more on how to prevent pesticides poisoning humans and wildlife.

We suggest instead that:

1. Robin Ibbs initiates some scrutinies of departments' R&D programmes.
2. Departments should report on what they are achieving, and expect to achieve, with their R&D. The Annual Review is purely descriptive and contains not a single word about research output.

  
NICHOLAS OWEN