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PRIME MINISTER
AT 6/9

DTI EXPENDITURE

When we spoke on Sunday I mentioned some charts which had been produced for me. I think they graphically illustrate the way in which both DTI expenditure is continuing to be held down and, within the reduced totals of expenditure, a shift is taking place in that expenditure away from nationalised industries and towards support for science and technology and product innovation. Two qualifications need to be made. Chart 2, representing the present PES bids, shows a decline in expenditure on nationalised industries rather less marked than in the present base line. I should make clear, however, that these bids cannot be certain while BSC's position remains unclear. Second, what the charts do not show, on either the base line or a bid basis, are the further measures we are committed to taking to reduce the level of regional support through our new regional policy. The substantial reduction in regional expenditure on which I shall be putting forward proposals to E(A) at the end of the month will give further scope to direct

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expenditure towards support for new technologies and
improving industrial efficiency, within a reduced total.

... 2 I attach a copy of the charts and I hope you will find
them of interest.

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5 September 1984

Encl

Department of Trade and Industry

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CHART 1

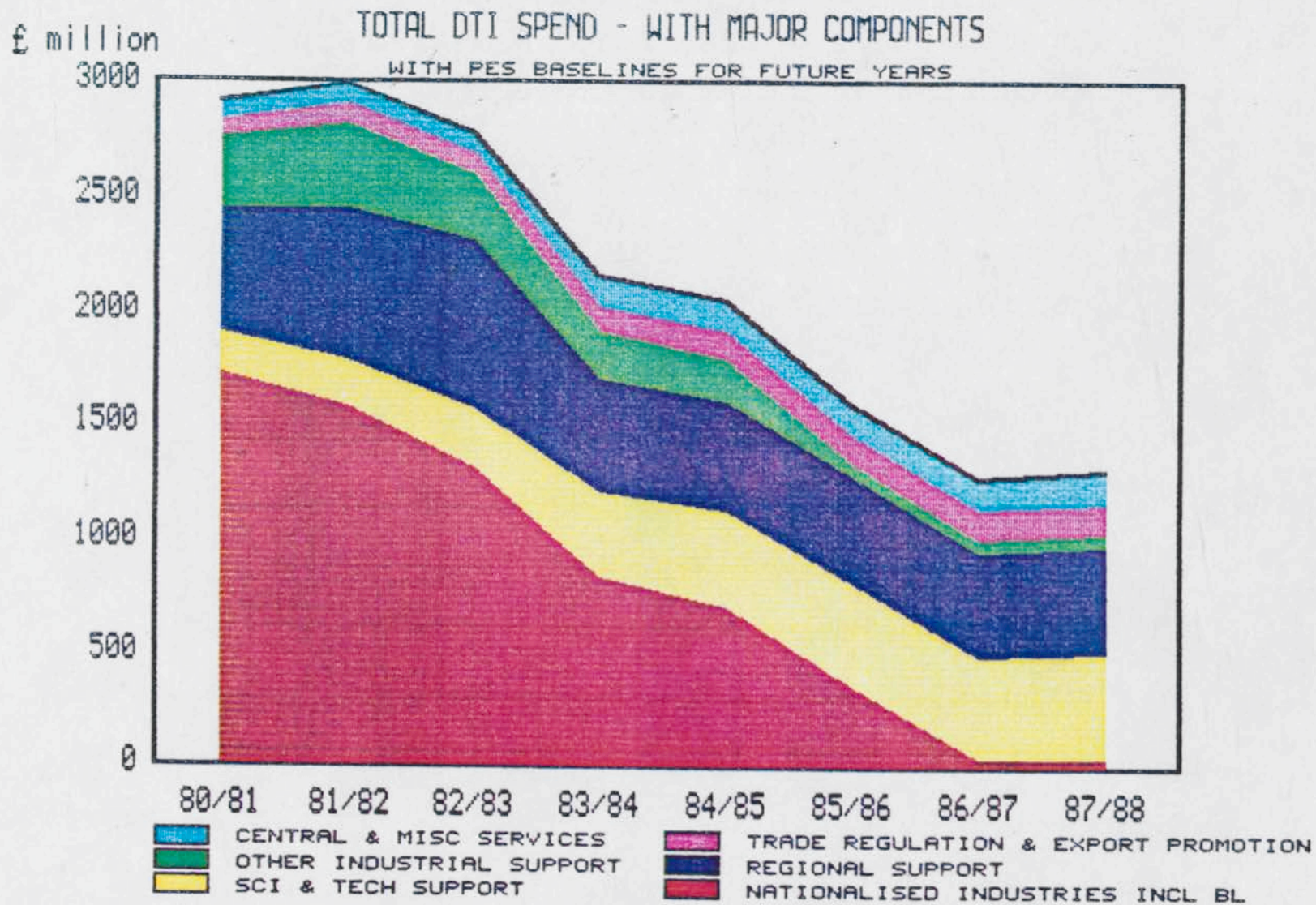


CHART 2

£ million

TOTAL DTI SPEND - WITH MAJOR COMPONENTS

WITH PES BIDS FOR FUTURE YEARS

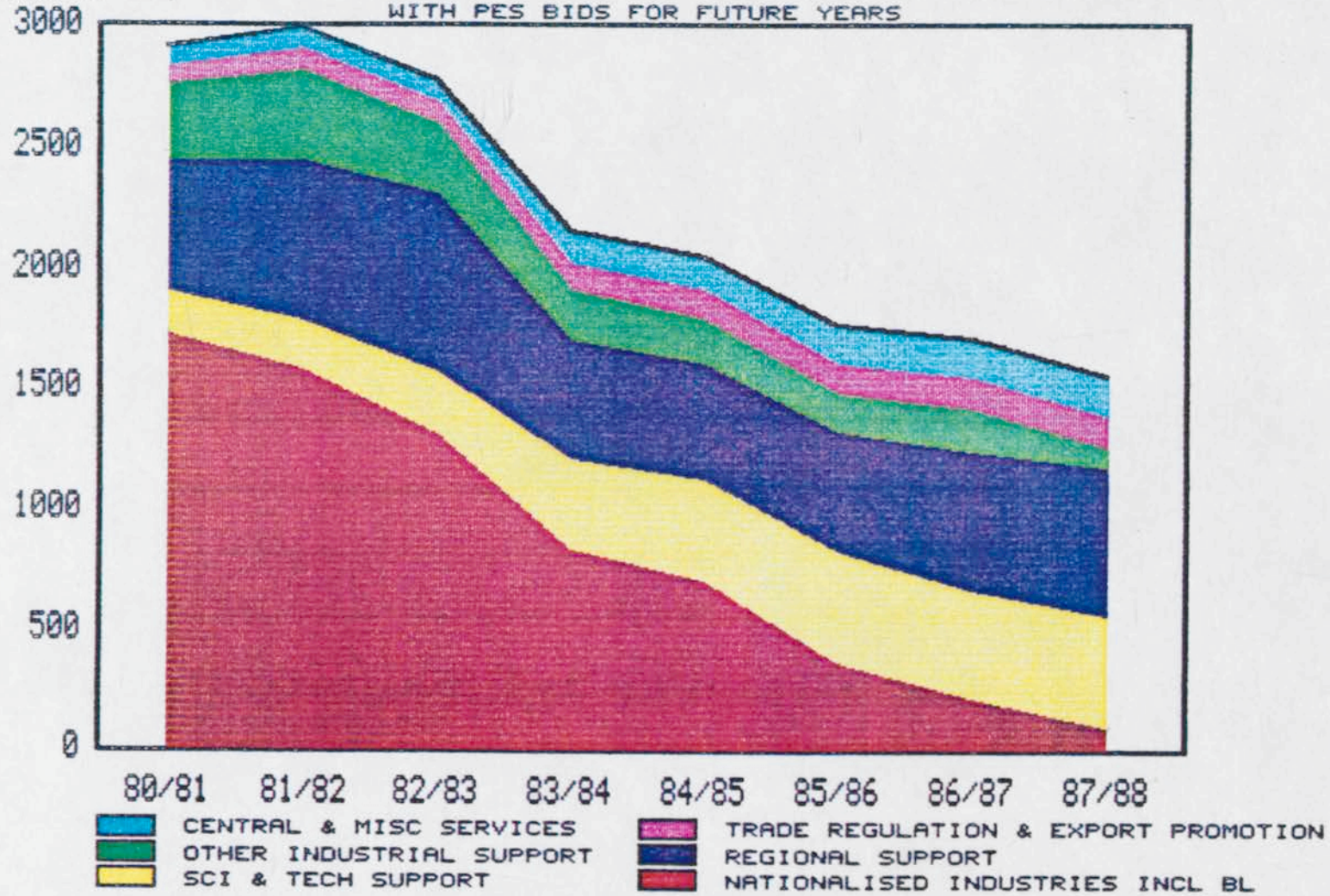
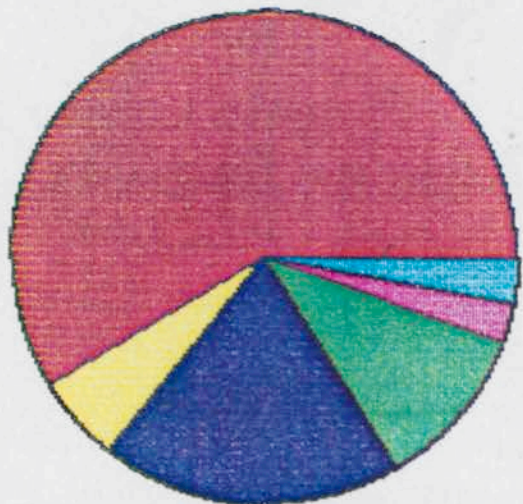


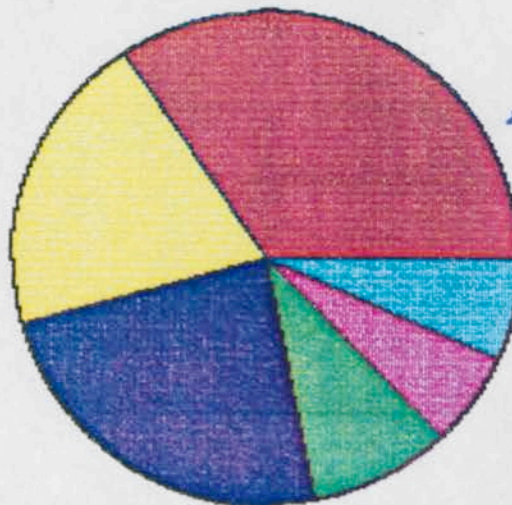
CHART 3

MAJOR COMPONENTS OF DTI SPEND

1980/81



1984/85









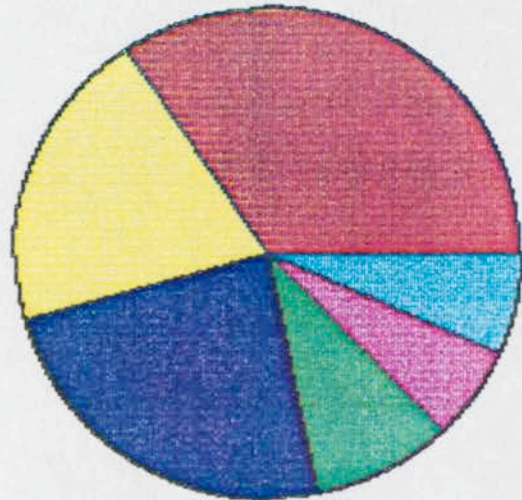
-  NATIONALISED INDUSTRIES INCLUDING BL
-  SCIENTIFIC & TECHNOLOGICAL SUPPORT
-  REGIONAL SUPPORT
-  OTHER INDUSTRIAL SUPPORT
-  TRADE REGULATION & EXPORT PROMOTION
-  CENTRAL & MISCELLANEOUS SERVICES

CHART 4

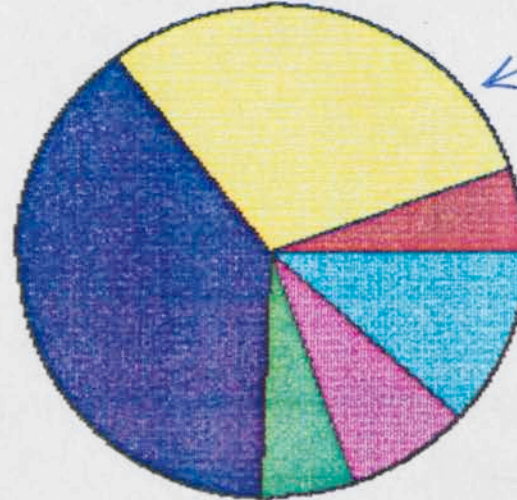
MAJOR COMPONENTS OF DTI SPEND

1984/85



1987/88

PES BID



- NATIONALISED INDUSTRIES INCLUDING BL
- SCIENTIFIC & TECHNOLOGICAL SUPPORT
- REGIONAL SUPPORT
- OTHER INDUSTRIAL SUPPORT
- TRADE REGULATION & EXPORT PROMOTION
- CENTRAL & MISCELLANEOUS SERVICES

This "pie" is only 76% of the size of 1984/85 "pie" or 54% of the 80/81 pie.
 That is I propose a 46% cut from 1980/81 to 1987/88.

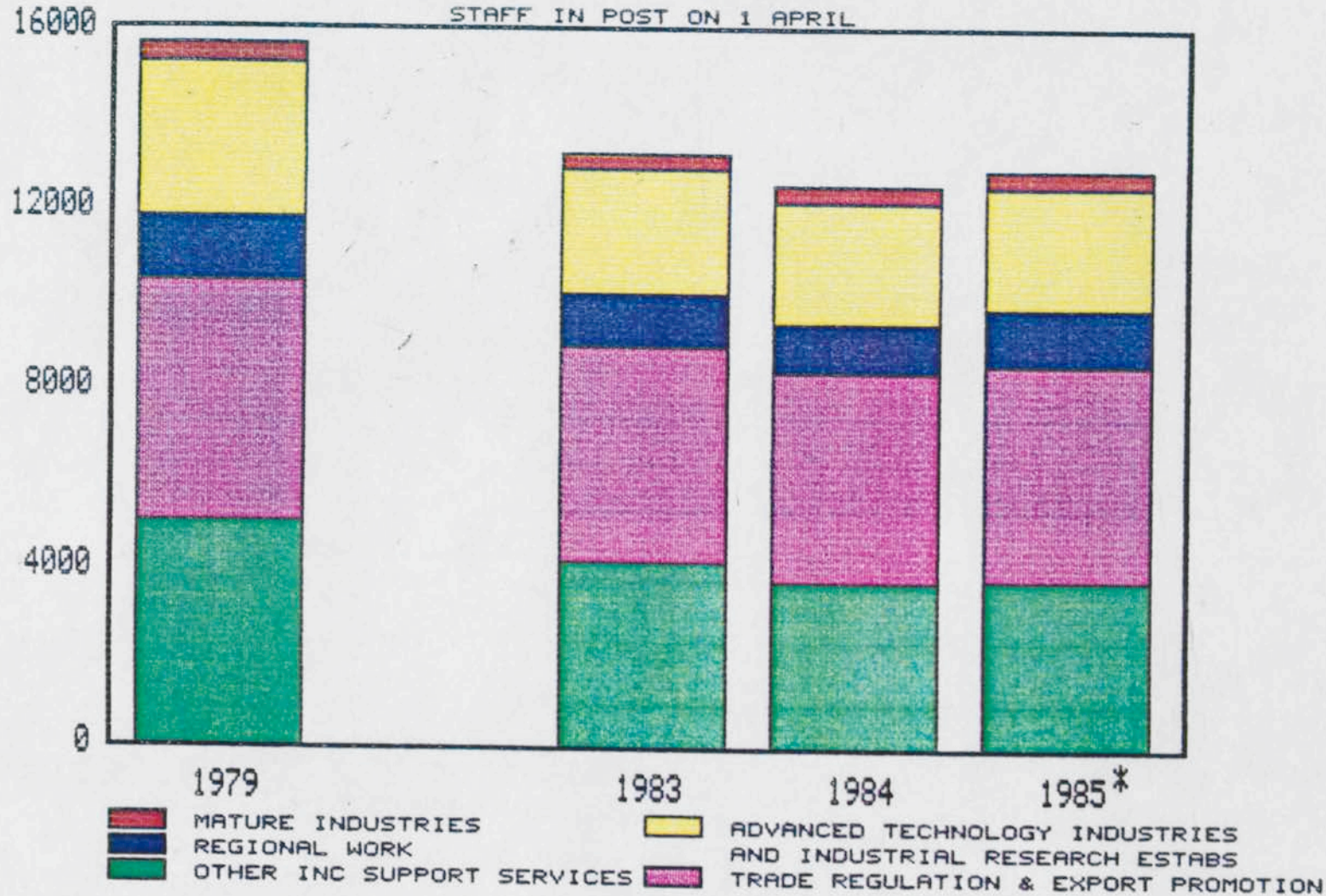
Cash figures

1980/81	£ 2,921 m.
84/85	£ 2,052 m.
87/88	£ 1,564 m.

CHART 5

DTI MANPOWER

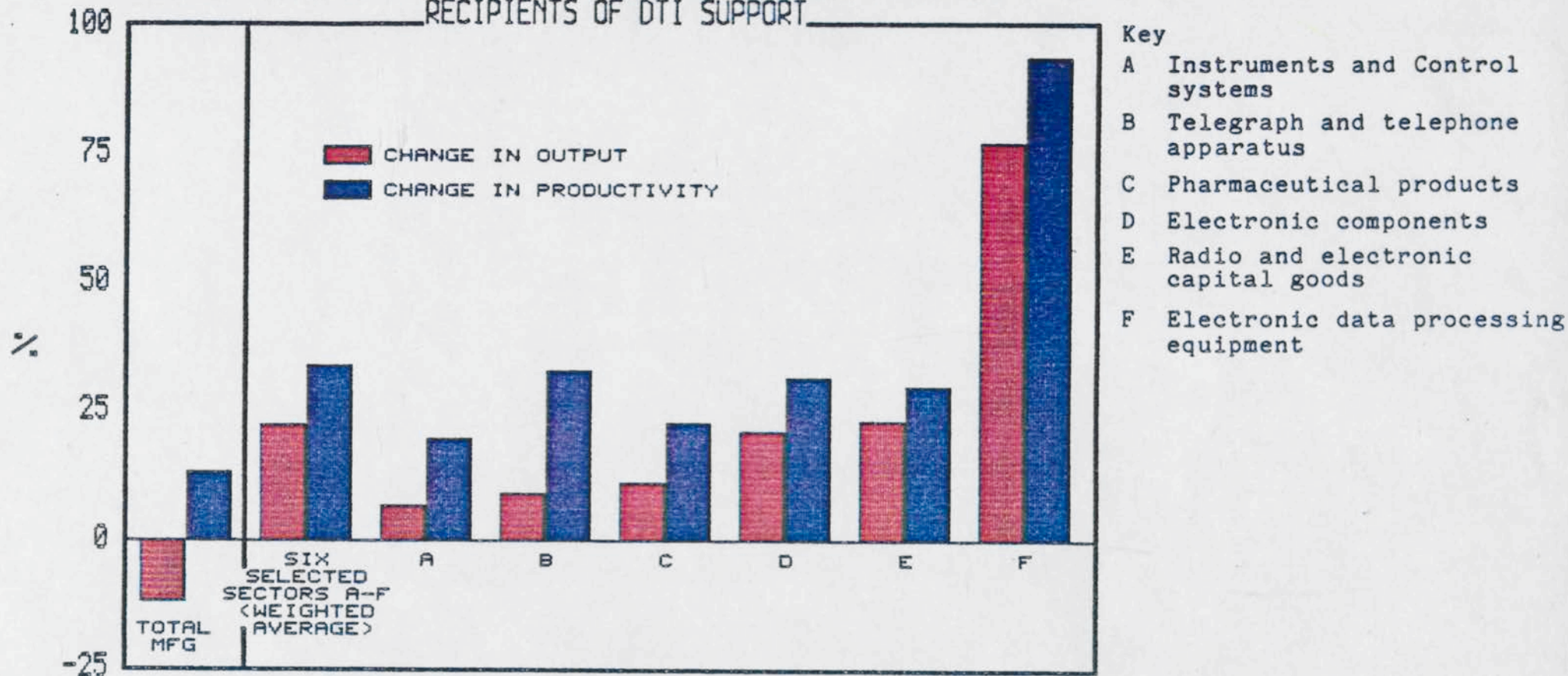
STAFF IN POST ON 1 APRIL



* The 1985 total represents the target of 12807 shown in the Supply Estimates, plus 120 additional posts sought for the new regional assistance schemes, minus 11 posts cut elsewhere.

CHART 6

CHANGES IN OUTPUT AND PRODUCTIVITY BETWEEN 1979/80 AND 1983/84 IN TOTAL MANUFACTURING AND IN SIX SELECTED SECTORS WHICH ARE MAJOR RECIPIENTS OF DTI SUPPORT



The selected sectors are major recipients of DTI financial support, and particularly of scientific and technological support. While together they accounted for about 10% of manufacturing net output, over the period from 1980 to 1982 they received 42% of total DTI science and technology support and 22% of total section 7 and 8 Industry Act support.