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W.0785

30 October 1984

PRIME MINISTER

MISC 106: R&D EXPENDITURE

I have seen a copy of the minute to you dated 26 October from the Minister of Agriculture, Fisheries and Food, in which he criticises the comments on MAFF R&D expenditure which I made in my minute to you of 12 October. Mr Jopling's principal criticisms and my further comments are listed below:

(a) My comments omitted highly relevant matters and a considered justification for the massive reduction in R&D.

The comments were intended as a brief for the Chairman of Misc 106 and not as a closely argued paper for the Committee. The main points had already been well rehearsed in Misc 100 discussions. Some of them had also been made in ACARD's advice on Government R&D expenditure.

(b) Misc 100 did not recommend that R&D expenditure be halved.

This comment was slightly over-compressed by me but Misc 100 did suggest that a halving of R&D expenditure should be one of the 'options for reductions' to be pursued.

(c) The category of research defined as 'improving technology' includes research other than that aimed at improving farming productivity.

The figures quoted in my minute were provided by MAFF for the 'Annual Review of Government-funded R&D'. Whilst some research may well have several purposes, this particular category had a primary purpose of advancing the technology of the agricultural sector of the economy. There were other categories in which one would have expected MAFF to place research aimed primarily at health, safety and the environment.

(d) The arbitrary conclusion that the overall level of R&D research in MAFF is too high cannot be accepted.

When the Government set up the mechanism of the Annual Review of Research (Cmnd 8591), it accepted that it was valid to take a horizontal look at public expenditure on R&D even when the main control processes operated vertically through Departments. It accepted the need for 'value judgements on the allocation of financial and manpower resources' and the importance of 'distinguishing between vital and dormant areas, identifying gaps, disparities and duplications, and considering the opportunity cost of relinquishing certain areas of research'. This is the basis of ACARD's comments and of my own advice to you. I know of no other basis whereby new research can be started within an overall expenditure ceiling.

(e) The comparisons which have been made with other countries are suspect.

The figures are probably not 100 per cent accurate but they come from OECD and were quoted in the Misc 100 report.

RBN
ROBIN B NICHOLSON
Chief Scientific Adviser

Cabinet Office
30 October 1984