

Prime Minister ①

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Yes

This is partly a matter for
the expenditure survey. But
would you like a discussion

MAINTAINING THE STRENGTH OF THE SCIENCE BASE

with Sir Keith, the Chief

Secretary and Mr Heseltine

Your pioneering Science Seminar came incidentally at a particularly opportune time because we shall soon have to decide the budgets of the five Research Councils. In preparation for these decisions Sir David Phillips, Chairman of the ABRC, has advised me that there is:-

on the principles involved?

M/S 16/9

- (a) scope for some economies and consequent redeployment of resources within the science budget - you are already aware of some suggestions for the ARC. Sir David Phillips recently, with my approval, invited Sir Ronald Mason to make a quick survey of the effects of commissioned research on the Science Budget/Research Councils and this, I am told, is likely to identify further possibilities in one other Research Council;
- (b) need for some more money even after the above redeployment to maintain the existing range of research; and
- (c) need also for modest extra resources to enable research into whole new areas of science recently opened up.

2. The importance of maintaining a high quality science base across a wide field was stressed at your seminar by representatives of industry. Sir Geoffrey Allen, for example, said that industry relied on the Government to provide a scientific

establishment which gave industry a window on the world of science and technology; an entrée to new or unfamiliar areas of science; and a supply of scientists, technologists and engineers of the right quality. Sir Clive Sinclair stressed the need to be in the new technologies if we are to remain competitive because other countries will not share commercially exploitable new technologies with us.

3. Sir David Phillips has emphasised to me that which was explained by Professor Kingman and others at the seminar. A top quality science base requires a steady inflow of the most talented young people into science and the right standard of equipment in the laboratories in which they work. There is clear evidence of concern on both these counts. Opportunities to appoint young research workers have fallen and the condition of some "well-found" laboratories has deteriorated.

4. We have, of course, taken steps to deal with these problems, in particular the new blood initiative. But I believe that, to protect the quality of the science base, we must do more. I have, in order to make (b) and (c) above possible, submitted in the current public expenditure round a bid for an increase in the present science budget of £35 million in 1984-85 (which is about 6% of the baseline provision for that year) rising to £55 million in 1985/86 and £75 million in 1986/87.

5. It is most certainly not my intention to give the Research Councils this extra money and leave it at that. They are already redeploying resources from one area of science to another and this process must be intensified. It will involve the closing of research institutes and redundancies - some were announced last week by the ARC. I am sure that more could be done to increase efficiency and value for money, to attract private finance (eg from industry as suggested by the Advisory Council for Applied Research and Development) and to share the costs of big science with other suitable countries. Action on these fronts is in hand. But I am satisfied that over the next few years the

Science Vote needs more money to finance the redeployment. (As you probably know, the cost of pensions to staff made redundant are a charge to the Science Vote and are not, as with Government Department redundancies, borne elsewhere.) In return for the extra funds I would ask the Research Councils to commit themselves to a programme of action on the lines sketched out above.

6. These proposals would, I believe, represent a good bargain for the Exchequer. Even so, I recognise that they present a problem to the Treasury and I think that we should consider whether, if not for 1984/85 then for later years, there are any ways of solving the problems to which I have referred without adding to the Treasury's difficulties. One possibility might be to redeploy funds from some other expenditure programme. The one that seems to me relevant in this context is the very large expenditure on defence research and development.

7. We have all for many years had doubts whether this large concentration of resources was deployed in the best interests of the country as a whole. Michael Heseltine told the seminar on Monday about the latest efforts to increase civil spin-off. I think there may in addition be a case for switching some funds from the Defence Budget to the Science Vote in order to maintain the quality of the science base - on which the defence industries and the Armed Forces depend as well as everyone else.

8. There is another way in which cooperation between the Ministry of Defence and the general scientific community could help to preserve and enhance the quality of the science base. I understand that a significant number of Government scientists in the defence research establishments are reaching retirement age and will be difficult to replace. Rather than increasing recruitment for the scientific Civil Service, would it not be better for the Ministry of Defence to give suitable contracts to selected university departments? The security problems should not, I think, be an overriding obstacle - the United States

Government gives very highly classified contracts to its universities. And there would be clear advantages:-

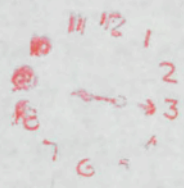
- i. We would hold down the size of the Civil Service.
- ii. By limiting the time-scale of each contract, the Ministry of Defence (and the Universities) would retain the flexibility to switch from one specialism to another as needs changed with the passing of time.
- iii. Standards at the Universities would be kept up by first-class well-funded research; and under-graduates would benefit from being taught by staff engaged in extending frontiers of knowledge - a point stressed by Professor Kingman at your Seminar.

7. These are big issues important to the Government as a whole. They merit serious discussion. I hope you will call us together for that purpose in the near future.

10. I am sending copies of this minute to Nigel Lawson, Michael Heseltine, Cecil Parkinson, Peter Rees and Sir Robert Armstrong.

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15.9.83

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10 DOWNING STREET

From the Private Secretary

20 September 1983

MAINTAINING THE STRENGTH OF THE SCIENCE BASE

The Prime Minister read with interest your Secretary of State's minute of 15 September on this subject.

Mrs. Thatcher recognises that many of the issues raised in this minute are a matter for the Public Expenditure Survey. But she agrees to a discussion of the general principles involved, and we will be in touch with you and the other Ministers' offices concerned to fix a date.

I am copying this letter to John Kerr (HM Treasury), Richard Mottram (Ministry of Defence), Jonathan Spencer (Department of Trade and Industry), John Gieve (Chief Secretary's Office) and Richard Hatfield (Cabinet Office).

M. C. SCHOLAR

Mrs. Imogen Wilde,
Department of Education and Science

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