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18 October 1983
Policy Unit

PRIME MINISTER

MAINTAINING THE STRENGTH OF THE SCIENCE BASE

The DES Bid

Keith wishes to enlarge the DES science budget by roughly 10 per cent. He is making extra bids of:

<u>1984/5</u>	<u>1985/6</u>	<u>1986/7</u>
£35m	£55m	£75m *

Of this, Peter Rees has already conceded:

£6m	£8m	£7m *
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to cover the increased cost of subscriptions to international bodies, such as CERN.

Robin Nicholson supports the DES view that the remaining bids are very worthwhile (see Annex for description). But it is worth pointing out that they mostly seem to be towards the "purer" end of the research spectrum. By contrast, the defence research budget is likely to be predominantly "applied", even if sometimes misapplied.

The Proposed Transfer

It should surely be our aim to switch public funds from defence research to civilian research. Our whole economy is distorted by the present preponderance of research on defence. But we ought not to start until Robin Nicholson has completed his general study of Government-funded scientific research.

Meanwhile, Robin argues that the funds sought by Sir Keith should be taken from the general defence budget.

We disagree because:

1. The Treasury is seeking large reductions in the MOD PES bid. If £35 million could be cut from the MOD bid, then it should simply be cut, not regarded as free cash for DES.

* Figures rounded for PESC purposes

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2. To allow a switch from one general departmental budget to another, outside the PES discussions, would be to set a dangerous precedent, not only for the future years, but for the next few weeks. MAFF and DTI might both demand a share of the Defence Research savings.

We therefore suggest that:

- (a) You reject the DES request.
- (b) After Dr Nicholson has reported, you should ask for the science research budget to be considered as a whole across departmental boundaries, and funds allocated in the desired proportions. A small ad hoc Scientific Research Committee of Ministers, chaired by you, might need to be set up for this purpose.

Increasing MOD Research in Universities

Sir Keith's second suggestion, that MOD should farm out more of its research to the universities, is welcomed by all parties.

We suggest that you should encourage Michael Heseltine to go ahead with his investigation and bring forward proposals to the Scientific Research Committee.

FM
FERDINAND MOUNT

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ANNEX

EXTRA DES BIDS FOR SCIENTIFIC RESEARCH

NOT YET CONCEDED BY THE CHIEF SECRETARY

	£m		
	<u>1984/5</u>	<u>1985/6</u>	<u>1986/7</u>
1. <u>Continuation of existing policies, including run-on cost of IT programme, and increases in cost of pension funds</u>	9	12	23 *
2. <u>Policy developments, including:</u>			
a. Raising acceptance rate of alpha-quality research grants (including those deriving from new blood appointments)	4.0	6.9	8.5
b. Restructuring	5.3	8.3	11.6
c. Application of advanced technology to manufacturing engineering	2.1	2.8	3.5
d. Biotechnology	1.1	2.2	3.5
e. Food and nutrition	0.5	1.1	2.3
f. Neurosciences, medical aspects of nutrition, diagnostic imaging	2.4	2.6	2.7
g. Remote sensing, atmospheric sciences, marine sciences, deep geology	3.2	4.4	5.8
h. Spectroscopic measurement of cosmic X-ray sources by space telescope	1.1	2.8	3.2
i. British Museum (Natural History) - refurbishment consequent on East Infill cancellation, including PSA fees	2.4	2.5	2.6
<u>TOTAL:</u>	<u>£22.1m</u>	<u>£33.6m</u>	<u>£43.7m</u>

* Figures rounded for PESC purposes

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