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MINISTRY OF AGRICULTURE, FISHERIES AND FOOD
WHITEHALL PLACE, LONDON SW1A 2HH

From the Minister

7 November 1984

PRIME MINISTER

MISC 106: AGRICULTURE AND R & D EXPENDITURE

I have seen Keith Joseph's minute to you of 1 November expressing concern about the possible consequences for the AFRC and the Science Budget of reductions in my Department's planned expenditure on R & D. I have also now seen the comments which Willie Whitelaw and Peter Rees have sent to Keith Joseph.

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My thinking on the conclusions on expenditure in the R & D area which have emerged from our recent discussions is on much the same lines as those expressed by Peter Rees. It must be for the Agricultural Ministers to take a view in the first place on the right balance to be struck in allocating the total reductions proposed within the overall agricultural research programmes. I am grateful for the flexibility which MISC 106 has given me by proposing a combined line of reductions in 1986/87 and 1987/88 for R & D and the Advisory Services. Nevertheless I think it would be helpful if I now indicated what I judge to be the right broad allocation of these overall total reductions on which further more detailed planning should now proceed.

In the case of 1986/87 I am clear that the reductions will have to be related to the R & D side only. It would be quite unrealistic to assume that, bearing in mind in particular the need for primary legislation, it will be possible to implement the recommendations on Advisory Services in the Bell Report in time to make any significant contribution to expenditure reduction by 1986/87. As regards 1987/88 I intend to proceed on the basis of dividing equally between R & D on the one hand and Advisory Services on the other the total PES reduction of £40 million which MISC 106 have proposed.

This allocation thus involves assuming net public expenditure reductions on R & D, before allowing for any increased funding by the agricultural industry, of £10 million in 1986/87 and £20 million in 1987/88. If these net reductions are

/to be achieved ...

to be achieved a substantial share will have to come from commissioned research, as Peter Rees has rightly pointed out, and that part of the AFRC which is financed by the Agriculture Departments will therefore have to take a full share. I would only add that while the detailed allocation will need full consideration and discussion with all concerned I attach considerable importance to the development end of the R & D spectrum, a view which is endorsed in the Bell Report, and my firm view is that more emphasis should be given to this side of the work.

I am copying this minute to Willie Whitelaw and the other members of MISC 106 and to Keith Joseph, as well as to Sir Robert Armstrong.

A handwritten signature in dark ink, consisting of a large, stylized 'M' followed by a large, circular flourish.

M.J.

Public Temp. : Leon POL Pt 29.

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