



The Times published a letter by CaSE Director Imran Khan on 12th August 2010, copied below, in response to a leading article published on 10th August in which *The Times* argued that businesses must do more to invest in research and development.

Sir,

As you rightly say, the UK lags behind Germany and the US in our research and development spending (leading article, Aug 10). You suggest that businesses can "allocate more money to R&D without any action from government". The question that follows is why they don't.

Part of the answer is that private R&D spending is made possible by government investment. Public investment has a multiplier effect on private investment. You argue that the principal aim of a modern industrial policy should be to increase investment in R&D; the first plank of that policy must be to safeguard public investment in science and engineering.

You note that Germany and the US spend, respectively, 2.5 per cent and 2.7 per cent of their GDP on R&D, compared with our 1.8 per cent. Perhaps this is the reward for the German and US governments investing more of their GDP in R&D.

The Government needs to recommit to a target of 2.5% of GDP spent on R&D - but, more importantly, it needs to show that it is serious about meeting that target. We need social and fiscal policies that value and support the high-tech industries of the future, and George Osborne and Vince Cable must take the lead.

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