

The Foundation for Science and Technology

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To what extent should UK funding for science and innovation be focussed?

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Lord Drayson, I think now is the time for business transformation. Companies and countries that see research and development as an investment are those countries and those companies that are most likely to prosper. Those that see it as a cost are likely not to prosper and have an unsustainable business model. Lord Drayson, I am heartened to hear that you see it as an investment.

I chair one of the CBI's committees, the Committee for Innovation, Science and Technology, and we do a regular round-up about how business is going for the members of the committee. Just recently we asked "How is business?" For many, business was tough, business was difficult, business was in decline – but some were growing, they were prospering. Those members came from sectors such as agriculture, energy, food sciences and low carbon technologies. Those members were benefiting from prior investment, prior focus, they have made the choices and they have focussed on what they want to be good at.

We have heard already today about a growing world population, so we do need more food, and different types of food and different types of energy. The population is ageing, so yes we will need more medicines and more medical equipment. Yes, we are worried about our security of supply of energy so let's look at alternative sources. For the sources we have already got and are worried about, let's make them more efficient.

So those companies that make prior choices, that focus down and watch the global trends are prospering even in this difficult time.

As you know, businesses – but I think it is true for countries too, and that is my challenge – will go where there is a return on investment. As you said, Paul, they focus on their strengths, their strategic assets where possible. Generally speaking businesses that prosper want to be number one or number two in their chosen fields, so why wouldn't we want that in our country?

So Paul, I agree with the choices that you are making. Let's have some choices, let's go with the areas of growth and let's be ambitious for leadership on the global stage.

I encourage you to be decisive, to be focussed, to provide absolute clarity not just for the Government but for academia, for industry and all those partners who have a part to play in a prospering economy.

Clarity needs something else, focus needs something else, and that is a systematic and holistic approach to the innovation agenda. We need to have clarity, I believe, on the research and development agenda, but I think we need more. We need clarity about fiscal stimuli, about innovative and entrepreneurial agenda – and yes, we do need some help from the capital markets.

So I encourage, I urge, and if I can help I would like to see your colleagues galvanise around a common agenda.

I think of Switzerland at times like this – I hope it's not a trite example – it might be a small example, but I think it is one that is applicable to us at this time. Back in 1541, Calvin as part of his reformation drive banned the wearing of jewellery. It led to the automatic and immediate collapse of the jewellery industry in Switzerland. But those goldsmiths and those metallurgists and craftsmen had skills that could be applied elsewhere. They focussed on their strategic strengths, they focussed on a growing industry and as you know the watch industry was born. They have been world-leaders in watches and clocks for three centuries.

They invented the perpetual motion watch, the self-winding watch, the chronograph, the first quartz watch, the first waterproof watch – and of course, the cuckoo clock!

They have had an absolute focus on innovation being relevant on a global economy and they have never stood still, even in times of difficulty. In the 1970s, when the watch industry was going to the Asian markets, they focussed down again: they focussed on the cost structure this time and they transformed their business model in a different way. Switzerland continues to lead the watch industry and out of the 1970s the Swatch was invented.

So I think (I hope) my message is clear – I think we are in a period of scarce resources, it is a difficult time. We have no choice but to focus, but we have to focus as a whole, so as I said if I can help I would like to see the whole of the UK to focus around a chosen set of priorities where **we** lead on the global stage. I would like us to have clarity about what **we** are famous for and put all our energies behind it.

Thank you very much.
