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THINK TANK CALLS FOR CUTS TO GOVERNMENT SPENDING ON RESEARCH AND TECHNOLOGY

A report released today by free market think tank, the Institute of Public Affairs, calls for taxpayer funded subsidies for research and development to be substantially reduced.

The Report *Back to Basics: Why Government Funded Science is a Waste of Our Money* argues that the supposed benefits of government funding for science are overstated, and that market competition, not government regulation, will encourage innovation.

The author, Professor Sinclair Davidson, dispels widely-held myths about the justifications for publicly funded science. *Back to Basics* argues that the Commonwealth Government could better allocate the \$6 billion it is expected to spend on public research this year.

Today's release of the IPA report coincides with the publication yesterday of the Productivity Commission's own report into science and innovation in Australia. The Productivity Commission advocates a 'no change' approach to science funding.

Professor Sinclair Davidson said he was disappointed in the outcome of the Productivity Commission's investigation.

"The notion that throwing an infinite amount of money at public research will somehow, at some time, automatically lead to some benefit is a myth."

Professor Davidson's key findings are that:

1. R&D is not a 'public good';
2. The cost of public funds is not lower than the cost of private funds;
3. The returns to public science are low;
4. Governments have a poor track record of picking 'winners';
5. Publicly funded R&D has a negative impact on economic growth;
6. Economists are unable to explain how spillovers occur, or how valuable these spillovers are.

"It is not clear that any substantial benefit is derived from the \$6 billion spent on public research this year," he said.

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Back to Basics: Why government funding of science is a waste of our money is available at www.ipa.org.au