

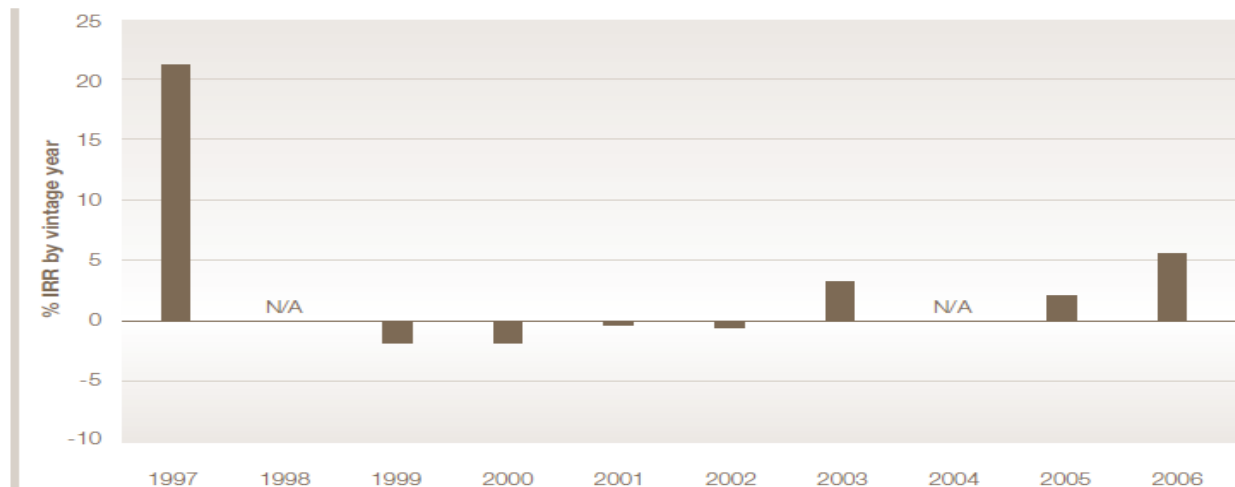
Moulton's Unasked For Views on UK Growth

- The economy will grow c.1.5% pa better if the public sector is cut back to 40% or less of GDP. (Would be consequences!)
- The education system should be more focussed on vocational subjects. Less university especially in non-vocational areas.
- The MPC's main inflation target needs to be reviewed for its relevance to growth. (MPC effectiveness questionable too.)
- Science and technology policy needs to be more focussed. We could use a CERN – not penny packets scattered all over the place.

Venture Capital

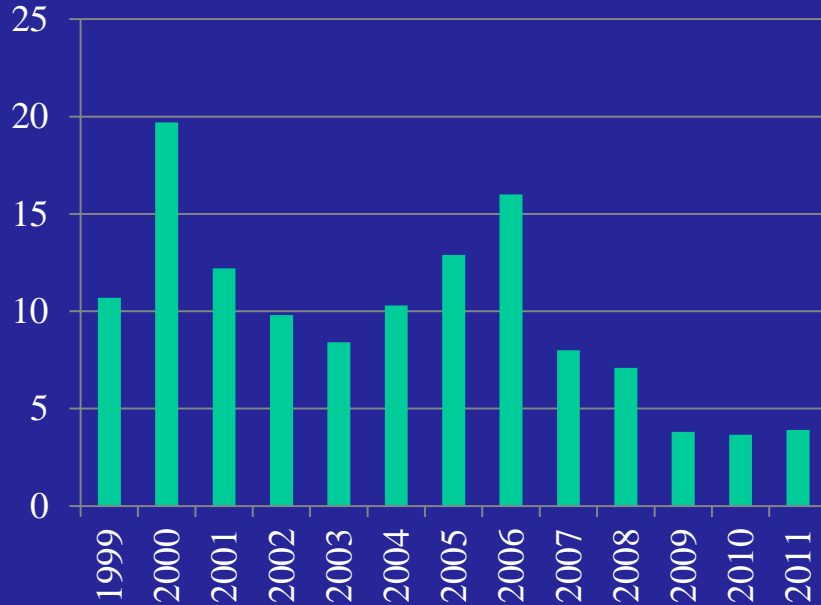
- Small & weak in Europe – better in USA
- Many big names in European early-stage venture capital in the late 1990s have moved upstream to buyouts (Apax), disappeared (NetPartners, 3i), been acquired (Quester, Frontiers Capital), or seen their investment teams move on (Add Partners, Atlas Ventures)

Chart 3: Since-inception venture fund returns (a)



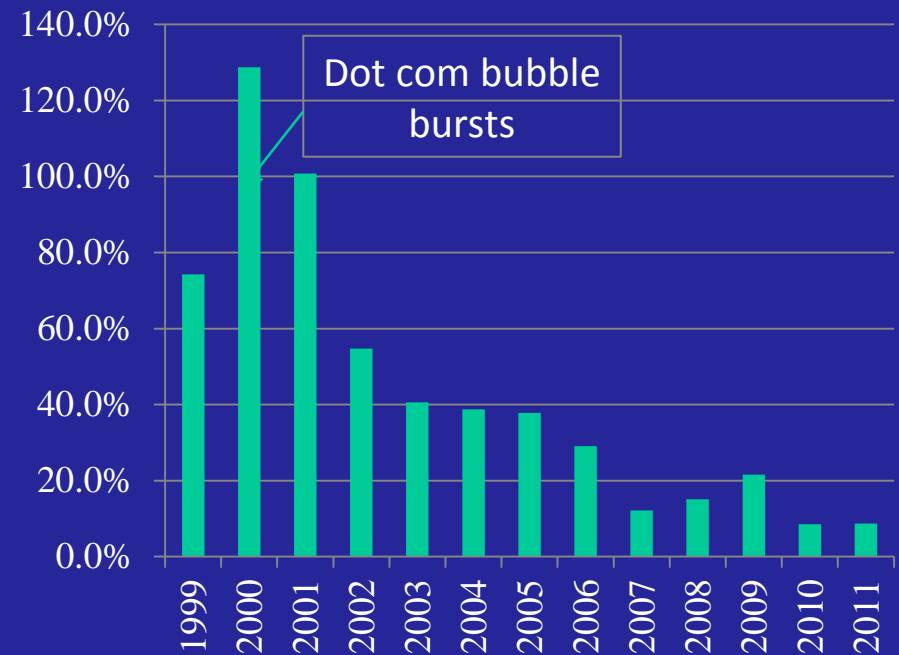
(a) Net of fees and carried interest. Source: BVCA.

Venture Capital



Investments by European Venture Capital Funds (1999-2011 in €bn)

Not much backing of innovation is visible



Venture Capital as % of PE (1999-2011)