

DEPARTMENT OF STATE



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OPENING REMARKS OF
THE HONORABLE WILLIAM J. CASEY
ACTING SECRETARY OF STATE
BEFORE THE
SEMINAR ON TECHNOLOGY EXCHANGE WITH THE USSR

MAIN INTERNATIONAL CONFERENCE ROOM
DEPARTMENT OF STATE
WASHINGTON, D.C.

FEBRUARY 28, 1974

It is my pleasure to welcome you to the State Department today to discuss with us and with each other the trading of technology - one of the key aspects of the normalization of US/USSR economic relations. The expansion of civilian technological exchange with the West, and particularly with the U.S., was clearly a strong incentive for the Communist nations in developing a new relationship with us over the last few years. These economic motivations spill over and become a significant factor in improving political relations, which, taken all together, means detente.

The Soviet leaders, and this applies also to the Eastern Europeans and the Chinese, want faster movement in meeting the demands of their people -- and of their economic planners -- for improved quality, quantity and range of consumer and industrial products. They have turned to us, to Western Europe, and to Japan for the industrial technology they require to improve their labor productivity, their transportation systems and their energy supplies, and to upgrade their research and development efforts, as well as to produce for their domestic consumers and for export to hard currency areas.

Nevertheless, in the face of their recognized needs, I expect the expansion of technological exchange with the East to be gradual. There are several reasons for this:

-- The Soviet shortage of convertible currencies and their limited ability to rapidly increase their exports. Development of new export resources and markets, after all, takes time.

-- The Soviet economic structure, with its heavy reliance on centralized planning and decision-making, poses problems of flexibility for the rapid introduction of new, and particularly foreign, technology.

-- Their lack of personnel, both labor and supervisory,

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broad front of interrelated subjects. These will involve increased economic, technical, cultural, and human contact as well as deepening understanding and agreement on political and security issues. We have learned over the past several years that this range of contacts is not only interrelated, but is mutually reinforcing. It also creates interests among a widening range of groups in maintaining stable and mutually advantageous relations between the participating countries.

The Eastern bloc's interest in including technical assistance as a component of the deal and their clear preference for financing the deal by re-exporting a part of the production to the U.S. firm also poses problems, especially because of the general reluctance to permit participation from our side in the management of the enterprise. Some Eastern European countries -- Yugoslavia, Romania and Hungary -- have undertaken joint venture arrangements with Western firms primarily to overcome these difficulties. Poland is currently developing legislation to permit a similar approach. We favor such arrangements, in the belief that they offer a greater potential benefit for the U.S. business and, at the same time, help to create the kind of working ties between the U.S. and the other side's economies which serve the purposes of detente and making economic relationships work for both countries. As these ties develop and expand, the number of people in leadership roles in the collectivist countries who have a personal, vested interest in stable, positive relations with the U.S. will increase.

In this context, I believe we will see a gradual easing of the restrictions on technological exports to the East. The rate of progress will depend in part on progress in other areas particularly in the reduction of political and military tensions. We are all -- you, your government, and the leaders of the Socialist countries -- embarked on a learning process. Naturally, we will each, quite properly, proceed with caution, but we will proceed.

I have earlier listed some of the possible obstacles I see to a rapid expansion of technological trade with the East. There are others -- obstacles with which some of you, at least, are already familiar. The Soviet negotiators are often far removed, bureaucratically, from the enterprises which will use the imported technology. It may be hard for them -- and, of course, for you -- to pin down the significant details of what is wanted, how it will be used, the work environment in which it is to be used, and so forth. Perhaps one of the reasons for the apparent Soviet preference for dealing with multinational corporations is the fact that our MNCs can offer a combination of U.S. technology, which the Soviets seem to prefer, with management representation from Western Europe, where experience in working with Soviet enterprises has developed over a longer period. In any case, as the level of U.S.-Soviet technology exchanges increases, it will be all the more important that we continue the exchange of views and experience between industry and government which we are initiating in this seminar today.

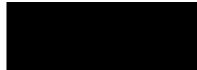
Let me say a few words about quid-pro-quo. We can point

We became world leaders in technological innovation because of our aggressive pursuit of that goal. Our corporate managements embraced the challenge with enthusiasm and imagination. Our universities responded through curriculum innovation and a high level of basic and applied research without historical precedent or parallel abroad. Our investing public provided the necessary risk capital. In the last few years, the enterprise faltered and the enterprisers went through a crisis of confidence. I believe that we are regaining our earlier momentum. Government R&D funding is rising, as is corporate investment. An excessive pool of unemployed R&D scientists and engineers is rapidly disappearing. Exciting new technological potentials are opening up. This is surely the answer to the challenges we face in the world marketplace and the best answer, as well, to insuring our national security.

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This is from the
so called "IRI" conference
at State - Thurs 28 Feb,

IRI folder
top drawer