

MEMORANDUM

THE WHITE HOUSE
WASHINGTON

December 18, 1981

TO: MARTIN ANDERSON
ED GRAY

FROM: DENNIS KASS *DK*

SUBJECT: Working Group on High Technology Industries

The proposed Working Group members are:

- 1) Lionel Olmer, Chairman
Undersecretary of Commerce for International Trade Administration
- 2) George Keyworth
Science Adviser to the President
- 3) Dave Macdonald
Deputy U.S. Trade Representative
- 4) Robert Hormats
Assistant Secretary of State for Economic and Business Affairs
- 5) Richard DeLauer
Undersecretary of Defense for Research and Engineering
- 6) Chief, Economic Technical Division, Office of Global Intelligence, Central Intelligence Agency
- 7) Ron Frankum
Deputy Director of White House Office of Policy Development

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The following experts on high technology industries have been detailed on a full time basis from the various agencies to assist in writing the report for the Cabinet Council.

- 1) Dr. Victor Basiuk
Department of Defense
(Specialist on defense industries, technology export, national security impacts)
- 2) Dr. Michael Boretsky
Department of Commerce
(Specialist on technology-intensive trade)
- 3)
Central Intelligence Agency
(Specialist on international economics and East-West trade)

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- 4) Dr. Rolf Piekarz
National Science Foundation, on loan to Department of Commerce
(Specialist on R&D, technology transfer and technological
innovation)

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The Working Group will involve representatives from the Department of Justice and from the Department of Transportation, as appropriate. There is general agreement that the Group should be kept as small as possible, so no formal representation from those departments is planned.

As noted in Secretary Baldrige's memo outlining the study, the Working Group will report periodically to and seek policy guidance from the Cabinet Council.

OUTLINE

STUDY OF THE COMPETITIVE POSITION OF U.S. HIGH TECHNOLOGY INDUSTRIES

I. INDUSTRIAL SECTOR REVIEW

A. HIGH TECHNOLOGY INDUSTRIES

1. Information Processing Systems and Services
 - a. Semiconductors
 - b. Computers
 - c. Telecommunications
 - d. Software
 - e. Data Base Development
2. Civil and Military Aircraft
3. Civil and Military Space Systems and Services
4. Scientific and Instruments Control Systems
5. Industrial Automation

B. HIGH TECHNOLOGY APPLICATIONS IN MATURE INDUSTRIES

1. Automotive Products — *Pass - Ass*
2. Specialty Steels and ~~Other Strategic Metals~~
3. Shipbuilding
4. Machine Tools

C. EMERGING INDUSTRIES

1. Biotechnology
2. Marine Resources
3. Advanced Energy Technology

II. ECONOMIC, NATIONAL SECURITY AND FOREIGN POLICY CONSEQUENCES OF U.S. COMPETITIVE POSITION

A. ECONOMIC CONSEQUENCES

B. NATIONAL SECURITY CONSIDERATIONS

C. FOREIGN POLICY CONSIDERATIONS

III. KEY VARIABLES AFFECTING COMPETITIVENESS

A. COST AND AVAILABILITY OF FINANCIAL CAPITAL

B. HUMAN CAPITAL

C. RÔLE OF NATIONAL GOVERNMENTS

D. TECHNOLOGY TRANSFER POLICIES

E. INDUSTRIAL ORGANIZATION

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IV. U.S. POLICY IMPLICATIONS

A. BACKGROUND

B. U.S. GOVERNMENT DOMESTIC POLICY IMPLICATIONS

1. Macroeconomic policies
2. R&D policies
3. Trade policies
4. Investment policies
5. Science and technology policies

C. U.S. GOVERNMENT INTERNATIONAL POLICY IMPLICATIONS

1. Defense rationalization policies
2. Trade policies
3. Investment policies
4. Technology transfer policies
5. International science policies

V. STUDY FINDINGS AND RECOMMENDATIONS