THE WHITE HOUSE

WASHINGTON

April 5, 1984

MEMORANDUM FOR FRED F. FIELDING

FROM: JOHN G. ROBERTS

SUBJECT: Revised Presidential Message and Republican High Technology Task Force Report

On March 23 Richard Darman asked for our comments on a proposed Presidential message, to be used as a preface to the Republican Agenda for U.S. Technological Leadership and Industrial Competitiveness. You will recall that the Agenda is a report prepared by House Republicans. By memorandum dated March 27 we objected that the proposed message constituted a "blank check" of Presidential support to those issuing the report, and recommended various changes in the draft to cure this problem. Darman has now asked for comments by April 9 on a revised message, purportedly responding to our concerns and those of others.

The revised draft does in fact respond to our concerns. It now applauds those responsible for the report for their initiative and efforts, and cannot fairly be read as a blanket endorsement of every specific proposal in the report. I have no objections.

Attachment

THE WHITE HOUSE

WASHINGTON

April 5, 1984

MEMORANDUM FOR RICHARD G. DARMAN
ASSISTANT TO THE PRESIDENT

FROM: FRED F. FIELDING Orig. signed by FFF
COUNSEL TO THE PRESIDENT

SUBJECT: Revised Presidential Message and Republican High Technology Task Force Report

Counsel's Office has reviewed the above-referenced revised draft Presidential message, and finds no objection to it from a legal perspective.

FFF:JGR:aea 4/5/84
cc: FFFielding/JGRoberts/Subj/Chron

THE WHITE HOUSE

WASHINGTON

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ID # 187529 CU

WHITE HOUSE
CORRESPONDENCE TRACKING WORKSHEET

☐ O - OUTGOING
☐ H - INTERNAL
☐ I - INCOMING
Date Correspondence Received (YY/MM/DD) 1 1

Name of Correspondent: Richard Dauman

☐ **MI Mail Report** **User Codes: (A)** _____ **(B)** _____ **(C)** _____

Subject: Revised Presidential Message and Republican High Technology Task Force Report

ROUTE TO: Office/Agency (Staff Name)	ACTION Action Code	ACTION Tracking Date YY/MM/DD	DISPOSITION Type of Response	DISPOSITION Code	DISPOSITION Completion Date YY/MM/DD
CMTORL	ORIGINATOR	84,04,04			1 1
CMAT18	Referral Note: D	84 04 04		5	84 04 09 C.O.B
CMAT 17	Referral Note: I	84,04,04			1 1
	Referral Note:	1 1			1 1
	Referral Note:	1 1			1 1
	Referral Note:				

ACTION CODES:
A - Appropriate Action
C - Comment/Recommendation
D - Draft Response
F - Furnish Fact Sheet to be used as Enclosure
I - Info Copy Only/No Action Necessary
R - Direct Reply w/Copy
S - For Signature
X - Interim Reply

DISPOSITION CODES:
A - Answered
B - Non-Special Referral
C - Completed
S - Suspended

FOR OUTGOING CORRESPONDENCE:
Type of Response = Initials of Signer
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5/81

Document No. 187529SC

WHITE HOUSE STAFFING MEMORANDUM

DATE: 4/4/84 ACTION/CONCURRENCE/COMMENT DUE BY: 4/9/84

SUBJECT: REVISED PRESIDENTIAL MESSAGE AND REPUBLICAN HIGH TECHNOLOGY TASK FORCE REPORT

	ACTION	FYI		ACTION	FYI
VICE PRESIDENT	☐	☐	McFARLANE	☐	☐
MEESE	☐	☑	McMANUS	☐	☐
BAKER	☐	☑	MURPHY	☐	☐
DEAVER	☐	☑	OGLESBY	☐	☑
STOCKMAN	☑	☐	ROGERS	☐	☐
DARMAN	☐P	☑SS	SPEAKES	☐	☐
FELDSTEIN	☐	☐	SVAHN	☑	☐
FIELDING	☑	☐	VERSTANDIG	☐	☐
FULLER	☐	☐	WHITTLESEY	☐	☐
HERRINGTON	☐	☐	_____	☐	☐
HICKEY	☐	☐	_____	☐	☐
JENKINS	☐	☐	_____	☐	☐

REMARKS:

Note: This package was previously staffed to you on March 23.

May we have your clearance on the attached message and report by close of business Monday, April 9. Thank you.

RESPONSE:

1984 APR -4 PM 12:01

Richard G. Darman
Assistant to the President
Ext. 2702

MEMORANDUM

Received SS
1984 APR -4 AM 11:07

THE WHITE HOUSE

WASHINGTON

April 3, 1984

MEMORANDUM TO RICHARD DARMAN

FROM: M. B. OGLESBY, JR.

SUBJECT: Presidential Message to Republican High Technology Task Force

The attached was resubmitted to us for approval.

OSTP believes that this rewrite reflects the concerns expressed by Fred Fielding, Roger Porter, and OMB. They also point out that the task force report originally sent to you by us and circulated, was an earlier version of that which is attached here. Apparently some of the objectionable proposals identified by OMB are no longer in the report.

Would you send this material on for clearance?

Attached are: 1. Draft message. 2. Updated copy of task force agenda. 3. My previous memo to you.

DRAFT MESSAGE
4-3-84

Congratulations on the publication of the Republican Agenda for U.S. Technological Leadership and Industrial Competitiveness. Your effort to reestablish an environment within which American ingenuity will flourish is timely and deserves widespread public support. The Agenda identifies several conditions necessary for strengthening the U.S. economy, and for protecting and creating jobs through continued growth in productivity and the increased international competitiveness of U.S. industries.

Your focus on fostering a climate for innovation in both emerging and established industries is consistent with the proven American way of encouraging initiative in the private sector. My Administration set out three years ago to reestablish incentives for entrepreneurship and economic growth. Our approach recognizes that the great technological innovations of the past 100 years, for which our Nation is famous, did not come about because of government initiatives. Instead we became, and remain, the world's technological leader because the genius of our people has been unfettered by government, and encouraged by the incentives that can exist only in a free society.

I applaud your initiative and leadership in developing this Agenda. Together we can work to ensure that a rising sun of opportunity shines for every American.

House Republican Research Committee

Honorable Jerry Lewis, of California, Chairman

Bob Okun, Director

Task Force on High Technology Initiatives

Steering Committee

Honorable Ed Zschau, of California, Chairman

Honorable Don Ritter, of Pennsylvania, Vice Chairman

Honorable Herbert H. Bateman, of Virginia

Honorable Sherwood L. Boehlert, of New York

Honorable Rod Chandler, of Washington

Honorable Cooper Evans, of Iowa

Honorable Hamilton Fish, Jr., of New York

Honorable Nancy L. Johnson, of Connecticut

Honorable John R. Kasich, of Ohio

Honorable Bill Lowery, of California

Honorable Dan Lungren, of California

Honorable Michael G. Oxley, of Ohio

Honorable Charles Pashayan, Jr., of California

Task Force Staff

Jim LeMunyon, Director

Bob Bishop, Assistant Director

Pam Crichtfield

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Dr. Joe Dickey

Rick Dykema

Ben Haddad

Mark Krotoski

Paul Mackert

Rick May

Skip Priest

Tom Schatz

Jack Seum

Patty Sheetz

Mike Vegis

EXECUTIVE SUMMARY

America's challenge today and for the future is creating enough new and satisfying jobs to employ our growing workforce and to increase the standard of living for all Americans. The key to meeting this challenge is industrial competitiveness--developing and producing products and services whose quality and prices make them attractive to consumers abroad as well as those here at home.

In recent years, some American industries have lost their competitive edge. U.S. firms have been beaten out in foreign markets, and they've lost market share here at home. That's cost American jobs.

Some suggest that this is a permanent condition. They say that America should "write off" industries that have lost ground and concentrate solely on new "sunrise" industries.

We disagree. We believe America can become competitive again in those traditional industries that still have growth potential worldwide. However, to do so American industries will have to <u>exploit change</u> rather than fight it. U.S. firms will have to operate in new and better ways. They'll have to offer improved products and services. They'll have to find techniques to increase worker productivity and product quality. In short, American industries must apply far more technology and innovation.

U.S. leadership in technology and its applications has been a primary source of increased competitiveness and new jobs in the past. We must preserve our leadership. But the creation of new technologies and innovation can't be forced. Creative ideas, improved products, new companies, and revitalized factories don't spring from government "targeting" of technologies or industries. Rather, they are the product of individuals with vision, genius, and the courage to take risks. As such, innovation can only be fostered by an an economic environment that encourages individuals and activities.

We believe that the proper role of government in promoting U.S. technological leadership and industrial competitiveness is to "target" the process by which new ideas and products are developed--the process of innovation. That is, our government should focus on creating an environment in this country in which innovation, new ideas, and new companies are likely to flourish and in which firms in mature industries can modernize. Making sure that such an environment exists is the best way government can help America maintain its technological leadership and industrial competitiveness.

There are four conditions needed for an environment that promotes innovation:

- A strong commitment to basic research, deepening and broadening our understanding of fundamental processes that will form the basis for industries, processes, and products in the future;
- Incentives for investors, entrepreneurs, and innovators to provide the capital and take the personal risks associated with making technological advances, developing of new products, establishing new companies, and rejuvenating mature industries;

- o A strong educational capability, particularly in the sciences, that assures an ample quantity of trained technical and managerial personnel and a broad base of educated and well-trained citizens who can meet the challenges of a rapidly changing world;
- o Expanding market opportunities, domestic as well as foreign, which require a healthy domestic economic environment and aggressive trade policies.

Proper government policy for industrial competitiveness is one that focuses on these prerequisites for innovation. It consists of specific legislative and regulatory initiatives that foster these conditions and avoids government actions that would weaken them. The specific initiatives needed will vary as actions are taken and events unfold, but there are specific actions that can and should be taken right now.

This Republican Agenda for U.S. Technological Leadership and Industrial Competitiveness contains 14 legislative initiatives that we believe the 98th Congress should take in 1984 to strengthen the elements that are fundamental to the process of innovation. We have limited this first edition of the Agenda to specific proposals that can and should be implemented in 1984. All of the initiatives recommended in this Agenda are designed to improve the climate for innovation. We believe each is important and would make a meaningful difference. However, we believe one recommendation--reducing the enormous projected federal budget deficits--stands out above the others in its impact. The other proposals will only be fully effective in a healthy domestic economy which cannot survive continued deficit spending of the magnitude now projected.

BASIC RESEARCH--REPUBLICAN RECOMMENDATIONS FOR 1984

o Increase federal appropriations for civilian basic research, with offsetting decreases in funding for "development" as recommended in the President's FY85 budget;

o Offer a 25% tax credit for corporate funding of basic research in colleges and universities.

o Modify antitrust laws to require that R&D joint ventures be judged by their competitive effects only and reduce the potential liability for damages from treble to actual damages;

INCENTIVES FOR RISK TAKING--REPUBLICAN RECOMENDATIONS FOR 1984

o Make the R&D tax credit permanent and make it applicable to software and start-up companies;

o Make permanent the moratorium on Treasury Regulation Section 861.8;

o Modify antitrust and intellectual property laws to require that the courts consider the effects of competition when judging alleged patent misues by a patent holder or alleged antitrust violations in the licensing of intellectual property;

- Permit enforcement of a domestic process patent against a product made without proper authority in a foreign country by the patented process;

- Amend the Copyright Act to include semiconductor designs and masks.

PROVIDING TRAINED PERSONNEL--REPUBLICAN RECOMMENDATIONS FOR 1984

- Offer tax credits and enhanced deductions to corporations contributing state-of-the-art scientific equipment and related support services to colleges and universities for educational purposes;

- Continue to permit foreign nationals who possess critical skills in short supply in the U.S. to remain and work here;

EXPANDING MARKET OPPORTUNITIES--REPUBLICAN RECOMMENDATIONS FOR 1984

- Create a new export incentive to replace the Domestic International Sales Corporation (DISC) that the U.S. has agreed to discontinue;

- Instruct our trade negotiators to seek extension of the GATT to cover investments and services;

- Focus and streamline export controls so they are more effective in preventing the trade-related transfer of militarily critical technologies to our adversaries while avoiding unnecessary obstacles to exports.

o Take actions to reduce substantially the projected budget deficits for FY1985 and beyond;

ENHANCING U.S. TECHNOLOGICAL LEADERSHIP AND INDUSTRIAL COMPETITIVENESS

--TARGETING THE PROCESS OF INNOVATION--

America's Challenge: Jobs and Prosperity

America's challenge today and for the future is creating enough new and satisfying jobs to employ our currently growing workforce and to increase the standard of living for all Americans. The key to meeting this challenge is industrial competitiveness--developing and producing products and services whose quality and prices make them attractive to consumers abroad as well as those here at home.

In recent years, some American industries have lost their competitive edge. U.S. firms have been beaten out in foreign markets, and they've lost market share here at home. That's cost American jobs.

Some suggest that this is a permanent condition. They say that America should "write off" industries that have lost ground and concentrate soley on new "sunrise" industries.

We disagree. We believe America can become competitive again in those traditional industries that still have growth potential worldwide. However, to do so American industries will have to exploit change rather than fight it. U.S. firms will have to operate in new and better ways. They'll have to offer improved products and services. They'll have to find techniques to increase worker productivity and product quality. In short, American industries must apply far more technology and innovation.

U.S. Technological Leadership Has Helped Create Jobs

Over the past several years, a variety of studies have documented the importance of technological innovation to our economic growth, productivity, job opportunities, and trade competitiveness. A study by the Massachusetts Institute of Technology estimated that 80 percent of the growth in the gross national product of the United States between 1909 and 1949 was due to technological change(1). Further, a recent Brookings Institution study determined that more than one-half of the productivity increases in the United States between 1948 and 1968 were the direct result of technological innovation(2).

In recent years, while the overall export performance of the United States has been mediocre, exports of research and development-intensive products have shown excellent growth. From 1960 to 1980, these industries increased their export surplus from $6.6 billion to $42.5 billion per year. During the same period, the trade balance of industries without technological bases declined from near zero to a negative $21.5 billion per year(3). Since each $1 billion of exports results in employing about 24,000 Americans, it's clear that our technological leadership in the past has enabled the United States to create many new jobs(4).

U.S. Technological Leadership is Being Challenged From Abroad

On January 25, 1983, President Reagan in his State of the Union message announced that "This Administration is committed to keeping America the technological leader of the world now and into the 21st century." This commitment by the President to spur technology may have come just in the nick of time. U.S. technological leadership has lost momentum in recent years. It hasn't been squandered like some other resources through overuse and waste. It's been frittered away through neglect.

During the 1970's, research and development (R&D) expenditures as a percent of gross national product (GNP) declined about 10% in the United States, reaching a low in 1977-78 of 2.23%. At the same time, our two most agressive trading partners--Japan and West Germany--increased their R&D expenditures as a fraction of GNP by 20% and 21% respectively. Fortunately, the U.S. trend has reversed since 1978, and in 1983, R&D as a fraction of GNP is estimated at 2.65%--about equal to Japan and West Germany. However, since the U.S. conducts much more defense-related R&D than the other two nations, figures for civilian R&D are presently about 30% higher for Japan and West Germany(5).

The lower intensity of our research efforts in the 1970's appears to have contributed to a decline in our leadership in contributions to engineering and scientific advances. In the 1950's, the United States was credited with 80% of the major inventions made during that period. During the 1970's, our share of major inventions dropped to 60%(6).

Due to the outstanding performance of the U.S. high technology industries plus the growing recognition that our leadership in technology and its applications are being threatened from abroad, high technology and industrial competitiveness issues have been receiving considerable attention in Congress recently.

This is good, but in its enthusiasm to help, Congress must avoid the temptation of promoting direct government involvement of targeting "winners" and "losers" in American industry. The results of the British experiment and the recent U.S. experience in government "assistance" to synthetic fuels, for example, should illustrate the fallacy of that approach. Still, the House Economic Stabilization Subcommittee recently passed a bill which proposes forming a Council for Industrial Competitiveness and an associated Bank for Industrial Competitiveness. These new agencies would be charged with formulating a "broad industrial strategy" providing billions of dollars in federal funds to targeted companies(7).

We believe such a scheme would be doomed to failure. Bureaucrats in Washington, D.C. shouldn't be given the job of picking between opportunities and dead ends. Making such decisions is hard enough for investors or managers in the private sector who are on the firing line and have much to gain or lose personally from the results. Besides, politics would undoubtedly play a major role in the decisions. The history of federal handouts indicates that the money is often given to the industries and regions who are best represented in Washington rather than on the basis of merit.

A recent Price-Waterhouse survey of over 400 companies--mostly small and mid-sized firms--showed that business people understand the folly of such government intervention. Less than five percent of those surveyed supported the approach of government finance banks or industrial targeting(8).

Government Should Target the Process of Innovation

The federal government does have role to play in promoting U.S. technological leadership and industrial competitiveness, but we believe it should be a "targeting" of a different kind. Rather than targeting specific technologies or industries, the proper role of government is to target the process by which new ideas and products are developed--the process of innovation. That is, our government should focus on creating an environment in this country in which innovation, new ideas, and new companies are likely to flourish and in which firms in mature industries can modernize. Making sure that such an environment exists is the best way government can help America maintain its technological leadership and industrial competitiveness.

There are four conditions needed for an environment that promotes innovation:

- A strong commitment to basic research, deepening and broadening our understanding of fundamental processes that will form the basis for industries, processes, and products in the future;
- Incentives for investors, entrepreneurs, and innovators to provide the capital and take the personal risks associated with making technological advances, developing of new products, establishing new companies, and rejuvenating mature industries;

- o A strong educational capability, particularly in the sciences, that assures an ample quantity of trained technical and managerial personnel and a broad base of educated and well-trained citizens who can meet the challenges of a rapidly changing world;
- o Expanding market opportunities, domestic as well as foreign, which require a healthy domestic economic environment and aggressive trade policies.

Proper government policy for industrial competitiveness is one that focuses on these prerequisites for innovation. It consists of specific legislative and regulatory initiatives that foster these conditions and avoids government actions that would weaken them. The specific initiatives needed will vary as actions are taken and events unfold, but there are specific actions that can and should be taken right now.

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A REPUBLICAN AGENDA FOR 1984

The following Agenda for U.S Technological Leadership and Industrial Competitiveness contains 14 legislative initiatives that we believe the 98th Congress should take in 1984 to strengthen the elements that are fundamental to the process of innovation. We have limited this first edition of the Agenda to specific proposals that can and should be implemented in 1984. As such, it does not address many important factors affecting innovation including K-12 education, worker training, employee incentives, cost of capital, and technology commercialization. Recommendations on these and other factors will be offered in bi-annual updates to this Agenda.

A Strong Commitment to Basic Research

America must renew its commitment to basic research. The federal government must increase--~~not decrease~~--its funding of research carried out in universities and research laboratories. The truly basic research--such as the study of DNA that eventually resulted in gene splicing technology which spawned the genetic engineering industry--will normally not be pursued by the private sector because it is not related closely enough to specific products. Funding such research is a proper role of government. Federally funded basic research performed in America's colleges and universities also helps to train the scientists and engineers needed for teaching and future research.

We support the Administration's FY85 budget recommendation for an 11% increase in civilian basic research dollars over FY84 with a partially offsetting decrease in non-defense applied research and development, and its stepped-up commitment to integrating the resulting new knowledge into the private sector.

We ~~also~~ too believe that closer relationships between research universities and American industry should be encouraged. Closer ties would better expose researchers to the problems and opportunities that American firms face and might result in speedier application of research results to practical situations.

One way to foster better university relationships is to encourage greater corporate financial support of university research. Legislation offering a new 25% tax credit for corporate funding of basic research in univerities and other non-profit institutions would do that. It would also reduce the enormous dependency that universities have today on federal funding of basic research.

In addition to funding basic research, Congress should clarify U.S. antitrust laws so they provide appropriate ground rules for the U.S. economy in the international marketplace now and in the future.

In the United States today, there are companies that want to engage in joint research and development ventures. Such ventures would enable the companies to pool their scarce research resources to pursue very risky or expensive projects and share in the results that are produced.

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Currently, any such joint venture could be ruled a per se violation of antitrust law and would be subject to treble damages. The risk of antitrust suits--even when the R&D joint venture would increase U.S. competitiveness--prevents companies in the United States from pursuing important R&D projects.

Antitrust laws should be modified so that R&D joint ventures would be judged by their effects on competition as defined by case law or legislative guidelines. Also, the potential liability for damages in such cases should be reduced from treble to single (actual) damages.

Taking unnecessary legal risks out of the formation of joint R&D ventures would permit our high technology companies to undertake R&D projects that would be too risky or too expensive for a single company to pursue alone. It would also enable companies to compete more effectively against the consortiums that have long been encouraged in other countries. In addition, lessening the antitrust risk would enable the ailing companies in the so-called "smokestack" industries to work together to solve their common problems and become more competitive in world markets.

BASIC RESEARCH--REPUBLICAN RECOMMENDATIONS FOR 1984

o Increase federal appropriations for ~~civilian~~ nondefense basic research, with offsetting decreases in funding for "development" as recommended in the President's FY85 budget;

o Offer an improved basis for the 25% tax credit for corporate funding of basic research in colleges and universities.

o Modify antitrust laws to require R&D joint ventures be judged by their competitive effects only and reduce the potential liability for damages from treble to actual damages; as proposed in the S.. /H.R.... which the Admin fully supports

Incentives for the Risk Takers

In addition to basic research, we need more incentives for the risk takers--the investors, entrepreneurs, inventors, and enterprises who must take the risks of pursuing new ideas. Here, tax policy and regulatory policy play a significant role.

Tax Policy

The reduction of the capital gains tax rate, passed by Congress in 1978, illustrates the enormous impact that tax policy can have on the availability of risk capital for the financing of new ventures. In 1978, the maximum tax rate on capital gains was reduced from nearly 50 percent to 28 percent. During the eight years prior to 1978, less than $50 million in new capital was made available each year to venture capital funds investing in small companies. However, within eighteen months after the capital gains tax was reduced, $1 billion in new capital was made available to such funds. The maximum capital gains rate was lowered again in 1981 to 20 percent, and in 1982, $1.7 billion of new venture capital was made available from investors(9).

In addition to incentives for investors, we need incentives for corporate risk taking. The Economic Recovery Tax Act of 1981 contained such an incentive--a 25 percent tax credit on increases in research and development expenditures.

This tax credit was an excellent idea. It appears already to have had a positive effect on research and development expenditures. Although the R&D credit was only partially phased-in in 1981 and 1982, a recent McGraw-Hill survey showed that despite the severe recession during that period, there was a significant increase in R&D spending during those years, making it the first post-war recession in which the pace of research spending didn't decline(10).

The R&D tax credit can be an important incentive for innovation in all industries, but the restrictions that were placed on it by Congress and the Treasury Department have prevented it from being as effective as it should be. They have limited the credit's applicability for start-up companies and computer software, and, most importantly, the tax credit is only temporary. It expires on December 31, 1985. However, since most R&D projects are long-term in nature, a temporary R&D tax credit cannot provide an adequate incentive for such projects. Congress should pass legislation this year to refine the applicability of the R&D credit and make it permanent so that companies can be assured of the credit's scope and availability when planning long-range projects.

Also, Congress should make permanent the current moratorium on the research and development portions of Section 861 of the tax code. Section 861.8 requires U.S. firms with overseas operations to allocate a percentage of their U.S. R&D expenditures against their foreign source income. This allocation, which denies U.S. firms the full tax benefits of conducting R&D in the United States, has had the effect of causing U.S. multinational firms to do more R&D abroad. Making the moratorium on Section 861.8 permanent would keep more R&D jobs here in the U.S.

Improved mechanisms are needed to attract capital to companies that have not been profitable in recent years but which could regain their competitiveness through retooling and modernization. The investment tax credit was initially enacted more than twenty years ago as an incentive to invest in new capital equipment. Unfortunately, it has not been effective for some of the companies that need it most. Although some companies have made large investments in capital equipment, they often have not earned sufficient profits to use all their tax credits against their liability. This increases their after-tax cost of capital and places them at a competitve disadvantage, particularly against competitors in countries where the cost of capital is lower. The Task Force will continue to study this problem with the hope of proposing solutions to it in the future.

Patents and Copyrights

In addition to tax incentives, patent and copyright laws need to be strengthened to insure that innovators--both private and corporate--can receive fair rewards for their ingenuity. Often, the most efficient way to get a new technology to market is by licensing that technology to others. Licensing can enable intellectual property owners to employ the capability of established enterprises to market a technology quickly and at lower cost. This can be particularly important for small businesses that do not have the ability to develop all possible applications of new technologies by themselves.

Unfortunately, the courts have not always been sympathetic to the pro-competitive benefits of licensing. They have ruled against patent holders based on the form of their license agreements rather than their effects on competition. We believe innovation can be encouraged by modifying the antitrust and intellectual property laws to require that the effects on competition be considered by courts in cases involving the alleged misuse of a patent or copyright or involving antitrust charges stemming from intellectual property licensing.

We also recommend strengthening the protection of U.S. process patent holders by authorizing enforcement of a U.S. process patent against a product made without proper authority in a foreign country by the patented process. Today, foreign companies can use U.S. process patents abroad without authorization but then sell the resulting products in the United States with impunity.

Semiconductor circuit designs need protection from "pirate" firms--mostly overseas--who copy "chips" designed by U.S. firms. These chips have become pervasive in a wide variety of products such as automobiles, home appliances, and toys. "Pirate" firms, which don't spend money on R&D, can sell their copied products for much less than the companies that designed the products. This practice reduces the incentive for innovative companies to risk the millions of R&D dollars required for new semiconductor circuit designs. Protecting semiconductor circuit design under copyright law would help innovative firms receive a fair return on their investments.

Federal Regulations

A significant portion of capital expenditures by the private sector is diverted from productive investment by regulations and government-induced delays. While many of these regulations are beneficial and necessary, they can be improved to accomplish their objectives without stifling innovation and productive investment. We support the increased use of cost-benefit analysis, risk analysis, incentive-based regulation, scientific data, and performance standards in regulatory policy and practice. In the future, we plan to offer specific proposals on reducing the regulatory drag on technological advances and industrial competitiveness.

INCENTIVES FOR RISK TAKING--REPUBLICAN RECOMENDATIONS FOR 1984

o Make the R&D tax credit permanent and make it applicable to software and start-up companies;

- Make permanent the moratorium on Treasury Regulation Section 861.8;

- Modify antitrust and intellectual property laws to require that the courts consider the effects of competition when judging alleged patent misues by a patent holder or alleged antitrust violations in the licensing of intellectual property;

- Permit enforcement of a domestic process patent against a product made without proper authority in a foreign country by the patented process;

- Amend the Copyright Act to include semiconductor designs and masks.

An Adequate Supply of Trained Personnel

Our educational systems must provide an adequate supply of trained people--particularly technically trained personnel--in the United States. The future demand for engineers and technicians is predicted to outstrip the supply. This could put us at a severe competitive disadvantage in world markets. Japan, for example, with half the population of the U.S., is training about the same number of bachelor's level ~~more~~ engineers per year ~~than~~ as the United States. The American Electronics Association (AEA) estimates we could ~~will~~ have a shortage of about 90,000 engineers and computer scientists in the electronics industry over the next five years(11).

Although there are improvements needed at all levels of our educational system--pre-college, college, vocational, continuing, and worker retraining--we believe the most critical educational roadblock to innovation today stems from a lack of capacity in our university science and engineering departments. This is due to the high cost of educating technical people. Universities struggle to attract enough qualified professors because industrial salaries are so attractive. As a result there are currently ~~more than~~ some 2000 unfilled faculty openings in U.S. engineering schools. Sadly, 75 percent of the engineering student applicants are turned away. Also, most schools can't afford to buy all the up-to-date equipment needed to train engineers and scientists.

Private industry has an important role to play in funding technical education programs. The AEA and the Massachusetts High Technology Council, for example, have already established industrial giving programs to collect money from corporations for faculty salaries and equipment.

The federal government has a role to play, too. Tax credits and enhanced deductions for corporate contributions of state-of-the-art equipment and support services for educational purposes should be offered. Such incentives would encourage more private sector support for increasing the capacity of our technical education facilities without requiring a new federal bureaucracy to carry it out.

U.S. immigration policy must also recognize the need for trained technical people. In particular, a high percentage--30% to 50%--of graduate engineering students are foreign nationals. Students who develop technical skills that are in short supply in this country should be permitted to remain here if they wish to do so. Immigration reform legislation should continue to permit technically trained foreign nationals to remain in this country to contribute to U.S. technology rather than requiring such students to return to their home countries after receiving their education here.

We recognize and are concerned about the plight of workers who are unprepared for the changes and new jobs that will be created by advances in technology. The Job Training Partnership Act, which went fully into effect on October 1, 1983, was designed to address this problem. We will be evaluating its effectiveness and will report on its performance as well as suggest improvements and other job training initiatives in future updates of this Agenda.

PROVIDING TRAINED PERSONNEL--REPUBLICAN RECOMMENDATIONS FOR 1984

o Offer tax credits and enhanced deductions to corporations contributing state-of-the-art scientific equipment and related support services to colleges and universities for educational purposes;

o Continue to permit foreign nationals who possess critical skills in short supply in the U.S. to remain and work here;

Even if the United States has a strong research base, incentives for risk-taking, and well-trained people, innovation and the creation of new jobs will be stifled unless there are attractive business opportunities at home and abroad. That means America must have a strong domestic economy and U.S. businesses must have access to foreign markets. Government plays an important role in fostering both.

The United States must pursue an agressive trade policy aimed at achieving free and fair trade. The U.S. should negotiate in a tough-minded fashion to break down the trade barriers erected by our trading partners so that American companies can compete on a level, two-way street.

In working to remove trade barriers, we should strive to strengthen the General Agreement on Tariffs and Trade (GATT), the mulitlateral organization which has done so much in the past to liberalize trade among the nations of the world. In addition, the role of the GATT should be expanded to cover services and investments--two areas of growing importance in today's world. Modifying the GATT to provide coverage of services and investments would help improve our balance of payments and protect U.S. investors from damaging interference by foreign governments.

In addition to negotiating for a fair trading environment, government policy should encourage exports by U.S. firms, particularly small businesses. Tax incentives should be provided (like the Domestic International Sales Corporation which permit the deferral of taxes on profits from export sales) that encourage and help finance exports.

Export controls on high technology products should be focused and streamlined so that trade-related transfer of militarily critical technologies to our adversaries can be prevented while, at the same time, making exporting easier for U.S. companies. Likewise, restrictions on exports to achieve foreign policy goals should be implemented only after carefully considering existing contracts and whether, in light of the availability of the products from foreign sources, they can be effective.

Most importantly, U.S. businesses can only achieve their full potential to create jobs if they operate within a healthy domestic economic climate. People are less willing to invest, make long-term business commitments, and borrow the funds needed for expansion when there is uncertainty about the direction of interest rates and inflation.

Congress and the Administration must act with a sense of urgency to reduce significantly the enormous projected budget deficits which are the source of economic uncertainty and distort international exchange rates in a way that damages U.S. export opportunities. We believe

reducing the deficits requires a monetary policy that accomodates economic growth, a tax policy that encourages savings and investment, and the discipline to curtail the growth of spending. Only then can we be sure that inovation will flourish, mature industries will be rejuvenated, and prosperity will be sustained.

EXPANDING MARKET OPPORTUNITIES--REPUBLICAN RECOMMENDATIONS FOR 1984

o Create a new export incentive to replace the Domestic International Sales Corporation (DISC), which the U.S. has agreed to discontinue;

o Instruct our trade negotiators to seek extension of the GATT to cover investments and services;

o Focus and streamline export controls so they are effective in preventing the trade-related transfer of militarily critical technologies to our adversaries while eliminating unnecessary obstacles to exports.

o Take actions to reduce substantially the projected budget deficits for FY 1985 and beyond;

* * *

We have necessarily focused this Agenda on conditions we believe will foster innovation which will in turn maintain our leadership role in technology and industrial competitiveness. But it must be emphasized that only with a strong, vibrant industrial base can America lead the quest of peoples throughout the world for increased standards of living, better education, improved health, and more productive jobs. America can lead the world in fostering innovation and, by example, encourage other countries, be they developing or industrialized, to follow in our footsteps.

Technology and innovation are perhaps our nation's greatest strengths. We must preserve them. However, innovation cannot be <u>forced</u>. It can only be <u>fostered</u>. It is fostered by creating an environment that emphasizes freedom of scientific and industrial activities and that offers incentives to the innovators, entrepreneurs, and investors who have the talent and resources to advance and apply technology. It is fostered by a thorough understanding of fundamental scientific processes and by a population that is well-educated in science and its application. It is fostered in a healthy economic environment and by trade policies that provide expanding market opportunties for our technology and basic manufacturing companies. Promoting such an environment should be a primary policy objective of the United States.

It is to this goal that this Republican Agenda for U.S. Technological Leadership and Industrial Competitiveness is dedicated.

The Washington Post

GOP Task Force Urges New U.S. Role to Help Industries Compete

By Peter Behr
Washington Post Staff Writer

A committee of House Republicans yesterday called for a stronger government commitment to basic research and education, and new incentives for investors, entrepreneurs and inventors, to help American industry become more competitive.

The task force, headed by Rep. Edwin V. W. Zschau of California, argued against government attempts to target key technologies or industries for federal support. "We believe the proper role of government in promoting U.S. technological leadership and industrial competitiveness is to target the process by which new ideas and products are developed—the process of innovation," the report said.

The task force recommendations include changes in copyright and patent law to provide "fair rewards" to inventors, private and corporate, and antitrust law amendments to encourage joint research efforts among competing firms. It proposed a 25 percent tax credit for corporate funding of research in universities and non-profit institutions, to bring about a closer relationship between universities and business.

U.S. immigration policy should be altered to permit qualified foreign students in engineering and science to remain in the United States following their education if their skills are needed by industry here, the task force said, citing an American Electronics Association survey that predicts a shortage of about 16,000 new electrical engineers and computer scientists per year in the 1980s.

A broader approach to this issue was proposed yesterday by the President's Commission on International Competitiveness, a committee of business and labor leaders appointed by President Reagan June 28.

The commission members, meeting in Detroit, recommended that the National Science Foundation and other government research agencies award grants for graduate students in engineering and provide incentives to those who join academic faculties instead of industry. The commission also endorsed the National Science Foundation's new program to develop engineer research center on campuses and urged a marked expansion after fiscal 1985.

The government also should aid in development of better software to make computers more useful in elementary and secondary schools, and to help in the training of teachers in all fields to use computers. Corporations should be encouraged to "adopt" local schools to enhance teacher training and technological resources, the commission said.

After hearing from representatives of the Big Three automakers and the United Auto Workers on their efforts to improve labor-management cooperation, the presidential commission said such cooperation should be a high priority throughout industry.

"During the months ahead, we will be recommending ways that we can work together to provide our people with the skills, shared purpose and technology they require," said commission Chairman John Young, chairman of Hewlett-Packard Co. "Today we begin with a simple but basic recommendation: Both labor and management must recognize their shared interest in meeting the competitive challenge."

file w/ report we cleared on this

10

THE WHITE HOUSE

WASHINGTON

March 12, 1985

MEMORANDUM FOR FRED F. FIELDING

FROM: JOHN G. ROBERTS

SUBJECT: National Academy of Engineering Symposium on "The Advancement of Industrial Competitiveness"

David Chew has asked if you have any objections to proposed responses from the President and Mr. Regan to a February 19 letter from Secretary Weinberger. The responses have been cleared by NSC, OPD, Cabinet Affairs, and OSTP. In his letter of February 19, Secretary Weinberger requests that the President send a letter to the National Academy of Engineering, urging the Academy to undertake a program designed to promote American industrial competitiveness. The Academy is prepared to embark on such a venture and would like it to be launched by the President. The Academy would also like the President to address its symposium kicking off the program.

In his response, Regan advises Weinberger that he will recommend that a Presidential letter be sent, and that a scheduling proposal has been submitted. Assuming the Presidential letter will in fact be sent, this is unobjectionable.

The proposed letter from the President to the Academy asks the Academy, in cooperation with other suitable organizations, to conduct a campaign to ensure American technological leadership. The letter then reviews what the President said in his State of the Union message about a "Second American Revolution" based on technology, and the need to regain industrial competitiveness. According to the letter, the program must enlist the best minds of the country and the private sector must take the lead.

The National Academy of Engineering was established by the National Academy of Sciences. The National Academy of Sciences has a congressional charter, which provides that any department of the U.S. Government may call upon it for information, but it is a private organization and not a Federal agency. It receives no appropriation from Congress (though various studies it conducts may be pursuant to a grant from Congress).

I see no problems with the President's or Mr. Regan's letters. The President's letter simply reiterates themes he has stressed before, and urges the Academy to look into the broad issue of industrial competitiveness, which they already are anxious to do in any event.

Attachment

THE WHITE HOUSE

WASHINGTON

March 12, 1985

MEMORANDUM FOR DAVID L. CHEW
STAFF SECRETARY

FROM: FRED F. FIELDING RAH signed for FFF
COUNSEL TO THE PRESIDENT

SUBJECT: National Academy of Engineering Symposium on "The Advancement of Industrial Competitiveness"

You have asked for my views on a proposed letter from the President to the National Academy of Engineering, requesting that the Academy undertake a program to restore American industrial competitiveness. The letter was requested by the Academy, through Secretary Weinberger. I have reviewed the proposed letter and find no objection to it from a legal perspective. I also have no objection to the accompanying letter from Mr. Regan to Secretary Weinberger.

FFF:JGR:aea 3/12/85
cc: FFFielding
JGRoberts
Subj
Chron

ID # _____ CU

WHITE HOUSE
CORRESPONDENCE TRACKING WORKSHEET

☐ O - OUTGOING
☐ H - INTERNAL
☐ I - INCOMING
Date Correspondence Received (YY/MM/DD) 1 1

Name of Correspondent: Dave Chew

☐ **MI Mail Report** **User Codes: (A)** _____ **(B)** _____ **(C)** _____

Subject: National Academy of Engineering symposium on "the Advancement of Industrial Competitiveness".

ROUTE TO:		ACTION		DISPOSITION		
Office/Agency	(Staff Name)	Action Code	Tracking Date YY/MM/DD	Type of Response	Code	Completion Date YY/MM/DD
CU HOLL		ORIGINATOR	85/03/11			1 1
		Referral Note:				
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ACTION CODES:
- A - Appropriate Action
- C - Comment/Recommendation
- D - Draft Response
- F - Furnish Fact Sheet to be used as Enclosure
- I - Info Copy Only/No Action Necessary
- R - Direct Reply w/Copy
- S - For Signature
- X - Interim Reply

DISPOSITION CODES:
- A - Answered
- B - Non-Special Referral
- C - Completed
- S - Suspended

FOR OUTGOING CORRESPONDENCE:
- Type of Response = Initials of Signer
- Code = "A"
- Completion Date = Date of Outgoing

Comments: _____

Keep this worksheet attached to the original incoming letter.
Send all routing updates to Central Reference (Room 75, OEOB).
Always return completed correspondence record to Central Files.
Refer questions about the correspondence tracking system to Central Reference, ext. 2590.

5/81

Document No. _____

WHITE HOUSE STAFFING MEMORANDUM

DATE: 3/11/85 **ACTION/CONCURRENCE/COMMENT DUE BY:** 3/12/85

SUBJECT: NATIONAL ACADEMY OF ENGINEERING SYMPOSIUM ON "THE ADVANCEMENT OF INDUSTRIAL COMPETITIVNESS"

	ACTION	FYI		ACTION	FYI
VICE PRESIDENT	☐	☐	McMANUS	☐	☐
REGAN	☐	☐	MURPHY	☐	☐
DEAVER	☐	☐	OGLESBY	☐	☐
STOCKMAN	☐	☐	ROLLINS	☐	☐
BUCHANAN	☐	☐	SPEAKES	☐	☐
CHEW	☐P	☐SS	SVAHN	☐	☐
FIELDING	☐	☐	TUTTLE	☐	☐
FRIEDERSDORF	☐	☐	VERSTANDIG	☐	☐
FULLER	☐	☐	WHITTLESEY	☐	☐
HICKEY	☐	☐	_____	☐	☐
HICKS	☐	☐	_____	☐	☐
KINGON	☐	☐	_____	☐	☐
McFARLANE	☐	☐	_____	☐	☐

REMARKS:

The attached responses from the President and Mr. Regan were prepared by NSC in coordination with OPD, Cabinet Affairs, and OSTP. Do you have any problems?

RESPONSE:

1985 MAR 11 PM 4:23

David L. Chew
Staff Secretary
Ext. 2702

THE WHITE HOUSE

WASHINGTON

Dear Cap:

I am writing in response to your letter of February 19 in which you request that the President send a letter to the Chairman and President of the National Academy of Engineering requesting that the Academy carry out a program to increase American industrial competitiveness. We will recommend that such a letter be signed by the President.

Your letter also requested that the President address the symposium launching the program on industrial competitiveness on May 14, or a few days on either side of that date. A Presidential scheduling proposal has been submitted for this event and a decision on the President's availability should be made in the near future.

With best regards,

Sincerely,

Donald T. Regan
Chief of Staff

The Honorable Caspar W. Weinberger
Secretary of Defense
Washington, D.C. 20301

THE WHITE HOUSE

WASHINGTON

Gentlemen:

I am taking this opportunity to ask the National Academy of Engineering, under your leadership, and working with the National Academy of Sciences and other technical organizations, to marshal the nation's technical engineering-based expertise in a campaign that will ensure America's scientific, technological and engineering leadership into the 21st Century.

In the State of the Union Message I delivered to the Congress on February 6, I outlined a mission for this country over the next 4 years that I believe will be a Second American Revolution. This Revolution is the rebirth of a great industrial giant based upon an invigorated economy, technological challenge and, above all, freedom. It will unleash the creative energies of free Americans in an open marketplace and offer all our citizens an opportunity to produce more, do more and be more. It will liberate the spirit of enterprise in our factories, our homes and in the most distressed areas of our country.

We have begun well, but it is only a beginning. Now we must build on the momentum we have begun to develop in order to regain U.S. industrial competitiveness and reestablish our technological leadership. These are both crucial building blocks of a revitalized American economic engine. These efforts to strengthen the nation's engineering and technology capabilities are essential to the

goal of helping American businesses and workers to modernize and compete. We must also press forward in the use of our engineering and technological strengths to provide for the health and safety of the working and natural environment.

Two conditions are of utmost importance to these efforts: first, we must engage the best minds and experience the country has to offer; and second, the private sector must take the lead. Your Decade Three Program will address the broad spectrum of issues essential to U.S. industrial competitiveness and technological leadership. This Program will be supported primarily by private sector funds. With the issuance of the Report of the President's Commission on Industrial Competitiveness, the Academy program will be especially timely in dealing with engineering and technology needs that undergird the country's economic vitality.

Your program is robust, and appropriate to the challenge. I know American industry and other private organizations are supporting your initiatives. I heartily endorse your efforts. They are vital to the goal of maintaining a strong America with a bright future.

I urge the Academy to carry out these initiatives. With your help, and our national ingenuity, I am confident the Second American Revolution will bring new progress and success.

Sincerely,

Mr. Stephen D. Bechtel, Jr., Chairman
Mr. Robert M. White, President
National Academy of Engineering
Washington, D.C. 20418

THE SECRETARY OF DEFENSE

WASHINGTON, THE DISTRICT OF COLUMBIA

February 19, 1985

Honorable Donald T. Regan
Chief of Staff to the President
of the United States
The White House
Washington, D.C. 20500

Dear Don:

The National Academy of Engineering is sponsoring a program designed to increase American industrial competitiveness. I attach a folder which has a number of items explaining this program, but the most important from their point of view and mine is a proposed letter which the Academy would like to have the President send to the Chairman and the President of this Academy, who turn out to be Steve Bechtel, Jr. and Dr. Robert White. The proposed letter from the President would request the National Academy to carry out this initiative, tying the program to the "Second American Revolution." There are also in the folder some briefing points for the President's letter indicating that requests to the National Academy for initiatives of this kind have a long and honorable history going all the way back to President Lincoln. I should add hastily that there is no cost to the government for this initiative since the Academy plans to do the whole project itself.

There is also a strong desire for the President to talk to the symposium launching this program on industrial competitiveness on May 14. There is in the folder a proposed symposium program, and the request is that the President address the group that night at a major dinner in the State Department or at the National Academy building. They also mention that if it is not possible to schedule the President for May 14, they could move the symposium a few days on either side of the 14th because they are, of course, particularly anxious to have him.

I think this is an activity that is clearly worthy of Presidential support and participation because, as you know, it is terribly important to us at Defense that industry be able to respond in a competitive fashion and, of course, it is vital in a number of other areas in addition to Defense.

Incidentally, one cannot discuss competitiveness without emphasizing quality. Historically, quality has been the hallmark

of American service and products. In recent years, however, this image has been tarnished in the eyes of many. Management in the United States has traditionally relied on the concept on "acceptable level of quality." This has tended to be the minimal amount of quality to remain competitive. This concept of minimal quality must be replaced with a philosophy of "continuous quality improvement." We in the DoD are revitalizing the importance of quality into a ten-point program called the DoD/ Defense Industries Quality Excellence Program.

I am sending a copy of this to Mike Deaver because it involves scheduling. I hope that you and he will find it possible for the President to participate in this most worthwile project. I will be happy to discuss further details or alternate dates with you should you so desire.

Sincerely,

Attachment

NATIONAL ACADEMY OF ENGINEERING 2101 CONSTITUTION AVENUE, N.W., WASHINGTON, D.C. 20418

Office of the President

February 19, 1985

MEMORANDUM

TO: Caspar W. Weinberger
Secretary of Defense

FROM: Robert M. White Robert M. White
President, National Academy
of Engineering

SUBJECT: National Academy of Engineering

The National Academy of Engineering is planning to launch its Decade III Program, whose theme is "The Advancement of U.S. Industrial Competitiveness", on May 14, 1985, with a symposium and dinner attended by a distinguished group of industrial, academic, and government leaders. The Academy will undertake this program with private sector funding, and the voluntary participation of the nation's leading engineers, technologists, and other experts from industry and academia.

The Academy seeks:

a) a letter from the President asking it to undertake the effort as an important step in addressing the industrial competitiveness issue which he has so eloquently addressed in his State of the Union Message, and

b) the President as the dinner speaker on the evening of May 14, 1985, the kickoff of the Academy's Decade III Program, to outline the national urgency of measures, principally in the private sector, to address the industrial competitiveness problem.

The appended material contains:

a) A draft letter for Presidential signature

b) A briefing paper explaining and justifying such a letter to the National Academy of Engineering

c) An outline of the May 14 symposium program

d) An information brochure about the Academy

e) A brief description of the NAE Decade III Program

Attachments

BRIEFING POINTS FOR
PRESIDENT'S LETTER

The NAE Decade III Program as a Keystone in the President's Initiatives to Advance the Nation's Industrial Competitiveness and Technological Leadership

1. Since the Administration of Lincoln there has been a tradition in this country of the President calling upon the National Academies in times of critical national need. For example:

- o In 1863, at the behest of President Lincoln, Congress chartered the National Academy of Science to address the nation's requirements for technical advice and innovation to support the war effort.

- o In 1914 President Wilson issued an Executive Order forming the National Research Council of the NAS to identify critical national defense research needs during World War I and to act as an operating arm to entrain the voluntary participation of thousands of scientists and engineers in the work of advising tne government. The National Research Council is now also the operating arm of the NAE.

2/15/85

- In 1956, when President Eisenhower created the Interstate Highway System, he called on the National Research Council's Highway Research Board to advise the Federal Government on construction techniques and routing of the highway system.

- In 1962, as a result of the thalidomide disaster, President Kennedy asked the National Research Council to set up a board to review all pharmaceutical drugs used in this country since 1938 to determine drug safety and efficacy.

2. President Reagan's State of the Union Message on February 6 made clear the critical need at this point in the Nation's history for a "Second American Revolution" that will "push back the frontiers of knowledge and space."

3. The timeliness of the challenge to U.S. technological leadership, as described in the report of the Presidents Commission on Industrial Competitiveness "Global Competition - The New Reality" makes immediate action vital.

4. The breadth of the technological challenge, extending from our fundamental educational processes to management of innovation and technology transfer, from mature steel and auto industries to the exploding electronics field, and reaching across international boundaries to the board rooms of Japan, West Germany, and France, requires insights from a broadly-based technological organization.

5. The importance of the technological challenge to the U.S. economy and national security, and to a new generation of Americans seeking new employment and business opportunities and an improvement in their standard of living and quality of life, demands the best technical advice and guidance the nation has to offer.

6. The National Academy of Engineering, with its distinguished membership of 1300 of the most highly recognized and eminent engineers and technologists in America, is in a position to be a national leader in addressing the crisis affecting America's industrial competitiveness. Through their contributions and leadership, members are responsible for many of the vital technological achievements that have changed society, and they understand the problems and

nting the national technology base.

ganization widely recognized by

of government, the Congress, and the

the credibility, objectivity, and

advice. It is an institution that can

's technical expertise to address

chnology needs critical to the country's

public welfare, and national security.

Congressional charter issued to the

of Sciences, the National Academy of

close working relationships not only with

demy of Sciences and the National Research

professional engineering associations, and

ons addressing issues of national concern.

cade III Program, now being formulated to

oad spectrum of issues esssential to

titiveness and technological leadership,

urish "the American Miracle" planted by the

t will do so principally with contributions

and brainpower from the private sector.

9. The Decade III Program provides the President an opportunity to assume an important and highly visible role as a catalyst for direct action by the private sector to strengthen the nation's industrial competitivenss and technological leadership. In this role, the President will be seen to be moving forward with a decision and a delegation of responsibility that offer immediate evidence of his intent to reinvigorate the U.S. economy through initiatives consistent with his most fundamental views of our society: specifically, the latent talent and energy that will spring forth from an unfettered American economy. Endorsement of the Decade III effort will link the President's vision of the next four years, as articulated in his State of the Union Address, with a defined program of action, and will demonstrate his active leadership and commitment to this vital national need.

NATIONAL ACADEMY OF ENGINEERING

SYMPOSIUM PROGRAM

Subject: U.S. Industrial Competitiveness and the National Academy of Engineering

Date: Tuesday, May 14, 1985 (Tentative)

Format: 3:00 to 5:45 p.m. Symposium
National Academy of Engineering
2101 Constitution Avenue, N.W.
Washington, D.C. 20418

Panelists

o	The Industrial Challenge to America	Roger B. Smith (in discussion) Chairman & Chief Executive Officer General Motors Corporation
o	Education for a Technological World	Paul E. Gray President, Massachusetts Institute of Technology
o	The Economic Forces	(To Be Determined)
o	Findings and Conclusions of NAE Industrial Competitiveness Studies	N. Bruce Hannay Former Foreign Secretary National Academy of Engineering
o	NAE Programs and Industrial Competitiveness	Robert M. White President, National Academy of Engineering

The symposium panelists will make brief (20 minutes) presentations. About half the time will be allocated to discussion among the panelists and the other participants.

6:00-7:00 p.m.	Reception (Great Hall, National Academy of Sciences Building)
7:00 p.m.	Dinner (State Department Diplomatic Reception Room, or Great Hall, National Academy of Sciences Building)

Participants:

Participation will be limited to about 150 persons who are corporate chairmen or chief executive officers, university presidents, Members of Congress and the Cabinet, and other engineering and technology leaders.

2/19/85