

Hh 0373

MR SCHOLAR (No 10)

PM'S RECEPTION/SEMINAR ON 2 NOVEMBER FOR REPRESENTATIVES OF THE COMPUTER INDUSTRY

I thought you might like to have for your own reference the enclosed copy of a letter and discussion notes that I am sending to each of those attending next Monday's reception as I hear that they have accepted.

2. I have lined up the following guests to introduce the three topics:-

Topic 1: Mr Robb Wilmot (Managing Director of ICL);

Topic 2: Mr Tony Davies (Chairman, Computer Technology Ltd)

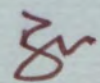
Topic 3: Mr David Fairbairn (Director of the National Computing Centre).

I have asked them to speak for 5 minutes at the outside - preferably a little less - and I think each will give a good account of himself and usefully lead off the discussion.

3. I will let you have later this week a brief for the Prime Minister to which will be attached relevant supporting papers (including brief speaking notes for the Prime Minister and a full list, with descriptions, of all the outside guests attending). I will suggest that the Prime Minister makes a few general introductory remarks and then invites Mr Wilmot to introduce the first topic, and so on.

4. The acceptance rate is very high so I fear we may be a little tight on numbers.

5. I shall be out of the office on Friday (celebrating my grandmother's 100th birthday!) but Mr Courtney will be available during the day if you have any queries or need any further help (in extremis I can be contacted at Chesterfield 4697).

  
J B UNWIN

27 October 1981



CABINET OFFICE  
70 WHITEHALL  
LONDON SW1A 2AS

~~XXXXXXXX~~ ex233 7140

Hn 0349

I am glad to learn that you will be able to attend the Prime Minister's reception at 10 Downing Street on 2 November. As promised in the note accompanying the Prime Minister's invitation I write to let you have some further information on the arrangements for the evening.

2. The Prime Minister is anxious to have an opportunity of hearing from you at first hand your views on the problems and opportunities facing the United Kingdom in computing and information technology, and on the part that private industry and the Government have to play. As a suggested starting point for the discussion I therefore enclose brief notes on some of the problems and questions arising on the following three broad topics:

- the present strengths/weaknesses of the industry in the UK;
- the applications, uses etc that we should be concentrating on in the UK;
- the other problems/consequences (eg social, environmental, regulatory etc) to which we should be paying particular attention.

3. When you arrive at No 10 Downing Street you will be given a name tag, a list of those others attending, and shown into the dining room where refreshments will be available. The Prime Minister will then make a few introductory remarks and invite one of your number to introduce the first topic above. Following general discussion of this topic, the Prime Minister will then invite someone else to introduce the second topic, and so on.

4. This part of the proceedings should last for an hour or so. The selection of topics and the enclosed notes are not intended to constrain the scope of the discussion and I hope you will feel free to make additional points as you think appropriate. But the notes should help to provide a coherent general framework for some of the key issues likely to arise.

5. Following this period of discussion the Prime Minister will then lead the way into the Pillared Room where more refreshments will be available and the reception will continue informally, with the Prime Minister and her colleagues circulating amongst you. Several other Ministers will be present and their names will be on the list given to you when you arrive.

6. Given the necessarily tight timing we hope that it will be possible to start the discussion part of the proceedings reasonably punctually. It would therefore be very helpful if you could arrive at No 10 promptly for 6.30 pm.

7. I am in contact separately with those who will be invited to introduce each of the three topics referred to above. But if you are not one of those I hope that you will feel free to make a contribution and so help make this an informative and stimulating, as well as enjoyable, occasion.

J B UNWIN  
Under Secretary  
Head of Information Technology Unit

1. How well placed is the computer industry in the UK to take advantage of the opportunities presented by the new technology? What are our major strengths and weaknesses and how should we be exploiting/tackling them?

A number of weaknesses have been pointed to. For example:

- industry in the UK is fragmented, and concentrated on the relatively small UK market, so that we cannot match the volumes, and hence prices, of our major competitors;
- there are a number of weaknesses in development and manufacture; for example:
  - we do not make very large computers; we have not competed effectively in the middle-sized computer businesses;
  - our presence in mini computers is even weaker (with a substantial trade deficit) and very small also in micros;
  - we supply only a tiny proportion of the UK word processing market, and have few sales abroad;
  - we manufacture few of the peripherals (eg data storage systems) attached to computers of any size;
  - in telecommunications, our share of the world market for switching equipment has contracted sharply.

But as against this:

- British software has a high international reputation, and this has helped to attract multinational computer companies to increase their investment in British software;
- Britain has a good technological capability in the main areas of information technology, although this has not always been matched by successful commercial exploitation;
- we also have considerable technical and manpower strengths in a variety of areas such as fibre optics, networking and viewdata/teletext.

Are these fair claims and assertions? How can we exploit our strengths and remedy weaknesses so as to be able to compete effectively in international markets and achieve the economies of volume production that the UK market alone cannot provide? Are there any building blocks we should give priority to maintaining or developing in the UK? Should we, for example, devote more resources to the development of software with the object of winning a greater share of the software required by other nations' hardware? What are the implications of this and any other shifts in priorities for the structure of the computer industry in the UK? What are the implications for the Government which have been active in the support of suppliers and the development of products and bearing in mind that the public sector as a whole represents nearly half the total UK market for information technology products and services?

2. What is the best way to ensure that the UK derives the maximum economic and social benefit from the new technology?

The Government have made it clear that they regard the effective development and application of information technology as a key element in the future industrial and commercial success of the United Kingdom. Accordingly a number of Government schemes are concerned with support of R&D, assistance in the development of new products, encouraging awareness of new technology in industry, commerce and the public generally, influencing the development of standards, and so on. This is against the background that at least half of all economic activity is in some significant sense concerned with handling information; and as the underlying technology continues to change rapidly, so the demand for better and cheaper techniques is likely to rise too.

But how do we ensure that industry in the UK and the nation generally, makes optimum practical use of the application of the new technology, whether or not the demand from the market exceeds the capacity of British industry to supply it? There are many important fields of application:

- in the office and in public and private sector management and administration in a wide variety of fields;
- in industrial manufacturing and production;
- in almost all service industries, particularly where the direct provision of information to the public is involved;
- in the provision of financial and related services;

and so on.

In some of these areas substantial progress has been made and UK application of new technology compares favourably with anywhere in the world. The City, for example, has demonstrated the ability to harness the new technology to improve the cost effectiveness of its own systems and communications. But in other areas - particularly manufacturing and production - Britain seems to lag well behind some of its main competitors.

Is this "curates egg" picture a fair one? Is it true that in important areas British commerce and industry is slower to adopt new technology than our competitors (or are we just more reticent about our activities)? If so, should we be seeking to promote applications of new technology across the economy generally, or should we be trying to specialise in particular processes (such as investment analysis, management consulting, medical diagnosis, software production etc) which add value to information and where we appear to have traditional strengths? What are the roles of private industry and the Government respectively in promoting more effective application?

3. What are the main social and environmental aspects of the new technology to which we must pay attention if its application is to spread in a harmonious and effective way?

It is asserted that the new technology will cause in half a lifetime a greater revolution than the steam engine and internal combustion engine technology achieved in two lifetimes. While precise comparisons can be fanciful, it is certainly true that the new technology will be pervasive and that many economic and social patterns will need to change radically in a short period of time. This will apply not merely nationally, but internationally. Information moves freely from one country to another, and, unless restrictions are placed on the international flow of information, the process of harmonisation and standardisation could tend towards a single global information system.

What are the main social and environmental aspects to which we must pay attention if the effective development and application of the new technology is not to be harmfully impeded? Among some obvious areas for consideration are:

- Education and training: Education at all levels is being increasingly geared to promote awareness of, and the acquisition of skills in, all aspects of the new technology. The Government have taken a number of initiatives here. Is the UK, private and public sector, doing enough in the right direction?
- Employment consequences: There is wide agreement that Britain must harness the new technology in order to compete successfully and so provide the basis for new market opportunities and jobs. But have we taken the necessary steps to promote full understanding of the issues involved, especially the fears of unemployment? Are there some people who will be unable to adapt and what do we do about them?
- Privacy: The Government have announced their intention to introduce data protection legislation, mainly to ensure that foreign countries do not restrict their trade in data and information services.
- Government regulation: Are there fields in which traditional regulatory concepts are likely to become obsolete if obstacles to the beneficial spread of the new technology are to be removed. What are their consequences (eg for traditional approaches to copyright or broadcasting)?

Which of these or other areas should command priority? What are the main obstacles? What are the main opportunities that can be channelled to the national advantage?



Hn 0344

MR SCHOLAR - No 10

PRIME MINISTER'S RECEPTION FOR REPRESENTATIVES OF THE COMPUTER INDUSTRY  
ON 2 NOVEMBER

Forgive me for bothering you so soon again.

2. In my minute to you of yesterday I said that I proposed to write with further information to those attending the reception.
3. I attach a draft of the kind of letter I should like to send. Would you have a moment to cast your eyes over this and let me know whether you are content? I should like to get this off, and to line up the three introductory speakers, as soon as possible.
4. You will see that the letter refers to some of the logistics of the occasion (eg reference to name tags etc in paragraph 3). Again, this follows the arrangements for last January's seminar. Perhaps whoever is responsible for the physical arrangements could also contact me to confirm that this acceptable. I should also welcome an opportunity some time next week briefly to survey the ground myself. Perhaps I could come round and see you at some convenient quiet moment?

*J. Unwin*

pp J B UNWIN

20 October 1981

IT Unit

Cabinet Office



DRAFT LETTER

I am glad to learn that you will be able to attend the Prime Minister's reception at 10 Downing Street on 2 November. I thought it would be helpful if I let you have some further information on the arrangements for the evening.

2. As the note enclosed with your invitation indicated, the Prime Minister is anxious to have an opportunity of hearing at first hand from you your views on the problems and opportunities facing the United Kingdom in computing and information technology, and on the part that private industry and the Government have to play. As a suggested starting point for the discussion we have therefore prepared the brief notes enclosed which raise some of the problems and questions arising on:

- the present strengths/weaknesses of the industry in the UK;
- the applications, uses etc that we ought to be concentrating on in the UK;
- the other problems/consequences (eg social, employment, regulatory etc) to which we should be paying attention.

3. When you arrive at No 10 Downing Street you will be given a name tag, a list of those others attending, and shown into the dining room where refreshments will be available. The Prime Minister will then make a few introductory remarks and invite one of your number to introduce the first topic above. Following general discussion of this topic for some 15-20 minutes, the Prime Minister will then invite someone else to introduce the second topic, and so on.

4. This part of the proceedings should thus last for an hour or so. The selection of topics and the enclosed notes is not in any way intended to constrain the scope of the discussion and we hope you will feel free to make additional points where appropriate. But it should help to provide a coherent framework for some of the key issues likely to arise.

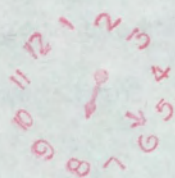
5. Following this period of discussion the Prime Minister will then lead the way into the Pillared Room where more refreshments will be available and the reception will continue informally, with the Prime Minister and her colleagues circulating amongst you. Several other Ministers will be present and their names will be on the list given to you when you arrive.

6. Given the necessarily tight timing we hope that it will be possible to start the discussion part of the proceedings reasonably punctually. It would therefore be very helpful if you could arrive at No 10 promptly for 6.30 pm.

7. I am in contact separately with those who will be invited to introduce each of the three topics referred to above. But if you are not one of those we hope that you will come prepared to make a contribution and so help make this an informative and stimulating, as well as enjoyable, occasion.

J B UNWIN  
Under Secretary  
Head of Information Technology Unit

1861 130 121  
21 OCT 1981



Scientific Working Group

Hn 0340

MR SCHOLAR - No 10

cc Mr Courtney  
Mr Norman

PRIME MINISTER'S RECEPTION FOR REPRESENTATIVES OF THE COMPUTER INDUSTRY ON  
2 NOVEMBER

As I mentioned to you on the telephone (and as I indicated in paragraph 3 of my submission of 9 October) I propose to write to each of the outsiders attending the reception to give them further details of the occasion and to enclose short notes on the topics that might be discussed. This follows the procedure followed by Dr Ashworth for the Inventors' reception last January.

2. I attach a copy of the short notes I would propose to send out. I have agreed them with the DOI and the CCTA. They do not, of course purport to provide a comprehensive analysis of the many issues that might usefully be discussed; nor are they intended to constrain the discussion which will no doubt take its own course on the night. But I am sure that some starting framework is desirable to help focus the minds of those attending on the kind of points it might be worth pursuing. The notes accordingly pursue the following broad logic:-

- the present strengths/weakness of the industry in the UK;
- in the light of that, what applications uses etc ought we to be concentrating on in the UK;
- what are the other problems/consequences we should be paying attention to (eg social and employment consequences, regulatory environment etc).

3. Again, following the form of the inventors' seminar, I would propose to ask 3 of the outside guests to introduce these topics very briefly. I have in mind:-

- first topic: Mr Robb Wilmot (ICL);
- second topic: Mr Tony Davies (Computer Technology Ltd)
- third topic: Mr David Fairbairn (National Computing Centre).

4. In writing to those attending I propose to:-

- send the notes and explain that the topics will be briefly introduced but that neither the notes nor the introductions are intended to limit the scope of the discussion;

Note  
TOW Mr Unwin OK  
Ms 20/10



- explain the general arrangements for the occasion (viz initial refreshments; informal "seminar" for an hour or so; and then further refreshments with an opportunity for informal discussion with the Prime Minister and other Ministers attending);
  - Given the limited time, urge every one to arrive promptly!
5. I should be grateful to know whether these proposals are acceptable to you.

J B UNWIN

20 October 1981

IT Unit  
Cabinet Office

Introductory Notes on suggested topics for discussion

1. How well placed is the computer industry in the UK to take advantage of the opportunities presented by the new technology? What are our major strengths and weaknesses and how should we be exploiting/tackling them?

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