

Industrial Policy for National Security

Hoover Economic Policy Working Group

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E.g., Boeing's near-death experience ... notice Tesla & SpaceX ... notice Corning ... notice GE Aerospace

**US ecosystems in the
'innovation economy'
have withered**

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GOAL

The free world must have or acquire the capacity to produce at scale those goods and technologies that are and may be essential for victory in war and independence in peace.

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Semiconductors: Arizona missing PCBs, chemicals, HBM, advanced packaging, workforce

The 'resilience' problem

Not faced on this scale since the WW2 era

Few understand what really happened in WW2 mobilizations & economic warfare

The 'resilience' problem

Some absolute limits may not be overcome (ex. of natural rubber)

Some limits become a function of time & planning (ex. of synthetic rubber, vaccines in WS)

Some limits become a function of geography & transport (ex. of petroleum and East Coast industry)

This problem is now much more challenging

**We've forgotten why we
created
the National Security
Council.**

British and German Production in 1942 Compared

Table 2. British and German production in 1942 compared

	Aircraft (heavy bombers in brackets)	Tanks and self- propelled guns	Heavy guns (a)	Artillery filled rounds (million)	Completed major surface ships	Submarines	Completed merchant ships, gross thousand tons (d)
UK	23,672 (1,976)	8,600	6,086	59	81 (b)	33	1,268
Germany	15,556 (c. 100)	6,300	11,988	57	3 (c)	193	c. 22

Notes:

(a) anti-tank, tank, anti-aircraft, artillery, British figure includes naval armaments

(b) two battleships, six cruisers, 73 destroyers, does not include frigates, corvettes or landing craft

(c) all destroyers

(d) British ships and tankers over 1,600 gwt, German ships over 1,000 gwt

And we started seven years late.



Minuteman ICBM, 1961



Polaris SLBM, 1961

Historic success stories

SUCCESS =

- *Maximize potential,*
- *Set strategic objectives on which industry can rely,*
- *Integrate key science/engineering assessments,*
- *Organize predictable inputs of capital, labor, resources,*
- *Manage production, and*
- *Develop routines for distribution and deployment*