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FOIA MARKER

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Record Group/Collection:	George H.W. Bush Presidential Records
Collection/Office of Origin:	Science and Technology Policy, Office of (OSTP)
Series:	Bromley, D. Allan, Files
Subseries:	Correspondence Files

OA/ID Number:	62019
Folder ID Number:	62019-008

Folder Title:
Executive Office of the President: White House Correspondence [2 of 2] [1991]

Stack:	Row:	Section:	Shelf:	Position:
	0	0	0	0

"CORRESPONDENCE TRACKING"

TYPE: INFORMATION

DOCUMENT NUMBER: 9123344

ORIGINATOR: 02

STATUS C

DIRECTORATE STATUS

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FROM: HEAD, Marcy L.: PRESIDENT'S COMMISSION ON WHITE HOUSE FELLOWSHIPS

TO: DR. D.A. BROMLEY

DATE OF CORRESPONDENCE: 08/02/91

SUBJECT: CONFIRMATION OF THE ASSIGNMENT OF JOSEPH BROZ TO OSTP BEGINNING 09/03/91.

****

DIRECTORATE ASSIGNED:

STAFF ASSIGNED:

ACTION REQUIRED:

STAFF ACTION:

****

SENDER'S DUE DATE:

OSTP DUE DATE:

STAFF DUE DATE

DATE COMPLETED:

DATE COMPLETED/DEPT:

****

COPIES TO: D. Allan Bromley
Ken Yale
ADMINISTRATION

****

WHITE HOUSE TRACKING #:

CONTACT PERSON:

PHONE:

EXT:

REMARKS:

CLOSED

OSTP RECEIVED: 08/07/91

FILE: P-EOP-WH CORR.*P-ADM-PERSONNEL

DEPT RECEIVED:

3344

RECEIVED

91 AUG 7 P 2:23

OFFICE OF THE DIRECTOR

PRESIDENT'S
COMMISSION ON WHITE HOUSE FELLOWSHIPS
THE WHITE HOUSE

August 2, 1991

The Honorable Allan Bromley
Assistant to the President and
Director, Office of Science & Technology Policy
The White House
Washington, DC 20500

Dear Dr. Bromley:

I am pleased to confirm the assignment of Joseph Broz to the Office of Science & Technology Policy for the year beginning September 3, 1991, and ending August 31, 1992. We appreciate the assistance that your staff provided during the placement process.

We are delighted that Joe will have the opportunity to work for you this year and are confident that he will have a very meaningful and productive year.

On behalf of the Commission, I would like to thank you for your continued support of the White House Fellowship Program.

Sincerely,

Marcy Head

Marcy L. Head
Director

"CORRESPONDENCE TRACKING"

TYPE: INVITATION DOCUMENT NUMBER: 9121805

ORIGINATOR: 02 STATUS I DIRECTORATE STATUS

****

FROM: THE WHITE HOUSE to Nancy Maynard - EPRG

TO: DR. D.A. BROMLEY materials. I don't plan to attend.

Please note that the attached materials are

DATE OF CORRESPONDENCE: 06/12/91 "Privileged ... litigation sensitive ... and

SUBJECT: ENVIRONMENTAL POLICY REVIEW GROUP, Tuesday, June 25, 1991 at 2:00pm, in the Roosevelt Room.

Not for distribution"

****

DIRECTORATE ASSIGNED: ENVIRONMENT

STAFF ASSIGNED:

ACTION REQUIRED: INVITATION TO ATTEND

STAFF ACTION:

****

SENDER'S DUE DATE:

OSTP DUE DATE: 06/21/91

STAFF DUE DATE

DATE COMPLETED:

DATE COMPLETED/DEPT:

****

COPIES TO: D. Allan Bromley
Ken Yale

****

WHITE HOUSE TRACKING #:

CONTACT PERSON:

PHONE: EXT:

REMARKS:

7/30 close out.

OSTP RECEIVED: 06/19/91

FILE: P-ENVIRONMENT*WHITE HOUSE P-EOP

DEPT RECEIVED:

9121805

THE WHITE HOUSE

WASHINGTON

RECEIVED

91 JUN 19 A 9:53

OFFICE OF THE DIRECTOR

ENVIRONMENTAL POLICY REVIEW GROUP

Tuesday, June 25, 1991
2 p.m.
Roosevelt Room

AGENDA

(1) Extraterritorial Application of NEPA

(2) FOET vs. Watkins

(3) Follow-up Discussion on Arctic and Antarctica

U.S. Department of Justice

Environment and Natural Resources Division

Office of the Assistant Attorney General

Washington, D.C. 20530

June 12, 1991

MEMORANDUM

TO: Roger B. Porter
Assistant to the President
for Economic & Domestic Policy
Chair, EPRG

Robert E. Grady
Associate Director of OMB for Natural Resources, Energy & Science
Coordinator, EPRG

THRU: C. Boyden Gray
Counsel to the President

FROM: Richard B. Stewart DS
Assistant Attorney General

As requested, attached are two decision documents for consideration by the EPRG. One deals with how the Administration should address the extraterritorial application of NEPA. The other deals with how federal agencies can consistently consider potential climate change in their NEPA documents.

Please let me know if further materials would be helpful.

CC: William P. Barr
Deputy Attorney General

Withdrawal/Redaction Sheet
(George Bush Library)

Document No. and Type	Subject/Title of Document	Date	Restriction	Class.
01a. Decision	Decision document regarding extraterritorial application of NEPA (5 pp.)	6/12/91	(b)(2), (b)(6)	

Collection:

Record Group: Bush Presidential Records
Office: Science and Technology Policy, Office of (OSTP)
Series: Bromley, D. Allan, Files
Subseries: Correspondence Files
WHORM Cat.:
File Location: Executive Office of the President: White House Correspondence [2 of 2] [1991]

Date Closed:	2/24/2010	**OA/ID Number:**	62019-008
FOIA/SYS Case #:	2005-0336-F	**Appeal Case #:**	
Re-review Case #:		**Appeal Disposition:**	
P-2/P-5 Review Case #:		**Disposition Date:**	
AR Case #:		**MR Case #:**	
AR Disposition:		**MR Disposition:**	
AR Disposition Date:		**MR Disposition Date:**	

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

P-1 National Security Classified Information [(a)(1) of the PRA]
P-2 Relating to the appointment to Federal office [(a)(2) of the PRA]
P-3 Release would violate a Federal statute [(a)(3) of the PRA]
P-4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
P-5 Release would disclose confidential advice between the President and his advisors, or between such advisors [a)(5) of the PRA]
P-6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

C. Closed in accordance with restrictions contained in donor's deed of gift.

PRM. Removed as a personal record misfile.

Freedom of Information Act - [5 U.S.C. 552(b)]

(b)(1) National security classified information [(b)(1) of the FOIA]
(b)(2) Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
(b)(3) Release would violate a Federal statute [(b)(3) of the FOIA]
(b)(4) Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
(b)(6) Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
(b)(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
(b)(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
(b)(9) Release would disclose geological or geophysical information

Withdrawal/Redaction Sheet
(George Bush Library)

Document No. and Type	Subject/Title of Document	Date	Restriction	Class.
01b. Decision	Decision document regarding how federal agencies can consistently consider potential climate change in NEPA documents (9 pp.)	6/12/91	(b)(2), (b)(6)	

Collection:

Record Group: Bush Presidential Records
Office: Science and Technology Policy, Office of (OSTP)
Series: Bromley, D. Allan, Files
Subseries: Correspondence Files
WHORM Cat.:
File Location: Executive Office of the President: White House Correspondence [2 of 2] [1991]

Date Closed:	2/24/2010	**OA/ID Number:**	62019-008
FOIA/SYS Case #:	2005-0336-F	**Appeal Case #:**	
Re-review Case #:		**Appeal Disposition:**	
P-2/P-5 Review Case #:		**Disposition Date:**	
AR Case #:		**MR Case #:**	
AR Disposition:		**MR Disposition:**	
AR Disposition Date:		**MR Disposition Date:**	

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

P-1 National Security Classified Information [(a)(1) of the PRA]
P-2 Relating to the appointment to Federal office [(a)(2) of the PRA]
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(b)(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
(b)(9) Release would disclose geological or geophysical information

"CORRESPONDENCE TRACKING"

TYPE: Action / VP Office DOCUMENT NUMBER: 9121206

****

FROM: Alan Hubbard

TO: Competive Council

DATE OF CORRESPONDENCE: 04/24/91

SUBJECT: Council Fact Sheet - Natl Critical Technologies

WP

****

ASSIGNED TO: ALL ASSOCIATE DIRECTORS

ACTION REQUIRED: Comments to Ken by 3pm today

****

SENDER'S DUE DATE: 04/24/91 OSTP DUE DATE: 04/24/91

DATE COMPLETED: 4/24/91

****

COPIES TO:

****

WHITE HOUSE TRACKING #: CONTACT PERSON:

REMARKS:

Phone comments to Yale.

DATE RECEIVED: FILE: ~~Industry~~ ~~Vice Pres~~

P- White House Correspondence

"CORRESPONDENCE TRACKING"

TYPE: Action / VP Office DOCUMENT NUMBER: 9121206

****

FROM: Alan Hubbard

File

TO: Competive Council

Spoke w/ Ken 4/24/91
3:00

DATE OF
CORRESPONDENCE: 04/24/91

SUBJECT: Council Fact Sheet - Natl Critical Technologies

****

ASSIGNED TO: ALL ASSOCIATE DIRECTORS

ACTION REQUIRED: Comments to Ken by 3pm today

****

SENDER'S DUE DATE: 04/24/91 OSTP DUE DATE: 04/24/91

DATE COMPLETED:

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COPIES TO:

****

WHITE HOUSE TRACKING #: CONTACT PERSON:

REMARKS:

DATE RECEIVED: FILE:

"CORRESPONDENCE TRACKING"

TYPE: Action / VP Office DOCUMENT NUMBER: 9121206

****

FROM: Alan Hubbard

TO: Competive Council

DATE OF
CORRESPONDENCE: 04/24/91

SUBJECT: Council Fact Sheet - Natl Critical Technologies

****

ASSIGNED TO: ALL ASSOCIATE DIRECTORS

ACTION REQUIRED: Comments to Ken by 3pm today

****

SENDER'S DUE DATE: 04/24/91 OSTP DUE DATE: 04/24/91

DATE COMPLETED: 4/24/91 by EW

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COPIES TO:

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WHITE HOUSE TRACKING #: CONTACT PERSON:

REMARKS: EW defers to WDP.

OK WDP

DATE RECEIVED: FILE:

OFFICE OF THE VICE PRESIDENT

WASHINGTON

April 24, 1991

MEMORANDUM FOR MEMBERS OF THE PRESIDENT'S COUNCIL ON COMPETITIVENESS

FROM: ALLAN B. HUBBARD
EXECUTIVE DIRECTOR

SUBJECT: COUNCIL FACT SHEET RELATED TO NATIONAL CRITICAL TECHNOLOGIES

The Council through its Working Group on Commercialization of Government Research has prepared a "Fact Sheet" describing the entrepreneurial climate for new and emerging technologies identified in the Report of the National Critical Technologies Panel that will be released tomorrow.

A draft of the "Fact Sheet" is enclosed. The "Fact Sheet" will be issued in final form at the close of business today so that it will be available concurrently with the release of the Report.

This draft has also been circulated to members of the Working Group to receive any final comments they may have.

Please call John Cohrssen at 456-2126 or fax 456-6231 with any final changes you might have to the Fact Sheet by no later than 3 PM today.

Ken Yale w/ comments to call in consolidated remarks.

~~PRESIDENT'S~~ COUNCIL ON COMPETITIVENESS

FACT SHEET

Achieving Competitiveness in National Critical Technologies

Policies in Support of Technology Development in America

"If America is to maintain and strengthen our competitive position, we must continue not only to create new technologies but to learn to more effectively translate those technologies into commercial products.

President George Bush
November 13, 1990

"For America to be number one in the development of critical technologies and commercialization of related products, we must have a healthy entrepreneurial climate for private sector development of these technologies."

Vice President Quayle
April 24, 1991

INTRODUCTION

1. The release of the Report of the National Critical Technologies Panel provides an important opportunity to restate those steps necessary to improve the U.S. entrepreneurial climate and maintain our competitiveness. While the American private sector is asked to invest in our future, the government must continue to remove those unnecessary government restraints that chill the climate for investment in new technology. The benefits of technology will bring us closer to the national goals of improved quality of life for all Americans, continued economic growth, and national security.

2. This Fact Sheet incorporates points made in previous Administration initiatives such as the critical technologies reports of the Department Defense and the Department of Commerce, U.S. Technology Policy prepared by the Office of Science and Technology Policy, and the National Energy Strategy. These policies encourage the development of technologies.

3. Critical technologies are fundamental "building blocks" for American industry and international competitiveness. Market

forces must be allowed to support their development, not selection and promotion by government.

The Free Market

4. The free market has served to make the United States the world's largest economy. The United States has a $5.5 trillion economy that achieves one-quarter of the world's production with 5% of the world's population. We are the world's leading exporter of goods and services, and the world's leading importer.

5. Creating and maintaining the proper entrepreneurial climate for national critical technologies depends on:

- o A quality workforce that is educated, trained, and flexible in adapting to technological and competitive change;
- o A financial environment that is conducive to longer-term investment in technology;
- o The translation of innovation into timely, cost competitive, high quality manufactured products;
- o An efficient technological infrastructure, especially in transfer of information;
- o A legal and regulatory environment that provides stability for innovation and does not contain unnecessary barriers to private investments in R&D and domestic production

The Private Sector Role

6. In the free market system it is the role of the private sector to identify and utilize technologies for commercial products and processes. Responsibilities of the private sector include:

- o Conduct R&D to advance industry-related knowledge and technology;
- o Identify and aggressively pursue potential commercial applications for technologies developed by private laboratories as well as by universities, Federal laboratories and foreign sources;
- o Increase quality, output, and productivity by undertaking necessary investments in physical capital;

- Improve the skills and abilities of the private sector workforce to meet its own needs;

In addition, the private sector can participate cooperatively in improving the quality of U.S. education.

The Government Role

7. The government role is to foster a stable economic environment that is conducive to investment. Steady non-inflationary growth and adequate national savings are critical requirements for investment because investors need confidence in the future. Investment decisions should not be dominated by fears of erratic government policy, uncertainty in tax laws, or excessive or uncertain regulation.

8. The government role regarding critical technologies should be limited to (1) providing needed support to activities that are clearly undersupported by the market because they generate economic benefits that greatly exceed their profitability, and (2) removing unnecessary and artificial barriers to proper market functioning, including legal and regulatory barriers.

9. In order to assure that economic considerations determine allocations of resources in the market, the government should forego policies, tax laws, and practices that benefit specific industries, products or sectors in relation to others except where market externalities exist which prevent private sector investment from realizing full economic benefit of the investment. Actions that yield encouraging results for a particular industry create a larger cost to the economy in terms of reduced efficiency, productivity and standards of living.

ADVANCEMENT AND TRANSFER OF SCIENTIFIC KNOWLEDGE

10. Education, enhancement of technical knowledge in science, and the conduct of research and development in science and technology are responsibilities shared by government at all levels and a broad range of private organizations. Scientific literacy benefits all Americans.

11. The government helps to support research especially in situations where the private sector cannot reasonably be expected to recover sufficient benefits. Generic enabling technologies that cut across industries and at the precompetitive stage, often cannot be developed by individual firms acting solely on their own. Support also may be needed for areas where the private sector could not be expected to earn an adequate rate of return on its R&D investments because it would be unable to assert property rights if the research results were commercialized. This precompetitive research is often crucial to maintaining public health, safety, and national security.

Federal Funding

12. President Bush's budget proposal to Congress for FY '92 allocates $76 billion to R&D, an increase of 13 percent over FY' 91 enacted levels. Activities targeted for increases are examples of the types of areas where Federal support is appropriate:

- Basic research at the National Institutes of Health
- Basic research at the National Science Foundation
- Defense R&D
- Space activities
- Mathematics and science education
- Global change research
- Biomedical (including AIDS) research
- National Agricultural Research Initiative
- Superconducting Super Collider
- High-performance computing and communications
- Energy R&D
- Advanced manufacturing and materials R&D
- Aeronautics R&D
- R&D at the National Institute of Standards and Technology

Federal Technology Transfer

13. Technology transfer between Federally-supported researchers and the commercial market place is an important government function that offers fruitful opportunities for development of national critical technologies. Technology transfer conducted under cost sharing arrangements increases the benefits from Federal R&D expenditures and boosts government-private sector partnerships. The climate for technology transfer is enhanced by laws and arrangements that protect intellectual property rights and avoid conflicts of interest. Defense-related research can make major contributions when adequate safeguards for protecting information important to national security are available.

14. The 1980 Bayh-Dole Patent and Trademark Amendments Act permitted universities, nonprofit corporations and small businesses to retain patent rights resulting from Federally supported R&D. The Federal Technology Transfer Act of 1986 allowed Federally owned and operated laboratories to manage patentable rights. The 1986 Act also encourages directors of Federal laboratories to form joint R&D projects with businesses, universities and the states, and allowed Federal inventors to receive a portion of royalties resulting from commercialization of patents obtained from the research developed. Executive Order No. 12591 further mandated implementation of technology transfer by Federal agencies. In 1989 the provisions of the 1986 Act were

extended to the National Laboratories operated for the Department of Energy.

Federal Procurement

15. Because the U.S. government is the country's largest purchaser, spending nearly $200 billion for products and services annually, it can influence the development of commercial technologies. Government procurement practices generally should not dictate which technologies to use, rather firms should be able to compete to find the best way of meeting government's needs. In this way, government procurement practices should emulate the best commercial practices, allow government to participate to the greatest possible extent in the commercial marketplace, and take full advantage of the free market's ability to generate innovation.

16. Two special issues in Federal procurement are technical data rights and recoupment. Firms producing for the Federal government should be able to provide their best technical expertise without fear of its free release to their competitors. And firms should have the right to appropriately profit from the investment they make in commercial applications of technologies developed under Federal contracts. The government benefits from these practices through ready access to innovations occurring in the commercial market place, expansion of the industrial base supporting government activities, and price discounts recognizing the value of commercialization rights. The Administration will soon issue proposed regulations to ensure that government purchases only those rights and data required to meet the government's needs and to protect those it does not buy. The Administration is now reviewing the requirements to recoup R&D costs from contractors that develop commercial derivatives of products.

17. The Administration is pursuing a number of other changes in the Federal government's procurement practices that would contribute to technological innovation and development. Federal procurement statutes and regulations need to permit greater integration of government and commercial production at the factory level, as well as encourage greater innovation and efficiency in development and production. Also, the government should use commercial products, to the extent feasible, for defense, space, and other government applications. For those products and processes for which it is the sole or major consumer and no commercially available products can be substituted, the Federal government should (1) rely principally on the private sector to undertake the development process; and (2) strengthen the abilities of companies involved in developing and demonstrating these products to use the same research and technologies for commercial purposes.

THE LEGAL AND REGULATORY CLIMATE

Antitrust Concerns

18. Effective antitrust laws and their enforcement are crucial to the maintenance of a competitive economy, and thus to international competitiveness. Undue concern with antitrust enforcement should not, however, provide an unwarranted deterrent to activities that may in many circumstances enhance efficiency and competition. In particular, American firms should be assured that antitrust laws will not be applied in an overly restrictive way to joint ventures, including joint ventures among competitors, to engage in research and development of new technology, and to commercialize that technology. Reducing unwarranted antitrust uncertainties related to such interfirm cooperation would facilitate, where parties so desire, the pooling of limited resource and a rapid diffusion of results while still protecting against anticompetitive practices.

19. The National Cooperative Research Act of 1984 took an important step to mitigate antitrust uncertainty with respect to joint R&D. The Act clarified that R&D joint ventures should be analyzed under the antitrust "rule of reason," which takes full account not only of domestic and international competition to such ventures, but also of their potential procompetitive efficiencies. The Administration has proposed expansion of the NCRA to cover joint production ventures as well. Such ventures could promote the commercialization of new technology and help assure that United States leadership in basic scientific research is translated into leadership in commerce as well. At the same time, NCRA coverage of joint production ventures will permit the antitrust laws to play their proper role in preserving competition and thus the competitiveness of the American economy.

Intellectual Property Rights

20. Essential to the free market development of technology is the right of the private sector to maintain ownership of intellectual property rights of inventions at home and overseas. The Administration is aggressively pursuing improved international protection of intellectual property through the achievement of international agreements that would increase protections abroad in the Uruguay Round of the GATT, at the World Intellectual Property Organization and in trilateral talks with the European Community and Japan. Bilateral negotiations are also conducted under the provision of the 1988 Omnibus Trade and Competitiveness Act. The Administration also supports strengthened domestic patent protection.

Product liability

21. The current product liability system generates excessive litigation and concomitant transactional costs, thereby increasing the cost of doing business in the United States and discouraging innovation for products and related services such as health care. The Administration supports the adoption of a single, Federal, uniform product liability law based on three principles of fairness: the right to fair compensation for actual damages where there is liability, the remedy of liability based on responsibility for harm and not ability to pay, and the encouragement of alternatives to costly litigation. These proposals would maintain the appropriate incentives to produce safe products while restoring balance to the tort system and reducing uncertainty surrounding the introduction of new products.

Prohibitions on Competition

22. Clearly among the potentially most damaging aspects of government laws are prohibitions or restrictions on competition in particular markets. Competition drives the free market to optimal price and output for the benefit of consumers and society generally, and creates incentives for innovations and the means for new product introductions. When government erects barriers to market competition, it reduces the economy's flexibility, competitiveness and innovative capacity. In the energy area, for example, the Administration's National Energy Strategy calls for an end to unnecessary regulatory impediments to the expanded utilization of natural gas and innovative technologies for electricity generation. In telecommunications the Administration is seeking to change the antitrust consent decree that prohibits telephone companies from conducting R&D and manufacturing telecommunications equipment.

Export Controls

23. Export controls restrict the export of specific "dual use" products to certain destinations, for national security and foreign policy reasons. In an increasingly international economy, with rapid technological innovation in other countries, these controls require continuing revisions to ensure that the burden and delays associated with licensing do not adversely affect American firms relative to foreign firms in their ability to compete in international markets, and thereby, discourage R&D investments in the United States.

Non-Tariff Trade Barriers

24. Non-tariff trade barriers prevent open markets for international commerce, and thus, injure competition by reducing opportunities for new products, particularly high volume products such as certain electronic components. The U.S. is working through GATT, other multi-national and bilateral negotiations to

ensure that U.S. firms will be allowed to compete fairly in foreign markets. Private restraints on imports also can constitute significant non-tariff barriers to trade by American firms. Among the Administration's goals in the Structural Impediment Initiative talks with Japan is more effective enforcement of that nation's competition laws against private restraints on imports in Japan, such as group boycotts.

Regulatory Concerns

25. In high technology industries, Federal regulation is a critical determinant of the time and the cost required to bring a product to market. Regulation is also a major factor influencing investment decisions for new technologies. Regulatory uncertainty or the expectation of burdensome regulation increases risk for potential investors, and reduces incentives for investment. Because technological innovation holds the promise of providing new and better ways to meet the very objectives of particular health, safety, or environmental regulations, those regulations that discourage or penalize innovation are self-perpetuating burdens on American industry.

26. In general terms, Federal regulations impose direct costs on the economy of estimated to be $185 billion annually. While appropriate regulation in response to market failures can serve valuable social and economic functions, it may also impose significant costs that particularly affect the ability and incentive of firms to develop new high technology products. Some regulatory regimes are no longer appropriate to new technologies, others were developed without adequate consideration of the burdens placed on international competition, and many regulations explicitly impose greater burdens on new facilities and products, such as the New Source Review provisions of the old Clean Air Act and the rules for "new chemicals" under the Toxic Substances Control Act.

27. Regulation most inhibits innovation when the regulatory agency takes on the task of specifying which technologies or designs industry must employ. Further, once a technology is enshrined in regulation, firms have little incentive to invest in better techniques. This has been the experience with numerous environmental regulations in which the Federal government selects control technologies. An excellent example is the old Clean Air Act's mandate that firms employ "best available control technology" (BACT) to reduce SO_2 emissions. BACT was translated into smokestack scrubber technology. Mandating scrubbers, however, discouraged innovation of other means to remove sulfur, such as removal from the fuel before combustion; and it discouraged use of low-sulfur coal to begin with. The Administration's new Clean Air Act cuts SO_2 by 50% -- but lets industry choose how best to do so.

28. In general, regulatory reform can substantially improve the incentives for innovation by using market-based incentive approaches that set performance goals but let industry devise the best means to attain those goals. An example is the Administration's emissions trading program to reduce acid rain in the 1990 Clean Air Act.

29. The Administration has developed principles that Executive Branch agencies are to use when developing regulations or reviewing current standards. These principles offer a useful set of guidance for minimizing the burden of regulation on innovation.

- Regulations should be issued only on evidence that their potential benefits exceed their potential costs. Regulatory objectives, and the methods for achieving these objectives, should be chosen to maximize the net benefits to society.
- Regulations that seek to reduce health or safety risks should be based upon scientific risk-assessment procedures, and should address risks that are real and significant rather than hypothetical or remote.
- Regulation of prices and products in competitive markets should be avoided. Entry into competitive or potentially competitive markets should be regulated only where it is clearly necessary to protect health or safety.
- Voluntary private standards and disclosure should be relied on where possible instead of inflexible regulation.
- Health, safety and environmental regulations should address ends rather than means. They should employ performance-based incentives that harness the creativity of market actors to design and continually innovate better ways of reducing excess risks. They should not specify technologies or designs that firms must employ.
- Where regulations create private rights or obligations, unrestricted exchange of these rights or obligations should be encouraged.
- Federal regulations should not preempt state laws or regulations, except to guarantee rights of national citizenship or to avoid significant burdens on interstate commerce.

- o Regulations establishing terms or conditions of Federal grants, contracts, or financial assistance should be limited to the minimum necessary to achieving the purposes for which the funds were authorized and appropriated.

- o Licensing and permitting decisions and review of new products should be made swiftly and should be based on standards that are clearly defined in advance.

- o Standards for receiving government licenses and permits should not exceed the necessary minimum. If the number of comparably qualified applicants exceeds the number of available licenses, the licenses should be allocated by auction or other market-based means rather than by administrative procedure.

<u>THE FINANCIAL CLIMATE: INCREASING THE POOL OF CAPITAL FOR INVESTMENT</u>

30. Recent Federal policy has been successful in improving the environment for private investment in R&D. Important actions have been taken to increase incentives to invest, including investment in R&D. The Tax Reform Act of 1986 substantially reduced marginal income tax rates for businesses and individuals. The maximum tax rate on corporate income dropped from 46% to 34%. The top personal income tax rate that had been 70% as recently as 1981 was dropped to 28% in 1986 and increased to 31% in 1990. "Subchapter S" corporations generally can pass through their income to shareholders and have it taxed at lower individual tax rates and avoid the double taxation of corporate income.

31. Discipline must be maintained to curb the Federal budget deficit. The single greatest contribution that the Federal government can make to increase the pool of capital available for investment is to reduce the Federal budget deficit. The budget deficit has a major impact on the level of gross domestic savings available for investment. Efforts to reduce the Federal budget deficit (the Omnibus Budget Reconciliation Act of 1990) and to impose Federal credit programs (Federal Credit Reform Act of 1990) will increase the availability of national savings for private sector uses, including investment in new technology. The Omnibus Budget Reconciliation Act of 1990 will reduce Federal budget deficits, and therefore national dissaving, by almost $500 billion over the next five years, and will virtually eliminate the Federal budget deficit by fiscal year 1995. In addition, better control of the deficit enhances the opportunity for the Federal Reserve to pursue a noninflationary growth monetary policy.

32. Through the use of guarantees and interest rate subsidies, the Federal Government redirects credit in the economy to certain favored activities. In doing so, non-favored activities in the economy are penalized and the efficiency of the resources available to the economy is reduced. The Federal Credit Reform Act of 1990 places the cost of credit programs on the same budgetary basis as direct Federal spending. For 1991 it is estimated that direct Federal loan guarantees will total $119 billion and direct Federal loans will total $16.8 billion; these exclude secondary loan guarantees. Discipline will be needed to constrain the growth of Federal credit programs.

Increased Savings

33. A larger pool of capital also would be assured if proposals advanced by the Administration are enacted. These include the capital gains tax cut, family savings accounts and enhanced IRAs. Failure to act on these proposals will have a negative effect on national savings and the availability of capital for investment.

34. Pressures to increase Federal expenditures continue for a wide variety of purposes and programs. This has led to proposals to raise marginal tax rates for upper income individuals and corporations. Higher marginal tax rates reduce the return from investment. If Federal actions discourage investment, inevitably economic growth will suffer. The Administration will continue to resist pressures to raise marginal income tax rates.

Research and Experimentation Tax Credit

35. The Administration has proposed to make permanent the Research and Experimentation (R&E) tax credit. Current law allows a 20% tax credit for a certain portion of a taxpayer's qualified research expenses. The credit is computed on the increase in qualified expenses compared to a base period. The credit will expire at the end of 1991 unless it is extended or made permanent. A permanent credit would provide more certainty for firms regarding the availability of the credit as they make investment plans for future years. The credit cannot induce additional R&E expenditures unless its future availability is known at the time firms are planning future outlays. Thus, to have its intended incentive effect, the credit should be permanent.

R&E Expense Allocation

36. The Administration has proposed a change in the rules for allocating R&E expenses on foreign source income for the purpose of computing net income from foreign sources. Under the proposal, there would be a lower allocation of U.S. R&D against foreign source income than required by the original 1977 regulations. For companies with unused foreign tax credits, the

lower allocation would permit them to take a larger foreign tax credit, and thus, lower their U.S. tax liability. The provisions will expire at the end of this year unless extended by law.

Banking Reforms

37. The financial system has been undergoing change in recent years as a result of deregulation, increased competition from non-traditional sources and international competition. Yet, America's depression era banking laws inhibit the ability of financial institutions to respond to this changing environment and they encourage excessive risk taking by banks. This has led to unhealthy lending practices in some instances and, in general, the banking system is now restricting loans to many borrowers. While tight lending practices of the banks affect all potential borrowers, we should not overlook the fact that start-up companies and firms that are developing new products or attempting to bring them to market may be particularly hard hit in a tight credit environment. The Administration's proposals would improve the health and flexibility of the banking system. Of course, banking system reform should not hinge on improving credit availability just for R&D; still those who are concerned about the availability of capital for R&D should recognize that there is a connection between restoring the health of the banking system and the availability of capital for research, development and competition.

"INVITATION FOR DR. BROMLEY"

TYPE: INVITATION DOCUMENT NUMBER: 9120597

****

SPEECH: YES NO

FROM: THE PRESIDENT AND MRS. BUSH

DATE OF EVENT: 03/07/91

LOCATION OF EVENT: THE WHITE HOUSE

TIME OF EVENT: 05:00PM

SUBJECT: THE PRESENTATION OF THE PRESIDENTIAL MEDAL OF FREEDOM TO THE RIGHT HONORABLE MARGARET THATCHER.

****

RSVP: 03/05/91

CONTACT PERSON: THE SOCIAL SECRETARY

CONTACT NUMBER: 456-7787

****

INVITATION ACCEPTED? ~~YES~~ NO

****

COPIES TO:

REMARKS:

DATE OF LETTER: DATE RECEIVED: 03/04/91

P-WH Correspondence

FILE: INVITATION*~~PRESIDENTIAL~~

The President and Mrs. Bush

request the pleasure of your company

at a ceremony and reception to be held at

The White House

on Thursday afternoon, March 7, 1991

at five o'clock

On the occasion of

The Presentation of

The Presidential Medal of Freedom

to

The Right Honorable

Margaret Thatcher, O.M., F.R.S., M.P.

Please respond to

The Social Secretary

The White House

at your earliest convenience

(202) 456-7787

"CORRESPONDENCE TRACKING"

TYPE: INFORMATION DOCUMENT NUMBER: 9121921
ORIGINATOR: 02 STATUS C DIRECTORATE STATUS

****

FROM: QUAYLE, Dan: THE VICE PRESIDENT

TO: DR. D.A. BROMLEY

DATE OF
CORRESPONDENCE: 02/21/91

SUBJECT: REQUEST TO CONDUCT AN ASSESSMENT OF NASA'S REDESIGN OF SPACE STATION FREEDOM TO DETERMINE IF WE SHOULD PROCEED WITH THE PROGRAM AS REDESIGNED.

****

DIRECTORATE ASSIGNED:

STAFF ASSIGNED:

ACTION REQUIRED:

STAFF ACTION:

****

SENDER'S DUE DATE:

OSTP DUE DATE:
DATE COMPLETED:

STAFF DUE DATE
DATE COMPLETED/DEPT:

****

COPIES TO:

****

WHITE HOUSE TRACKING #:

CONTACT PERSON:
PHONE: EXT:

REMARKS: dR. bROMLEY HELD A MEETING ON THE SUBJECT WITH OSTP STAFF.

OSTP RECEIVED: 02/21/91
DEPT RECEIVED:

FILE: ~~WHITE HOUSE MEMOS~~ VICE PRESIDENTIAL

THE VICE PRESIDENT
WASHINGTON

February 21, 1991

Dear Allan,

As you know, the Space Council has initiated a review of NASA's redesign of Space Station Freedom to determine if we should proceed with the program as redesigned.

Given the importance of this decision, I have asked that OSTP, OMB, and DOD each conduct an assessment in this particular matter. I'll be depending on you to advise me on the merits of the proposal.

~~Set up meeting with~~
~~Gene, Karl Bill P, and~~
~~Michelle to discuss this~~
~~ASAP~~

(Again)

8AM Saturday?

"Document Control"

TYPE: WHITE HOUSE CORRESPONDENCE DOCUMENT NUMBER: 9124798
ORIGINATOR: 02 STATUS I DIRECTORATE STATUS

****

FROM: TITUS, Peter

TO: PRESIDENT BUSH

DATE OF CORRESPONDENCE: 09/28/91

SUBJECT: RE: HIS CONCERN OVER NUCLEAR/CHEMICAL WASTE AND THE ADMINISTRATION'S POSITION ON THIS MATTER.

****

DIRECTORATE ASSIGNED: PHYSICAL SCIENCES

STAFF ASSIGNED:

ACTION REQUIRED: DIRECT REPLY

STAFF ACTION:

****

SENDER'S DUE DATE:

OSTP DUE DATE: 12/02/91

STAFF DUE DATE

DATE COMPLETED:

DATE COMPLETED/DEPT:

****

COPIES TO:

****

WHITE HOUSE TRACKING #:

CONTACT PERSON:

PHONE: EXT:

REMARKS:

CLOSED

OSTP RECEIVED: 11/18/91 DEPT RECEIVED:

FILE: p- EOP-WHITE HOUSE CORRESPONDENCE

CENTRAL FILES:

4798

DRAFT OF SMG LETTER

RECEIVED

INITIALS: SMG / jw / print

DOCUMENT TITLE: /draft/smg/titus.pat

DRAFT DATE/LETTER DATE: Nov 05 1991/ NOV - 7 1991

91 NOV 18 AM 10:57

CORRESPONDENCE #: 539902

CLEAR WITH:

WHCC:

CC:

OSTP MAIL ROOM

CORRESPONDENCE ADDRESSED TO:
Mr. Peter Titus
1609 Dudley Place
Santa Rosa, California 95401

ENCLOSURES AND SPECIAL INSTRUCTIONS:
CC: OSTP (OEOB 358) IN + OUT FOR ADDITIONAL DIRECT REPLY.

Dear Mr. Titus:

On behalf of President Bush, thank you for your letter expressing your concerns about the accumulation of nuclear and chemical waste and about wetlands policy. The President appreciates hearing your views on these important issues.

On August 9, 1991, the President announced a comprehensive plan for improving the protection of the nation's wetlands. His goal is to make progress toward no net loss of wetlands, and the Administration's plan is based on three significant steps: First, the Administration will strengthen existing wetlands acquisition programs and wetlands restoration and creation efforts. It will also expand monitoring programs on wetlands trends and will enhance research efforts to better understand the function and value of wetlands. Public outreach and education programs will be targeted to increase general understanding of the importance of wetlands and the laws that protect them.

Second, the Administration will seek public comment on proposed revisions to the existing Federal Manual for Identifying and Delineating Wetlands. These revisions will help simplify the Manual and clarify its use to ensure that it is an effective and workable document. In particular, the public's comments on the proposed changes will be weighed carefully before final decisions are made. Third, the Administration will take steps to improve and streamline the current regulatory system.

President Bush believes this plan strikes an appropriate balance between environmental protection and economic growth. It recognizes the need to conserve wetlands systems and to take advantage of opportunities to restore wetlands. It will employ a new market-oriented mitigation banking system in order to involve the private sector in wetlands restoration and creation. Finally, it will encourage States to assume a greater role in wetlands management, thus allowing for greater sensitivity to local and regional resource needs.

Regarding your other concerns, I have taken the liberty of forwarding your letter to the office of the Assistant to the President for Science and Technology Policy. Officials there are in the best position to respond to your concerns, and you may be assured that your views will be noted.

With the President's best wishes,

Sincerely,

Shirley M. Green
Special Assistant to the President
for Presidential Messages
and Correspondence

Mr. Peter Titus
1609 Dudley Place
Santa Rosa, California 95401

36.

Combin. SM6-126 and EPA

539902

OCT 22 1991
JW

Peter Titus
1609 Dudley Place
Santa Rosa, CA 95401

September 28, 1991

President George Bush
1600 Pennsylvania Ave. NW
Washington, DC 20500

Dear President Bush:

SLR

There has been a disturbing trend to define domestic problems away, instead of dealing with them, among certain officials within your administration.

For example, growing public concern about the accumulation of nuclear waste has been met by redefining upward, with inadequate scientific justification, the point beyond which they are of "regulatory concern." Similar sleight-of-hand efforts are being made with regard to chemical toxicity. Please direct your staff to respect impartial scientific evaluation of these hazards so that their errors might be on the side of caution.

A third example may be found in the way that attempts are being made to redefine some 30 million acres of "wetlands" out of existence. This would be to the detriment of important marine nurseries and natural pollution reduction. If those lands are developed for waterfront housing, the public will have to pay heavily in terms of environmental loss.

Please act promptly and decisively to remedy this situation.

Thank you.

Most sincerely yours,

Peter Titus

Peter Titus