

FOIA MARKER

This is not a textual record. This is used as an administrative marker by the Clinton Presidential Library Staff.

Folder Title:

Chron File - May 1993 #3 [3]

Staff Office-Individual:

Defense Policy-Bell, Robert

Original OA/ID Number:

45

Row:	Section:	Shelf:	Position:	Stack:
31	3	2	1	V

Withdrawal/Redaction Sheet

Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001. cable	re: SECDEF Bilateral Meeting with United Kingdom MOD Rifkind. (4 pages)	05/26/1995	P1/b(1)

COLLECTION:

Clinton Presidential Records
National Security Council
Defense Policy and Arms Control (Robert Bell)
OA/Box Number: 45

FOLDER TITLE:

Chron File - May 1993 #3 [3]

2016-0152-F

vz4406

RESTRICTION CODES

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

P1 National Security Classified Information [(a)(1) of the PRA]
P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
P3 Release would violate a Federal statute [(a)(3) of the PRA]
P4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
P5 Release would disclose confidential advice between the President and his advisors, or between such advisors [(a)(5) of the PRA]
P6 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. Personal record misfile defined in accordance with 44 U.S.C. 2201(3).

RR. Document will be reviewed upon request.

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 concerning wells [(b)(9) of the FOIA]

NATIONAL SECURITY COUNCIL

WASHINGTON, D.C. 20506

May 25, 1993

ACTION

MEMORANDUM FOR ANTHONY LAKE

THROUGH: ROBERT G. BELL *RHB*
FROM: RICHARD HOOKER *RDN*
SUBJECT: Request for Assistance from Governor Folsom

We were asked to look into Governor Folsom's request for the President's assistance in facilitating the promotion to Brigadier General of Colonel Gerald Dial, Alabama Army National Guard (Tab A). Senators Shelby and Heflin have written the Secretary of the Army directly to support the nomination. The Federal Recognition Board, which must ratify the Governor's recommendation for promotion, convenes Wednesday, May 26.

Colonel Dial was previously considered for promotion in December 1991. At that time he was nonselected for promotion, with a further recommendation that he not be considered for promotion by future boards. This recommendation was approved by former Secretary Stone. The Federal Recognition Board made its decision after a thorough review of Colonel Dial's file, which includes certain adverse information. Specific information is at Tab II.

Secretary Shannon's office is proceeding in accordance with detailed board policies and procedures which extend full legal protections to all officers considered for promotion. We are satisfied that Colonel Dial's case is being handled fairly and correctly and recommend that the President not intervene in the handling of this case.

Concurrence by: *W. Keith* Keith Hahn

RECOMMENDATION

That you sign the memo to the President at Tab I.

Attachments

Tab I Memo to the President
Tab A Response to Governor Folsom
Tab B Incoming Correspondence
Tab II Information Memo from Secretary Shannon

THE WHITE HOUSE
WASHINGTON

ACTION

MEMORANDUM FOR THE PRESIDENT

FROM: ANTHONY LAKE

SUBJECT: Request from Governor Folsom for Assistance

Purpose

To respond to Governor Folsom's letter of May 18 requesting your help in facilitating the promotion of Alabama Army National Guard Colonel Gerald Dial.

Background

Governor Folsom asked you to have Colonel Gerald Dial's records placed before the Federal Recognition Board which meets on May 26. Colonel Dial was nonselected for promotion in December 1991 based on certain adverse information contained in his file. The board also recommended that he not be considered by further boards. This recommendation was approved by former Secretary Stone. Acting Secretary Shannon has directed the Army Inspector General and General Counsel's offices to review the case and make recommendations before making a final determination. Secretary Shannon is acting in accordance with department procedures designed to ensure the integrity and fairness of the promotion process for all nominees. We recommend that you not intervene in his handling of this case.

RECOMMENDATION

That you sign the response to Governor Folsom at Tab A.

Attachments

Tab A Letter to Governor Folsom
Tab B Incoming Correspondence

cc: Vice President
Chief of Staff

THE WHITE HOUSE

WASHINGTON

Dear Governor Folsom:

My staff has looked into your request for help in placing Colonel Gerald Dial's records before the Federal Recognition Board. The Secretary of the Army's office is conducting a thorough review of this case, in accordance with department procedures designed to insure the fairness and integrity of the promotion process for all nominees. Following this review, the Secretary will make a final determination as to whether reconsideration of Colonel Dial's file by the board is warranted. I am confident that the Secretary's review will lead to a fair and impartial resolution of this issue.

Thank you for your letter. If I can be of further help, please do not hesitate to contact me.

Sincerely,

The Honorable Jim Folsom
Governor of Alabama
The Governor's Office
Montgomery, Alabama 36130

**STATE OF ALABAMA**

GOVERNORS OFFICE

MONTGOMERY 36130

LIN FOLSON
GOVERNOR

May 18, 1993

cc: NSC -
Be
memo

The Honorable Bill Clinton
President of the United States
The Capitol
Washington, D.C. 20515

Dear Mr. President:

State Senator Gerald Dial has been selected for promotion to Brigadier General in the Alabama National Guard. I strongly support this selection.

Gerald has been a personal friend and supporter for many years. He is an outstanding member of the National Guard.

I respectfully ask that you contact the Secretary of Defense, Mr. Aspin, and request that Senator Dial's records be presented to the General Promotion Board that will convene May 25-26. This individual merit promotion is based on his dedication and commitment to the state of Alabama and to the nation.

With warmest personal regards, I remain

Sincerely,

A handwritten signature, likely of Lin Folsom, written in dark ink. Below the signature is a large, dark, rectangular redaction mark.

JF:ebt

INFORMATION MEMORANDUM

On 24 May 1993, Secretary Shannon received a phone call from Mr. Bell, Special Assistant to the President and Senior Director for Defense Policy and Arms Control, concerning the possible consideration of the military file of Colonel Gerald O. Dial, Alabama Army National Guard, by the Army National Guard General Officer Federal Recognition Board convening 26 May 1993. Secretary Shannon also received letters from Senators Heflin and Shelby, Alabama, concerning this matter.

The December 1991 Army National Guard General Officer Federal Recognition Board recommended that Colonel Dial not be promoted to brigadier general and that he not be considered for promotion by future boards. Former Secretary Stone approved the board's recommendations. Under Department of Defense (DOD) policies in effect at the time of his original consideration, adverse information pertaining to Colonel Dial was reviewed by the board without providing him an opportunity for comment. While the adverse information may have contributed to his nonselection for promotion, the board made its recommendation after a thorough review of his entire military record.

Subsequent to that board, DOD policies were revised allowing officers to comment on adverse information. There are concerns if Colonel Dial is allowed to be reconsidered under policies which were not in effect at the time of his original consideration it will be unfair to others who were also considered under the same criteria.

With respect to the possible reconsideration of Colonel Dial by the Federal recognition board convening on May 26, there is inadequate time for the Army and DOD agencies to conduct the proper adverse information checks required by DOD directives and refer this information to him prior to this board. Furthermore, in fairness to Colonel Dial, there would not be adequate time to allow him to properly prepare and submit his response to this board.

However, because there are sufficient questions concerning the merits of Colonel Dial's case, Secretary Shannon will ask the Army Inspector General, the Army Criminal Investigation Command and Army General Counsel, to review the case before he determines whether reconsideration of Colonel Dial's file by another promotion board is warranted.

NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20506

May 15, 1993

File: Chon

3463

one for Sordy also

ACTION

MEMORANDUM FOR ANTHONY LAKE

FROM: ROBERT BELL *RB*

SUBJECT: President's Visit to Los Alamos

Attached at Tab I is a memo to the President with background information regarding defense conversion and nuclear testing activities at Los Alamos in preparation for his visit there May 17.

RECOMMENDATION

That you forward the memorandum at Tab I to the President.

Attachment

Tab I Memorandum for the President

THE WHITE HOUSE

WASHINGTON

INFORMATION

MEMORANDUM FOR THE PRESIDENT

FROM: ANTHONY LAKE

SUBJECT: Los Alamos Visit on May 17, 1993

Los Alamos National Laboratory, one of three Department of Energy (DOE) nuclear weapons labs, has approximately 7,600 employees, with an FY94 budget of \$1.1 billion. Established in 1943 to develop the first atomic bomb, Los Alamos today is using the substantial technical expertise it developed in defense-related fields as a springboard for diversifying into civil research and commercial technologies.

Defense Conversion

Under the auspices of Cooperative Research and Development Agreements (CRADAs), Los Alamos is entering into partnerships with businesses and universities in areas such as super-conductivity, computational science, oil recovery, advanced machining and a variety of environmental areas. Overall, the lab now has approximately 100 partnerships with industry that have already led to the creation of 30 new businesses. For example, at the Large Plasma Implantation Facility, you will view how Los Alamos has created a partnership with General Motors and the University of Wisconsin to make new advancements in developing high-strength, light-weight auto parts. These types of cooperative agreements will be expanded through your Defense Reinvestment and Conversion Program (DRCP).

Within the DCRP, DOE has approximately \$100 million of FY94 funding for personnel assistance (outplacement services, etc), and over \$300 million for government/industry R&D partnerships and investments in energy conservation and renewables. An additional \$94 million for DOE partnerships with industry was included in the original stimulus package. Los Alamos will participate with other national labs in these defense reinvestment activities. Los Alamos will also be creating partnerships with business and academia to apply for selected ARPA Technology Reinvestment Project funding.

Nuclear Testing and a CTB

Although the primary focus of your visit to Los Alamos is defense conversion and technology development, the visit will occur against the backdrop of intense media and congressional interest

cc: Vice President
Chief of Staff

in our decision-making on the nuclear testing issue. Both the New York Times and the Washington Post carried stories today speculating on where decisions in this area seemed to be headed. The media may well assume that your visiting this nuclear laboratory at this time is not coincidental.

Although your program at Los Alamos does not include a formal briefing on nuclear testing issues, I recommend that you take the opportunity of being with the Director, Sig Hecker, to hear his views on this subject. When you are ready to announce decisions on nuclear testing and the negotiation of a Comprehensive Test Ban (CTB), it will be important to note that you had conferred directly with at least one of the lab directors.

Concluding a verifiable and multilateral CTB has been a long-standing goal of the United States. This goal has been stated in the preambles to a number of arms limitation treaties now in force, and its significance will again be underlined in the forthcoming Review Conference of the Treaty on the Non-Proliferation of Nuclear Weapons (NPT) which begins in March 1995.

Reflecting its dissatisfaction with the pace at which the Bush Administration was moving toward a CTB, Congress passed the Hatfield/Exon/Mitchell (H-E-M) Amendment (Section 507) to the FY 1993 Energy and Water Development Appropriations Act in the fall of 1992. Although President Bush signed the Act into law only because it contained funding for the Supercollider, he stated his intention to seek repeal of Section 507 were he reelected. The amendment prohibits all U.S. nuclear tests before July 1, 1993. The legislation also stipulates that on or after July 1, 1993, up to 15 safety, reliability, and British nuclear tests are allowed through September 30, 1996, at which point all U.S. nuclear tests are banned. However, if a foreign state tests after that date the legislative ban on U.S. testing is lifted.

The legislation requires the President to submit a report to Congress that includes, inter alia, a plan for achieving a multilateral CTB on or before September 30, 1996, and a schedule for conducting up to 15 safety, reliability and UK nuclear tests. These tests can commence after July 1, 1993, but only if you have submitted this report and 90 legislative days have elapsed without Congress passing a Joint Resolution of disapproval.

Over the past 10 weeks, the NSC-chaired Inter-Agency Working Group (IAWG) on Arms Control conducted a comprehensive examination of the political, military, technical, diplomatic, and verification questions associated with a CTB negotiation. The Working Group also identified an option for a specific program of U.S. nuclear phase-out tests consistent with the provisions of the amendment. During the last two weeks, we have considered these issues at the Deputies Committee and Principals Committee level. However, we are not yet ready to make recommendations to you on the two main unresolved questions: whether to resume testing between 1993 and 1996, and whether to try to negotiate a CTB that would allow some very low yield "safety and reliability checks" after 1996.

The NSC Senior Director who has chaired the IAWG, Robert Bell, will accompany you to Los Alamos. He will be available to answer any questions you may have concerning substantive or procedural issues related to this review.

UNCLASSIFIED
NSC/RMO PROFILE

RECORD ID: 9303449
RECEIVED: 14 MAY 93 14

TO: PRESIDENT

FROM: LAKE

DOC DATE: 21 MAY 93
SOURCE REF:

KEYWORDS: DEFENSE BUDGET

MEDIA

PERSONS:

SUBJECT: THE ECONOMIST ARTICLE RE DEFENSE SPENDING

ACTION: NOTED BY PRES

DUE DATE: 18 MAY 93 STATUS: C

STAFF OFFICER: BELL

LOGREF:

FILES: PA

NSCP:

CODES:

D O C U M E N T D I S T R I B U T I O N

FOR ACTION

FOR CONCURRENCE

FOR INFO

BELL

NSC CHRON

COMMENTS: _____

DISPATCHED BY _____ DATE _____ BY HAND W/ATTCH

OPENED BY: NSWEA

CLOSED BY: NSJDA

DOC 2 OF 2

UNCLASSIFIED

THE WHITE HOUSE
WASHINGTON

21 May 93

Tony:

Bob Bell coordinated this memo with Rudy deLeon. Together, they worked the language in the last paragraph on p. 2 -- the force levels projected there reflect Aspin/deLeon's best guess as to the outcome of the on-going Bottom-Up Review.

JWR

Reed

Natl Sec Advisor

National Security Council
The White House

Rec'd 5/21 4:26am
5/21 1030

PROOFED BY: *[Signature]*

URGENT NOT PROOFED: _____

BYPASSED WW DESK: _____

LOG # *3449 redo*

SYSTEM *PRS* NSC INT

DOCLOG *90A* A/O _____

	SEQUENCE TO	HAS SEEN	DISPOSITION
<i>Alm</i> DepExecSec	<i>4</i>	<i>WWR</i>	
ExecSec			
Staff Director	<i>5</i>		
D/APNSA	<i>6</i>	<i>has seen</i>	
APNSA			
Situation Room			
West Wing Desk	<i>7</i>	<i>PR 5/21</i>	
NSC Secretariat	<i>8</i>		

Natl Sec Advisor

Natl Sec Advisor

has seen

to PODESTA

WTR

A = Action I = Information D = Dispatch R = Retain N = No Further Action

cc: VP McLarty Other _____

Should be seen by: _____ (Date/Time)

COMMENTS:

DISPATCH INSTRUCTIONS:

THE WHITE HOUSE

WASHINGTON

May 21, 1993⁹³ MAY 21 P5:35INFORMATION

MEMORANDUM FOR THE PRESIDENT

FROM: ANTHONY LAKE

SUBJECT: The Economist Article on Defense Spending

You have requested my views on the May 1 article in The Economist on U.S. defense spending (Tab A). I believe the underlying premise of the piece is on point: that Secretary Aspin's "Bottom-Up Review" is "a serious attempt to find out what the future shape of American defense should be," and that we are basically trying "to keep the system ticking over until the new plan emerges."

I also agree with the admonition in the article that in making reductions to the Bush/Cheney "Base Force", we should "resist the old bureaucratic urge to spread the misery among the Services more or less equally". As the name implies, the intent of the "Bottom-Up Review" is to avoid a mechanical "top down" apportionment approach.

There are, however, a number of specific assertions and recommendations in the article with which I disagree or which are consistent with the direction we are already pursuing. These include:

- That we had no "real defense plans" during the campaign. Our \$60 billion cut position, first laid out in your December 1991 Georgetown speech, was carefully derived in consultation with then-Congressman Aspin, Senator Nunn and many other defense experts. It reflected a decision to reject the "budget-driven" debate during the early campaign and to develop instead a "threat and capability" driven defense posture. The December 1991 position also reflected the sound strategic assumptions of their own alternative defense postures, including Les' well-known "Option C."
- That we should maintain only 9 rather than 18 Trident submarines. The START II Treaty assumes a U.S. force of 18 Tridents. All 18 have already been authorized by Congress. These 18 submarines will carry 50% of our strategic deterrent as measured by total warheads, bombs and cruise missiles. That means we already are putting "a lot of eggs in one basket." Reducing the Trident force below 18 might

cc: Vice President
Chief of Staff

be considered in a future "START III" accord, but 18 is the minimum level that is consistent with the survivability of this leg of the strategic triad under START II assumptions.

- That we should scrap the B-1s and B-52s and build more B-2s. Reopening the congressional debate over the size of the B-2 fleet is not practical. All parties have agreed that 20 is going to be the number. All but 190 B-52s are being retired under START I and II. The remaining B-52s and our 95 B-1s are being reoriented to conventional (non-nuclear) roles, which could prove invaluable in future Desert Storm-type contingencies.
- That we should maintain 30 attack submarines instead of 80, 10 Air Force wings instead of 15, and 9 carriers instead of 12. I agree that reductions will be required in each of these categories, although I think the article's numbers are a bit on the low side. The DOD review is likely to result in the following force levels in these three categories: 45-55 attack submarines, 12 active Air Force wings and 10 carriers.

Attachment

Tab A The Economist Article on Defense Spending

AMERICAN SURVEY

left undone. A Baker in Mr Clinton's White House would never have let the education package out. A Baker would have imposed order on the question of whether or not the administration is flirting with a value-added tax. A Baker might even have smelt that the FBI's plan for Waco was madcap.

Mr Clinton has no such man. Mack McLarty, his chief of staff, seems to have imposed his will neither on the business of generating ideas nor on working out how to implement them. Warren Christopher, the secretary of state, will stick to his last. Al Gore, the vice-president, seems to have a good working relationship with the president. But he cannot be a chief of staff; no president can run the risk of seeming to hand the reins of government over to his Number Two. By a similar token, the president cannot possibly grant more responsibility to his wife. This is not because she is unpopular. But there have been enough jokes about the Clintons for the president to avoid any suggestion that he cannot manage without her.

Without a real, head-knocking manager of his programme, the administration continues to live in something of a fool's paradise. The success that Mr Clinton made of his economic package—the speed with which Congress passed his deficit-reduction measures, the positive reaction in the markets—convinced too many that he would turn all he touched to gold. Yet this is, in many ways, a weak administration: supported by a minority vote last November, bereft of men and women as big as the president himself can be.

This would matter less if the rest of the year looked easy. It looks anything but. There is the snakepit of Bosnia; there is health care; there is an economy whose recovery suddenly looks fragile again. Mere ideas, however good, will not get Mr Clinton through that lot. In his second hundred days, he will have to discover how to turn his ideas into lasting achievements.

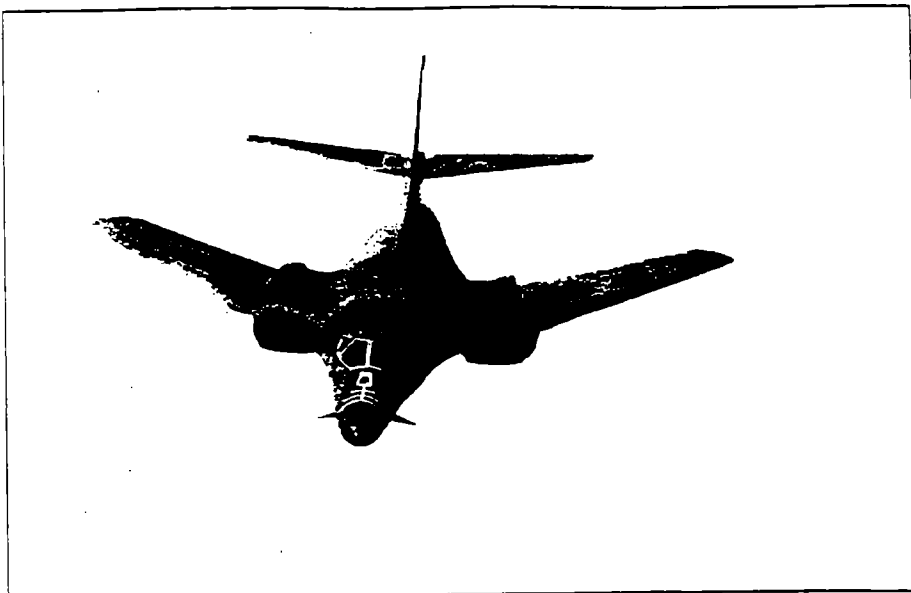
Defence spending

The possible cuts

WASHINGTON, DC

THE Clinton team had no real defence plans when it took office, beyond a vague determination to cut spending. Now the Pentagon has begun a serious attempt to find out what the future shape of American defence should be, and whether the new shape will in fact save money.

The 1994 budget, submitted in March by the defence secretary, Les Aspin, was merely a holding exercise, designed to keep the system ticking over until the new plan emerges. Budget outlays are set at \$274.4 billion, a 5% cut in real terms from 1993—the seventh



Candidate for the scrap heap

consecutive real reduction. Manpower will be cut faster than the Bush administration intended; the total number of people in uniform will be reduced by 108,000 instead of 83,000, and the number in Europe will be cut to 133,700 instead of 150,000. The Strategic Defence Initiative is rejigged for action against short-range rather than long-range missiles, at a saving of some \$2.5 billion compared with the Bush plan. Apart from this, the 1994 budget's main feature is to put off some hard decisions on weapons procurement.

Between 1994 and 1997, Mr Aspin proposes to cut \$88 billion from the Bush plan. But that plan, it turns out, may have a hole in it. In 1989 the Bush administration foresaw a saving of \$50 billion in 1993-97 through various administrative reforms. This saving was built into its plans. The Clinton team fears the actual saving may be much smaller. And environmental tidiness may cost the Pentagon more than had been planned. When it drew up its ideas for 1994-97, the Clinton administration assumed the Bush programme was underfunded by \$10 billion. If this figure proves wildly optimistic, Bill Clinton will either have to propose more cuts or spend more money.

After the collapse of the Soviet Union and the Warsaw Pact, the Bush people did some thinking of their own. They came up with the "base force"—a ready-for-action assembly of 1.6m men, 12 army divisions, three marine divisions, 12 aircraft carriers and 15 wings (groups of squadrons) of tactical aircraft—as the minimum needed to meet the challenges of the post-cold-war world. Mr Clinton is apparently thinking of a smaller force, with total manpower cut to 1.4m and troops in Europe to around 100,000; but little more is known of his intentions.

What should be the aim of the Clinton

review? During the cold war, the size of America's armed forces was set by the threat from the Warsaw Pact. Such forces could obviously deal with any lesser adversary. Now the dangers are smaller, but could come from almost anywhere. This demands a high degree of mobility (sealift, airlift, deployed amphibious forces, pre-positioned ships) plus well-trained reserves who can get into action with as little delay as possible. This sort of thing costs plenty of money.

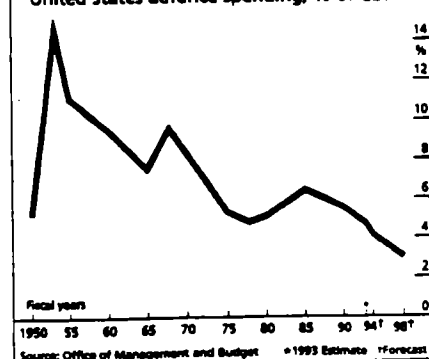
The need for flexibility also implies equipping the men with the best weapons, so R&D must be continued at a high level. The technology that won the Gulf war was developed to defeat the Warsaw Pact. It would be folly to shrink R&D spending in proportion to overall budget cuts.

The biggest savings, therefore, will come from asking which existing weapons are still needed, at least in their present numbers. For instance:

- Does the United States need 18 Trident submarines carrying long-range nuclear missiles? Nine should be enough.
- Does America need a huge fleet of manned bombers? Something like the

From bang to whimper

United States defence spending, % of GDP



planned fleet of 20 B-2 Stealth machines may be enough, particularly if they are equipped with accurate conventional weapons. More of these remarkable aircraft, and many new weapons, could be built with just part of the money that could be saved by scrapping the enormously expensive B-1s and B-52s.

- Why does the navy need 80 nuclear attack submarines? Thirty should be enough now, particularly if the navy can bring itself to build some comparatively cheap diesel submarines as well.

- Does the air force really need the 15 tactical aircraft wings in Mr Bush's base force? The air force's reserves seem much more efficient than the army's or the navy's. A lot more of the air job could be shifted to them; about ten active wings should be plenty.

- Does the navy really need 12 giant aircraft carriers, with the escorts and support ships that must accompany them? These are immensely useful for some operations, and a number must be retained at high readiness. But would not nine do?

The answers to these questions ought to supply a fair chunk of the money Mr Clinton hopes to save. But he and his team should resist the old bureaucratic urge to spread the misery among the services more or less equally. The collapse of the Warsaw Pact has produced a new challenge which could be less costly to meet than the old one, but only if the right choices are made now.

The Texas Senate race

A contact sport

DALLAS

UNTIL the last minute, the election on May 1st to fill the Senate seat vacated by Lloyd Bentsen when he went to the Treasury had generated almost no interest in Texas. Then the *Houston Post* reported that Kay Bailey Hutchison, the favoured Republican candidate, had occasionally slapped and pinched her employees at the state treasurer's office. The chief victim, as it happened, was the daughter of John Connally, a former governor of Texas, who has endorsed one of Ms Hutchison's Republican opponents. Both the accuser and the accused have taken, and passed, a lie-detector test. Ms Hutchison did not boost her case, however, by asserting in a recent televised debate that she is "a fighter" who will stand up for Texas in the Senate.

Her best defence may be her demure appearance. Once a cheerleader at the University of Texas, she looks like an innocent suburban housewife unknowingly mixed up in the rough-and-tumble world of Texas politics. Ideologically she belongs to the centre-right of other party, anti-tax and pro-choice on abortion. Some compare her favourably to

Leaving the field

LOS ANGELES

FEW American labour leaders ever achieved the prominence of Cesar Chavez: fewer still deserved it. On April 29th Chavez was buried in Delano, a small town in California's Central Valley, where he founded the United Farm Workers (UFW) in 1962. Chavez spent his life fighting for the migrant Latino labourers who toil in California's dusty vineyards and lettuce fields. His greatest victory came in 1975 when his friend Jerry Brown, then governor, forced through an agricultural labour law.

With his fasting and commitment to



California's Gandhi

non-violence, the diminutive Chavez often seemed like a Spanish-speaking Gandhi. At his death (during yet another fast), his annual salary was only \$6,708 plus room and board. Visitors to the UFW in the 1970s often found nuns typing away in the outer office. He inspired millions of consumers to join in boycotting Californian grapes. His enthusiasm for "La Causa", as he called it, spread to thousands of liberals who joined him on boycotts and on several dramatic marches to Sacramento.

Organisation was never his strength. The UFW's current membership of 15,000 is only a sixth of its total in the 1970s. Only one in 100 workers in California's fields is a union member, although many farm employers now provide the health benefits which Chavez fought for.

Some have criticised him for not doing more to help urban California, where 80% of Latinos live. They miss the point. Chavez's struggle was about dignity. He grew up in a San Jose *barrio* called *Sal si Puedes* (get out if you can); Mexican-Americans were treated as faceless serfs. Thanks to Chavez, farm-owners now provide outside lavatories for workers; he also prompted legislation to outlaw the hated short hoe. Latinos have walked taller ever since.

Nancy Kassebaum, a respected moderate Republican senator from Kansas. Others say she is "George Bush without the charisma."

If Ms Hutchison survives the allegations against her, she will almost certainly face Bob Krueger in the run-off. A self-styled "independent Democrat" who was appointed in December to fill the empty Senate seat, Mr Krueger is no stereotypical Texan; he is a reserved, scholarly type who earned his doctorate at Oxford (Merton College), taught Shakespeare at Duke University for 12 years, and was ambassador to Mexico under Jimmy Carter. But Mr Krueger's unorthodox manner (by Texas standards) does not bode well: he has been defeated in two previous races for the Senate, and was rumoured to have been chosen to fill the empty seat only after three previous choices had been rejected by special interests.

Since assuming the duties of senator a few months ago, Mr Krueger has drawn attention to himself by campaigning with Larry Hagman, who played J.R. in the soap opera "Dallas" (a popular move), and by composing an impassioned letter in favour of lifting the ban on homosexuals in the armed forces (unpopular, and later with-

drawn). He has also distinguished himself by twice voting against Bill Clinton's economic package. Not supporting Mr Clinton is no liability in Texas: the president received just 37% of the state's votes in 1992, and in February he recorded the lowest-ever approval-rating among Texans for an incumbent president.

Texas does not need the economic stimulus offered by Mr Clinton: the state has a muscular economy with an employment-growth rate that has exceeded the national average for the past three years (see chart on next page). In 1992 Texas produced 91,000 net new jobs, more than twice as many as any other state. The strength of the economy has blunted the one issue that usually pushes voters to go to the polls.

Hence the challenge facing Mr Krueger. In order to succeed, he must rally traditional Democratic supporters such as blacks, Hispanics and union members; and he must do something to attract votes from populist east Texas, which tends to be more sympathetic to a local boy, Ross Perot, who grew up in Texarkana. These voters often determine the outcome of statewide elections, and Texas politicians predict that they will do

124

NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20506

3449
Redo



May 14, 1993

ACTION

MEMORANDUM FOR ANTHONY LAKE

FROM: ROBERT BELL *RB*

SUBJECT: Reply to President's Query on Defense Spending

Purpose

To reply to the President's inquiry about the article on U.S. defense spending in the May 1 Economist.

RECOMMENDATION

That you sign the memorandum to the President at Tab I

Attachment

Tab I Memorandum for the President

Tab A The Economist Article on Defense Spending

NATIONAL SECURITY COUNCIL

WASHINGTON, D.C. 20506

May 24, 1993

ACTION

MEMORANDUM FOR ANTHONY LAKE

THROUGH:

DANIEL PONEMAN *DP*

FROM:

ELISA D. HARRIS *EDH*

SUBJECT:

Letters to Economists Allied for Arms Reduction

The President was unable to meet with the Economists Allied for Arms Reduction (ECAAR) when they were in Washington last week. The proposed response expresses support for ECAAR's essay competition and notes the President's regret at being unable to meet with this distinguished group.

Concurrences by:

md *md*
Bob Beil, Eileen ClaussenRECOMMENDATION

That you sign the Memorandum forwarding the letters at Tab I.

Attachments

Tab I Memorandum for the President

Tab A Proposed Letter to Professor Kenneth Arrow

Tab B Proposed Letter to Professor Lawrence Klein

Tab C Original Letter and Essay Information from ECAAR

THE WHITE HOUSE
WASHINGTON

ACTION

MEMORANDUM FOR THE PRESIDENT

FROM: ANTHONY LAKE

SUBJECT: Letters to Economists Allied for Arms Reduction

Purpose

To express support for the objectives of Economists Allied for Arms Reduction (ECAAR).

Background

Professors Kenneth Arrow and Lawrence Klein, co-chairs of ECAAR, requested that you meet on May 20 with the prizewinners and judges, including Archbishop Desmond Tutu, of their global essay contest, "Arms Reduction and Global Reconstruction: A Blueprint for the Year 2000." ECAAR's board includes such distinguished individuals as James Tobin, John Kenneth Galbraith and Isabel Sawhill. You were unable to meet with them.

In lieu of a meeting, we forward the proposed responses attached at Tabs A and B.

RECOMMENDATION

That you sign the letters at Tabs A and B.

Attachments

Tab A	Proposed Letter to Professor Kenneth Arrow
Tab B	Proposed Letter to Professor Lawrence Klein
Tab C	Original Letter and Essay Information from ECAAR

cc: Vice President
Chief of Staff

THE WHITE HOUSE

WASHINGTON

Dear Professor Arrow:

I would like to commend Economists Allied for Arms Reduction for sponsoring the recent essay competition, "Arms Reduction and Global Reconstruction: A Blueprint for the Year 2000."

The competition has stimulated new ideas for redirecting resources from military expenditures to human needs and for building a self-sustaining and environmentally sound world. These ideas may help policymakers around the world grapple with these difficult issues.

I regret that I was unable to meet with your distinguished group when you were in Washington on May 20, but extend my warm congratulations to the prizewinners and judges of your essay competition. Please accept my best wishes for your continued success.

Sincerely,

Professor Kenneth J. Arrow
Co-Chair
Economists Allied for Arms Reduction
70 West 40th Street, 4th Floor
New York, NY 10018

THE WHITE HOUSE

WASHINGTON

Dear Professor Klein:

I would like to commend Economists Allied for Arms Reduction for sponsoring the recent essay competition, "Arms Reduction and Global Reconstruction: A Blueprint for the Year 2000."

The competition has stimulated new ideas for redirecting resources from military expenditures to human needs and for building a self-sustaining and environmentally sound world. These ideas may help policymakers around the world grapple with these difficult issues.

I regret that I was unable to meet with your distinguished group when you were in Washington on May 20, but extend my warm congratulations to the prizewinners and judges of your essay competition. Please accept my best wishes for your continued success.

Sincerely,

Professor Lawrence Klein
Co-Chair
Economists Allied for Arms Reduction
70 West 40th Street, 4th Floor
New York, NY 10018

ROUTING SLIP

DATE: 5, 17, 93

FROM: Marcia Hale
Director of Scheduling & Advance

TO:

Rahm Emanuel	_____	Howard Paster	_____
Mark Gearan	_____	John Podesta	_____
Alexis Herman	_____	Carol Rasco	_____
Nancy Hernreich	_____	Bob Rubin	_____
Anthony Lake	_____	Eli Segal	_____
Bruce Lindsey	_____	George Stephanopolous	_____
Mack McLarty	_____	Ann Stock	_____
Regina Montoya	_____	Christine Varney	_____
Roy Neel	_____	David Watkins	_____
Bernie Nussbaum	_____	Maggie Williams	_____

Nancy Soderberg ✓

FOR YOUR:

Information _____

Advice _____

Action _____

COMMENTS:

Nancy,
Please call me about
This.
Marcia

ECAAR

ECONOMISTS ALLIED FOR ARMS REDUCTION

BOARD OF DIRECTORS

Kenneth J. Arrow
Co-ChairLawrence R. Klein
Co-ChairVassily Leontief
TrusteeFranco Modigliani
TrusteeRobert M. Solow
TrusteeJan Tinbergen
TrusteeJames Tobin
Trustee

Barbara Bergmann

Jurgen Brauer

Andrew Brimmer

Manas Chatterji

Lloyd J. Dumas

- Robert Eisner

Dietrich Fischer

- John Kenneth Galbraith

- Robert Hellbrener

Michael Intriligator

Walter Isard

Anne O. Krueger

Betty G. Lall

Ann Markusen

John Pepper Marlin

Robert B. ReichJeffrey SachsLawrence H. SummersLester C. ThurowIsabel Sawhill

Robert J. Schwartz

Trustee and Treasurer

Alice Slater

Executive Director

Ut
 - Carl Dornier
 - not sure
 @ Susan
 Breiler

May 3, 1993

Antonyukid jump

ce
 m shu
 will you
 get a
 7/1

President Bill Clinton
 The White House
 1600 Pennsylvania Ave.
 Washington, D.C. 20500

Att: Nancy Hernreich

BY FAX

Dear Nancy,

We're sending the attached letter by mail but we wanted to make sure it gets directly to Bill and his appointment secretary as soon as possible.

Thanks for your help.

Regards,

Ann

Ann R. Markusen

ECAAR

ECONOMISTS ALLIED FOR ARMS REDUCTION

BOARD OF DIRECTORS

Kenneth J. Arrow
Co-Chair

Lawrence R. Klein
Co-Chair

Wassily Leontief
Trustee

Franco Modigliani
Trustee

Robert M. Solow
Trustee

Jan Tinbergen
Trustee

James Tobin
Trustee

Barbara Bergmann

Jurgen Brauer

Andrew Brimmer

Manas Chatterji

Lloyd J. Dumas

Robert Eisner

Dietrich Fischer

John Kenneth Galbraith

Robert Heilbroner

Michael Intriligator

Walter Isard

Anne O. Krueger

Betty G. Lall

Ann Markusen

John Pepper Marlin

Robert B. Reich

Jeffrey Sachs

Lawrence H. Summers

Esther C. Thiesen

Isabel Sawhill

Robert J. Schwartz
Trustee and Treasurer

Alice Slater
Executive Director

President Bill Clinton
The White House
1600 Pennsylvania Ave.
Washington, DC 20500

Dear President Clinton,

Economists Allied for Arms Reduction (ECAAR), respectfully requests an appointment with you on Thursday May 20, 1993, to meet with the prizewinners and judges, including Archbishop Desmond Tutu, of our global essay contest, **Arms Reduction and Global Reconstruction: A Blueprint for the Year 2000**. We are awarding first and second prizes of \$25,000 and \$5,000 with ten \$1000 prizes. The prize winners will be announced on May 20th in Washington and, in addition to Archbishop Desmond Tutu, we are awaiting confirmation from President Oscar Arias and several of ECAAR's seven Nobel laureate trustees, as to whether they will also be joining us.

The purpose of the essay prize competition, which drew over 800 entries from every continent, is to stimulate and make available to world leaders, creative thinking and to promote new ideas to redirect the use of global resources from military expenditures to meet human needs, to build a world that is self-sustaining and environmentally sound, and to develop alternatives to the use of military force for resolving conflicts. There will be other announcement events organized by ECAAR affiliates in Japan and The Netherlands. Enclosed is our ECAAR brochure and the essay contest rules for your information.

Our essay contest press conference to announce the prize winners, is scheduled for 10:00 AM at the National Press Club. We were hoping to be able to meet with you at 11:30, or at any time on May 20th, when the prize winners and judges will be assembled in Washington.

We look forward to hearing from you.

Sincerely,

Kenneth J. Arrow
Kenneth Arrow
Co-Chair

Lawrence R. Klein
Lawrence Klein
Co-Chair

ECAAR

Economists Allied for Arms Reduction

Essay Prize Competition

**Arms Reduction
and Global Reconstruction:**

A Blueprint for the Year 2000

First Prize \$25,000

Second Prize \$5,000

Ten Prizes of \$1,000

Special Acknowledgements to

*Self Transmut, Chairman, Seizon Corporation
and the Absolute Fund*

for their contributions

and to

The Amalgamated Bank of New York

The Bachin Foundation

Robert Elmer

John Kenneth Galbraith

David Kelly

Lawrence Klein

Leon and Trudy Orris

Robert Schwartz

Shelburne

Tobin

ECAAR

Economists Allied for Arms Reduction

Board of Directors

*Kenneth J. Arrow, Co-Chair
Lawrence R. Klein, Co-Chair
Wassily Leontief, Trustee
Franco Modigliani, Trustee
Robert M. Solow, Trustee
Jan Tinbergen, Trustee
James Tobin, Trustee*

*Barbara Bergmann
Jürgen Binner
Andrew Brimmer
Mans Chatterji
Lloyd J. Dumas
Robert Elmer
Dietrich Fischer
John Kenneth Galbraith
Robert Hallbroner
Michael Intriligator
Walter Isard
Anne O. Krueger
Ann Markusen
John Tepper Martin
Robert B. Reich
Jeffrey Sachs
Isabel Sawhill
Lawrence R. Summers
Lester C. Thurow*

*Betty G. Lall, Secretary
Robert J. Schwartz, Trustee and Treasurer
Alice Slater, Executive Director*

International Affiliates

*ECAAR-Australia, David Throsby, Chair
ECAAR-France, Jacques Fontanel, Chair
ECAAR-Japan, Akira Hattori, Chair
ECAAR-Dutch/Flemish, Annemarie I. Chair*

RULES FOR THE Economists Allied for Arms Reduction ESSAY PRIZE COMPETITION

TOPIC

*Arms Reduction and Global Reconstruction:
A Blueprint for the Year 2000*

Economists Allied for Arms Reduction (ECAAR) is pleased to announce an Essay Prize Competition. The purpose of the competition is to stimulate, and make available to world leaders, creative thinking and to promote new ideas to redirect the use of global resources from military expenditures to meet human needs, build a world that is self-sustaining and environmentally sound, and to develop alternatives to the use of military force for resolving conflicts.

AWARDS

1st Prize \$25,000

2nd Prize \$5,000

10 Prizes of \$1,000 each

SELECTION PROCESS AND JUDGES

Each Essay submitted will be assigned a number and all identification of the author will be removed from the essay to preserve fairness and anonymity in the selection process.

The screening committee, consisting of members of the Board of Directors and certain members of ECAAR, will consider all entries submitted and will select the twelve finalists, the top six of which will be passed on to the Board of Judges. The Board of Judges will select the 1st and 2nd prize winners. The decision of the screening committee and the Board of Judges will be final. Should the Board of Judges, in its sole discretion, determine that the essays submitted to them do not meet the purpose and intent of the ECAAR Essay Prize Competition, ECAAR shall not be obligated to give away any or all of the awards. The Board of Judges shall be up of the following individuals:

Kenneth J. Arrow, Nobel Laureate,
 ECAAR Co-Chair
 Lawrence R. Klein, Nobel Laureate,
 ECAAR Co-Chair
 Wamali Lantieri, Nobel Laureate, ECAAR Trustee
 Medghani, Nobel Laureate, ECAAR Trustee
 Robert M. Solow, Nobel Laureate, ECAAR Trustee
 Jan Tinbergen, Nobel Laureate, ECAAR Trustee
 János Tóbiás, Nobel Laureate, ECAAR Trustee
 Ali Akbar, Foreign Minister, Indonesia
 President Oscar Arias, Nobel Peace Laureate
 John Kenneth Galbraith, Professor Emeritus,
 Harvard University, ECAAR Board
 Akira Hattori, Director, ECAAR-Japan
 Kilmora, Former Ambassador to the U.S.,
 Czechoslovakia
 Robert McNamara, Former President, World Bank
 Robert Schwartz, Trustee and Founder, ECAAR
 Archbishop Desmond Tutu, Nobel Peace Laureate

CONDITIONS OF PARTICIPATION

These Conditions of Participation are the entrant's entire agreement with ECAAR relative to the ECAAR Essay Prize Competition described below. The following Conditions of Participation are the complete and only terms and conditions on which the ECAAR Essay Prize Competition shall be conducted. By submitting an essay, the entrant agrees to be bound by and comply with the following:

1. The entrant agrees to participate in the ECAAR Essay Prize Competition for the year 2000.

2. Entries must be submitted on or before May 15, 1993.

3. Anyone over the age of 18 is eligible to enter the ECAAR Essay Prize Competition.

4. Upon receipt of entries, ECAAR will send a notification of receipt to the entrant via regular mail.

5. Essays submitted must be unpublished.

6. Each Essay may be no longer than 2,500 words.

7. Essays must be typewritten on double-spaced paper.

8. A participant in the ECAAR Essay Prize Competition may only submit one essay in any language, provided, however, that a non-English essay must be accompanied by an English translation.

9. The winners of the contest shall be publicly announced on or about May 15, 1993. All awards shall be paid in U.S. dollars.

10. All entries must be accompanied by the entry form below.

11. Two copies of the entry (with two copies of translations for non-English entries) submitted for consideration must be sent to:

Professor Lawrence Klein
 and President Oscar Arias
 World Essay Contest
 Economists Allied for Arms Reduction
 70 West 40th Street, 4th Floor
 New York, NY 10018

12. ECAAR will not return any essay. ECAAR is not responsible for misdirected, lost, late or illegible entries.

13. The entrant specifically acknowledges that there will be no royalty paid with respect to any essay.

14. The entrant grants and assigns to ECAAR during the full term of copyright and all renewals and extensions thereof, under the present or future laws of any country, the sole and exclusive right to edit, reproduce, distribute, license, publish and sell the essay in whole or in part, or cause the essay in whole or in part to be edited, reproduced, distributed, licensed, published, translated and sold in whole or in part, or cause the essay in whole or in part to be edited, reproduced, distributed, licensed, published and sold in any media or format, and through any form of distribution whether now known or hereafter created, in all languages throughout the world.

15. ECAAR is hereby authorized to secure copyright throughout the universe to the winning essays in the name of the entrant, and entrant agrees to cooperate, at ECAAR's expense and reasonable request, with ECAAR's efforts to secure and enforce such copyright.

16. Entrant grants ECAAR the irrevocable right to use or authorize the use of entrant's submission in the sale, promotion and advertising of any publication.

18. Entrant grants ECAAR the right to transfer, sublicense, assign or otherwise dispose of ECAAR's rights to the entrant's submission, as agreed herein, in whole or in part, to any person, firm or entity.

19. Entrant warrants that the entry has not been copied in whole or in part, is an original work and has not heretofore been published in whole or in part.

20. Entrant warrants that he or she is the sole author of the entry. Entrant warrants that he or she is the sole owner of the entire entry and the copyrights to any part thereof and has not previously granted any party any rights to any part of the entry or the copyrights therein.

21. The entrant agrees to indemnify and hold ECAAR, its Board of Directors, employees, agents, and assigns, harmless from and against any claims or costs (including reasonable attorney's fees) relating to or arising from a breach by the entrant of the Conditions of Participation.

22. ECAAR is not responsible for any expenses incurred in the creation and/or mailing of the essays. Winners are responsible for all applicable national, state and local taxes and the awards will be subject to any and all withholdings required by applicable law.

23. These Conditions of Participation, as well as the entrant's and ECAAR's respective rights and obligations hereunder, shall be governed by and construed and enforced in accordance with the laws of the State of New York. By participating in the ECAAR Essay Prize Competition, the entrant shall be deemed to have consented to the exclusive jurisdiction of the state courts of, and the federal courts sitting in the State of New York.

24. In no event will ECAAR have any liability for the decisions made by the Board of Judges.

THESE RULES AND THE ENTRY
 FORM MAY BE PHOTOCOPIED.

TOPICS FOR RESEARCH

The following is a partial list of questions that be addressed. Much valuable work has been done, but these issues must now focal points of economic inquiry and be integrated into the main body of economic knowledge.

- What are the costs of armaments, direct and indirect, in terms of resources, labor, intellectual effort and missed opportunities? What part of environmental deterioration may be attributed to the military sector?
- What influences decisions about military spending? What are its economic and political consequences? What changes in the United States and elsewhere would facilitate the transfer of resources from military to non-military use? What are the problems and potential in converting military industries to the production of civilian goods?
- What are the implications of regional arms races and the international arms trade for problems in developed countries? What is the effect of military spending on third world debt and associated economic crises?
- Can international economic competition and global economic development best be promoted? What is the relation of international inequality to conflict?
- How can trade, financial flows and the transfer of technology be developed in such a way as to improve international competition and understanding?
- How can we apply economic analysis—game theory, other tools of science—to the peaceful resolution of international conflicts? Under what conditions are economic sanctions effective and appropriate to enforce international law?
- What is the optimal level (individual, local, national or global) at which to vary types of decisions, taking into account social or detrimental externalities?

OUR PURPOSE

We seek to promote better understanding and friendlier relations between nations, races and classes of people; to foster a desire for universal, perpetual peace; to support the movement for world disarmament and to promote the creation of a system in which international disputes are resolved without war, through negotiation, mediation, arbitration, judicial proceedings, the United Nations or other multinational institutions for the settlement of conflicts.

We wish to use our expertise to contribute to the public dialogue in demonstrating the destructive effect of military economies on human welfare and the environment, and in improving our understanding of human motives and decision-making in war and peace. To that end, we encourage and facilitate the writing and publication of books and articles and the dissemination of research results in order to help inform the general public, students, and political leaders of new findings.

In the past, many economists have tended to regard war as an external disruption of the normal course of events. Yet war and bloated military budgets have reduced human welfare far more than inflation, business cycles, or many other issues that have been analyzed by economists. We wish to encourage economists to apply the tools of economic analysis to questions of war and peace.

Economists Allied for Arms Reduction (ECAAR)
70 West 40th Street, 4th Floor
New York, NY 10018
Tel. (212)768-2080
Fax (212)768-2167

ECAAR

ECONOMISTS ALLIED FOR ARMS REDUCTION

"Warfare affects human welfare to such an extent that economists must raise their voices against it."

Jan Tinbergen

BOARD OF DIRECTORS

Kenneth J. Arrow, Co-Chair
Lawrence R. Klein, Co-Chair
Wassily Leontief, Trustee
Franco Modigliani, Trustee
Robert M. Solow, Trustee
Jan Tinbergen, Trustee
James Tobin, Trustee

Barbara Bergmann
Jorgen Brauer
Andrew Brimmer
Manas Chatterji
Lloyd J. Dumas
Robert Eisner
Dietrich Fischer
John Kenneth Galbraith
Robert Heilbroner
Michael Intriligator
Walter Isard
Anne O. Krueger
Ann Markusen
John Tepper Martin
Robert B. Reich
Jeffrey Sachs
Isabel Sawhill
Lawrence H. Summers
Lester C. Thurow

Betty G. Lall, Secretary
Robert J. Schwartz, Trustee and Treasurer
Alice Slater, Executive Director

HISTORY

ECAAR was inaugurated at the December 1988 meeting of the American Economic Association in New York. Since then, more than 1000 economists throughout the world have joined ECAAR, combining their concern for the world's future with their unique economic-based perspective, to search for concrete solutions to today's critical issues.

Through the generous support particularly of the John D. and Catherine T. MacArthur Foundation, also of the Ford Foundation, Save the Earth Fund, The Aberlin Fund, The Rockefeller Family and Associates and member contributions, ECAAR has been able to initiate a wide range of activities in the United States and in other countries.

ECAAR now has formal affiliates in Australia, Japan, and the Netherlands. We also have individual members in twenty countries, with additional affiliates being organized.

CONFERENCES AND MEETINGS

In 1990, ECAAR co-sponsored a conference on *Economic Aspects of Disarmament* at Notre Dame University with the Institute for International Peace Studies; in 1992 we co-sponsored a conference with the Netherlands Institute and the Tinbergen Institute *The Economics of International Security*.

Each year, at the American Economic Association Meetings, ECAAR co-sponsors panels with the Peace Science Society (International) and the AEA on various aspects of peace economics such as conversion, development and disarmament, arms trades, and resource allocation.

ECAAR has hosted public seminars on issues of peace and economics at the East Hampton Public Forum and in Atlanta, New York and Washington, DC. Guest speakers have included John Kenneth Galbraith, Lawrence Klein, Lawrence Summers, Lester Thurow and James Tobin.

ECAAR organized a panel on "Economic Aspects of Peace and Disarmament" at the 1992 meeting of the American Economic Association and will organize a panel at the Canadian Economic Association meeting in 1993.

UNITED NATIONS PARTICIPATION

ECAAR, as a U.N. non-governmental organization, serves on the NGO Disarmament Committee's Program Committee and on the Steering Committee of the U.N.-International Association of University Presidents Commission A. Control Education. We attended the 1992 U.N. Conference on Environment and Development in Rio de Janeiro.

PUBLICATIONS

The *ECAAR NewsNetwork*, a quarterly newsletter, addresses key issues of disarmament and peace, announces upcoming conferences, calls for papers, and other items of interest.

Arms Reductions and the Peace Process, Walter Lard and Charles Anderton, Eds. North Holland, 1992.

Economic Issues of Disarmament, Jürgen Brauer and Mouna Chatterji, Eds. New York University Press, 1992.

ECAAR members frequently contribute guest editorials on economic aspects of peace and disarmament to various publications.

SPECIAL PROJECTS

A Global Register of Peace Economists, directed by Jürgen Brauer, to create a register of economists and related professionals whose work focuses on the impact of military spending on national economies.

An international essay contest, *Arms Reduction and Global Reconstruction: A Blueprint for the Year 2000* to stimulate thinking on meeting humanity's needs in the post-cold war era. Foreign Minister Ali Alatas, President Oscar Arias, John Kenneth Galbraith, Ambassador Rita Klimova, Robert McNamara and Archbishop Desmond Tutu will join ECAAR's seven Nobel Laureate trustees as judges.

Community Education Campaign: Local Employment Alternatives for the U.S. Nuclear Weapons Complex, a project to train economists in 15 states to work with civic leaders and activists to inform and educate affected communities that toxic waste cleanup programs can produce more jobs than continued weapons production and that such programs will also provide a transition period to enable communities to plan for long-term conversion.

Survey of Economics Departments directed by John Kenneth Galbraith to encourage the teaching in colleges and universities of military effects on economics.

MEMBERSHIP

We invite you to join us. Equally important to your financial contribution is your active participation in promoting our goals in your work and through discussions and meetings with colleagues, students, the general public, political leaders and the media. We welcome and support initiatives to form ECAAR chapters at colleges and universities or in communities. Organizing efforts begun in New York, New Washington, DC, Georgia, and 1

MEMBERSHIP APPLICATION

I would like to join Economists Allied for Arms Reduction as a member in the following category:

- ☐ Benefactor, contribution of \$1000 or more
- ☐ Patron, contribution of at least \$500
- ☐ Sustainer, contribution of at least \$100
- ☐ General member, contribution of \$35
- ☐ Student member, contribution of \$10 with copy of current student ID card
- ☐ I would like to form a chapter. Please contact me.

NAME (PLEASE PRINT)

ADDRESS

PHONE (WORK)

PHONE (HOME)

AFFILIATION (FOR IDENTIFICATION ONLY)

Please send your tax-deductible contribution, payable to ECAAR, with your application to

ECAAR
70 West 40th Street, 4th Floor
New York, NY 10018

FROM : ECAAR

MAY 3, 1993 12:30 PM

P 6/6

UNCLASSIFIED
NSC/RMO PROFILE

RECORD ID: 9302108
RECEIVED: 02 APR 93 08

TO: PETERSON, R

FROM: ITOH

DOC DATE: 26 MAY 93
SOURCE REF:

KEYWORDS: ARMS CONTROL

LEGISLATIVE REFERRAL

PERSONS:

SUBJECT: ACDA DRAFT BILL AUTHORIZATIONS FOR FY94 & FY95

ACTION: ITOH SGD MEMO

DUE DATE: 06 APR 93 STATUS: C

STAFF OFFICER: ANDREASEN

LOGREF:

FILES: WH

NSCP:

CODES:

D O C U M E N T D I S T R I B U T I O N

FOR ACTION

FOR CONCURRENCE

FOR INFO

BELL
EXECSEC
WITKOWSKY

COMMENTS: _____

DISPATCHED BY _____ DATE _____ BY HAND W/ATTCH

OPENED BY: NSJDA

CLOSED BY: NSASK

DOC 3 OF 3

UNCLASSIFIED

NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20506

2108

May 26, 1993

MEMORANDUM FOR RONALD K. PETERSON

FROM: WILLIAM H. ITO *WHT*

SUBJECT: ACDA Draft Authorization Bill for FY94 and FY95

The NSC approves the OMB request for clearance to transmit the attached draft legislation authorizing FY94 and FY95 appropriations for the Arms Control and Disarmament Agency and its accompanying letter of transmittal, but only with changes to the letter as follows:

-- The third sentence, first para, beginning "The enclosed legislative proposal...", should be deleted.

-- Add to the end of the text: "However, as you may be aware, the Executive Branch is now engaged in a review of ACDA's future and how best to restructure the Agency's work. We are forwarding this draft bill without prejudice to the outcome of that review."

Attachment
As stated

NATIONAL SECURITY COUNCIL

WASHINGTON, D.C. 20506

May 25, 1993

ACTION

MEMORANDUM FOR WILLIAM H. ITOH

THROUGH: ROBERT G. BELL *RGB*FROM: ANNE WITKOWSKY *AW*

SUBJECT: ACDA Draft Bill Authorizations for FY94 and FY95

At Tab A is a legislative referral memorandum containing the ACDA draft bill authorizations for FY94 and FY95. In early April, we had asked that OMB place a temporary hold on its circulation pending the outcome of our review of ACDA's future. Our review of ACDA is not yet complete, but SFRC mark-up of authorization legislation is scheduled for June 8 and Committee staff is pressing us to release the draft bill soonest. We can agree to do so, but only with changes to the letter of transmittal which indicate that the Executive Branch continues to preserve its options for ACDA's future. The changes that we require are outlined in the attached memo for your signature. Clearance and approval for release have already been provided to OMB by phone.

Concurrences: *in draft* Rose Gottemoeller, *in draft* Dan Poneman and *by phone* Jeremy Rosner

Recommendation

That you sign the memorandum at Tab I.

Attachments

Tab I Memorandum to OMB

Tab A Legislative Referral Memorandum

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
Washington, D.C. 20503

April 1, 1993

LEGISLATIVE REFERRAL MEMORANDUM

LRM #D-107
DRAFT #87

TO: Legislative Liaison Officer -

STATE - Matt Winslow - (202)647-4463 - 225
NSC - William H. Itoh - (202)395-3723 - 249

FROM: RONALD K. PETERSON (for) *Ronald K. Peterson*
Assistant Director for Legislative Reference

OMB CONTACT: Annette ROONEY (395-7300)
Secretary's line (for simple responses): 395-6194

SUBJECT: ACDA Draft Bill Authorizations for FYs 94 &
95

DEADLINE: April 8, 1993

OMB requests the views of your agency on the above subject before advising on its relationship to the program of the President, in accordance with OMB Circular A-19.

Please advise us if this item will affect direct spending or receipts for purposes of the the "Pay-As-You-Go" provisions of Title XIII of the Omnibus Budget Reconciliation Act of 1990.

CC:
J. Ashford
E. Rea

2108

SPECIAL

Fay 4pg

RESPONSE TO LEGISLATIVE REFERRAL MEMORANDUM

You may also respond by (1) calling the analyst/attorney's direct line (you will be connected to voice mail if the analyst does not answer); (2) sending us a memo or letter; or (3) if you are an OASIS user in the Executive Office of the President, sending an E-mail message. Please include the LRM number shown above, and the subject shown below.

FROM: _____ (Date)
 _____ (Name)
 _____ (Agency)
 _____ (Telephone)

The following is the response of our agency to your request for views on the above-captioned subject:

_____ Concur

_____ No objection

_____ No comment

_____ See proposed edits on pages _____

_____ Other: _____

_____ FAX RETURN of _____ pages, attached to this
response sheet

DRAFT

(Draft letter to Speaker/President)

Dear Mr. Speaker (Mr. President):

Enclosed is a draft bill to authorize appropriations of funds for the U.S. Arms Control and Disarmament Agency (ACDA) for fiscal years 1994 and 1995. As described in the budget proposal provided to you previously under separate cover, ACDA needs the authority to spend appropriated funds totalling \$62,500,000 for fiscal year 1994, and such sums as may be necessary for fiscal year 1995. ~~The enclosed legislative proposal is made after giving careful consideration to the responsibilities of the Agency in carrying out its mission.~~ The requested authority would provide for arms control negotiations and implementation at an increased level of activity over that expected during fiscal year 1993.

In particular, the majority of ACDA's 1994/1995 incremental request is to prepare and provide for the implementation of the Chemical Weapon Convention (CWC), which was signed on January 13, 1993. Related costs include the U.S. contribution to the CWC Preparatory Commission (established in The Hague as of February 8, 1993) and support costs for the U.S. delegation to the Preparatory Commission.

The Office of Management and Budget has advised that there is no objection to the presentation of this proposal to the Congress and that its enactment would be in accord with the program of the President.

Sincerely,

Thomas Graham, Jr.
Acting

DRAFT

However, as you may be aware, the Executive Branch is now engaged in a review of ACDA's future and how best to restructure the Agency's work. We are forwarding this draft bill without prejudice to the outcome of that review.

03/31/93 13:40

0003

DRAFT

(draft legislation extending the authorization for appropriations, ACDA)

A BILL

To amend the Arms Control and Disarmament Act in order to extend the authorization for appropriations.

Be it enacted by the Senate and the House of Representatives of the United States of America in Congress assembled,

That Section 49(a)(1) (22 U.S.C. 2589 (a)(1)) is amended to read as follows:

[Sec. 49. (a) To carry out the purpose of this Act, there are authorized to be appropriated] "(1) \$62,500,000 for fiscal year 1994, and such additional amounts as may be necessary for fiscal year 1995; and"

DRAFT

NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20506

May 25, 1993

ACTION

MEMORANDUM FOR WILLIAM H. ITOH

THROUGH: ROBERT G. BELL *RG*

FROM: ANNE WITKOWSKY *AW*

SUBJECT: ACDA Draft Bill Authorizations for FY94 and FY95

At Tab A is a legislative referral memorandum containing the ACDA draft bill authorizations for FY94 and FY95. In early April, we had asked that OMB place a temporary hold on its circulation pending the outcome of our review of ACDA's future. Our review of ACDA is not yet complete, but SFRC mark-up of authorization legislation is scheduled for June 8 and Committee staff is pressing us to release the draft bill soonest. We can agree to do so, but only with changes to the letter of transmittal which indicate that the Executive Branch continues to preserve its options for ACDA's future. The changes that we require are outlined in the attached memo for your signature. Clearance and approval for release have already been provided to OMB by phone.

Concurrences: *in draft* Rose Gottemoeller, *in draft* Dan Poneman and *by phone* Jeremy Rosner

Recommendation

That you sign the memorandum at Tab I.

Attachments

Tab I Memorandum to OMB

Tab A Legislative Referral Memorandum

NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20506

2108

MEMORANDUM FOR RONALD K. PETERSON

FROM: WILLIAM H. ITOH

SUBJECT: ACDA Draft Authorization Bill for FY94 and FY95

The NSC approves the OMB request for clearance to transmit the attached draft legislation authorizing FY94 and FY95 appropriations for the Arms Control and Disarmament Agency and its accompanying letter of transmittal, but only with changes to the letter as follows:

-- The third sentence, first para, beginning "The enclosed legislative proposal...", should be deleted.

-- Add to the end of the text: "However, as you may be aware, the Executive Branch is now engaged in a review of ACDA's future and how best to restructure the Agency's work. We are forwarding this draft bill without prejudice to the outcome of that review."

Attachment
As stated

LRM #D-107

RESPONSE TO LEGISLATIVE REFERRAL MEMORANDUM

If your response to this request for views is simple (e.g., concur/no comment) we prefer that you respond by faxing us this response sheet. If the response is simple and you prefer to call, please call the branch-wide line shown below (NOT the analyst's line) to leave a message with a secretary.

You may also respond by (1) calling the analyst/attorney's direct line (you will be connected to voice mail if the analyst does not answer); (2) sending us a memo or letter; or (3) if you are an OASIS user in the Executive Office of the President, sending an E-mail message. Please include the LRM number shown above, and the subject shown below.

TO: Annette ROONEY
Office of Management and Budget
Fax Number: (202) 395-5691
Analyst/Attorney's Direct Number: (202) 395-7300
Branch-Wide Line (to reach secretary): (202) 395-6194

FROM: _____ (Date)
 _____ (Name)
 _____ (Agency)
 _____ (Telephone)

SUBJECT: ACDA Draft Bill Authorizations for FYs 94 & 95

The following is the response of our agency to your request for views on the above-captioned subject:

_____ Concur

_____ No objection

_____ No comment

_____ See proposed edits on pages _____

_____ Other: _____

_____ FAX RETURN of _____ pages, attached to this
response sheet

100-3958 1595 SEE 202 00:51 88. 1 838

2108

**EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
Washington, D.C. 20503**

SPECIAL

April 1, 1993

LEGISLATIVE REFERRAL MEMORANDUM

**LRM #D-107
DRAFT #87**

TO: Legislative Liaison Officer -

**STATE - Matt Winslow - (202)647-4463 - 225
NSC - William H. Itoh - (202)395-3723 - 249**

**FROM: RONALD K. PETERSON (for) *Ronald K. Peterson*
Assistant Director for Legislative Reference**

**OMB CONTACT: Annette ROONEY (395-7300)
Secretary's line (for simple responses): 395-6194**

**SUBJECT: ACDA Draft Bill Authorizations for FYs 94 &
95**

DEADLINE: April 8, 1993

**OMB requests the views of your agency on the above subject before
advising on its relationship to the program of the President, in
accordance with OMB Circular A-19.**

**Please advise us if this item will affect direct spending or
receipts for purposes of the the "Pay-As-You-Go" provisions of
Title XIII of the Omnibus Budget Reconciliation Act of 1990.**

**CC:
J. Ashford
E. Rea**

Page 4 pg

4007
DRAFT

(Draft letter to Speaker/President)

Dear Mr. Speaker (Mr. President):

Enclosed is a draft bill to authorize appropriations of funds for the U.S. Arms Control and Disarmament Agency (ACDA) for fiscal years 1994 and 1995. As described in the budget proposal provided to you previously under separate cover, ACDA needs the authority to spend appropriated funds totalling \$62,500,000 for fiscal year 1994, and such sums as may be necessary for fiscal year 1995. ~~The enclosed legislative proposal is made after giving careful consideration to the responsibilities of the Agency in carrying out its mission.~~ The requested authority would provide for arms control negotiations and implementation at an increased level of activity over that expected during fiscal year 1993.

In particular, the majority of ACDA's 1994/1995 incremental request is to prepare and provide for the implementation of the Chemical Weapon Convention (CWC), which was signed on January 13, 1993. Related costs include the U.S. contribution to the CWC Preparatory Commission (established in The Hague as of February 8, 1993) and support costs for the U.S. delegation to the Preparatory Commission.

The Office of Management and Budget has advised that there is no objection to the presentation of this proposal to the Congress and that its enactment would be in accord with the program of the President.

Sincerely,

Thomas Graham, Jr.
Acting

DRAFT

(However, as you may be aware, the Executive Branch is now engaged in a review of ACDA's future and how best to restructure the Agency's work. We are forwarding this draft bill without prejudice to the outcome of that review.)

DRAFT

(draft legislation extending the authorization for appropriations, ACDA)

A BILL

To amend the Arms Control and Disarmament Act in order to extend the authorization for appropriations.

Be it enacted by the Senate and the House of Representatives of the United States of America in Congress assembled,

That Section 49(a)(1) (22 U.S.C. 2589 (a)(1)) is amended to read as follows:

[Sec. 49. (a) To carry out the purpose of this Act, there are authorized to be appropriated] "(1) \$62,500,000 for fiscal year 1994, and such additional amounts as may be necessary for fiscal year 1995; and"

DRAFT

NATIONAL SECURITY COUNCIL

WASHINGTON, D.C. 20506

May 25, 1993

ACTION

MEMORANDUM FOR WILLIAM H. ITOH

THROUGH: ROBERT G. BELL *RGB*FROM: ANNE WITKOWSKY *AW*

SUBJECT: ACDA Draft Bill Authorizations for FY94 and FY95

At Tab A is a legislative referral memorandum containing the ACDA draft bill authorizations for FY94 and FY95. In early April, we had asked that OMB place a temporary hold on its circulation pending the outcome of our review of ACDA's future. Our review of ACDA is not yet complete, but SFRC mark-up of authorization legislation is scheduled for June 8 and Committee staff is pressing us to release the draft bill soonest. We can agree to do so, but only with changes to the letter of transmittal which indicate that the Executive Branch continues to preserve its options for ACDA's future. The changes that we require are outlined in the attached memo for your signature. Clearance and approval for release have already been provided to OMB by phone.

Concurrences: *in draft* Rose Gottemoeller, *in draft* Dan Poneman and *by phone* Jeremy Rosner

Recommendation

That you sign the memorandum at Tab I.

Attachments

Tab I Memorandum to OMB

Tab A Legislative Referral Memorandum

NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20506

2108

MEMORANDUM FOR RONALD K. PETERSON

FROM: WILLIAM H. ITOH

SUBJECT: ACDA Draft Authorization Bill for FY94 and FY95

The NSC approves the OMB request for clearance to transmit the attached draft legislation authorizing FY94 and FY95 appropriations for the Arms Control and Disarmament Agency and its accompanying letter of transmittal, but only with changes to the letter as follows:

-- The third sentence, first para, beginning "The enclosed legislative proposal...", should be deleted.

-- Add to the end of the text: "However, as you may be aware, the Executive Branch is now engaged in a review of ACDA's future and how best to restructure the Agency's work. We are forwarding this draft bill without prejudice to the outcome of that review."

Attachment
As stated

100 3983 1695 566 203 00:51 88. 1 838

2108

**EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
Washington, D.C. 20503**

SPECIAL

April 1, 1993

LEGISLATIVE REFERRAL MEMORANDUM

**LRM #D-107
DRAFT #87**

TO: Legislative Liaison Officer -

**STATE - Matt Winslow - (202)647-4463 - 225
NSC - William H. Itoh - (202)395-3723 - 249**

**FROM: RONALD K. PETERSON (for) *Ronald K. Peterson*
Assistant Director for Legislative Reference**

**OMB CONTACT: Annette ROONEY (395-7300)
Secretary's line (for simple responses): 395-6194**

**SUBJECT: ACDA Draft Bill Authorizations for FYs 94 &
95**

DEADLINE: April 8, 1993

**OMB requests the views of your agency on the above subject before
advising on its relationship to the program of the President, in
accordance with OMB Circular A-19.**

**Please advise us if this item will affect direct spending or
receipts for purposes of the the "Pay-As-You-Go" provisions of
Title XIII of the Omnibus Budget Reconciliation Act of 1990.**

**CC:
J. Ashford
E. Rea**

Fay 4pg

4002
DRAFT

(Draft letter to Speaker/President)

Dear Mr. Speaker (Mr. President):

Enclosed is a draft bill to authorize appropriations of funds for the U.S. Arms Control and Disarmament Agency (ACDA) for fiscal years 1994 and 1995. As described in the budget proposal provided to you previously under separate cover, ACDA needs the authority to spend appropriated funds totalling \$62,500,000 for fiscal year 1994, and such sums as may be necessary for fiscal year 1995. ~~The enclosed legislative proposal is made after giving careful consideration to the responsibilities of the Agency in carrying out its mission.~~ The requested authority would provide for arms control negotiations and implementation at an increased level of activity over that expected during fiscal year 1993.

In particular, the majority of ACDA's 1994/1995 incremental request is to prepare and provide for the implementation of the Chemical Weapon Convention (CWC), which was signed on January 13, 1993. Related costs include the U.S. contribution to the CWC Preparatory Commission (established in The Hague as of February 8, 1993) and support costs for the U.S. delegation to the Preparatory Commission.

The Office of Management and Budget has advised that there is no objection to the presentation of this proposal to the Congress and that its enactment would be in accord with the program of the President.

Sincerely,

Thomas Graham, Jr.
Acting

DRAFT

However, as you may be aware, the Executive Branch is now engaged in a review of ACDA's future and how best to restructure the Agency's work. We are forwarding this draft bill without prejudice to the outcome of that review.

DRAFT

(draft legislation extending the authorization for appropriations, ACDA)

A BILL

To amend the Arms Control and Disarmament Act in order to extend the authorization for appropriations.

Be it enacted by the Senate and the House of Representatives of the United States of America in Congress assembled,

That Section 49(a)(1) (22 U.S.C. 2589 (a)(1)) is amended to read as follows:

[Sec. 49. (a) To carry out the purpose of this Act, there are authorized to be appropriated] "(1) \$62,500,000 for fiscal year 1994, and such additional amounts as may be necessary for fiscal year 1995; and"

DRAFT

UNCLASSIFIED
NSC/RMO PROFILE

RECORD ID: 9303212
RECEIVED: 07 MAY 93 10

TO: DELLUMS, RONALD V

FROM: LAKE

DOC DATE: 26 MAY 93
SOURCE REF:

KEYWORDS: NUCLEAR TESTING
ARMS CONTROL

CTB
NCO

PERSONS: SCHRAG, PHILIP G

SUBJECT: RESPONSE TO REP DELLUMS RE PHIL SCHRAG AS CTB NEGOTIATOR

ACTION: LAKE SGD LTR

DUE DATE: 11 MAY 93 STATUS: C

STAFF OFFICER: ANDREASEN

LOGREF:

FILES: PA

NSCP:

CODES:

DOCUMENT DISTRIBUTION

FOR ACTION

FOR CONCURRENCE

FOR INFO
ANDREASEN
BELL
NSC CHRON

COMMENTS: _____

DISPATCHED BY _____ DATE _____ BY HAND W/ATTCH

OPENED BY: NSWEA

CLOSED BY: NSASK

DOC 3 OF 3

UNCLASSIFIED

THE WHITE HOUSE

WASHINGTON

May 26, 1993

Dear Mr. Chairman:

Thank you for your letter recommending Phil Schrag as the CTB negotiator. Mr. Schrag has met with senior members of my staff to discuss the position. He is being seriously considered for the job.

Given your own deep involvement in this issue, your recommendation will be important as we consider candidates for what will be one of the most important and challenging positions in the Clinton administration.

I look forward to working closely with you during the negotiation.

Sincerely,



Anthony Lake
Assistant to the President
for National Security Affairs

The Honorable Ronald V. Dellums
Chairman
Armed Services Committee
House of Representatives
Washington, DC 20515

NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20506

May 24, 1993

ACTION

MEMORANDUM FOR ANTHONY LAKE

THROUGH: ROBERT BELL *RBB*
FROM: STEVEN ANDREASEN *SAA*
SUBJECT: Letter from Congressman Dellums Recommending Phil Schrag as CTB Negotiator

Congressman Dellums wrote to recommend Phil Schrag as CTB negotiator.

The response from you to Congressman Dellums notes that Mr. Schrag has met with senior members of your staff, and that he is being seriously considered for the position.

Concurrence: Jeremy Rosner *(J)*

RECOMMENDATION

That you sign the letter at Tab I.

Attachments

Tab I Letter to Congressman Dellums
Tab II Letter from Congressman Dellums

RONALD V. DELLUMS
8TH DISTRICT, CALIFORNIA

CHAIRPERSON,
COMMITTEE ON THE
DISTRICT OF COLUMBIA

ARMED SERVICES COMMITTEE

CHAIRPERSON,
SUBCOMMITTEE ON
RESEARCH AND DEVELOPMENT
PERMANENT SELECT COMMITTEE
ON INTELLIGENCE



Congress of the United States

House of Representatives

April 30, 1993

The Honorable Anthony Lake
Assistant to the President for National Security Affairs
National Security Council
Old Executive Office Building
Washington, D. C. 20506

Dear Mr. Lake *Anthony*

It is with pleasure that I bring to your attention and enthusiastically recommend Professor Philip G. Schrag of the Georgetown University Law Center for the position of U. S. Representative to the Comprehensive Test Ban Negotiations. For your perusal, his resume is enclosed.

Professor Schrag has worked on the CTB issue for more than two decades and is a recognized authority on the subject. He authored two books and several articles on test ban negotiations, and was the co-rapporteur for the Belmont Conference on Nuclear Test Ban Policy. His report recommended a gradual phase-out of nuclear weapons tests, the approach adopted by the Congress in last year's legislation.

During the Carter Administration, Philip Schrag was Deputy General Counsel at ACDA, as well as the lawyer for the U. S. Delegation to the CTB negotiations. He has the experience necessary to represent our nation admirably.

Philip Schrag was an early supporter of, and worker for, President Clinton. Of major importance is the fact that Professor Schrag continues to be a loyal and ardent supporter of the President and the Administration and can be counted on to not only provide invaluable input to the President, but also to support the President's policies and decisions. I wholeheartedly join my colleagues in both the House and the Senate in support of Professor Schrag.

Having known and utilized Professor Schrag's expertise over the years, I can state unequivocally that he would be of immeasurable value to the Administration. I am pleased to ask your consideration of him as U. S. Representative to the CTB Negotiations.

Sincerely,

Ronald V. Dellums
Member of Congress
Enc.

ANY REPLY TO THIS LETTER
SHOULD BE ADDRESSED TO
OFFICE CHECKED:

CARLOTTIA SCOTT
ADMINISTRATIVE ASSISTANT

ROBERT BRAUER
SPECIAL COUNSEL

☐ 2136 RAYBURN BUILDING
WASHINGTON, DC 20515
(202) 225-2661

DONALD R. HOPKINS
DISTRICT ADMINISTRATOR

H. LEE HALTERMAN
DISTRICT COUNSEL

☐ 201 13TH STREET, SUITE 105
OAKLAND, CA 94612
(510) 763-0370

☐ 1720 OREGON STREET
BERKELEY, CA 94703
(510) 548-7767

☐ 3732 MT. DIABLO BLVD., SUITE 160
LAFAYETTE, CA 94549
(510) 283-8125

TO: ITOH

FROM: SHERFIELD, M

DOC DATE: 26 MAY 93
SOURCE REF:

KEYWORDS: DEFENSE POLICY

PERSONS: ASPIN, L

PERRY, W

SUBJECT: DUAL ABSENCE OF THE DEPSEC & SECDEF 28 - 29 MAY

ACTION: FOR RECORD PURPOSES

DUE DATE:

STATUS: C

STAFF OFFICER: NONE

LOGREF:

FILES: WH

NSCP:

CODES:

D O C U M E N T D I S T R I B U T I O N

FOR ACTION

FOR CONCURRENCE

FOR INFO

BELL
ERY
HAHN
ITOH
JONES
KENNEY

COMMENTS:

DISPATCHED BY _____ DATE _____ BY HAND W/ATTCH

OPENED BY: NSJWF

CLOSED BY: NSJWF

DOC 1 OF 1



OFFICE OF THE SECRETARY OF DEFENSE

WASHINGTON, DC 20301-1000

3867

5

23 MAY 1993

MEMORANDUM FOR EXECUTIVE SECRETARY, NATIONAL SECURITY COUNCIL

SUBJECT: Dual Absence of the Secretary and Deputy Secretary of Defense

The Secretary of Defense is traveling out of the country and will return to Washington, D.C. on Monday, 31 May 1993. The Deputy Secretary of Defense will depart for West Point at 1600, Friday, 28 May, and return to Washington at 1400, Saturday, 29 May.

Accordingly, during the following period of time, the official indicated will be the Acting Secretary of Defense:

<u>Date/Times</u>	<u>Acting Secretary of Defense</u>
1600, Friday, 28 May 1993 through 1400, Saturday, 29 May 1993	Under Secretary of Defense (Acquisition) Mr. John Deutch


Michael B. Sherfield
Executive Secretary

cc: SecDef
DepSecDef
SecArmy
SecNavy
SecAF
USD(A)
DoD GC
Dir, WHMO
CJCS
NMCC
OSD Cables

Withdrawal/Redaction Marker

Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001. cable	re: SECDEF Bilateral Meeting with United Kingdom MOD Rifkind. (4 pages)	05/26/1995	P1/b(1)

COLLECTION:

Clinton Presidential Records
National Security Council
Defense Policy and Arms Control (Robert Bell)
OA/Box Number: 45

FOLDER TITLE:

Chron File - May 1993 #3 [3]

2016-0152-F

vz4406

RESTRICTION CODES

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

- P1 National Security Classified Information [(a)(1) of the PRA]
- P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
- P3 Release would violate a Federal statute [(a)(3) of the PRA]
- P4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
- P5 Release would disclose confidential advice between the President and his advisors, or between such advisors [(a)(5) of the PRA]
- P6 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. Personal record misfile defined in accordance with 44 U.S.C. 2201(3).

RR. Document will be reviewed upon request.

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 concerning wells [(b)(9) of the FOIA]

WHITE HOUSE STAFFING MEMORANDUM

DATE: 5/26/93 ACTION/CONCURRENCE/COMMENT DUE BY: 5/26/93

ENROLLED BILL H.R. 1378 -- MAKING TECHNICAL CORRECTIONS IN
DEFENSE-RELATED LAWS

SUBJECT: _____

	ACTION	FYI		ACTION	FYI
VICE PRESIDENT	☐	☒	MONTOYA	☐	☐
McLARTY	☐	☐	NUSSBAUM	☐	☒
GEARAN	☐	☐	PASTER	☐	☐
NEEL	☐	☐	RASCO	☐	☐
PANETTA	☐	☐	RUBIN	☐	☐
EMANUEL	☐	☐	SEGAL	☐	☐
GIBBONS	☐	☐	STEPHANOPOULOS	☐	☐
HALE	☐	☐	TYSON	☐	☐
HERMAN	☐	☐	VARNEY	☐	☐
LAKE	☒	☐	WATKINS	☐	☐
LINDSEY	☐	☐	WILLIAMS	☐	☐
McGINTY	☐	☐	CLERK	☐	☒

REMARKS: I assume you're ok on this
bill, but can you give it a quick look
JDP

RESPONSE:

The National Security staff concurs with Enrolled Bill H.R. 1378.

William H. Itoh
Executive Secretary

JOHN D. PODESTA
Assistant to the President
and Staff Secretary
Ext. 2702



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

THE DIRECTOR

May 25, 1993

73 MAY 26 10:04

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Enrolled Bill H.R. 1378 - Making Technical Corrections
in Defense-Related Laws
Sponsors - Reps. Sisisky (D) VA and Hansen (R) UT

Last Day for Action

June 1, 1993 - Tuesday

Purpose

(1) Makes a technical correction in a Department of Defense (DOD) law affecting the employment rights of certain DOD employees, (2) makes miscellaneous technical and clerical amendments to defense-related laws, and (3) gives the Secretary of Defense greater flexibility in managing property at military installations during fiscal year 1993.

Agency Recommendations

Office of Management and Budget	Approval
Department of Defense	Approval
Office of Personnel Management	No objection (Informally)
Department of Education	No objection (Informally)
Department of the Treasury	No objection (Informally)
Department of Commerce	No comment (Informally)

Discussion

H.R. 1378 would make a number of technical and clerical corrections and clarifying changes in laws affecting DOD. These changes are intended to correct technical errors and to ensure that the provisions conform to congressional intent.

Summary of the Enrolled Bill

Title I would make a technical correction to address an unintended consequence of current law. During a reduction-in-force (RIF), current law (P.L. 101-510) entitles certain DOD acquisition (i.e., contracting) employees to maintain eligibility for other positions of the same grade and level of responsibility. Title I of H.R. 1378 would allow these employees to maintain eligibility for positions of the same, similar, or lower grade and level of responsibility during a RIF.

Title II would make numerous technical and clerical corrections to defense-related laws. For example, Title II would correct erroneous section references and cross references to other provisions of law and provide stylistic consistency among different sections of defense laws.

Title III would allow DOD to use operation and maintenance funds for certain major repair projects and minor construction projects. Under current law, only funds appropriated to DOD's Real Property Maintenance account can be used by DOD to carry out major repair and minor construction projects. This change would give the Secretary greater flexibility in managing the property at military installations during fiscal year 1993.

Conclusion and Recommendations

We join DOD in recommending approval of H.R. 1378, which passed both the House and Senate by voice vote.



Leon E. Panetta
Director

Enclosures



DEPARTMENT OF DEFENSE
OFFICE OF GENERAL COUNSEL
WASHINGTON, D.C. 20301-1600

21 MAY 1993

The Honorable Leon E. Panetta
Director, Office of Management and Budget
Washington, D.C. 20510

Dear Mr. Panetta:

This letter presents the views of the Department of Defense on enrolled enactment H.R. 1378, 103d Congress, an act "To amend title 10, United States Code, to revise the applicability of qualification requirements for certain acquisition workforce positions in the Department of Defense, to make necessary technical corrections in that title and certain other defense-related laws, and to facilitate real property repairs at military installations and minor military construction during fiscal year 1993."

The Department of Defense recommends that the President approve the enrolled bill.

In title I, the bill makes a necessary technical correction to an unintended consequence of the Defense Acquisition Workforce Improvement Act (Title XII of Public Law 101-510).

Current law could cause some civilian employees serving in contracting positions to lose employment rights that they otherwise would have during a reduction-in-force. Specifically, current law entitles certain employees to maintain eligibility for other positions in the same grade and at the same level of responsibility. H.R. 1378 preserves the rights of these employees that civil servants have always had by allowing them to retain eligibility for position of the same, similar or lower grade and level of responsibility during a reduction-in-force.

In title II, the bill makes numerous technical and clerical amendments to the following laws: title 10, United States Code; the National Defense Authorization Act for Fiscal Year 1993 (Public Law 102-484); the National Defense Authorization Act for Fiscal Years 1992 and 1993 (Public Law 102-190); title 37, United States Code; the Department of Defense Authorization Act, 1984 (Public Law 98-94); the National Defense Authorization Act for Fiscal Years 1990 and 1991 (Public Law 101-189); and the Strategic and Critical Materials Stock Piling Act (50 U.S.C. 98 et seq.).

In addition to making stylistic changes and corrections to grammar, spelling and punctuation, these amendments eliminate confusion and ambiguity by correcting inconsistent and duplicative amendments, duplicate section numbers, and obsolete cross-references and by clarifying awkwardly worded provisions.

In title III, the bill makes a meaningful correction to title II of the Department of Defense Appropriations Act, 1993 (Public Law 102-396) to authorize the Secretary of Defense and the Secretary of a military department to use certain operation and maintenance funds appropriated to the Secretary concerned to carry out a major repair project that costs \$15,000 or more, or a minor construction project that costs between \$15,000 and \$300,000.

Prior to the enactment of the Department of Defense Appropriations Act, 1993, the Secretary of Defense and the Secretaries of the military departments were able to use operation and maintenance funds to fund important, but previously unfunded projects falling in these two categories, without having to reprogram the money. This use was effected typically at the end of the fourth quarter of the fiscal year. Title III of H.R. 1358 corrects the presumably inadvertent omission from the Department of Defense Appropriations Act, 1993, of the authorization to do so and restores to the Secretaries important flexibility in the use of operation and maintenance funds.

Sincerely,

A handwritten signature in cursive script, appearing to read "James A. Glick". The signature is written in dark ink and is positioned below the word "Sincerely,".

NATIONAL SECURITY COUNCIL EXECUTIVE SECRETARIAT STAFFING DOCUMENT

SYSTEM LOG NUMBER: 3870

ACTION OFFICER: HAHN

DUE: 26 MAY 1993

COB

☐ Prepare Memo For Lake/Berger

☐ Appropriate Action

☐ Prepare Memo For Podesta

☐ Prepare Memo For Itoh

☒ Prepare Memo ITOH TO PODESTA

to _____

CONCURRENCES/COMMENTS*

PHONE* to action officer at ext. 6923

Concur

FYI

Concur

FYI

Concur

FYI

☐ ☐ Andreasen

☐ ☐ Harris

☐ ☐ Riedel

☐ ☐ Andricos

☐ ☐ Holl

☒ ☐ Rosner

☐ ☐ Aoki

☐ ☐ Hooker

☐ ☐ Saeed

☐ ☐ Barth

☐ ☐ Hull

☐ ☐ Sanner

☐ ☐ Beers

☐ ☐ Indyk

☐ ☐ Schwartz

☐ ☒ Bell

☐ ☐ Jett

☐ ☐ Sheehan

☐ ☐ Burns

☐ ☒ Jones

☐ ☐ Spalter

☐ ☐ Canas

☐ ☐ Kelly

☐ ☐ Tenet

☐ ☐ Clarke

☐ ☐ Kristoff

☐ ☐ Tilley

☐ ☐ Clarke, P.

☐ ☐ Kupchan

☐ ☐ Van Eron

☐ ☐ Claussen

☐ ☐ Kyle

☐ ☐ Waguespack

☐ ☐ Farrell

☐ ☐ Lowenkron

☐ ☐ Walker

☐ ☐ Fauver

☐ ☐ Menan

☐ ☐ Walsh

☐ ☐ Feinberg

☐ ☐ Merchant

☐ ☐ Wayne

☐ ☐ Forsythe

☐ ☐ Morley

☐ ☐ Wiedemann

☐ ☐ Fry

☐ ☐ O'Leary

☐ ☐ Wilson

☐ ☐ Gatl

☐ ☐ Owens-Kirkpatrick

☐ ☐ Witkowski

☐ ☐ Gottemoeller

☐ ☐ Poneman

☒ ☐ KRECKO

☐ ☒ Gross

☐ ☐ Primosch

☐ ☒ WOLIN

☐ ☐ Hahn

☐ ☐ Rice

☐ ☐ _____

INFORMATION

☒ Itoh

☒ Kenney

☒ Soderberg

☒ Exec Sec Desk

☐ Lake

☐ Berger

☒ Records Mgmt.

COMMENTS

Logged By

Return to Records Mgmt.
379 OEOB

~~CONFIDENTIAL~~

NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20506

20408

May 26, 1993

ACTION

MEMORANDUM FOR ANTHONY LAKE

FROM: ROBERT G. BELL *RGB*

SUBJECT: The Future of ACDA

Per your request, we have prepared a decision memorandum for the President on the future of ACDA. Agencies have seen the paper in draft. State would prefer a decision memo that recommends ACDA be abolished. This memorandum makes no recommendation as between the two options, though agency positions are noted. The memorandum incorporates some, but not all, of the comments submitted by agencies and is fully consistent with the Presidential Review produced in response to PRD/NSC-25.

We are still waiting to hear from Secretary Aspin regarding OSD's position. We did not want to hold the memo, so we have forwarded it to you with OSD's view in brackets (on page 5). As soon as we get an OSD response we will prepare a final version to go to the President.

Concurrences by: *in draft* Rose Gottemoeller, *in draft* Dan Poneman and *in draft* Jeremy Roemer

RECOMMENDATION

That you sign the attached memorandum to the President.

Attachment

Tab I Memorandum for the President

DECLASSIFIED
E.O. 13526

White House Guidelines, September 11, 2006

By *VL* NARA, Date *10/3/2016*

2.16-0152-F

~~CONFIDENTIAL~~

Declassify on: OADR

~~CONFIDENTIAL~~

~~CONFIDENTIAL~~

~~CONFIDENTIAL~~

20408

THE WHITE HOUSE
WASHINGTON

ACTION

MEMORANDUM FOR THE PRESIDENT

FROM: ANTHONY LAKE
SUBJECT: The Future of ACDA

I. Issue for Decision

Should the Arms Control and Disarmament Agency (ACDA) be disestablished, with its core functions folded into the State Department and redundant personnel/functions eliminated, or should it remain independent and be revitalized and/or restructured?

II. Background

In accordance with PRD/NSC-25, the Interagency Working Group on Arms Control completed its review of the future of the Arms Control and Disarmament Agency (ACDA) on April 22, 1993. The Review considered a wide range of proposals contained in U.S. government studies and papers, as well as other suggestions which have been put forward by Members of Congress and other interested parties. Taking all these ideas into account, the Review recommended a focus on two basic options: whether (1) to abolish ACDA as a separate agency and fold its primary functions into State; or (2) to retain ACDA in its current role but implement various changes and enhancements within the agency to increase its effectiveness. The Review reached no conclusions.

Two far-reaching options for enhancing ACDA were reviewed but were not supported by any agency. One proposed enhancing ACDA's authority and influence as reflected in draft ACDA revitalization legislation prepared by the Senate Foreign Relations Committee. Inter alia, this option would make the Director of ACDA a member of the National Security Council and assign ACDA veto powers with regard to export and technology transfer determinations. The other option proposed expanding ACDA's purview to include responsibility for all U.S. arms control implementation. Specifically, this option would transfer responsibility for the On-Site Inspection Agency from the Defense Department to ACDA. These options are not recommended for further consideration.

cc: Vice President
Chief of Staff

~~CONFIDENTIAL~~

Declassify on: OADR

~~CONFIDENTIAL~~

DECLASSIFIED

E.O. 13526

White House Guidelines, September 11, 2006

By VZ NARA, Date 10/3/2016

206-0152-F

III. Options for ConsiderationA. Option 1: Fold ACDA into State

Under this option, State would assume most or all of ACDA's responsibilities for negotiations, related compliance and verification activities, some research, and reports to Congress. Certain functions could also be considered for transfer to other agencies. State would establish an Assistant Secretary for Nonproliferation and Export Controls who would be given an independent voice in the interagency process to provide a "pure" arms control perspective when nonproliferation issues were being discussed. Redundancies between State and ACDA would be eliminated. At the high end, the State Department assumes that as many as 120-150 Full Time Equivalent personnel (FTE) could be reduced, which State believes could result in savings of as much as \$20 million a year. Taking a more conservative approach, OMB believes that there could be personnel reductions of about 100 FTE, with savings of roughly \$11 million a year. (It should be noted that reorganization costs may diminish potential savings in the short term.) ACDA disputes the extent of redundancies and questions whether a merger would produce any savings. Implementing this option would require Congressional approval of legislation abolishing ACDA, since ACDA is an agency of government established in law.

1. Arguments Pro

- While the central vision that originally motivated ACDA's founding as a separate arms control advocacy organization three decades ago once had merit, the hard reality is that Presidents and Secretaries of State no longer look (and perhaps never looked) to ACDA as the principal source of counsel on arms control matters. As State, Defense, JCS, CIA and Energy have created and established far-ranging arms control offices within their respective organizations, arms control has become a fully interagency undertaking, requiring NSC-led reconciliation and arbitration. Rather than having the lead role, ACDA is now simply one of many voices at the policy-making table.
- Abolishing ACDA need not be seen as signaling a downgrading of the importance the Administration attaches to arms control and nonproliferation but rather can be presented as a step toward integrating these goals into the Administration's overall foreign and security policies.
- This option would streamline the arms control bureaucracy and by OMB's more conservative estimate, could produce savings roughly on the order of \$11 million a year, or by State's estimate, as much as \$20 million a year.

2. Arguments Con

- Whatever opportunity might have existed at the outset of this Administration to act quickly and decisively to fold ACDA into State, that opportunity has rapidly diminished as attitudes have grown increasingly polarized and entrenched over the past three months. Selling Congress now on this option would require a substantial investment of time, energy and political capital on your part. Already two different bills to enhance ACDA are being scheduled for early mark-up in the House Foreign Affairs and Senate Foreign Relations Committees. If we submit legislation to abolish ACDA, it will create a divisive and protracted battle among the Administration's friends in Congress. Choosing this option therefore requires a willingness to overcome significant congressional opposition at a time when the Administration is already preoccupied with its budget package, health care, Bosnia and Russian aid, among other priorities.
- Abolishing ACDA risks sending a signal at home and abroad that the Administration is downgrading the importance it attaches to arms control and nonproliferation. Overcoming such perceptions would require a concentrated effort by Administration officials that might detract from other activities, and even then might fail.
- ACDA has served as the principal source of "pure" arms control advice in the interagency process. Folding ACDA into State carries the risk that other interests vested in that department will "dilute" this perspective before it reaches the interagency venue. Even if State's Assistant Secretary for Non-Proliferation and Export Controls were to be given a separate seat at the interagency working group table on selected issues, it seems unlikely that this Assistant Secretary would readily dissent from the position represented at that forum by his or her immediate supervisor. In addition, unlike the current arrangement wherein the ACDA Director by statute has direct access to the President, this Assistant Secretary would not enjoy such access.

B. Option 2: Retain ACDA in its Current Role but Enhance Its Effectiveness

Under this option ACDA's formal powers and responsibilities would not be appreciably altered, but the agency would implement various internal changes and enhancements intended to increase its effectiveness and influence. Selection of a Director who conveys sufficient stature and existing access to you and to the Secretary of State to ensure that ACDA is indeed a principal

source of counsel on arms control matters would be an important first step. Enhancements could include reorganizing ACDA's bureaus to reflect new priorities in the area of arms control and nonproliferation, and giving ACDA more responsibility for implementing arms control and nonproliferation agreements.

1. Arguments Pro

- Reaffirms the conviction of President Kennedy and ACDA's other founders that U.S. interests are best served by having a separate agency devoted solely to arms control and nonproliferation.
- Reflects practical reality that the influence of a particular agency is less a function of organization charts and charters than the inclination of the President, based on personal relationships and professional interchanges, to look to the head of that agency for advice. In short, this option reflects the premise that ACDA has made an important contribution in the past and that its declining effectiveness in recent years could be remedied by the selection of good professionals and by conforming ACDA's responsibilities and organizational structure to the post-Cold War arms control and nonproliferation agenda. It recognizes that a restructured ACDA could provide us with an important source of expertise and analysis for our new priorities.
- Avoids a divisive battle among the Administration's friends in Congress over the future of ACDA. This option preserves your time, energy and political capital, ensuring that your efforts can be directed to Administration priorities such as the budget package, health care, Bosnia, and Russian aid.

2. Arguments Con

- The unique role played by ACDA has become less important due to changes in the world and the maturing of arms control efforts in other agencies.
- The changes proposed in this option standing alone will have little or no appreciable effect on enhancing the stature and influence of this agency unless its leadership is itself more influential within the interagency community. To be sure, there are many talented individuals who have yet to be tapped by the Administration for positions of responsibility in these fields. However, there is no guarantee that a Director with the requisite combination of skill and leadership, and who would enjoy your full confidence, can be recruited.

~~CONFIDENTIAL~~

~~CONFIDENTIAL~~

5

C. Agency Positions

State supports Option 1. ACDA and DOE support Option 2. JCS, CIA, [and OSD] do not take a position as between the two options. If Option 2 is selected, all agencies would reserve the right to object to specific ACDA enhancement measures.

IV. Recommendation

That you choose Option 1 or Option 2 and direct State (if you choose Option 1) or ACDA (if you choose Option 2) to prepare a decision implementation package for review in the Interagency Working Groups on Arms Control and Nonproliferation.

Option 1 (Abolish ACDA):

Approve_____ Disapprove_____

Option 2 (Revitalize ACDA):

Approve_____ Disapprove_____

~~CONFIDENTIAL~~

~~CONFIDENTIAL~~

TO: JUKES, J

FROM: ITOH

DOC DATE: 26 MAY 93
SOURCE REF:

KEYWORDS: EMERGENCY PREPAREDNESS

LEGISLATIVE REFERRAL

PERSONS:

SUBJECT: FEMA PROPOSED TESTIMONY ON FLOOD INSURANCE & NEW FEDERAL INSURANCE
PROGRAMS

ACTION: ITOH SGD MEMO

DUE DATE: 27 MAY 93 STATUS: C

STAFF OFFICER: JONES

LOGREF:

FILES: WH

NSCP:

CODES:

D O C U M E N T D I S T R I B U T I O N

FOR ACTION

FOR CONCURRENCE

FOR INFO

BELL
EXECSEC
JONES

COMMENTS: _____

DISPATCHED BY _____ DATE _____ BY HAND W/ATTCH

OPENED BY: NSASK

CLOSED BY: NSJDA

DOC 3 OF 3

NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20506

May 26, 1993

MEMORANDUM FOR JAMES J. JUKES

FROM: WILLIAM H. ITOH 

SUBJECT: FEMA Proposed Testimony on Flood Insurance and New
Federal Insurance Programs

The National Security Council has no objections to the proposed
FEMA testimony on flood insurance.

NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20506

May 25, 1993

ACTION

MEMORANDUM FOR WILLIAM H. ITOH

THROUGH: ROBERT G. BELL *Rob*

FROM: STEVEN R. JONES *S*

SUBJECT: FEMA Proposed Testimony on Flood Insurance and New
Federal Insurance Programs

SIGNED

OMB forwarded the subject FEMA testimony (Tab II) for NSC comment. This is the proposed statement of Mr. Reilly, Deputy Federal Insurance Administrator at FEMA before the House Banking, Finance and Urban Affairs Subcommittee on Consumer Credit and Insurance.

The testimony offers comments on the National Flood Insurance Program and its potential use for other federal insurance programs. It points out differences between flood insurance and insurance for other natural hazards, and lists evaluation criteria previously used for Federal insurance programs. I find nothing controversial here warranting NSC comment.

Concurrence by: *[Signature]* Jeremy Rosner

RECOMMENDATION

That you sign the memorandum at Tab I.

Attachments

Tab I Memorandum for Signature
Tab II Incoming Correspondence

3766

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
Washington, D.C. 20503

May 24, 1993

LEGISLATIVE REFERRAL MEMORANDUM

LRM #M-323

TO: Legislative Liaison Officer -

AGRIC-CR - Robin Rorapaugh (all testimony) - (202)720-7095 - 230
COMMERCE - Michael A. Levitt - (202)482-3086 - 324
DEFENSE - Samuel T. Brick, Jr. - (703)697-1305 - 325
HUD - Edward J. Murphy, Jr. - (202)708-1793 - 215
INTERIOR - Ralph Hill - (202)208-6706 - 329
JUSTICE - Faith Burton - (202)514-2141 - 217
TREASURY - Richard S. Carro - (202)622-1146 - 228
NSC - William H. Itoh - (202)395-3723 - 249
CEA - Francine Obermiller - (202)395-5036 - 242
CORPS ENGINEERS - Susan Bond - (202)272-0030 - 239
EPA - Thomas C. Roberts - (202)260-5414 - 326
NEC - Sonia Mathews - (202)456-6722 - 429
OSTP - Damar Hawkins - (202)456-6272 - 288
SBA - Christine Swedin - (202)205-6702 - 315

FROM: JAMES J. JUKES (for) *JJ*
Assistant Director for Legislative Reference

OMB CONTACT: Jeffrey WEINBERG (395-3457)
Secretary's line (for simple responses): 395-3454

SUBJECT: FEMA Proposed Testimony on Flood insurance
and new Federal insurance programs

DEADLINE: 4PM May 25, 1993

OMB requests the views of your agency on the above subject before
advising on its relationship to the program of the President, in
accordance with OMB Circular A-19.

Please advise us if this item will affect direct spending or
receipts for purposes of the the "Pay-As-You-Go" provisions of
Title XIII of the Omnibus Budget Reconciliation Act of 1990.

CC:
Ken Ryder
Steve Redburn
Chris Heiser
Jim Jordan
Justine Rodriguez (*pages 506*)

STATEMENT OF
FRANCIS V. KELLY
DEPUTY FEDERAL INSURANCE ADMINISTRATOR
FEDERAL EMERGENCY MANAGEMENT AGENCY
BEFORE THE
SUBCOMMITTEE ON CONSUMER CREDIT AND INSURANCE
HOUSE BANKING, FINANCE AND URBAN AFFAIRS
MAY 27, 1993

05/24/93 14:11 T202 040 4530

FEMA/OCC

0003

Mr. Chairman and distinguished members of the Subcommittee on Consumer Credit and Insurance, I am Francis V. Reilly, Deputy Administrator of the Federal Insurance Administration, the directorate within the Federal Emergency Management Agency which administers the National Flood Insurance Program (NFIP) and the Federal Crime Insurance Program. With me today is Mr. Mike Mahoney, Physical Scientist with FEMA's Office of Earthquakes and Natural Hazards Programs Division, and Mr. James Taylor, the FIA's Assistant Administrator for Insurance Support Services.

I am pleased to be here today to offer comments on the National Flood Insurance Program. FEMA, under the authorities of both the National Flood Insurance Act of 1968, as amended, and the Earthquake Hazards Reduction Act of 1977, has for many years been involved in discussions concerning a potential Federal insurance role with respect to other natural hazards, in addition to flood. In fact, studies were made in 1971, and again in 1981, with respect to the earthquake peril to examine just this issue. We believe the evaluation criteria developed as a result of these studies might be useful to the Subcommittee in its consideration of whether there is a role for the Federal government.

But before I discuss these with you, I know that your subcommittee wants to know whether the NFIP is a good model for an approach toward other natural hazards. The NFIP operates as a joint venture involving the Federal government, local governments and the insurance industry. Each has an important role in the success of the NFIP. The Federal government has the program management responsibility, identifies the land areas subject to serious flood risk, sets the minimum floodplain management performance standards to be adopted and enforced by the local government in these areas

-2-

as a condition for eligibility for participation in the NFIP, defines the insurance coverage, sets the insurance rates and promulgates the legal requirements of the program by Federal regulations. As a condition of NFIP participation, the local governments establish building permit systems and are responsible for adopting and enforcing least the NFIP minimum floodplain management performance standards established by FEMA.

Insurance companies participating in the program under a financial/subsidy arrangement, insurance agents and brokers and loss adjusters are the primary source of insurance services to policyholders. That which distinguishes the NFIP from other insurance programs is the unique linkage of coordinated joint responsibilities of the federal government, local governments and the insurance industry participants in the program.

From the point of view of its flood plain management objectives, it certainly is a good model of the potential impact the availability of federal insurance combined with other Federal programs can have on the willingness of local communities to adopt far better land use and building code standards. The NFIP's effectiveness results from the close integration of the federal performance standards with the hazard identification and insurance aspects of the program. The role of the State and local governments as the principal actor in future flood loss reduction is also appropriate for other natural hazards, with the Federal Government providing minimum loss-reduction standards and strong technical assistance. A successful natural hazards mitigation program would be able to give greater emphasis to the use of good building performance standards and land use measures than the NFIP alone. Our technical and legal experience with both the land use and building measures in the NFIP have

05/24/

14:11

102 040 4836

FEMA/OGC

2 1

-3-

substantiated their effectiveness and legality under our current statutory authorities.

The Subcommittee should also be aware, however, of the problems which face the National Flood Insurance Program. While all new construction is risk rated, the program is required by statute to make reasonably priced insurance available to existing construction without regard to the building's full risk premium. Existing construction is construction started prior to the publication of the Flood Insurance Rate Map or December 31, 1974, whichever is later. Additionally, new building performance standards only apply to buildings whose start of construction occurred after the publication of final NFIP regulatory changes. These chargeable rates are set by the public rule making process subject to Congressional oversight. Currently 43 percent of the NFIP policyholders are charged on the average about 33 percent of the full risk premium.

In addition, let me point out two limitations on the NFIP statutory authority which have led to program issues that have been the subject of many congressional hearings over the last three years. First, the NFIP does not have the authority to offer insurance coverage to indemnify the insured for the increased cost of repairing a substantially damaged building to meet the floodplain management rebuilding standards. That cost can be extremely high (\$20,000 to \$50,000 for a single family home). This gap in available insurance protection for homeowners from the NFIP or the private insurance industry has virtually halted the recovery process in some south Dade county areas for almost eight months with no resolution in sight.

05/24/93 14:12

202 040 4530

/000

-4-

The second problem issue is the NFIP's lack of authority to identify land areas subject to the thirty and sixty year erosion threat. The absence of this authority prevents us from identifying which buildings should be charged an additional amount to cover the extreme risk when erosion of the land upon which the building is located causes the building to be in a state of imminent collapse due to erosion.

In addition, let me point out a key distinction between flood insurance and other natural hazards insurance. There never has been, nor is there now, private sector flood insurance available for homeowners. The NFIP was created in response to that problem. On the other hand, normally there is private sector wind and earthquake insurance available to homeowners. We believe that it is important to clarify what national public policy purpose would be or should be served before new federal programs are initiated. With respect to flood insurance the public purpose was threefold, to identify the risk, encourage mitigation measures at the local government level, and provide insurance protection as a better alternative to disaster relief. Whereas the virtual complete absence of flood insurance was a vital consideration in assessing the need for federal flood insurance it does not appear to be as critical a factor when it comes to other types of natural hazards insurance. However, another critical factor which prompted passage of the NFIP was the benefit of local flood plain management directed toward mitigating future flood losses.

-5-

Mr. James Lee Witt, the new Director of the Federal Emergency Management Agency, before the U.S. Senate Committee on Governmental Affairs, expressed his view that "I believe that mitigation must become a recognized national priority. While mitigation makes good sense, it often isn't a priority for communities. We will work to change that mindset and provide solid cost-effective tools and incentives to encourage mitigation actions.

The entire nation needs to make the commitment now to invest in the long term payoff of mitigation and I plan for FEMA to provide leadership to accomplish this effort.

To that end, in my letter to State and territorial directors, and to various constituency groups, I announced that mitigation would be the foundation for developing a stronger emergency management system. I have also discussed this issue with members of my staff to begin the process of integrating mitigation into all our programs. There are several programs at FEMA (such as the NFIP) which currently emphasize mitigation - we need to build on these programs, especially at State and local levels. We know that mitigation at all levels can help reduce disaster assistance costs -- it makes good economic sense".

At this point, Mr. Chairman, I will list the evaluation criteria previously mentioned which may be of assistance to you in reviewing bills creating new Federal insurance programs.

1. Correction of a market failure: The rationale for the proposal should be to correct a market failure, arising from the inherently unpredictable nature of a catastrophic natural hazard, not to provide new Federal insurance subsidies.

05/24/93

14:13

202 646 4836

/OGC

008

-6-

2. Actuarial fairness: The proposal must utilize a rate structure that reflects the level of risk facing the insured policyholder to the maximum extent practical.
3. Hazard mitigation: The proposal must include provisions requiring participating States and communities to adopt and enforce appropriate land use and building code policies that will reduce the risk of loss of life and damage to property.
4. Federal oversight and control: The proposal must allow for Federal oversight and control of funds collected and of the operation and management of the program(s).
5. Deficit neutrality: Over time, the proposal must be designed to be deficit neutral.
6. Risk sharing: There must be legitimate risk sharing on the part of the private insurance industry.

Since the Administration has not performed a detailed analysis of the bills currently before Congress, I am not in a position to comment at this time on any of them.

Mr. Chairman, that concludes my statement. I will be happy to address any questions which you or the other members of the Subcommittee may have.

(Note to reviewers - The bills
are HR 935, HR 764, HR 1302,
and HR 62)