

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 - September 1993 #1 [7]

Staff Office-Individual:

Defense Policy-Bell, Robert

Original OA/ID Number:

47

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

Withdrawal/Redaction Sheet

Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001. letter	[Personally Identifiable Information] [partial] (1 page)	08/30/1993	b(6)
002. resume	Resume of Service Career of Jimmy Douglas Ross. (3 pages)	02/01/1992	b(6)

COLLECTION:

Clinton Presidential Records
National Security Council
Defense Policy and Arms Control (Robert Bell)
OA/Box Number: 47

FOLDER TITLE:

Chron File - September 1993 #1 [7]

2016-0152-F

vz4468

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]

TO: PODESTA, J

FROM: LAKE

DOC DATE: 15 SEP 93
SOURCE REF:

KEYWORDS: MILITARY NOMINATIONS

WH REFERRAL

PERSONS: ROSS, JIMMY D

SUBJECT: ARMY GENERAL OFFICER NOMINATION FOR ROSS

ACTION: KENNEY SGD MEMO

DUE DATE: 16 SEP 93 STATUS: C

STAFF OFFICER: HAHN

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

COMMENTS: _____

DISPATCHED BY _____ DATE _____ BY HAND W/ATTCH

OPENED BY: NSWEA

CLOSED BY: NSJDA

DOC 2 OF 2

UNCLASSIFIED
ACTION DATA SUMMARY REPORT

RECORD ID: 9306904

DOC ACTION OFFICER

001 LAKE
002

CAO ASSIGNED ACTION REQUIRED

Z 93091516 FOR SIGNATURE
X 93091614 KENNEY SGD MEMO

DISPATCH DATA SUMMARY REPORT

DOC DATE DISPATCH FOR ACTION

DISPATCH FOR INFO

002 930915 PODESTA, J

UNCLASSIFIED

WHITE HOUSE STAFFING MEMORANDUM

DATE: September 11, 1993ACTION/CONCURRENCE/COMMENT DUE BY: 9/16SUBJECT: Army General Officer Nomination - General Jimmy d. Ross,
United States Army

	ACTION	FYI		ACTION	FYI
VICE PRESIDENT	☐	☐	PASTER	☐	☐
McLARTY	☐	☐	RASCO	☐	☐
NEEL	☐	☐	RUBIN	☐	☐
PANETTA	☐	☐	SEGAL	☐	☐
BAGGETT	☐	☐	SEIDMAN	☐	☐
EMANUEL	☐	☐	STEPHANOPOULOS	☐	☐
GEARAN	☐	☐	TYSON	☐	☐
GERGEN	☐	☐	VARNEY	☐	☐
GIBBONS	☐	☐	WATKINS	☐	☐
HALE	☐	☐	WILLIAMS	☐	☐
HERMAN	☐	☐	<u>Clerk</u>	☐	☒
LAKE	☐	☐	<u>Bdo Bell</u> →	☒	☐
LINDSEY	☐	☐	_____	☐	☐
McGINTY	☐	☐	_____	☐	☐
MONTOYA	☐	☐	_____	☐	☐
NUSSBAUM	☐	☐	_____	☐	☐

REMARKS:

RESPONSE:

September 15, 1993

The National Security Council staff concurs in the attached military nomination.

for *Anthony Lake*
Anthony Lake

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

THE WHITE HOUSE

WASHINGTON

September 7, 1993

SEP 8 11:25

MEMORANDUM FOR THE PRESIDENT

FROM: JOHN A. GAUGHAN *Mem
for*
DIRECTOR, WHITE HOUSE MILITARY OFFICE

SUBJECT: Army General Officer Nomination

Forwarded for your approval and signature is the nomination of General Jimmy D. Ross, United States Army, for appointment to the grade of general on the retired list.

This nomination has been staffed by the Acting Secretary of the Army and approved by the Deputy Secretary of Defense.

Recommendation

That you approve and sign the attached.

Attachment



THE DEPUTY SECRETARY OF DEFENSE
WASHINGTON, D.C. 20301-1000

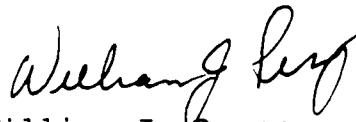


30 AUG 1993

MEMORANDUM FOR THE PRESIDENT

SUBJECT: General Officer Nomination

On behalf of the Secretary of Defense, I recommend you nominate General Jimmy D. Ross, United States Army, for appointment to the grade of general on the retired list. General Ross, who is 57 years of age, is currently assigned as Commanding General, United States Army Materiel Command.


William J. Perry

Attachment

Withdrawal/Redaction Marker

Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001. letter	[Personally Identifiable Information] [partial] (1 page)	08/30/1993	b(6)

COLLECTION:

Clinton Presidential Records
National Security Council
Defense Policy and Arms Control (Robert Bell)
OA/Box Number: 47

FOLDER TITLE:

Chron File - September 1993 #1 [7]

2016-0152-F
vz4468

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]

The White House

Washington

To the Senate of the United States:

I nominate:

The following named officer to be placed on the retired list
in the grade indicated under the provisions of Title 10, United
States Code, Section 1370:

To be General

General Jimmy D. Ross, (b)(6) United States Army [001]

Withdrawal/Redaction Marker

Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
002. resume	Resume of Service Career of Jimmy Douglas Ross. (3 pages)	02/01/1992	b(6)

COLLECTION:

Clinton Presidential Records
National Security Council
Defense Policy and Arms Control (Robert Bell)
OA/Box Number: 47

FOLDER TITLE:

Chron File - September 1993 #1 [7]

2016-0152-F
vz4468

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]

IMMEDIATE RELEASE

No. 016-93

(703) 697-5131 (info)

(703) 697-3189 (copies)

(703) 697-5737 (public/
industry)

GENERAL OFFICER ANNOUNCEMENT

Secretary of Defense Les Aspin announced today that the President has nominated General Jimmy D. Ross, United States Army, to be placed on the retired list in his current grade. General Ross will retire after completion of more than 35 years of service. Since January 1992, he has served as Commanding General, United States Army Materiel Command, Alexandria, Virginia.

General Ross was born on May 23, 1936, in Hosston, Louisiana.

-END-

NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20506

September 15, 1993

ACTION

MEMORANDUM FOR WILLIAM H. ITOH

THROUGH: ROBERT BELL *RB*
FROM: KEITH HAHN *KH*
SUBJECT: Defense Proposed Report RE: HR 57, United States
Merchant Marine Utilization and Preference Act

At Tab II Defense registers its opposition to proposed legislation which seeks to "clarify" the preference for U.S.-flagged merchant vessels in carrying DoD cargo. In fact, the legislation is designed to expand the provisions of the Cargo Preference Act of 1904 to virtually preclude the use of non-U.S. merchant vessels.

This legislation contains proposals that have been put forward by U.S. shipping companies over the past several years in order to force greater compliance with the Cargo Preference Act. There is some truth to the assertion that the Act is not scrupulously adhered to, although the greatest federal offenders are probably State and Agriculture (in the shipment of foreign and humanitarian aid). Of the over \$500 million spent annually on the cargo preference "subsidy" (the additional cost of shipping by more expensive U.S. carriers rather than foreign carriers), Defense's share is over \$300 million.

Defense properly points out that the Cargo Preference Act is generally successful, with over 94% of all U.S. government cargo transported in privately-owned U.S.-flagged ships. Defense cites its requirements for unique ships (such as RO/ROs) or extenuating operational circumstances as reasons for not being able to comply with the proposed legislation. Existing cargo preference legislation is adequate to protect the industry, if properly enforced. HR 57 is both unnecessary and impractical.

Concurrences by: Steve Jones and Jeremy Rosner *[Signatures]*

RECOMMENDATION

That you sign the memorandum at Tab I concurring in the proposed Defense report.

Attachments

Tab I Memorandum for Signature
Tab II Incoming Correspondence

NATIONAL SECURITY COUNCIL

WASHINGTON, D.C. 20506

MEMORANDUM FOR JAMES J. JUKES

FROM: WILLIAM H. ITOH

SUBJECT: Defense Proposed Report RE: HR 57, United States
Merchant Marine Utilization and Preference Act

The National Security Council staff concurs in the proposed
Defense report.

5 pages
6945

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

September 13, 1993

LEGISLATIVE REFERRAL MEMORANDUM

LRM #I-1228

TO: Legislative Liaison Officer -

EX-IM - Ira Fishman - (202)566-8806 - 236
USTR - Fred Montgomery - (202)395-3475 - 223
AGRIC-CR - Hal Gross (all testimony) - (202)720-7095 - 230
COMMERCE - Michael A. Levitt - (202)482-3086 - 324
JUSTICE - Sheila F. Anthony - (202)514-2141 - 217
STATE - Julia C. Norton - (202)647-4463 - 225
TREASURY - Richard S. Carro - (202)622-1146 - 228
AID - Robert M. Lester - (202)647-8371 - 202
NSC - William H. Itoh - (202)395-3723 - 249
CEA - Francine Obermiller - (202)395-5036 - 242
LABOR - Robert A. Shapiro - (202)219-8201 - 330
FMC - David R. Miles - (202)523-5740 - 307
NEC - Sonia Mathews - (202)456-6722 - 429

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

OMB CONTACT: Jim BROWN (395-3473)
Secretary's line (for simple responses): 395-3454

**SUBJECT: DEFENSE Proposed Report RE: HR 57, United
States Merchant Marine Utilization and
Preference Act**

DEADLINE: 5:00 P.M. September 27, 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:

Cyndi Vallina
Meg DiBari
John McClelland
Michael Deich
Bob Damas
Roger Adkins
Rodney Bent
Bruce Sasser

Ed Clarke
Lisa Kaplan Witt
Ken Schwartz
John Goodman
Clarissa Cerda
Mike Schmidt
Cookie Walden

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

Dear Mr. Chairman:

The Department of the Navy, on behalf of the Department of Defense, opposes the proposed legislation introduced as H.R. 57 which is a bill "To amend Title 10, United States Code to clarify the preference for United States-flag merchant vessels in the carriage of Department of Defense cargoes, and for other purposes."

H.R. 57, if enacted, will increase the cost of moving DoD cargo without proven benefit.

In peacetime, DoD exclusively uses privately owned U.S. flag ships for the transportation of DoD cargo, unless those ships are unavailable. This has been regulated by the Cargo Preference Act of 1904 (10 U.S.C. section 2631) requiring ocean transportation of DoD cargo on U.S. Government owned or privately owned U.S.-flag ships. This law has achieved its objective since over 94% of all cargo is transported in privately-owned U.S.-flagged ships. Foreign flagged ships are used only on those infrequent occasions when U.S.-flag ships are inadequate to meet requirements.

Section 4 provides that "time charters and voyage charters shall be kept to a minimum... 11 Military Sealift-Command (MSC) is already in compliance with the stated purpose of this section which is iterated in DoD Directive 4500.9. DOD determines the number of ships it will charter based upon projected military cargo transportation requirements that cannot be filled by U.S.-flag liner service. The minimum number of ships are chartered necessary to meet projected DoD ocean transportation requirements.

H.R. 57 would limit privately owned U.S.-flag vessels time-chartered to the government from transporting DoD cargo by giving transportation priority to the privately owned U.S.-flag vessels in liner service. The DoD, already having paid for the space on the chartered vessel would then be forced to pay for the space being used on the liner vessel. The DoD would essentially be paying for the same space twice. Moreover, preferring liner service over chartered ships is not in DoD's best interest. DoD charters only the most militarily useful ships, such as roll-on/roll-off ships and breakbulk ships. If distorted preference is given to liner service (which consists primarily of non-self sustaining container ships) this will decrease DOD support for the more militarily useful ships, thus resulting in a reduction in the number of those ships and the demand for the U.S. citizen mariners who crew them.

Section 4 also limits DoD's use of foreign flag ships to one voyage while the Cargo Preference Act of 1904 prohibits the use of foreign flag ships if U.S.-flag ships are available. Any further restrictions placed on the use of foreign ships would unduly restrict the DoD from ensuring the timely delivery of cargo. Such a restriction would inhibit DoD's ability to obtain "best value" when circumstances do not permit the use of U.S. flag ships.

Section 4 requires written approval from the Secretary of Transportation, after determination that U.S. flag commercial ships are unavailable, before DoD can use a vessel of the nucleus fleet. This seriously infringes upon the ability of DoD to execute its mission with assigned assets. This is particularly true since the bill's definition of the nucleus fleet includes fast sealift ships, future surge LMSRS, afloat prepositioning ships (APF & MPS), service support vessels and naval fleet auxiliary vessels. These vessels are maintained by DoD to meet unique military requirements. Additionally, these ships provide invaluable training for deployable units. Restricting the use of the ships eliminates their use by military units in meeting deployment readiness training requirements. The vessels of the nucleus fleet are the vessels these units will deploy their equipment on in the event of actual deployment. The use of these vessels during training exercises is critical to the effective training of these units.

Section 4 also permits the use of the more favorable negotiated rates by DoD instead of commercial tariffs. Current law permits DoD to transport cargo using both alternatives making additional legislation unnecessary. The 1904 law also gave significant price protection, by allowing a determination by the government that the freight charges were excessive or unreasonable. The language in H.R. 57 does not provide such protection.

The responsibilities of the Chief of Naval Operations (CNO) and MSC outlined in section 4 may be in conflict with the Goldwater - Nichols DOD Reorganization Act which precludes the Office of Naval Operations (OPNAV) involvement in acquisition matters.

The final provision of section 4 specifies that DoD "shall not engage in competition with private persons in the provision of transportation by water in commercial services." This generally has been DoD policy, thus legislation is not required. DoD does not own any point-to-point ocean transportation ships and therefore is not in competition with the owners engaged in ocean transportation. It should be noted that section 4 also may conflict with Section 1424 of the 1991 DoD Authorization Act and should be modified to permit leasing of government-owned ships under a program established under that section.

Section 5 limits the nucleus fleet to "10 dry cargo vessels" and "22 tanker vessels" thus limiting DoD's ability/flexibility to respond to military contingencies, humanitarian assistance efforts and other related events. Historically, DoD has consistently and unilaterally reduced its nucleus fleet. Legislation designed to force DoD to do so is unnecessary. This may also conflict with the need for dry cargo ships as established by the Mobility Requirements Study.

Section 5 also mandates that "service support vessels", such as Naval Fleet Auxiliary ships, be deactivated and placed in reserve, or be disposed of, if inactive for more than 120 days. This would preempt DoD from quickly employing that ship if needed and would significantly add to the cost to do so. Decisions to deactivate Navy Fleet Auxiliary ships and other service support vessels should be reserved to military planners based on the specific scenario. It should not be legislatively imposed through an arbitrarily established time frame. This requirement may also exacerbate the critical shortage of civilian mariners by reducing the number of vessels in operation. The bill also requires the expeditious deactivation of the nucleus fleet and the RRF following the cessation of hostilities. This requirement does not recognize the equally important task of redeploying forces for reconstitution for future contingencies.

Section 7 prohibits vessels in the Ready Reserve Force (RRF) from transporting cargo as part of a military exercise unless no U.S.-flag commercial vessel operator was available. This would limit ability of DOD/MARAD to properly evaluate the RRF ships actual ability to transport DoD cargo and squanders a realistic training opportunity.

Sincerely,

Copy to:
The Honorable Floyd D. Spence
Ranking Minority Member

NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20506

September 15, 1993

ACTION

MEMORANDUM FOR ANTHONY LAKE

THROUGH: ROBERT BELL 

FROM: KEITH HAHN 

SUBJECT: Letter to the President from Edward Horan RE:
Nominations of Dr. Widnall and Gen. Wolfe

At Tab B John Podesta asked us to provide a draft Presidential response to a letter from A. Edward Horan congratulating the President on his choice of Dr. Widnall to be Secretary of the Air Force and the promotion of Lieutenant General Thad A. Wolfe to his current rank and position as Vice Commander of the Air Force Tactical Command.

Mr. Horan reviews Lieutenant General Wolfe's background and credentials in some detail. He also suggests that Secretary Widnall, General Fogelman (Forces Command), General Loh (TACCOM), General McPeak and LGEN Wolfe set up a "central clearing agency for common jumbo jet problems" and that one of these officials be appointed to act as liaison between the Air Force, Congress and the Administration. It is not clear (and Air Force has no insight into) what common jumbo jet problems Mr. Horan is referring to. If the issue is airlift procurement and modernization, the Bottom-Up Review (BUR) has already looked into this matter. If the jumbo jets referred to by Mr. Horan are bombers, then the issue has also been studied under the BUR.

Concurrence by:


Steve Jones

RECOMMENDATION

That you forward the memorandum and letter at Tab I to John Podesta.

Attachments

Tab I Memorandum for John Podesta
Tab A Letter from the President to Edward Horan
Tab B Incoming Correspondence

THE WHITE HOUSE

WASHINGTON

MEMORANDUM FOR JOHN PODESTA

FROM: ANTHONY LAKE

SUBJECT: Letter to the President from Edward Horan RE:
Nominations of Dr. Widnall and Lieutenant General
Wolfe

You asked the National Security Council staff to provide a draft response to Mr. Edward Horan's letter to the President at Tab B.

Mr. Horan reviews Lieutenant General Wolfe's background and credentials in some detail. He also suggests that Secretary Widnall, General Fogelman (Forces Command), General Loh (TACCOM), General McPeak and LGEN Wolfe set up a "central clearing agency for common jumbo jet problems" and that one of these officials be appointed to act as liaison between the Air Force, Congress and the Administration. It is not clear (and Air Force has no insight into) what common jumbo jet problems Mr. Horan is referring to. If the issue is airlift procurement and modernization, the Bottom-Up Review (BUR) has already looked into this matter. If the jumbo jets referred to by Mr. Horan are bombers, then the issue has also been studied under the BUR.

The letter at Tab A is noncommittal on this suggestion and endorses Mr. Horan's assessment of the outstanding leadership of today's U.S. Air Force.

Attachments

Tab A Letter from the President to Edward Horan
Tab B Incoming Correspondence

THE WHITE HOUSE

WASHINGTON

Dear Ed:

Thank you so much for your warm words on the appointment of Dr. Widnall as Secretary of the Air Force and the promotion of Lieutenant General Thad Wolfe to Vice Commander of the Air Force Tactical Command. Clearly one of our Nation's strengths is the high quality leadership that our Armed Forces enjoy.

Dr. Widnall and Lieutenant General Wolfe join an Air Force team that is well-equipped to address the wide range of issues facing our Nation as we transition our military from the Cold War to the new international security environment. Like you, I am confident that we will be well-served by these individuals and the U.S. Air Force will remain second to none.

Sincerely,

Mr. A. Edward Horan
10750 Wilshire Blvd. #303
W. Los Angeles, CA 90024

8.25.93

6647

TO: President Bill Clinton



FROM: A. Edward Horan
10750 Wilshire Blvd #303
W. Los Angeles CA 90024
tel (310) 470 1725

Beverly Hills Ritz Hotel

Dear President Bill:

It is with the greatest pleasure that I congratulate you as a USAF
Booster on two recent nominations that passed with flying colors:

Dr. Sheila E. Widnall

Lt. General Thad A. Wolfe

Already I've had nothing but favorable input & full acceptance of Dr. Widnall. As for Gen. Wolfe, I'd like to give you some "asides" about him that perhaps were not covered with you: While he was the 1st Commandant of the B-1 Bomber School at Ellsworth AFB- both Thad & his wife Jill took time to work with abused children, his wife Jill also found the time to pass her exams as an RN, both also took part in many local affairs- Thad even took time to go hunting with the Gov. of S. Dakota, while also taking ~~in~~ many speaking engagements! His Bomber School had the best USAF writeup by Melissa Healy of the LA Times in the year of '91. During his 18 months as ADDO at NSA Ft. Meade where he put in never less than 12 to 14 hour days, his wife used her nursing skills in local Health Care. Having followed his career from his service under now retired Cinc SAC Gen. Jack Chair, he is truly our finest example of a 21st Century USAF General.

I sincerely urge you to give Thad & his boss Gen. Mike Loh your full backing on our formidable jumbo jet problems that extend from Tankers, cargo, troop transport to the B-1 & B-2 bomber problems. Thad has kept in regular touch with his AF Academy classmate Gen. Ron Fogleman & both have shared valuable exchanges on jumbo jet problems.

It is my fervent wish that Sec. Widnall, Gens. Fogleman, Loh, McPeak & Thad can set up a central clearing agency for common jumbo jet problems & that one of them will be appointed to act as liaison between USAF, The Senate & Congress & of course yourself. As usual, Thad is already in place as Vice Commander at Langley & is off and running with full afterburners!

Again my congratulations President Bill on your wise choices to keep our wonderful USAF the best the world has ever known!

Warmest

A handwritten signature in dark ink, appearing to be 'Ed'.

P.S. Thadson, a USMC Capt Fighter Pilot
is presently flying missions in the Gulf

NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20506

September 15, 1993

ACTION

MEMORANDUM FOR WILLIAM H. ITOH

THROUGH: ROBERT BELL *RB*

FROM: PETER FEAVER *PDF*

SUBJECT: Defense Proposed Report RE: HR 786, Veterans' Benefits Tax Exclusion Act of 1993

Tab I provides the proposed report, prepared by the OMB for the House Committee on Ways and Means, commenting on H.R. 786. H.R. 786 is a bill to amend the Internal Revenue Code of 1986 to clarify the exclusion from gross income for veterans' benefits.

From 1918 to 1986, veterans' benefits were excluded for tax purposes from the calculation of gross income. The Tax Reform Act of 1986, however, removed this exclusion allowing only two exceptions: 1) military benefits authorized before September 9, 1986 were still excluded; 2) cost-of-living and other indexed adjustments to these benefits were also excluded. Thus, any new benefits, and any non-indexed adjustments to existing benefits, presumably became taxable. H.R. 786 is intended to clarify the issue and restore veterans' benefits to their pre-1986 tax status. As written, however, H.R. 786 only relaxes the second limitation; H.R. 786 does not exempt benefits authorized after September 9, 1986. The OMB report recommends alternative language that would also lift the first limitation and make the clarification more precise.

Concurrences by: Keith Hahn *KH* and Jeremy Rosner *JR*

RECOMMENDATION

That you sign the memorandum at Tab I concurring in the proposed report.

Attachments

Tab I Memorandum for Signature
Tab II Incoming Correspondence

NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20506

MEMORANDUM FOR JAMES J. JUKES

FROM: WILLIAM H. ITOH

SUBJECT: Defense Proposed Report RE: HR 786, Veterans'
Benefits Tax Exclusion Act of 1993

The National Security Council staff concurs in the proposed report.

9 pages
6883

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

September 7, 1993

LEGISLATIVE REFERRAL MEMORANDUM

LRM #I-1183

TO: Legislative Liaison Officer -

**TREASURY - Richard S. Carro - (202)622-1146 - 228
VA - Robert Coy - (202)535-8113 - 229
NSC - William H. Itoh - (202)395-3723 - 249
CEA - Francine Obermiller - (202)395-5036 - 242
NEC - Sonia Mathews - (202)456-6722 - 429
JUSTICE - Sheila F. Anthony - (202)514-2141 - 217**

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

OMB CONTACT: Douglas STEIGER (395-3386)
Secretary's line (for simple responses): 395-3454

**SUBJECT: DEFENSE Proposed Report RE: HR 786, Veterans'
Benefits Tax Exclusion Act of 1993**

DEADLINE: September 17, 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:

**Todd Grams
Randy Lyon
Wendell Waites
Tom Stanners
Bob Pellicci
Ray Kogut
Art Stigile
Howard Paster**

Draft

The Honorable Dan Rostenkowski
Chairman, Committee on Ways and Means
House of Representatives
Washington, DC 20515-6216

Dear Mr. Chairman:

We request that you consider the following comments on H.R. 786, 103d Congress, a bill "To amend the Internal Revenue Code of 1986 to clarify the exclusion from gross income for veterans' benefits."

Prior to enactment of § 134 in the Tax Reform Act of 1986, veterans' benefits enjoyed a general exclusion from gross income under section 5301(a) of title 38, United States Code (and predecessor sections), which states that "payments made to, or on account of, a beneficiary shall be exempt from taxation..." Arguably, the unqualified exclusion of section 5301(a) implicitly was repealed by § 134. Therefore, like other military benefits, veterans' benefits presently may be excluded from gross income only if they are excluded by § 134 or another income exclusion provision of the Internal Revenue Code.

Section 134(a) provides that "gross income shall not include any qualified military benefit." A "qualified military benefit" is an allowance or in-kind benefit (except personal use of a vehicle), received by a servicemember or dependent by virtue of military status or service, which was excludable from gross income on September 9, 1986, the effective date of § 134 (§ 134(b)(1)). By implication, no benefit created or initially authorized after September 9, 1986, could be a qualified military benefit.

Section 134 contains a second limitation, which precludes treatment of any post-September 9, 1986, modification or adjustment to a military benefit as "qualified," unless the modification or adjustment is pursuant to a law which was in effect on September 9, 1986, and which determines the modification or adjustment by reference to a fluctuation in cost, price, currency, or similar index (§ 134(b)(3)). Thus, increases in the dollar amount of a military benefit will not be excluded from income unless the increase satisfies the requirements of § 134(b)(3).

H.R. 786 exempts veterans' benefits from § 134(b)(3) only if it would free veterans' benefits from the second limitation in § 134, but not the first. Under this approach, modifications or adjustments in veterans' benefits would be excluded from income as "qualified military benefits" even though the modification or adjustment was not determined by reference to an index, but veterans' benefits which have been initially authorized since September 9, 1986, could be included in income.

In lieu of H.R. 786, the Department of Defense supports an alternative amendment to § 134 in the form suggested in Exhibit 1. This proposal, initially drafted by the Department of Veterans' Affairs, would exempt veterans' benefits from both limitations in § 134, and restore them to their status before § 134 enactment.

This amendment would not represent a radical change from established policy and practice prior to 1986. Veterans benefits have been excluded from income without restriction since at least 1918. In that year, a 1914 statute which established a "Bureau of War Risk Insurance in the Treasury Department" was amended to add a provision that stated, in part, that "allotments and family allowances, compensation, and insurance payable under Articles II, III, and IV, respectively, ... shall be exempt from all taxation..." 40 Stat. 609. Section 134 never was intended to change this longstanding income exclusion for veterans' benefits. The drafters of § 134 apparently assumed that § 134 would have no effect on the taxation of veterans' benefits.

Our proposal would result in no reduction in present revenues. It simply clarifies longstanding tax policy.

The Office of Management and Budget advises that from the standpoint of the Administration's program there is no objection to the submission of this report for the consideration of the Congress.

Sincerely

Enclosures:
As stated

AMENDMENT TO § 134 OF THE INTERNAL REVENUE CODE**SECTION 1. CLARIFICATION OF TREATMENT OF VETERANS' BENEFITS**

(A) **IN GENERAL.**-- Section 134(b) of the Internal Revenue Code of 1986 (relating to qualified military benefits), is amended to read as follows:

"(b) **QUALIFIED MILITARY BENEFIT.**--For purposes of this section--

"(1) the term "qualified military benefit means:

"(A) any allowance or benefit for veterans, their dependents or survivors administered by the Secretary of Veterans Affairs; and

"(B) any other allowance or in-kind benefit (other than personal use of a vehicle) which--

"(i) is received by any member or former member of the uniformed services of the United States or any dependent of such member by reason of such member's status or service as a member of such uniformed services, and

"(ii) was excludable from gross income on September 9, 1986, under any provision of law, regulation, or administrative practice which was in effect on such date (other than a provision of this title).

1 "(2) Notwithstanding any other provision of law, no
2 benefit shall be treated as a qualified military
3 benefit unless such benefit--

4 "(A) is a benefit describe in paragraph (1), or
5 "(B) is excludable from gross income under this
6 title without regard to any provision of law which
7 is not contained in this title and which is not
8 contained in a revenue act.

9 "(3) Limitations on modifications.--

10 "(A) IN GENERAL.--Except as provided in
11 subparagraphs (B) and (C), no modification or
12 adjustment of any qualified military benefits
13 after September 9, 1986, shall be taken into
14 account.

15 "(B) EXCEPTION FOR CERTAIN ADJUSTMENTS TO CASH
16 BENEFITS.--Subparagraph (A) shall not apply to any
17 adjustment to any qualified military benefit
18 payable in cash which--

19 "(i) is pursuant to a provision of law or
20 regulation (as in effect on September 9,
21 1986), and

22 "(ii) is determined by reference to any
23 fluctuation in cost, price, currency, or
24 other similar index.

SEP 10 '93 9:15 FROM OSD-LRS

TO JUKES

PAGE.007

1 "(C) EXCEPTION FOR VETERANS' BENEFITS.--

2 Subparagraph (A) shall not apply to any allowance
3 or benefit for veterans, their dependents or
4 survivors, administered by the Secretary of
5 Veterans Affairs."

6 (b) EFFECTIVE DATE.--The amendments made by this section shall
7 apply to taxable years beginning after December 31, 1984.
8
9

09/13/93 11:15 UMB LRD/ESGG 008
1
103D CONGRESS
1ST SESSION

H. R. 786

To amend the Internal Revenue Code of 1986 to clarify the exclusion from gross income for veterans' benefits.

IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 3, 1993

Mr. MONTGOMERY (for himself, Mr. STUMP, Mr. EVANS, Mr. ROWLAND, Mr. SLATTERY, Mr. SANGMEISTER, and Mr. BISHOP) introduced the following bill; which was referred to the Committee on Ways and Means

A BILL

To amend the Internal Revenue Code of 1986 to clarify the exclusion from gross income for veterans' benefits.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. CLARIFICATION OF TREATMENT OF VETERANS'**
4 **BENEFITS.**

5 (a) IN GENERAL.—Paragraph (1) of section 134(b)
6 of the Internal Revenue Code of 1986 (relating to quali-
7 fied military benefit) is amended by adding at the end
8 thereof the following new flush sentence:

9 "For purposes of this paragraph and notwithstand-
10 ing paragraph (3), the term 'qualified military bene-

2

1 fit' includes any allowance or benefit administered
2 by the Secretary of Veterans Affairs."

3 (b) EFFECTIVE DATE.—The amendment made by
4 subsection (a) shall apply to taxable years beginning on
5 or after January 1, 1984.

O

NATIONAL SECURITY COUNCIL

WASHINGTON, D.C. 20506

September 15, 1993

ACTION

MEMORANDUM FOR WILLIAM H. ITOH

THROUGH: ROBERT BELL *RB*FROM: KEITH HAHN *KH*SUBJECT: Transportation Conference Document RE: S 1298,
National Defense Authorization Act for Fiscal Year
1994

Tab II provides the Department of Transportation's amendments to S 1298, the FY94 Defense Authorization Act. The changes proposed by Transportation are meant to clarify wording in various sections of S 1298 that delineates responsibilities and authorities of the U.S. Coast Guard when operating under the Department of the Navy and when operating under the Department of Transportation. Defense has raised no objections to the proposed amendments.

Concurrence by: Jeremy Rosner *JR*RECOMMENDATION

That you sign the memorandum at Tab I concurring in the Transportation conference document.

Attachments

Tab I Memorandum for Signature

Tab II Incoming Correspondence

NATIONAL SECURITY COUNCIL

WASHINGTON, D.C. 20506

MEMORANDUM FOR RONALD K. PETERSON

FROM: WILLIAM H. ITOH

SUBJECT: Transportation Conference Document RE: S 1298,
National Defense Authorization Act for Fiscal Year
1994

The National Security Council staff concurs in the Transportation conference document.

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

6977
SPECIAL

September 15, 1993

LEGISLATIVE REFERRAL MEMORANDUM

LRM #I-1257

TO: Legislative Liaison Officer -

DEFENSE - Samuel T. Brick, Jr. - (703)697-1305 - 325
JUSTICE - Sheila F. Anthony - (202)514-2141 - 217
NSC - William H. Itoh - (202)395-3723 - 249

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

OMB CONTACT: MIKE GOAD (395-7301)
Secretary's line (for simple responses): 395-6194

SUBJECT: Transportation Conference Document RE: S
1298, National Defense Authorization Act for
Fiscal Year 1994

DEADLINE: 10:00 A.M., TUESDAY, September 21, 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:

D. Gassaman
J. Schuhart
T. Stanners
R. Adkins
J. Palmieri
H. Paster
K. MacIntyre
C. Cerda

5pg

**The Honorable Sam Nunn
Chairman, Armed Services Committee
United States Senate
Washington, D.C. 20510**

Dear Mr. Chairman:

**The Department of Transportation requests your consideration of
needed amendments to S. 1298, a bill**

**To authorize appropriations for fiscal year 1994
for military activities of the Department of
Defense, for military construction, and for defense
activities of the Department of Energy, to
prescribe personnel strengths for such fiscal year
for the Armed Forces, and for other purposes.**

**Section 546 of the bill would amend Chapter 37 of title 10,
United States Code, by adding a new section 654, codifying
executive branch policy concerning homosexuals in the military.
New subsection 654(b) would authorize the Secretary of Defense to
promulgate regulations implementing this policy. Although the
policy applies to members of the armed forces, including the
Coast Guard, there is no provision authorizing regulations to be
prescribed by the Secretary of the department in which the Coast
Guard is operating. To ensure that all members of the armed
forces are subject to the same regulations, we recommend that
joint regulations be developed and prescribed by the Secretaries
of the two Departments involved.**

**We recommend that the following language be added to subsections
654(b), (c), and (e) after Secretary of Defense: "and the
Secretary of the department in which the Coast Guard is
operating, when the Coast Guard is not operating as a service in
the Navy." In section 546(b) of the Act, after "Secretary of
Defense" add "and the Secretary of Transportation"; after
"separated from the armed forces under" add "joint"; after "shall
revise" delete "Department of Defense" and substitute "existing";
and after "and issue such new" add "joint." In paragraphs
546(d)(1) and (2) of the Act add "and the Secretary of the
department in which the Coast Guard is operating, when the Coast
Guard is not operating as a service in the Navy" after "Secretary
of Defense."**

**Section 611 would amend section 308e(c)(2) of title 37, United
States Code, by, among other things, adding a new subparagraph
(C), authorizing monthly installments for a bonus for entry into**

reserve affiliation agreements. Such a bonus is presently paid in a lump sum. Regulations implementing new subparagraph (C) are to be prescribed by the Secretary of Defense. Because section 308e of title 37, United States Code, applies only to the military departments, exclusive of the Coast Guard, we recommend that the term "Secretary of the military department concerned" be used in the new subparagraph (C) in lieu of "Secretary concerned." This will avoid ambiguity, since the term "Secretary concerned" as defined in section 101 of title 10, includes the Secretary of Transportation, with respect to matters concerning the Coast Guard, when it is not operating as a service in the Department of the Navy.

Section 634 would apply Subtitle B of title XLIV of the National Defense Authorization Act for Fiscal Year 1993 to members of the Coast Guard Reserve. Subsection 634(c) designates the period of applicability as "beginning October 1, 1993, and ending on September 30, 1996." To entitle all Coast Guard Reserve members affected by the current drawdown to the transition benefits at issue, the period of applicability should begin October 1, 1992. Therefore, in subsection (c), change "October 1, 1993" to "October 1, 1992" and add "except as specified in subsection (c)" to the end of subsection 634(d).

Section 654 amends Subsection (h) of section 1408 of title 10, United States Code by, among other things, adding a new subparagraph (10)(B). The term "Secretary of the military department concerned" should be changed to "Secretary concerned" in order to include the Coast Guard, wherever the former phrase appears in the new 10(B).

Section 1051 would add a new section 721 to Chapter 53 of title 10, authorizing the Secretary of Defense to enter into agreements with the governments of allied and friendly foreign countries for the exchange of military and civilian personnel of the Department of Defense and such personnel of the defense departments or ministries of such foreign governments. The Commandant of the Coast Guard has expressed his desire to have the same authority for the Coast Guard. However, the new section 721 is limited to the Department of Defense. To remedy this, we recommend throughout the new section 721 that the language "and the Secretary of the department in which the Coast Guard is operating, when the Coast Guard is not operating as a service in the Navy" be inserted after "Secretary of Defense" wherever that term appears, and "and the Coast Guard" be inserted after "Department of Defense" wherever that term appears. Finally, in section 721(f), "Secretary concerned" should be inserted in lieu of "secretaries of the military departments."

We appreciate your consideration of these proposed amendments. The Office of Management and Budget advises that, from the standpoint of the Administration's program, there is no objection to the submission to Congress of the Department's views on this legislation.

Sincerely,

Stephen H. Kaplan

TO: GROSSMAN, M

FROM: ITOH

DOC DATE: 15 SEP 93
SOURCE REF:

KEYWORDS: ADMINISTRATIVE
DENMARK

AUSTRIA
CSCE

PERSONS: WITKOWSKY

SUBJECT: NSC STAFF FORN TRAVEL BY WITKOWSKY TO VIENNA & COPENHAGEN

ACTION: KENNEY SGD MEMO

DUE DATE: 16 SEP 93 STATUS: C

STAFF OFFICER: BELL

LOGREF:

FILES: ADMIN

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
MANZANARES
NSC CHRON
WITKOWSKY

COMMENTS: _____

DISPATCHED BY WA DATE 9/15 BY HAND W/ATTCH

OPENED BY: NSWEA

CLOSED BY: NSWEA

DOC 2 OF 2

UNCLASSIFIED

NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20508

September 15, 1993

MEMORANDUM FOR MR. MARC GROSSMAN
Executive Secretary
Department of State

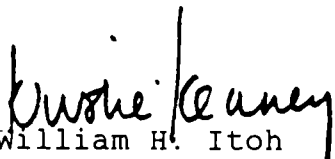
SUBJECT: NSC Staff Foreign Travel

NSC Staff Member: Anne Witkowsky
Director for Defense Policy and
Arms Control

Purpose of Travel: To represent NSC at the NATO HLTF Planning Seminar and to consult with delegation and participate in FSC and JCG meetings in Vienna.

Itinerary:

<u>Date</u>	<u>City</u>	<u>Country</u>	<u>Major Event/Meeting</u>
Sept. 26-28	Vienna	Austria	CSCE/FSC/JCG Meetings
Sept. 28- Oct. 2	Copenhagen	Denmark	NATO HLTF Planning Seminar


William H. Itoh
Executive Secretary

NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20506

September 14, 1993

ACTION

MEMORANDUM FOR NANCY SODERBERG

THROUGH: J. ROBERT MANZANARES 
FROM: ROBERT BELL 
SUBJECT: NSC Staff Travel - Anne Witkowsky

Request travel orders be provided for Anne Witkowsky to visit the CSCE/JCG delegation in Vienna, Austria on September 26-27 and attend the NATO HLTF meeting in Copenhagen, Denmark on September 28-October 1.

NSC is requested to cover the expenses of the trip. Per diem is estimated at \$149 for Vienna, Austria and \$162 for Copenhagen, Denmark. Air fare is estimated to be \$1,538 round trip at coach class.

RECOMMENDATION

That you authorize Will Itoh to sign the attached travel request and the memorandum to the Department of State.

Approve



Disapprove

Attachments

Tab I Travel Authorization Form
Tab II Memorandum to State

NSC STAFF TRAVEL AUTHORIZATION

1. TRAVELER'S NAME: Anne Witkowsky
2. PURPOSE/EVENT (Include Dates): To visit CSCE/JCG delegation in Vienna, Austria (September 26 and 27) and to attend the NATO HLTF meeting in Copenhagen, Denmark (September 28-October 1.
3. ITINERARY (Please Attach Copy of Proposed Itinerary): Washington, DC to Vienna, Austria to Copenhagen, Denmark and return.
4. DEPARTURE DATE Sept. 25, 1993 RETURN DATE Oct. 2, 1993
DEPARTURE TIME 6:00 PM RETURN TIME 8:00 PM
5. MODE OF TRANSPORTATION:
GOVT. AIR _____ COMMERCIAL AIR X POV X RAIL _____
OTHER _____
6. ESTIMATED EXPENSES:
TRANSPORTATION \$1,538 PER DIEM \$149 Vienna OTHER \$100-
TOTAL \$2726- \$162 Copenhagen
7. WHO PAYS EXPENSES: NSC X OTHER _____
IF NOT NSC, DESCRIBE SOURCE AND ARRANGEMENTS: _____
8. WILL FAMILY MEMBER ACCOMPANY YOU: YES _____ NO X
IF SO, WHO PAYS FOR FAMILY MEMBER (If Travel Not Paid By Traveler, Describe Source & Arrangements): _____
9. TRAVEL ADVANCE REQUESTED: \$ YES \$600
10. REMARKS (Use This Space to Indicate Any Additional Items You Would Like to Appear on Your Travel Orders): _____
11. TRAVELER'S SIGNATURE: Anne Witkowsky
12. APPROVALS: Senior Director Robert A. Seale
Director of Administration J Robert Maynard
Executive Secretary Kristie Leung