Case Number: 2016-0152-F

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 - February 1994 #2 [4]				
Staff Office-Individual:				
Defense Policy-Bell, Robert				
Original OA/ID Number:				
263				
Row:	Section:	Shelf:	Position:	Stack:
31	3	4	1	V

Withdrawal/Redaction Sheet
Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001. email	To VAX_MAIL@OEOB, BELL@A1@OEOB, ANDREASEN@A1@OEOB from White House Situation Room. Subject: Letter for DUS Timothy Daunt. (3 pages)	02/22/1994	P1/b(1)

COLLECTION:

Clinton Presidential Records
National Security Council
Defense Policy and Arms Control (Robert Bell)
OA/Box Number: 263

FOLDER TITLE:

Chron File - February 1994 #2 [4]

2016-0152-F
vz4540

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

February 19, 1994

ACTION

MEMORANDUM FOR WILLIAM H. ITOH

THROUGH: ROBERT BELL

FROM: KEITH HAHN

SUBJECT: Commerce Proposed Testimony RE: S 1822, Communications Act of 1994

Tab II provides Secretary of Commerce Brown's proposed testimony on the Communications Act of 1994. The proposed legislation is consistent with the outline of the Administration's National Information Infrastructure (NII). Specifically, it provides the necessary framework for NII initiatives to provide universal service, promote investment, protect competition, secure open access and formulate government actions to adapt to new telecommunications market conditions. The NII Task Force has decided to work within this legislation rather than to submit its own legislation.

Concurrence by: Jeremy Rosner

RECOMMENDATION

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

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: Commerce Proposed Testimony RE: S 1822, Communications Act of 1994

The National Security Council staff concurs in the proposed Commerce testimony.

1287

21 pages

Stat

TESTIMONY

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

TESTIMONY

February 18, 1994

LEGISLATIVE REFERRAL MEMORANDUM

LRM #I-2048

TO: Legislative Liaison Officer -

DEFENSE - Samuel T. Brick, Jr. - (703)697-1305 - 325
EDUCATION - John Kristy - (202)401-2670 - 207
HHS - Frances White - (202)690-7760 - 328
JUSTICE - Sheila F. Anthony - (202)514-2141 - 217
STATE - Julia C. Norton - (202)647-4463 - 225
TREASURY - Richard S. Carro - (202)622-1146 - 228
FCC - Steve Klitzman - (202)632-6405 - 260
NEC - Sonyia Matthews - (202)456-6722 - 429
NSC - William H. Itoh - (202)395-3723 - 249
GSA - William R. Ratchford - (202)501-0563 - 237
OSTP - Chris Clary - (202)456-7116 - 288
SBA - Christine Swedin - (202)205-6702 - 315
USTR - Fred Montgomery - (202)395-3475 - 223

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

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

SUBJECT: COMMERCE Proposed Testimony RE: S 1822, Communications Act of 1994

DEADLINE: 10:30 AM February 22, 1994

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:

Greg Simon
Tom Kalil
Mike Nelson
Jonathan Baker, CEA
Ken Schwartz
Harry Meyers
Jonas Neihardt
Bruce McConnell

Tim Fain/V. Huth
Bob Damus
Adrien Silas
Matt Miller
Nancy Schwartz
Karin Kizer
Bernie Martin

LRM #I-2048

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: Jeffrey WEINBERG
Office of Management and Budget
Fax Number: (202) 395-3109
Analyst/Attorney's Direct Number: (202) 395-3457
Branch-Wide Line (to reach secretary): (202) 395-3454

FROM: ______________________________ (Date)

______________________________ (Name)

______________________________ (Agency)

______________________________ (Telephone)

SUBJECT: COMMERCE Proposed Testimony RE: S 1822, Communications Act of 1994

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

February 18, 1994

Transmittal for: Jeff Weinberg (395-3457)
OMB/LRD

From: Barry Bird
OAGC/L&R/OGC
202-482-3085 Fax: 202-482-0512

Pages to follow: 19

Comment: Secretary's statement for Hollings' hearing on February 23 on S. 1822

I understand Jonathan Sallet has been discussing the draft directly with the working group overseeing telecom issues.

DRAFT 2/18/94

Mr. Chairman, sixty years and one month ago, on January 23, 1934, the Secretary of Commerce sent a study to President Franklin Roosevelt addressing the new challenges of telecommunications. That study was transmitted by the President on the same day to your predecessor, the Chairman of the Interstate Commerce Committee of the United States Senate, who had, in fact participated in the inter-governmental review along with a congressman from Texas, Sam Rayburn.

That report, in 1934, decried the lack of coordination within the Executive Branch, anticipating by some years the concept of re-inventing government, called for effective regulation through the creation of the new body, which became the Federal Communications Commission, and considered how government could best promote the construction of the basic systems of two-way electronic communications.

Even at the time, these were not new issues. One hundred and fifty years ago, in 1844, Samuel Morse, with governmental assistance, demonstrated in the United States Capitol that the electric telegraph would work. But, although Congress wisely recognized the importance of investment in technology research and development, it also wisely resisted the request that the government own and operate the commercial telegraph system. To the continuing benefit of American consumers, private competition built the first national system of electronic transmission.

In 1934, my predecessor revisited the issue, evaluated the pros and the cons, and recommended that the communications system "at least for the present," be privately owned and publicly regulated.

The present has lasted a long time -- just over sixty years. That era has been shaped by the decisions that Congress made in response to the 1934 study. Passage of the Communications Act of 1934 established the Federal Communications Commission. The Communications Act, as it has evolved over the past six decades, has overseen the development of the broadcast, cable and telephone industries.

That is why I begin by recalling the discussion as it occurred sixty years ago. History reminds us that the questions we face are not new. What is the appropriate role of government in promoting communications markets? How can we encourage private investment and competition? How can we encourage and when must we ensure that all Americans are advantaged by communications technology?

What is new is not the questions -- what is new is the world in which these questions must be asked, and answered. Since the founding of this country, successive communications technologies have overtaken their predecessors: from pony express to electric telegraph to telephone to radio and television, to microwave to computers to digital technology -- a world in which all information can be coded as a series of zeros or ones.

The challenge is great. If we succeed, we will unleash a torrent of investment, competition and achievement. Businesses will become more competitive and new markets for new goods and services will be created. But that achievement will not be merely technological or even just economic. It will include schoolchildren who will learn better, patients who will receive better medical treatment and workers who will better themselves.

Mr. Chairman, this is the year for us to enunciate -- and enact -- the right answers. That is why, in his State of the Union Address, President Clinton called upon Congress to enact in 1994 legislation that will help ensure the creation of the National Information Infrastructure. That is why we have formed an inter-agency effort, which I chair, to focus on telecommunications policy, on the applications of information technologies, and on the way that government itself can join the work of the National Information Infrastructure.

That is also why we have articulated the five basic principles that should govern the content of legislation. We must (i) ensure universal service, (ii) promote investment, (iii) provide and protect competition, (iv) secure open access, and (v) formulate governmental action that itself, flexibly adapts to new market conditions.

It is also why we were pleased by the introduction, Mr. Chairman, of your legislation, S.1822, the Communications Act of 1994. Its title aptly captures the spirit of 1934 -- when the Administration and Congress worked together to usher in the last great information revolution. That is what we will do again this year.

The broad framework of your legislation is consistent with our goals. The details can be discussed as the legislative process moves forward. But the most important point -- which I want to emphasize in my testimony today -- is the broad level of consensus between the Administration's five principles and the direction and goals of your legislation. The first three titles of your bill expressly reflect the Administration's principles: the protection and advancement of universal service, telecommunications investment, and regulatory reform. Other portions of your bill address methods by which you believe it is possible to strike an appropriate balance between the provision of more competition and the protection of fair competition and the means by which nondiscriminatory access can be secured to various parts of the network.

To Preserve and Enhance Universal Service

Let me begin my review of our five principles by addressing universal service. The importance of protecting the public interest is understood both by the Administration and by you, Mr. Chairman, and the members who are co-sponsoring the legislation. There's a simple reason for that: A lot of what we'll be talking about this morning is markets and competition and business. For the reasons I will explain in my conclusion, those concerns will come to touch the lives of every American.

But the concept of universal service is, if possible, even more immediate. We know, from the outset, that it's about people.

There are a lot of examples, but let me give just one. Earlier this month, students at a Washington D.C. high school gathered to talk to city and community leaders about crime. We all know what a terribly important issue that is. But it caught my attention that in the middle of the discussion one high school student stood up and asked for aid of a different sort -- for more word processors. Why? So there would be more than one word processor for each one hundred students.

And why is that important? Because in a competitive world, we must empower our young people, our workers and our business through the use of word processors and computers and modems and the like. Empowered by information technology, American workers will continue to be the most productive in the world.

But competitive success cannot be confined to just part of America.

When John Kennedy was running for President, he made a very simple statement: "I don't want," he said, "the talents of any American to go to waste."

Neither do I. Neither does this Administration want the talents of any American to go to waste.

That is why the President in his State of the Union Address and the Vice President in his earlier address stated a simple -- but compelling -- national goal.

We must connect all of our classrooms, all of our libraries, and all of our hospitals and clinics to the information superhighway by the year 2000. We can achieve this goal through a new definition of public-private partnerships, one that replaces the traditional adversarial relationship with a more productive dialogue based on consensus and common goals. But, one way or another, we <u>will</u> meet this national goal.

S.1822 shows us how government can contribute to that public-private partnership. Your bill would add a new section to the Communications Act that instructs the FCC to enhance the availability of advanced telecommunications services to all public elementary and secondary school classrooms, health care institutions, and libraries. Those are precisely the institutions identified in the Administration's challenge and we wholeheartedly endorse your belief that the FCC must be empowered to search for means to reach our national goal, including, as you suggest, the use of preferential rates from telecommunications carriers that use public rights of way.

This challenge is only part of our work towards a new model of universal service. Like the Administration's proposal, S.1822:

* makes explicit in the Communications Act, for the first time, the goal of universal service as a national goal,

* instructs the FCC and the States to work together to craft an evolving definition of universal service, and

* requires all providers of telecommunications services to contribute to the provision of universal service.

This structure will suit the new age of information. It will ensure that the information highways act as a pathway -- but not as a barrier -- between Americans.

To Promote Private Investment

Those pathways will be constructed by the private sector. We must encourage private investment -- the second of our key principles -- because it is the private sector that will build the information superhighways. That is the lesson that we have learned and re-learned throughout our history. The vibrancy and creativity of our telecommunications industry is a tribute to the road that was taken -- permitting competition to bring lower prices and technological innovation to American customers.

We do not have to look back sixty or one hundred-and-fifty years to confirm the truth of that belief. 1994 also marks the tenth anniversary of the break-up of AT&T. Since that time, the price of interstate long distance service for the average residential customer has declined by more than 50%. And, at the same time, the AT&T network, pressed by competition, became fully digital long before it had previously been thought possible.

Mr. Chairman, your bill takes important additional steps in the same direction. It used to be thought that telephone service, local and long distance, was a natural monopoly -- until the activities of American entrepreneurs and the Modified Final Judgment proved that it was not. Even then, it was thought that local telephone service was a monopoly -- although your bill wisely recognizes that it does not have to be.

Indeed, in this respect, your bill wisely reverses an historical decision that led to less -- rather than more -- competition in the local telephone exchanges. It is often forgotten that the expiration of the Bell System telephone patents one hundred years ago, in 1893 and 1894, ushered in a period of intense competition that lasted some twenty-five years, until Federal, state, and local policymakers agreed to create an industry structure dominated by AT&T's long distance network, and the local exchange monopolies of the Bell Operating Companies and numerous independent companies.

Competitions came about because new entrants saw new potential uses for the technology of the telephone. The Bell Company had marketed its invention as a high priced, business service. Residential areas of major cities typically received only limited service, and areas outside of metropolitan areas received no service at all.

When the original patents expired, a large number of entrepreneurs began offering telephone service, first in areas unserved by Bell and then in direct competition with the Bell system. Bell responded by rapidly building out its own system, and soon in most major cities consumers and businesses had a choice of telephone companies. In 1906, 57% of the communities with more than 5,000 people were served by two or more local telephone companies. By 1907, non-Bell companies served more than half (51%) of the telephone customers in the country. During this period prices for service fell dramatically, while at the same time "infrastructure" investment soared.

Why did this not last? Because, quite simply, the competing systems were not interconnected. Subscribers to one system could not reach, or receive a call from, subscribers to competing systems. Government intervened to address this "problem" by establishing franchised monopolies for telephone service.

Of course, the same "problem" could have been solved just be requiring the interconnection of competing telephone companies. That is, after all, what we did in the long-distance market when AT&T lost its monopoly status, and it is what your legislation suggests for the local telephone exchanges now.

The Administration wholeheartedly endorses this approach. The right policy is to promote competition in local telephone service by both removing the government barriers to the entry of new competitors, such as state and federal exclusive franchises or licenses to offer service,and affirmatively requiring the unbundling and interconnection of competing systems. In short, we will remove anticompetitive government regulation and leave in its place, not a vacuum of public policy, but pro-competitive, pro-investment policies.

Mr. Chairman, your bill would move towards the accomplishment of these goals. By adding a new Section 230 to the Communication Act, your bill would ensure the ability of a wide variety of companies to enter the local telephone business, would require interconnection and nondiscriminatory access, and would help to introduce competition into the pricing of local telephone services. It would, in other words, help open the local telephone exchanges to the greater private investment that will, in turn, provide lower prices and a greater selection of services to our consumers.

To Provide and Protect Competition

Our next principle -- to provide and protect competition -- is closely linked to our emphasis on private investment. That is because competition is the single most important means of encouraging private investment. And because <u>fair</u> competition is a prerequisite to the continuation of competitive enterprise.

Mr. Chairman, your legislation most notably addresses the question of competition in its Title IV, which would replace the Modified Final Judgment that currently governs the activities of the Regional Bell Operating Companies ("RBOCs). Your title establishes standards that would govern the entry of the RBOCs into manufacturing, information services and electronic publishing, alarm services and long distance telephony.

Let me begin by noting the Administration's gratitude for and appreciation of the excellent job done by the federal judiciary in its oversight of the Modified Final Judgment ("MFJ") during the past decade. The time has come to move beyond a decree governing a specific piece of litigation to a broader policy that can only be created by the Congress and the Executive Branch. But this conclusion does not detract -- in any way -- from the brave and important contributions that have been made by the judiciary during the past decade. During times when the future was uncertain and the best methods hard to discern, the federal courts pushed steadfastly for action in the public interest.

UNCLASSIFIED
NSC/RMO PROFILE

RECORD ID: 9420289
RECEIVED: 04 MAR 94 08

TO: BERGER

FROM: WISNER, F

DOC DATE: 21 FEB 94
SOURCE REF:

KEYWORDS: EXPORT ADMIN ACT   CONGRESSIONAL

PERSONS:

SUBJECT: DOD RESPONSE TO DRAFT EXPORT ADMIN ACT / EAA / BILL

ACTION: FOR RECORD PURPOSES   DUE DATE: 08 MAR 94   STATUS: C

STAFF OFFICER: AOKI   LOGREF: 9420170   9420180

FILES: IFG   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
		ANDREASEN AOKI BELL CLAUSSEN HAMMONDS KRECZKO NSC CHRON ROSNER

COMMENTS: ______________________

DISPATCHED BY ______________ DATE __________ BY HAND   W/ATTCH

OPENED BY: CLOSED BY: NSKDB   DOC 1 OF 1

UNCLASSIFIED

RECORD ID: 9420289

ACTION DATA SUMMARY REPORT

DOC	ACTION OFFICER	CAO	ASSIGNED	ACTION REQUIRED
001		X	94030409	FOR RECORD PURPOSES

20289

THE UNDER SECRETARY OF DEFENSE

WASHINGTON, D.C. 20301-2000

In reply refer to:
I-09767/94

POLICY

MEMORANDUM FOR DEPUTY ASSISTANT TO THE PRESIDENT FOR NATIONAL SECURITY AFFAIRS

SUBJECT: The Export Administration Act (EAA)

Attached is confirmation of DoD positions on certain items related to the draft EAA Bill. Also included is a summary of DoD's proposal for streamlining license timelines. The Joint Staff concurs with these positions.

Frank G. Wisner

Frank G. Wisner

Attachments
As stated

DOD POSITIONS REGARDING REAUTHORIZATION OF THE EXPORT ADMINISTRATION ACT (EAA)

1. Unilateral Controls: DoD supports State language that would provide flexibility needed by the President to maintain unilateral controls.

2. Sanctions Harmonization: If Commerce is able to reach agreement with State on appropriate language on this issue, DoD is likely to support it.

3. Streamlining of License Timelines: It is important to note that DoD, as well as Commerce, agreed to a 90-day limit on license timelines within the framework of the Trade Promotion Coordinating Committee (TPCC) last year. This represented a 25 percent reduction in license timelines. DoD cannot live with the Department of Commerce's proposal to further reduce license timelines to 60-days. Both OSD and the Joint Staff agree any such reduction would raise the danger of serious national security mistakes.

After careful consideration, OSD and the Joint Staff have developed a proposed compromise (see Tab A) that would require interagency review and referral of disputed cases to the President within 75-days. This compromise is conditioned upon agreement that at least 28-days are provided for DoD review after referral of license applications by Commerce, and that the "clock can be stopped" for up to 20-days for an NSC review of policy issues raised by any license application.

4. "Ineffective Controls": We understand agreement may have been reached in principle to include a provision in the EAA related to "ineffective controls". We are not aware of any specific language on this subject having been circulated for interagency clearance and must defer until language is provided for review.

5. License-Free Zone: We understand that a decision has been made which we support not to include language proposed by Commerce on this issue. The subject has been remanded for interagency review.

6. Authorities: DoD supports the decision not to spell out specific authorities of DoD and other departments in the draft bill. DoD's support of this approach is based on interagency agreement that such authorities will be spelled out in an appropriate Executive Order or Directive which will provide Defense with a full partnership role (i.e., concurrence authority in all important export control matters including those related to list control items, license reviews and remedies for foreign availability and unfair impact.)

DOD PROPOSAL FOR STREAMLINING LICENSE TIMELINES

I. Interagency review and dispute resolution shall be completed within 75-days of the filing of a complete license application or the case shall be referred to the President for decision. (Note: The President would have the flexibility required to determine an adequate time in which to reach his decision.)

II. The Department of Commerce would be required to refer complete applications for interagency review within 4-days of determining that a complete application had been received.

III. Interagency positions would be provided to the Department of Commerce within 28-days of receipt. (This becomes the 32nd day.)

IV. The Operating Committee would have 14-days to resolve differences. (This becomes the 46th day.)

V. The Operating Committee would have to issue its proposed decision within 3-days of meeting. (This becomes the 49th day.)

VI. Agencies/departments disagreeing with a proposed Operating Committee decision have 4-days to notify the Department of Commerce of a request for an Advisory Committee on Export Policy (ACEP) meeting. (This becomes the 53rd day.)

VII. Commerce has 3-days to prepare issue/decision papers for the ACEP meeting (This becomes the 56th day.) The ACEP would meet within 7-days (This becomes the 63rd day.)

VIII. Within 2-days of the ACEP meeting Commerce would issue minutes and a decision notice. (This becomes the 65th day.)

IX. Within 5-days of the ACEP meeting dissenting department/ agencies would have to send notice to the Department of Commerce requesting an (Export Advisory Review Board) EARB meeting. (This becomes the 70th day.)

X. Within 5-days the EARB meets. Dissenting department and agencies may ask for referral to the President for decision. (This becomes the 75th day.)

Note:
1. Any department may request an NSC review of policy issues raised by an license application. The "clock could be stopped" for up to 20-days for this review.
2. An exporter may request to "stop the clock" in order to obtain an interagency meeting for "a day in court."

UNCLASSIFIED
NSC/RMO PROFILE

RECORD ID: 9401154
RECEIVED: 14 FEB 94 18

TO: WEST, TOGO D

FROM: LAKE

DOC DATE: 21 FEB 94
SOURCE REF:

KEYWORDS: DEFENSE POLICY MILITARY POSTURE

PERSONS: WHITTAKER, JOHNSON C

SUBJECT: LTR TO SEC WEST OF ARMY RE POSTHUMOUS COMMIS OF WEST POINT CADET

ACTION: LAKE SGD LTR DUE DATE: 17 FEB 94 STATUS: C

STAFF OFFICER: BELL 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
		NSC CHRON

COMMENTS:

DISPATCHED BY ______________ DATE ________ BY HAND W/ATTCH

OPENED BY: NSGP CLOSED BY: NSJDA DOC 3 OF 3

UNCLASSIFIED

ACTION DATA SUMMARY REPORT

DOC	ACTION OFFICER	CAO	ASSIGNED	ACTION REQUIRED
001	BELL	Z	94021418	PREPARE MEMO FOR LAKE
002	LAKE	Z	94021911	FOR SIGNATURE
003		X	94022210	LAKE SGD LTR

DISPATCH DATA SUMMARY REPORT

DOC	DATE	DISPATCH FOR ACTION	DISPATCH FOR INFO
003	940221	WEST, TOGO D	

UNCLASSIFI J
NSC/RMO PROFILE

RECORD ID: 9401154
RECEIVED: 14 FEB 94 18

TO: LAKE

FROM: WEST, T

DOC DATE: 10 FEB 94
SOURCE REF:

KEYWORDS: DEFENSE POLICY   MILITARY POSTURE

PERSONS: WHITTAKER, JOHNSON C

SUBJECT: POSTHUMOUS COMMIS FOR JOHNSON C WHITTAKER

ACTION: PREPARE MEMO FOR LAKE   DUE DATE: 17 FEB 94   STATUS: S

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	HAHN	JONES
		ROSNER
		WALKER
		WILSON

COMMENTS: ____________________

DISPATCHED BY ____________ DATE ________ BY HAND W/ATTCH

OPENED BY: NSGP   CLOSED BY: DOC 1 OF 1

UNCLASSIFIED

National Security Council
The White House

recd 2/18
7pm

PROOFED BY: JAG		LOG # 1154	
URGENT NOT PROOFED:		SYSTEM	PRS NSC INT
BYPASSED WW DESK:		DOCLOG JAG	A/O

	SEQUENCE TO	HAS SEEN	DISPOSITION
Ile Reed	1	JWR	
Kenney			
Itoh			
Soderberg	2	Copy	
rbw Berger	3	SRB	
Lake	4	Natl Sec Advisor has seen	
Situation Room			
West Wing Desk	5	GH 2/21	D
NSC Secretariat	6	JAG 2/22	D

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

cc: VP McLarty Other

Should be seen by: ______ (Date/Time)

COMMENTS:

cc: WI/KK

DISPATCH INSTRUCTIONS:

Exec Sec has distribute

THE WHITE HOUSE

WASHINGTON

February 21, 1994

Dear Togo:

Thank you for your memorandum of February 10 concerning a posthumous commission for West Point Cadet Johnson C. Whittaker. I am glad to know you are looking into this tragic case, and I will look forward to receiving your formal recommendation.

Sincerely,

Tony

Anthony Lake
Assistant to the President
for National Security Affairs

The Honorable Togo D. West, Jr.
Secretary of the Army
101 Army Pentagon
Washington, D.C. 20310-0101

Good for you.
T.

NATIONAL SECURITY COUNCIL
WASHINGTON, D C 20506

February 18, 1994

Nat'l Sec Advisor has seen

SIGNED

ACTION

MEMORANDUM FOR ANTHONY LAKE

FROM: ROBERT BELL RGB

SUBJECT: Secretary of Army's Letter on Posthumous Commissioning of West Point Cadet

Secretary Togo West has written you (Tab II) to inform you of his support for obtaining a posthumous commission for one of the first black West Point cadets, Johnson C. Whittaker, who he believes was unfairly denied graduation in 1882. The Secretary is reviewing this case and anticipates submitting a formal recommendation to the President soon. The article at Tab III provides some background on the circumstances under which Cadet Whittaker was denied graduation and commissioning.

The proposed reply at Tab I thanks the Secretary for his letter and states that you will look forward to receiving his recommendation.

RECOMMENDATION

That you sign the letter at Tab I.

Attachments
Tab I Proposed Letter to Secretary of the Army
Tab II Incoming Correspondence from Secretary of the Army
Tab III The Philadelphia Inquirer Article

1054

SECRETARY OF THE ARMY
WASHINGTON

February 10, 1994

MEMORANDUM THRU: MR. ROBERT C. BELL
SPECIAL ASSISTANT TO THE PRESIDENT
AND SENIOR DIRECTOR
DEFENSE POLICY AND ARMS CONTROL

FOR: MR. ANTHONY LAKE
ASSISTANT TO THE PRESIDENT FOR
NATIONAL SECURITY AFFAIRS

SUBJECT: Posthumous Commission for Johnson C. Whittaker

Tony --

Senator Hollings has written regarding a posthumous commission for Johnson C. Whittaker. Johnson C. Whittaker was one of the first black cadets at the United States Military Academy. Mr. Whittaker attended West Point from 1876-1880. He was court-martialed in 1881 for conduct unbecoming an officer and gentleman. President Arthur set aside the court-martial in 1882 at which time Mr. Whittaker was separated from West Point for academic reasons. A 90 minute movie of this story will air on Showtime on 27 February 1994.

There are unique circumstances in this case that have led to my supporting Senator Hollings' enclosed draft legislation. I have initiated and will expedite a formal review of this case.

I will let you know when everything is ready for the President to issue a posthumous commission.

Togo

Togo D. West, Jr.

Enclosure

SECRETARY OF THE ARMY
WASHINGTON

February 10, 1994

Honorable Ernest F. Hollings
United States Senate
112 Custom House
200 East Bay Street
Charleston, South Carolina 29401

Dear Senator Hollings:

I am writing in response to your letter to Major General Harrison regarding the grant of a posthumous military commission to Johnson C. Whittaker.

As I currently understand the unique circumstances in this case, I support you and your draft legislation urging the award of a posthumous commission to Johnson C. Whittaker. I have initiated and will expedite a formal review of this case.

Thank you for bringing this matter to my attention.

Togo D. West, Jr.

Togo D. West, Jr.

Fritz Hollings

103D CONGRESS
2D SESSION

S. ____

IN THE SENATE OF THE UNITED STATES

Mr. HOLLINGS introduced the following bill; which was read twice and referred to the Committee on ______________

A BILL

For the relief of Johnson Chesnut Whittaker.

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

SECTION 1. REQUEST FOR POSTHUMOUS APPOINTMENT AS A COMMISSIONED OFFICER IN THE ARMY.

The President is urged and requested to appoint posthumously Johnson Chesnut Whittaker of South Carolina as a commissioned officer in the regular Army in the grade of second lieutenant as recompense for the unjust separation of the said Johnson Chesnut Whittaker from the Corps of Cadets of the United States Military Academy and from the Army in the early 1880s.

SEC. 2. BENEFITS.

No monetary benefits shall accrue by reason of action taken in accordance with the request in section 1.

The Philadelphia Inquirer February 13, 1994 Pg. D3

Posthumous salute to West Point cadet

The ex-slave was ostracized at the academy, then ousted. A bill would award him his commission.

By Brigid Schulte
INQUIRER WASHINGTON BUREAU

WASHINGTON — As West Point cadet Johnson C. Whittaker lay sleeping, three masked men burst into his dorm. With a razor, they gouged his hair and slashed his face, hands and ears.

"Like we do hogs down South," they told him.

They tied his hands and feet to his bed, smashed a mirror over his head and left him, barely clothed and bleeding.

Whittaker, one of the first African Americans to attend West Point, was court-martialed and discharged. West Point brass maintained that he had attacked himself to dishonor the military academy.

Through his long ordeal, more than a century ago, Whittaker, born a slave in Camden, S.C., refused to lose hope.

"I have borne much, and although it is enough to drive me to despair, I shall still bear, I shall still hope, for I have done no wrong. ... I shall wait patiently. And maybe, things will grow brighter, and I shall be 'righted' at last," he wrote a friend in his careful hand during his court-martial.

Now, Whittaker's hopes for vindication may finally be answered.

Sen. Ernest F. Hollings (D., S.C.) has introduced legislation to "right a wrong" and award Whittaker a posthumous commission as a second lieutenant — a rank given to West Point cadets upon graduation.

"I'm so glad I lived long enough to see this story come about," said Whittaker's granddaughter, Cecil McFadden, 76, who lives in Detroit. "It vindicates his memory. Maybe he can rest in peace now."

■

For most of his life, the soft-spoken Johnson Chesnut Whittaker was determined to win a place in society.

He was born in 1858 at Chesnut Plantation in Camden. His mother was a slave to Mary Chesnut, author of famous Civil War diaries. His father, James Whittaker, who left shortly after he was born, worked as a seamster by candlelight to earn his freedom before the Civil War.

Convinced that education was the only avenue to acceptance, Johnson Whittaker studied with fellow South Carolinian Richard Greener, the first African American to graduate from Harvard. He later attended the University of South Carolina.

Rep. Solomon Lafayette Hoge agreed to appoint Whittaker to West Point in 1876, at the height of Reconstruction, when many abolitionists were pushing for full and speedy integration.

Although deep in the North, West Point at the time had a racist atmosphere that differed little from the South.

"The attitude of the nation, North and South, was almost universally, that whites were superior and blacks were inferior, and inferior people have no business aspiring to be officers," said John Marszalek, a history professor at Mississippi State University who wrote a book about Whittaker's life in 1972. "It was a very sad situation."

One year after Whittaker arrived at West Point, Henry Ossian Flipper, who was born a slave in Georgia, became the first African American cadet to graduate. After that, Whittaker was alone with white cadets determined not to allow another African American to graduate.

Whittaker was ostracized. No one spoke to him, except to give him an order. He lived alone and ate alone. Other cadets drew straws to determine the loser who would have to march beside Whittaker.

Whittaker's Bible was his only comfort.

"You open it, and some of the flowers he'd put in are still there," Marszalek said. "He made notations and underlinings all having to deal with this terrible ostracism he had to suffer. Things like, 'Keep at it, God will help you through this.' That's something that comes through most of his life."

Whittaker was in his fourth year at West Point when he found a note on his chair April 4, 1880. It read: "Mr. Whittaker, You will be fixed. Better keep awake. A friend."

That night, he was attacked.

Although Whittaker immediately called for a court of inquiry, no cadet confessed. West Point officials determined that no white cadet would break the honor code and lie; therefore, Whittaker must be lying.

At Whittaker's court-martial, the attorney for West Point argued that "Negroes are noted for the ability to sham and feign."

The doctor who examined Whittaker after the attack testified that Whittaker was faking, because his heartbeat was so regular. Handwriting experts testified that Whi er himself had written the warning note.

"My heart droops ... and life almost s a burden," Whittaker wrote at the time. "Oh, how hard, and how cruel is the blow, and who could wonder that as I pen this, tears come to the once twinkling eyes. Friendless. Alone. Sad. Suspected, conscious of innocence. What could seem more cruel to a sensitive nature?"

President Chester A. Arthur overturned the court-martial two years later. But Secretary of War Robert Lincoln, son of Abraham Lincoln, discharged Whittaker from West Point, saying he had failed a philosophy course — something Whittaker supporters disputed.

It was then that Whittaker steeled himself.

"I only wish a chance in the race of life, and I think I can make my mark and win a place," Whittaker wrote. "I have made this resolve: to outstrip many of those who could despise me for four long years."

Whittaker made good on his vow. He returned to South Carolina, received a law degree and later became a teacher at the Colored Normal, Industrial, Agricultural and Mechanical College of South Carolina — now South Carolina State University.

He married and had two sons. Miller Whittaker became president of what was South Carolina State College. John Whittaker

Johnson Chesnut Whittaker was in his fourth year at West Point when he was attacked and court-martialed.

moved to Detroit to work for Henry Ford. Both were commissioned Army officers in World War I. His grandchildren have gone on to become doctors, Harvard-trained lawyers and Air Force fighter pilots.

Not long after his return to the state, Johnson Whittaker burned a scrapbook his mother had made of his court-martial, and never spoke of West Point again.

"I admire him for picking up his life and going on — becoming a lawyer, a teacher, a principal and raising a family," said granddaughter McFadden. "He didn't let it ruin his life. ... It must have taken an awful lot of courage."

■

Whittaker's students — author Ralph Ellison was one — remember his erect, military bearing, his exacting teaching style and how he hummed religious songs while walking the halls between classes. And how he was always alone.

The story of his West Point days was told in whispers. It angered students, but, they said, taught them a valuable lesson: Never give up.

"He persevered in spite of his treatment at West Point," said T.J. Crawford, 82, who received an advanced degree in chemistry at Cornell after being Whittaker's student. "It's just one of those things that you just don't give up on. You keep plugging and plugging until you receive justice."

It's a lesson Crawford said he and others took with them when they fought for their voting rights and desegregated schools. A lesson that has made 1994 different from 1884.

Of the 23 African Americans at West Point in the 1870s and 1880s, only three graduated. But since then, 1,000 African Americans have graduated and gone on to serve as officers.

Awarding a posthumous commission is a rare event. But Army Secretary Togo D. West Jr., himself an African American, said last week that he was committed to righting what a spokesman called "an obvious injustice." Soon, Whittaker may join West Point's famed Long Gray Line.

"It carries a message of hope to me," said McFadden. "Because it makes me know America isn't perfect, but I feel that it's improving. And it's better now than it was then."

The Washington Times

February 14, 1994 Pg. 3

VMI case focused on gender aptitudes

ROANOKE, Va. (AP) — The issue of whether men and women learn differently is on trial as the Virginia Military Institute struggles to remain all-male. Testimony resumes today.

The Justice Department has sued VMI, saying exclusion of women at the state-supported school is discriminatory. An appeals court agreed but gave the state the option of setting up a similar program for women.

The Justice Department returned to court Wednesday to argue that The Virginia Women's Institute for Leadership, proposed for the all-female Mary Baldwin College, is based on gender stereotypes. It wants U.S. District Judge Jackson Kiser to force VMI to admit women.

VMI wants a separate, different military college for women set up at a former finishing school.

The V-WIL program would exclude the 24-hour military atmosphere at the 155-year-old men's school. There would be no Spartan barracks without privacy and no boot camp indoctrination.

Women would be required to participate in the Reserve Officer Training Corps, but after their freshman year, they would play tennis, golf and racketball, while VMI cadets participate in boxing, football and karate.

The V-WIL program would not require women to wear uniforms all the time, as required of the 1,300 cadets at VMI.

VMI's witnesses have said women would develop as better leaders in civilian and military life without the military atmosphere and "adversative model" of education. A program for women identical to VMI would fail for lack of interest, they said.

But Capt. Tamara Frezell, a U.S. Military Academy graduate who commanded forces during the Gulf War, testified that she would have had no interest in attending V-WIL, even though it is in her native Virginia. The elements of VMI that are excluded "are what the military is all about," she said.

"If VMI were integrated, I would have gone to VMI," she said after testifying. "I wanted a rigorous, demanding, structured military environment because I believe that was the best preparation for a military career."

Col. James Sciket, a cadet training officer at the U.S. Military Academy, testified Saturday about the life of West Point cadets. Cadets wake before dawn to reveille, march in formation to meals and classes, and every aspect of their behavior is regulated. "It's demanding, it's stressful and it's challenging," Col. Sciket said. He said there was no difference in the treatment and performance of male and female cadets.

UNCLASSIFIED
NSC/RMO PROFILE

RECORD ID: 9401287
RECEIVED: 18 FEB 94 15

TO: JUKES, J

FROM: ITOH

DOC DATE: 22 FEB 94
SOURCE REF:

KEYWORDS: TELECOMMUNICATIONS LEGISLATIVE REFERRAL

PERSONS:

SUBJECT: COMMERCE PROPOSED TESTIMONY RE S-1822 COMMUNICATIONS ACT OF 1994

ACTION: KENNEY SGD MEMO DUE DATE: 22 FEB 94 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
		HAHN
		ROSNER

COMMENTS:

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UNCLASSIFIED

NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20506

February 22, 1994

MEMORANDUM FOR JAMES J. JUKES

FROM: WILLIAM H. ITOH

SUBJECT: Commerce Proposed Testimony RE: S 1822, Communications Act of 1994

The National Security Council staff concurs in the proposed Commerce testimony.

NATIONAL SECURITY COUNCIL
WASHINGTON. D.C. 20506

February 19, 1994

SIGNED

ACTION

MEMORANDUM FOR WILLIAM H. ITOH

THROUGH: ROBERT BELL

FROM: KEITH HAHN

SUBJECT: Commerce Proposed Testimony RE: S 1822, Communications Act of 1994

Tab II provides Secretary of Commerce Brown's proposed testimony on the Communications Act of 1994. The proposed legislation is consistent with the outline of the Administration's National Information Infrastructure (NII). Specifically, it provides the necessary framework for NII initiatives to provide universal service, promote investment, protect competition, secure open access and formulate government actions to adapt to new telecommunications market conditions. The NII Task Force has decided to work within this legislation rather than to submit its own legislation.

Concurrence by: Jeremy Rosner

RECOMMENDATION

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

Attachments
Tab I Memorandum for Signature
Tab II Incoming Correspondence

1287

21 pages

Stat

TESTIMONY

TESTIMONY

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

February 18, 1994

LEGISLATIVE REFERRAL MEMORANDUM

LRM #I-2048

TO: Legislative Liaison Officer -

DEFENSE - Samuel T. Brick, Jr. - (703)697-1305 - 325
EDUCATION - John Kristy - (202)401-2670 - 207
HHS - Frances White - (202)690-7760 - 328
JUSTICE - Sheila F. Anthony - (202)514-2141 - 217
STATE - Julia C. Norton - (202)647-4463 - 225
TREASURY - Richard S. Carro - (202)622-1146 - 228
FCC - Steve Klitzman - (202)632-6405 - 260
NEC - Sonyia Matthews - (202)456-6722 - 429
NSC - William H. Itoh - (202)395-3723 - 249
GSA - William R. Ratchford - (202)501-0563 - 237
OSTP - Chris Clary - (202)456-7116 - 288
SBA - Christine Swedin - (202)205-6702 - 315
USTR - Fred Montgomery - (202)395-3475 - 223

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

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

SUBJECT: COMMERCE Proposed Testimony RE: S 1822, Communications Act of 1994

DEADLINE: 10:30 AM February 22, 1994

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:

Greg Simon	Tim Fain/V. Huth
Tom Kalil	Bob Damus
Mike Nelson	Adrien Silas
Jonathan Baker, CEA	Matt Miller
Ken Schwartz	Nancy Schwartz
Harry Meyers	Karin Kizer
Jonas Neihardt	Bernie Martin
Bruce McConnell	

LRM #I-2048

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: Jeffrey WEINBERG
Office of Management and Budget
Fax Number: (202) 395-3109
Analyst/Attorney's Direct Number: (202) 395-3457
Branch-Wide Line (to reach secretary): (202) 395-3454

FROM: ______________________ (Date)

______________________ (Name)

______________________ (Agency)

______________________ (Telephone)

SUBJECT: COMMERCE Proposed Testimony RE: S 1822, Communications Act of 1994

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

February 18, 1994

Transmittal for:	Jeff Weinberg (395-3457) OMB/LRD
From:	Barry Bird OAGC/L&R/OGC 202-482-3085 Fax: 202-482-0512
Pages to follow:	19
Comment:	Secretary's statement for Hollings' hearing on February 23 on S. 1822

I understand Jonathan Sallet has been discussing the draft directly with the working group overseeing telecom issues.

DRAFT 2/18/94

Mr. Chairman, sixty years and one month ago, on January 23, 1934, the Secretary of Commerce sent a study to President Franklin Roosevelt addressing the new challenges of telecommunications. That study was transmitted by the President on the same day to your predecessor, the Chairman of the Interstate Commerce Committee of the United States Senate, who had, in fact participated in the inter-governmental review along with a congressman from Texas, Sam Rayburn.

That report, in 1934, decried the lack of coordination within the Executive Branch, anticipating by some years the concept of re-inventing government, called for effective regulation through the creation of the new body, which became the Federal Communications Commission, and considered how government could best promote the construction of the basic systems of two-way electronic communications.

Even at the time, these were not new issues. One hundred and fifty years ago, in 1844, Samuel Morse, with governmental assistance, demonstrated in the United States Capitol that the electric telegraph would work. But, although Congress wisely recognized the importance of investment in technology research and development, it also wisely resisted the request that the government own and operate the commercial telegraph system. To the continuing benefit of American consumers, private competition built the first national system of electronic transmission.

In 1934, my predecessor revisited the issue, evaluated the pros and the cons, and recommended that the communications system "at least for the present," be privately owned and publicly regulated.

The present has lasted a long time -- just over sixty years. That era has been shaped by the decisions that Congress made in response to the 1934 study. Passage of the Communications Act of 1934 established the Federal Communications Commission. The Communications Act, as it has evolved over the past six decades, has overseen the development of the broadcast, cable and telephone industries.

That is why I begin by recalling the discussion as it occurred sixty years ago. History reminds us that the questions we face are not new. What is the appropriate role of government in promoting communications markets? How can we encourage private investment and competition? How can we encourage and when must we ensure that all Americans are advantaged by communications technology?

What is new is not the questions -- what is new is the world in which these questions must be asked, and answered. Since the founding of this country, successive communications technologies have overtaken their predecessors: from pony express to electric telegraph to telephone to radio and television, to microwave to computers to digital technology -- a world in which all information can be coded as a series of zeros or ones.

The challenge is great. If we succeed, we will unleash a torrent of investment, competition and achievement. Businesses will become more competitive and new markets for new goods and services will be created. But that achievement will not be merely technological or even just economic. It will include schoolchildren who will learn better, patients who will receive better medical treatment and workers who will better themselves.

Mr. Chairman, this is the year for us to enunciate -- and enact -- the right answers. That is why, in his State of the Union Address, President Clinton called upon Congress to enact in 1994 legislation that will help ensure the creation of the National Information Infrastructure. That is why we have formed an inter-agency effort, which I chair, to focus on telecommunications policy, on the applications of information technologies, and on the way that government itself can join the work of the National Information Infrastructure.

That is also why we have articulated the five basic principles that should govern the content of legislation. We must (i) ensure universal service, (ii) promote investment, (iii) provide and protect competition, (iv) secure open access, and (v) formulate governmental action that itself, flexibly adapts to new market conditions.

It is also why we were pleased by the introduction, Mr. Chairman, of your legislation, S.1822, the Communications Act of 1994. Its title aptly captures the spirit of 1934 -- when the Administration and Congress worked together to usher in the last great information revolution. That is what we will do again this year.

The broad framework of your legislation is consistent with our goals. The details can be discussed as the legislative process moves forward. But the most important point -- which I want to emphasize in my testimony today -- is the broad level of consensus between the Administration's five principles and the direction and goals of your legislation. The first three titles of your bill expressly reflect the Administration's principles: the protection and advancement of universal service, telecommunications investment, and regulatory reform. Other portions of your bill address methods by which you believe it is possible to strike an appropriate balance between the provision of more competition and the protection of fair competition and the means by which nondiscriminatory access can be secured to various parts of the network.

To Preserve and Enhance Universal Service

Let me begin my review of our five principles by addressing universal service. The importance of protecting the public interest is understood both by the Administration and by you, Mr. Chairman, and the members who are co-sponsoring the legislation. There's a simple reason for that: A lot of what we'll be talking about this morning is markets and competition and business. For the reasons I will explain in my conclusion, those concerns will come to touch the lives of every American.

But the concept of universal service is, if possible, even more immediate. We know, from the outset, that it's about people.

There are a lot of examples, but let me give just one. Earlier this month, students at a Washington D.C. high school gathered to talk to city and community leaders about crime. We all know what a terribly important issue that is. But it caught my attention that in the middle of the discussion one high school student stood up and asked for aid of a different sort -- for more word processors. Why? So there would be more than one word processor for each one hundred students.

And why is that important? Because in a competitive world, we must empower our young people, our workers and our business through the use of word processors and computers and modems and the like. Empowered by information technology, American workers will continue to be the most productive in the world.

But competitive success cannot be confined to just part of America.

When John Kennedy was running for President, he made a very simple statement: "I don't want," he said, "the talents of any American to go to waste."

Neither do I. Neither does this Administration want the talents of any American to go to waste.

That is why the President in his State of the Union Address and the Vice President in his earlier address stated a simple -- but compelling -- national goal.

We must connect all of our classrooms, all of our libraries, and all of our hospitals and clinics to the information superhighway by the year 2000. We can achieve this goal through a new definition of public-private partnerships, one that replaces the traditional adversarial relationship with a more productive dialogue based on consensus and common goals. But, one way or another, we will meet this national goal.

S.1822 shows us how government can contribute to that public-private partnership. Your bill would add a new section to the Communications Act that instructs the FCC to enhance the availability of advanced telecommunications services to all public elementary and secondary school classrooms, health care institutions, and libraries. Those are precisely the institutions identified in the Administration's challenge and we wholeheartedly endorse your belief that the FCC must be empowered to search for means to reach our national goal, including, as you suggest, the use of preferential rates from telecommunications carriers that use public rights of way.

This challenge is only part of our work towards a new model of universal service. Like the Administration's proposal, S.1822:

- makes explicit in the Communications Act, for the first time, the goal of universal service as a national goal,

- instructs the FCC and the States to work together to craft an evolving definition of universal service, and

- requires all providers of telecommunications services to contribute to the provision of universal service.

This structure will suit the new age of information. It will ensure that the information highways act as a pathway -- but not as a barrier -- between Americans.

To Promote Private Investment

Those pathways will be constructed by the private sector. We must encourage private investment -- the second of our key principles -- because it is the private sector that will build the information superhighways. That is the lesson that we have learned and re-learned throughout our history. The vibrancy and creativity of our telecommunications industry is a tribute to the road that was taken -- permitting competition to bring lower prices and technological innovation to American customers.

We do not have to look back sixty or one hundred-and-fifty years to confirm the truth of that belief. 1994 also marks the tenth anniversary of the break-up of AT&T. Since that time, the price of interstate long distance service for the average residential customer has declined by more than 50%. And, at the same time, the AT&T network, pressed by competition, became fully digital long before it had previously been thought possible.

Mr. Chairman, your bill takes important additional steps in the same direction. It used to be thought that telephone service, local and long distance, was a natural monopoly -- until the activities of American entrepreneurs and the Modified Final Judgment proved that it was not. Even then, it was thought that local telephone service was a monopoly -- although your bill wisely recognizes that it does not have to be.

Indeed, in this respect, your bill wisely reverses an historical decision that led to less -- rather than more -- competition in the local telephone exchanges. It is often forgotten that the expiration of the Bell System telephone patents one hundred years ago, in 1893 and 1894, ushered in a period of intense competition that lasted some twenty-five years, until Federal, state, and local policymakers agreed to create an industry structure dominated by AT&T's long distance network, and the local exchange monopolies of the Bell Operating Companies and numerous independent companies.

Competitions came about because new entrants saw new potential uses for the technology of the telephone. The Bell Company had marketed its invention as a high priced, business service. Residential areas of major cities typically received only limited service, and areas outside of metropolitan areas received no service at all.

When the original patents expired, a large number of entrepreneurs began offering telephone service, first in areas unserved by Bell and then in direct competition with the Bell system. Bell responded by rapidly building out its own system, and soon in most major cities consumers and businesses had a choice of telephone companies. In 1906, 57% of the communities with more than 5,000 people were served by two or more local telephone companies. By 1907, non-Bell companies served more than half (51%) of the telephone customers in the country. During this period prices for service fell dramatically, while at the same time "infrastructure" investment soared.

Why did this not last? Because, quite simply, the competing systems were not interconnected. Subscribers to one system could not reach, or receive a call from, subscribers to competing systems. Government intervened to address this "problem" by establishing franchised monopolies for telephone service.

Of course, the same "problem" could have been solved just be requiring the interconnection of competing telephone companies. That is, after all, what we did in the long-distance market when AT&T lost its monopoly status, and it is what your legislation suggests for the local telephone exchanges now.

The Administration wholeheartedly endorses this approach. The right policy is to promote competition in local telephone service by both removing the government barriers to the entry of new competitors, such as state and federal exclusive franchises or licenses to offer service,and affirmatively requiring the unbundling and interconnection of competing systems. In short, we will remove anticompetitive government regulation and leave in its place, not a vacuum of public policy, but pro-competitive, pro-investment policies.

Mr. Chairman, your bill would move towards the accomplishment of these goals. By adding a new Section 230 to the Communication Act, your bill would ensure the ability of a wide variety of companies to enter the local telephone business, would require interconnection and nondiscriminatory access, and would help to introduce competition into the pricing of local telephone services. It would, in other words, help open the local telephone exchanges to the greater private investment that will, in turn, provide lower prices and a greater selection of services to our consumers.

To Provide and Protect Competition

Our next principle -- to provide and protect competition -- is closely linked to our emphasis on private investment. That is because competition is the single most important means of encouraging private investment. And because fair competition is a prerequisite to the continuation of competitive enterprise.

Mr. Chairman, your legislation most notably addresses the question of competition in its Title IV, which would replace the Modified Final Judgment that currently governs the activities of the Regional Bell Operating Companies ("RBOCs). Your title establishes standards that would govern the entry of the RBOCs into manufacturing, information services and electronic publishing, alarm services and long distance telephony.

Let me begin by noting the Administration's gratitude for and appreciation of the excellent job done by the federal judiciary in its oversight of the Modified Final Judgment ("MFJ") during the past decade. The time has come to move beyond a decree governing a specific piece of litigation to a broader policy that can only be created by the Congress and the Executive Branch. But this conclusion does not detract -- in any way -- from the brave and important contributions that have been made by the judiciary during the past decade. During times when the future was uncertain and the best methods hard to discern, the federal courts pushed steadfastly for action in the public interest.

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001. email	To VAX_MAIL@OEOB, BELL@A1@OEOB, ANDREASEN@A1@OEOB from White House Situation Room. Subject: Letter for DUS Timothy Daunt. (3 pages)	02/22/1994	P1/b(1)

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National Security Council
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Chron File - February 1994 #2 [4]

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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]

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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]