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Record Group/Collection: George H.W. Bush Presidential Records
Collection/Office of Origin: Chief of Staff, White House Office of
Series: Card, Andrew, Files
Subseries:

OA/ID Number: 04012
Folder ID Number: 04012-006e

Folder Title:
AHC General Correspondence June-August 1990 [5]

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Withdrawal/Redaction Sheet (George Bush Library)

| Doc. No. / Type | Subject/Title | Date | Restriction | Classification |
|-----------------|--|----------|-------------|----------------|
| 01. Resume | Re: Elizabeth Penniman Schmidt. (1 pp.) | n.d. | (b)(6) | |
| 02. Letter | Robert H. Marsh to Andrew Card, Re: Assistance with immigration visa issue. (1 pp.) | 08/02/90 | (b)(6) | |
| 03. Letter | Robert H. Marsh to U.S. Representative Barney Frank, Re: Assistance with immigration visa issue. (1 pp.) | 08/02/90 | (b)(6) | |

Collection:

Record Group: Bush Presidential Records
Office: Chief of Staff, Office of the
Series: Card, Andrew H., Jr., Files
Subseries:
WHORM Cat.:
File Location: AHC General Correspondence June-August 1990 [5]

Pinksheet Number: RML16122
OA/ID Number: 04012-006e
Date Closed: 3/14/2025
FOIA/Sys Case #: 2025-0373-S
Re-review Case #:
P-2/P-5 Review Case #:



Ambassador



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DEC 202 Q

Aug. 1990

Dear Mr. Card,

Thank you so much for helping arrange the visit to the White House for the Miss T.E.E.N. organization on August 7, 1990, we all had a wonderful time.

The group regrets not being able to see you on that day and thank you personally. However, due to your busy schedule, and the crisis in the Gulf we knew your time would be limited.

I was pleased to see you at Sen. Paul Cellucci's party on August 6, however.

We speak of you often in our household, and we often see you on television with the President. It must be so exciting to be involved, and that close to everything.

Thank you again Mr. Card.

Sincerely,
Victoria

P.S. My Dad sends his regards.



UNITED STATES SENATE
WASHINGTON, D. C.

JOHN MCCAIN
ARIZONA

8/13/90

Dear Andy:

As you know, I've accepted the offer of the
Chairmanship of the Federal Maritime Commission.

I simply want to thank you for your willingness
to meet with me and discuss the issue. I
will undertake this new job with all of my
abilities and best efforts, and I intend to do
everything I can to make the President and
his staff appreciate that they made a good
choice.

I look forward to working with you in
the future, and again, I appreciate your
professionalism and your courtesy.

Sincerely,

Chris Koch



Holbrook Housing Authority
One Holbrook Court
Holbrook, Massachusetts 02343

*Sent to
not 8/21*



Kevin R. Donovan
Executive Director

Telephone: 767-0024

August 3, 1990

The Honorable Andrew H. Card Jr.
Deputy Chief of Staff to the President
The White House
Washington, D.C. 20500

Dear Andy:

The Holbrook Housing Authority has recently applied for fifty (50) Section 8 Certificates from the U. S. Department of Housing and Urban Development. A copy of the application is enclosed.

The Authority has experienced a large influx of qualified applicants who are truly in need of this type of assistance.

Any consideration in reviewing the application will be indeed greatly appreciated. If you have any questions please feel free to contact us.

Very truly yours,

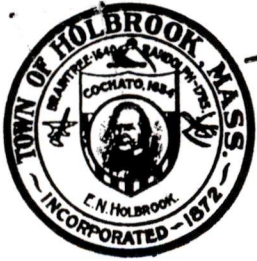
Holbrook Housing Authority
Board of Commissioners

William D. Marble
by, William D. Marble
CHAIRMAN

Catherine Ennis
Catherine Ennis, President
TENANTS ASSOCIATION

KRD:prd

Encl.



Holbrook Housing Authority
One Holbrook Court
Holbrook, Massachusetts 02343

Kevin R. Donovan
Executive Director

Telephone: 767-0024

July 20, 1990

Ms. Jeanne McHallam
Director of Development
U.S. Department of HUD, Region 1
O'Neill Federal Building, 3rd Fl., Rm. #321
10 Causeway Street
Boston, MA 02222-1092

Dear Ms. McHallam:

Enclosed please find a funding request for fifty (50) additional units of Section 8 Existing Housing to be administered by the Holbrook Housing Authority. In addition, I have enclosed the Section 213 letter from the Board of Selectmen endorsing the proposed increase.

Please note that the Authority currently administers fifty-seven (57) units of Section 8 Existing Housing and has an executed Annual Contributions Contract to expire June 30, 1991.

Your assistance in reviewing the enclosed application for fifty (50) additional units would truly be appreciated.

If you have any questions, please feel free to contact me.

Very truly yours,

Kevin R. Donovan
EXECUTIVE DIRECTOR

Application for Existing Housing

U.S. Department of Housing and Urban Development
Office of Housing
Federal Housing Commissioner



Section 8 Housing Assistance Payments Program

Send original and two copies of this application form and attachments to the local HUD Field Office

OMB Approval No. 2502-0123 (exp. 11/30/90)

Public reporting burden for this collection of information is estimated to average 0.5 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to the Reports Management Officer, Office of Information Policies and Systems, U.S. Department of Housing and Urban Development, Washington, D.C. 20410-3600 and to the Office of Management and Budget, Paperwork Reduction Project (2502-0123), Washington, D.C. 20503.

| | | |
|--|--|--|
| Name of the Public Housing Agency (PHA) requesting housing assistance payments: HOLBROOK HOUSING AUTHORITY | | Application/Project No. (HUD use only) MA 06 E 07 2 0 1 0 |
| Mailing Address of the PHA One Holbrook Court Holbrook, MA 02343 | | Requested housing assistance payments are for: How many Certificates? 50 How many Vouchers? |
| Signature of PHA Officer authorized to sign this application <i>Kevin R. Donovan</i> | Title of PHA Officer authorized to sign this application Kevin R. Donovan - Executive Director | Have you submitted prior applications: No Yes ... for Section 8 Certificates? <input type="checkbox"/> <input checked="" type="checkbox"/> ... for Section 8 Housing Vouchers? <input type="checkbox"/> <input type="checkbox"/> |
| | Phone Number 617-767-0024 | Date of Application July 20, 1990 |
| Legal Area of Operation (area in which the PHA determines that it may legally enter into contracts) Holbrook, Brockton, Randolph, Abington, Quincy, Boston | | |

Holbrook, Brockton, Randolph, Abington, Quincy, Boston

A. Primary Area(s) from which families to be assisted will be drawn.

| Locality (City, Town, etc.) | County | Congressional District | Units |
|-----------------------------|----------|------------------------|-------|
| Town of Holbrook | Norfolk | 11th | |
| City of Brockton | Plymouth | 11th | |
| Town of Randolph | Norfolk | 11th | |
| Town of Abington | Plymouth | 11th | |
| City of Quincy | Norfolk | 11th | |
| City of Boston | Suffolk | 11th | |

| B. Proposed Assisted Dwelling Units Housing Program | Number of Dwelling Units by Bedroom Count | | | | | | | | Total Dwelling Units | |
|--|---|------|------|-------------|------|------|------|------|----------------------|------|
| | Elderly, Handicapped, Disabled | | | Non-Elderly | | | | | | |
| | Efficiency | 1-BR | 2-BR | 1-BR | 2-BR | 3-BR | 4-BR | 5-BR | | 6+BR |
| Certificates | | 20 | | | 20 | 10 | | | | 50 |
| Housing Vouchers | | | | | | | | | | |

C. Need for Housing Assistance. Demonstrate that the project requested in this application is consistent with the applicable Housing Assistance Plan including the goals for meeting the housing needs of Lower-Income Families or, in the absence of such a Plan, that the proposed project is responsive to the condition of the housing stock in the community and the housing assistance needs of Lower-Income Families (including the elderly, handicapped and disabled, large families and those displaced or to be displaced) residing in or expected to reside in the community. (If additional space is needed, add separate pages.)

SEE ATTACHED

| | | |
|---|-------------------------------------|----------------------|
| D. Qualification as a Public Housing Agency. Demonstrate that the applicant qualifies as a Public Housing Agency and is legally qualified and authorized to carry out the project applied for in this application. (check <input checked="" type="checkbox"/> the appropriate boxes) | Submitted with this application | Previously submitted |
| 1. The relevant enabling legislation | <input checked="" type="checkbox"/> | |
| 2. Any rules and regulations adopted or to be adopted by the agency to govern its operations | | |
| 3. A supporting opinion from the Public Housing Agency Counsel | | |

Retain this record for the term of the ACC.
Previous editions are obsolete

In the past four (4) years Total units allocated to Holbrook Housing Authority was five (5) , five (5), and seven (7) - a Total of seventeen (17) units.

The Town of Randolph, who abuts Holbrook, does not have a Section 8 program. Holbrook Housing Authority has been administering Section 8 Certificates to those who choose to live in Randolph.

A large number of mentally disabled are on our 1 bedroom Waiting List as we are in Brockton Multi Service neighborhood as well as South Shore Mental Health. Our landlords in Holbrook and Randolph have been very agreeable to leasing to the disabled who are presently housed in the worst conditions possible. This office can place them in decent, safe neighborhoods that are close to their workshops and support systems.

There are several shelters in our area that temporarily house homeless, pregnant women that will need housing when the baby is born. Our Holbrook shelter houses hundreds of single men that are unable to find affordable housing because of low wages earned or large support payments to their families.

Our waiting list is lengthy with housing available in Holbrook and Randolph but no certificates available.

Because of the great need and our history of underfunding we are requesting the maximum allowed which is only Fifty (50) Certificates.

**CERTIFICATIONS IN CONNECTION WITH THE OPERATION
OF A SECTION 8 EXISTING HOUSING PROGRAM**

Instructions: The applicant agency must provide assurances and certify to all of the following items.

The applicant agency hereby assures and certifies that:

- (i) It will comply with Title VI of the Civil Rights Act of 1964 (*P.L. 88-352*) and regulations pursuant thereto (*Title 24 CFR Part 1*) which states that no person in the United States shall, on the ground of race, color, or national origin, be excluded from participation in, be denied the benefits of, or be otherwise subjected to discrimination under any program or activity for which the applicant receives financial assistance; and will immediately take any measures necessary to effectuate this agreement. With reference to the real property and structure(s) thereon which are provided or improved with the aid of Federal financial assistance extend to the applicant, this assurance shall obligate the applicant, or in the case of any transfer of property, the transferee, for the period during which the real property and structure(s) are used for a purpose for which the Federal financial assistance is extended or for another purpose involving the provision of similar services or benefits.
- (ii) It will comply with Title VIII of the Civil Rights Act of 1968 (*P.L. 90-284*) as amended, which prohibits discrimination in housing on the basis of race, color, religion, sex or national origin, and administer its programs and activities relating to housing in a manner to affirmatively further fair housing.
- (iii) It will comply with Executive Order 11063 on Equal Opportunity in Housing which prohibits discrimination because of race, color, creed, or national origin in housing and related facilities provided with Federal financial assistance.
- (iv) In establishing the criteria for the selection of tenants, the PHA or Owner will not utilize preferences or priorities which are based on (1) the identity or location of the housing which is occupied or proposed to be occupied or (2) upon the length of time the applicant has resided in the jurisdiction. The PHA or Owner shall treat non-resident applicants who are working, or have been notified that they are hired to work, in the jurisdiction as residents of the jurisdiction.
- (v) If the proposed project is to be located within the area of a local Housing Assistance Plan (HAP), the applicant will take affirmative action to provide opportunities to participate in the program to persons expected to reside in the community as a result of current or planned employment.

July 19, 1990
(Date)

Executive Director
(Title)

Terrence L. Downum
(Signature)

Certification for a Drug-Free Workplace

U.S. Department of Housing and Urban Development
Office of Public and Indian Housing



Public Housing Agency / Indian Housing Authority

OMB No. 2577-0044 (exp. 10/31/92)

Public Reporting Burden for this collection of information is estimated to average 0.25 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to the Reports Management Officer, Office of Information Policies and Systems, U.S. Department of Housing and Urban Development, Washington, D.C. 20410-3600; and to the Office of Management and Budget, Paperwork Reduction Project (2577-0044) Washington, D.C. 20503.

| | |
|---|--|
| PHA/IHA Name: Holbrook Housing Authority | If Development or CIAP, enter the Federal Fiscal Year in which the funds are expected to be reserved: |
| Program/Activity Receiving Federal Grant Funding: (mark one) <input type="checkbox"/> Development <input type="checkbox"/> CIAP <input type="checkbox"/> Operating Subsidy <input type="checkbox"/> Sec. 23 Leased Housing | If Operating Subsidy or Section 23, enter the PHA's/IHA's Fiscal Year Ending date in which funds are expected to be obligated: |

Acting on behalf of the above named PHA/IHA as its Authorized Official, I make the following certifications and agreements to the Department of Housing and Urban Development (HUD) regarding the sites listed below:

1. I certify that the above named PHA/IHA will provide a drug-free workplace by:

- | | |
|--|--|
| <p>a. Publishing a statement notifying employees that the unlawful manufacture, distribution, dispensing, possession, or use of a controlled substance is prohibited in the PHA's/IHA's workplace and specifying the actions that will be taken against employees for violation of such prohibition.</p> <p>b. Establishing a drug-free awareness program to inform employees about the following: (1) The dangers of drug abuse in the workplace; (2) The PHA's/IHA's policy of maintaining a drug-free workplace; (3) Any available drug counseling, rehabilitation, and employee assistance programs; and (4) The penalties that may be imposed upon employees for drug abuse violations occurring in the workplace.</p> <p>c. Making it a requirement that each employee of the PHA/IHA be given a copy of the statement required by paragraph a.;</p> <p>d. Notifying the employee in the statement required by paragraph a. that, as a condition of employment with the PHA/IHA, the employee will do the following:</p> | <p>(1) Abide by the terms of the statement; and (2) Notify the employer of any criminal drug statute conviction for a violation occurring in the workplace no later than five days after such conviction;</p> <p>e. Notifying the HUD Field Office within ten days after receiving notice under subparagraph d. (2) from an employee or otherwise receiving actual notice of such conviction;</p> <p>f. Taking one of the following actions within 30 days of receiving notice under subparagraph d. (2) with respect to any employee who is so convicted: (1) Taking appropriate personnel action against such an employee, up to and including termination; or (2) Requiring such employee to participate satisfactorily in a drug abuse assistance or rehabilitation program approved for such purposes by a Federal, State, or local health, law enforcement, or other appropriate agency;</p> <p>g. Making a good faith effort to continue to maintain a drug-free workplace through implementation of paragraphs a. thru f.</p> |
|--|--|

WARNING: 18 U.S.C. 1001 provides, among other things, that whoever knowingly and willingly makes or uses a document or writing containing any false, fictitious, or fraudulent statement or entry, in any matter within the jurisdiction of any department or agency of the United States, shall be fined not more than \$10,000 or imprisoned for not more than five years, or both.

2. Sites for Work Performance. The PHA/IHA shall list in the space provided below the site(s) for the performance of work done in connection with the HUD funding of the program/activity shown above: Place of Performance shall include the street address, city, county, State, and zip code. (If more space is needed, attach additional page(s) the same size as this form. Identify each sheet with the PHA/IHA name and address and the program/activity receiving grant funding.)

Holbrook Housing Authority
 One Holbrook Court
 Holbrook, MA 02343

Signed by: (Name, Title & Signature of Authorized PHA/IHA Official)

Name & Title: Kevin R. Donovan - EXECUTIVE DIRECTOR

Signature & Date: 

7-19-90

**Certification for Contracts, Grants, Loans
and Cooperative Agreements**

The undersigned certifies, to the best of his or her knowledge and belief that:

(1) No Federal appropriated funds have been paid or will be paid, by or on behalf of the undersigned, to any person for influencing or attempting to influence an officer or employee of an agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant, the making of any Federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment or modification of any Federal contract, grant, loan, or cooperative agreement.

(2) If any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this Federal contract, grant, loan, or cooperative agreement, the undersigned shall complete and submit Standard Form-LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions.

(3) The undersigned shall require that the language of this certification be included in the award documents for all subawards at all tiers (including subcontracts, subgrants, and contracts under grants, loans, and cooperative agreements) and that all subrecipients shall certify and disclose accordingly.

This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into this transaction imposed by section 1352, title 31, U.S. Code. Any person who fails to file the required certification shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such failure.

Executed this 19th date of July, 1990.
By Kevin R. Donovan
(signature)
KEVIN R. DONOVAN
(typed or printed name)
Executive Director
(title, if any)

Covered Action: _____
(type and identity of program, project or activity)



Town of Holbrook

50 North Franklin Street, Holbrook, MA 02343

(617) 767-4312

BOARD OF SELECTMEN
Board of Public Works

July 20, 1990

Ms. Jeanne McHallam
Director of Development
U.S. Department of HUD, Region 1
O'Neill Federal Building, 3rd Fl., Rm. #321
Boston, MA 02222-1092

Dear Ms. McHallam:

Please be advised that the Holbrook Board of Selectmen endorses the application for fifty (50) additional units of Section 8 Existing Housing as proposed by the Holbrook Housing Authority.

The application is submitted in accordance with Holbrook's Housing Assistance Plan and this communication should be considered the final comments from the Town of Holbrook and no additional comments will be submitted by the Board of Selectmen.

Sincerely,

Michael Huntington
Chairman

/mf

DEAR ANDREW

PIECES DONT FIT THE PUZZLE. LET ME ELABORATE THE UNITED STATES NOW HAS 100 PLUS NUCLEAR POWER PLANTS GENERATING 20% OF THE TOTAL ELECTRIC DOMESTIC DEMAND, THE DEFENSE DEPARTMENT HAS ITS NUCLEAR PROGRAM, WHERE THE HECK ARE ALL THE ENGINEERS, TECHNICIANS AND SCIENTISTS SPECIALIZED COMING FROM? THAT S A PROBLEM. SECOND POINT AS YOU ARE WELL AWRE THE BOSTON HARBOR CLEAN UP IS A POLITICAL PORK BARREL, I.E. ALTHOUGH THERE IS OVERWHELMING EVIDENCE OF THE NEED FOR A NEW SEWERAGE TREATMENT PLANT THE BEAURACACY AND THE CONTRACT ENGINEERING WAS POLITICALLY CHOSEN (MR DUKAKIS WILL BE RUNNING AGAIN FOR PRESIDENT) THE PROBLEM IS THE POLLUTION MAY BE A HEALTH PROBLEM IF NOT RECTIFIEID, PERSONAL EXPERIENCE OF SMELLING HUMAN EXCREMENT ON PUBLIC BEACHES AS NAHANT AND REVERE DOESNT PORTEND FOR THE HEALTHY AMERICAN SOCIETY. (YOU MUST BE GETTING SOME IMPLICATION OF THE HIGH LEGAL AND ILLEGAL IMMIGRATION LEVELS (THIS IS NOT BECAUSE THE STREETS ARE PAVED WITH GOLD OR THERE ARE TREMENDOUS JOBS WAITING) THE REASON FOR THE GREAT LABOR SHORTFALL IS IN THE WAY HEALTH CARE HAS BEEN PRACTICED (AMERICAN MEDICINE HAS BEEN RATIONED AND THE CONSEQUENCES OF THAT ARE LOW FERTILTITY IN AMERICAN WOMEN AND A HIGH ~~XXXX~~ DEATH RATE. LET ME IT CLEAR A HIGH DEATH RATE MAY BE LESS OF THE CONSEQUENCES OF DISEASE BUT OF THE POP CULTURE DRUG ABUSE, CRIME, MOTOR VEHICLE AND INDUSTRIAL ACCIDENTS. HOWEVER I HAVE THE DATA THAT SUBSTANTIATES MY CLAIM THE DEATH RATE HAS NOT BEEN LOWER THAN THE RATE OF 1979 IRREGARDLESS OF THE EXPENDITURES IN HEALTH CARE.

WITH THE ABOVE FACTS I DONT WANT ANY MILITARY INTERVENTION OF AMREICAN FORCES GOING INTO KUWAIT OR IRAQUE UNLESS DIRECTLY THREATENED. IF THE U.S. CAN GET A SEMI PERMANENT MILITARY BASE IN SAUDI ARABIA THEN DO IT.

FRANKLY YOU CANT AFFORD TO LOSE AMERICAN YOUNG AT THIS TIME IN THE CULTURE, AS ISAID EVERYTHING DOESNT FIT ON AN ENGINEERING DRRWING, YOU HAVE PROBLEMS IN OUR DOMESTIC CULTURE THAT WILL BE EXACERBATED BY THE INCREASE IN LABOR SHORTAGES. TO THOSE THAT ARE CLAIMING THAT IMMIGRATION WILL BE ABLE TO FILL THE GAP, OK. INCREASE THE QUOTAS FROM ALL WESTERN EUROPEUN NATIONS AND LOWER THE QUOTAS FROM OTHER AREAS. WATCH THE REBPONSE FROM THE LIMBERAL SIDE. IMMIGRANTS ARE NOT BEING SCREENED FOR COMMUNICABLE DISEASES

INCLUDING T.B. DIPHTHERIA HEPATITIS SO THAT FURTHER PLACES A STRAIN ON AMERICANS.

ABSOLUTELY I CAN SUBSTANTIATE WITH GOVERNMENT DATA THAT THE AMERICAN POPULATION IS RECEEDING AND IS BEING PROPPED UP BY IMMIGRATION.

THE FOLLOWING ARTICELE DOESNT FOCUS ON MORTALITY RATES BUT DOES IDENTIFY LOW FERTILITY AS PART OF THE PROBLEM..

FINALLY I WOULD LIKE TO ALSO STATE THAT IN 1982 A DEPARTMENT OF THE PUBLIC HEALTH SERVICE DID /A REPORT ON THE NUMBER OF PROFESSIONAL PHARMACIST IN PRACTICEIN AMERICA, AS YOU MAY REMEMBER I AM A DEGREED PHARMACIST OR WAS FORMERLY LICENSED, THAT 1982 REPORT GAVE THE FOLLOWING FIGURES OUT OF 150,000 LICENSED PHARMACIST IN 1975, 25,000 OF THEM LIKE MYSELF WHERE NOT IN PRACTICE AND IN INKNOWN ACTIVITY, ANOTHER 15,000 WERE OUT OF WORK LOOKING FOR PHRAMACY WORK. MY ESTIMATE IS THAT SOCIETY HAD LET 15-18,000 B.S. DEGREES VAPORIZE. IN 1980. I BELIEVE THAT WAS A MISTAKE.

I AM NOT GOING TO DWELL ON THAT REPORT BUT ONLY CAN SAY THAT THERE IS SOME SORT OF DELAYED REACTION FROM GOVERNMENT AGENCIES. A CRISIS HAS TO ENSUE BEFORE THE RIGHT THING IS DONE.

FOLLOWING ARE PUBLIC HEALTH SERVICE REPORTS ON VITAL STATISTICS WHICH I GATHERED, ONE HEALTH STATISTIC IS THE DEATH RATE (MORTALITY). AS YOU SCAN THE ANNUAL DATA YOU WILL NOTICE THAT 1979 WAS THE LOWEST RATE (NOT ABSOLUTE TERMS BUT RELATIVE) RATE PER 1000 POPULATION.

Best Regards

GOOD LUCK
MR JOHN V VERCELLONE

62 MARLBORO STREET
BELMONT, MASS 02178-3660

ALSO WOULD SUGGEST THAT PEASE A.F.B. BE CONVERTED TO DEFENSIVE, COMMERCIAL MILITARY RECONNAISSANCE AND REFUELING, TO MUCH CONCENTRATION IN SOUTHERN N. NEW HAMPSHIRE, MOVE S.A.C. TO ANOTHER LOCATION WITH LESS PROSPERITY.

SHOULD America keep growing, or is 250 million people enough?

Congress will try to answer that question in coming weeks, but lawmakers are beset with conflicting advice.

Conservationists warn Congress that rapid growth is destroying America's environment, using up its natural resources like oil and water, and threatening its economy and standard of living.

Proponents of growth argue that the United States needs more people to keep factories humming. A larger population also makes the US stronger on the international scene, they contend.

The issue is stirring Capitol Hill because of five bills now being considered by the House of Representatives. The bills, all highly controversial, deal with immigration. Each would have a decisive impact on US population trends during the next 100 years.

Markup on a House immigration bill begins today in the Judiciary Subcommittee on Immigration, Refugees, and International Law. Scholar Ben Wattenberg says the immigration policy adopted this year could be "the most important action taken by our government in this decade."

Experts say that virtually all US population growth in the next century will come from immigration. If migration slows significantly, population will stabilize. But if migrants pour into the country, population could skyrocket to 400 million.

Urging slow growth, or no growth, are conservationists, such as Rose Hanes of Population-Environment Balance, and former Colorado Gov. Richard Lamm, director of the Center for Public Policy and Contemporary Issues at the University of Denver.

At the other extreme are exponents of "growth-is-good," such as Mr. Wattenberg of the American Enterprise Institute, economist Julian Simon, and the editorial writers of the Wall Street Journal.

Economic consequences

Every American has a stake in the outcome of this debate. Levels of immigration and population can affect pay scales, jobs, the environment, housing prices, business prosperity, and even national security.

Dr. Arnold Packer, senior research fellow of the Hudson Institute, says the immigration policy adopted by this Congress could

agrees that we cannot take in unlimited numbers. Is it humane to bring in even more than we do? I don't think so, not in the long run, because it hurts our environment, which supports all of us."

But Wattenberg counters: "Beyond a strong dose of the enterprising spirit, immigrants typically bring something else to the country, and that is their youth. The United States is in the midst of becoming a significant prayer nation. Each payroll-tax-paying immigrant adds thousands of dollars per year to the social security trust funds."

The US currently is growing faster than any industrialized country in the world. The population, now slightly over 250 million, climbs by 3 million a year. Legal immigration in 1989 was 612,110, including 90,694 refugees. There are also thousands of illegal immigrants, whose numbers are unknown.

Sharon Camp, vice president of the Population Crisis Committee, estimates that without further net immigration, America's population would level off at 269 million in the year 2020. Fertility rates in the US are presently 1.8—that is, 1.8 children per woman, which is slightly below the "replacement level" needed to ensure a stable population. But an unusually large number of American women are currently in their child-bearing years, and that is nudging population higher, Dr. Camp explains.

The Senate has already passed an immigration bill, S358, sponsored by Sen. Edward Kennedy (D) of Massachusetts and Sen. Alan Simpson (R) of Wyoming. The Center for Immigration Studies (CIS) estimates that the Kennedy-Simpson bill would bring 881,000 migrants to the US in 1991. Under current law, the number would rise to 780,000 in 1991, CIS calculates.

The White House supports the Kennedy-Simpson bill as a reasonable increase in immigration. But the administration opposes more-generous legislation drafted by Rep. Bruce Morrison (D) of Connecticut, chairman of the immigration subcommittee.

According to CIS, the Morrison bill would bring in 1,060,000 immigrants in 1991. That would rise until 1995, when millions of more people would become eligible for US residence.

In addition to Mr. Morrison, three other representatives have drafted separate immigration leg-

islated 1.7 million immigrants a year, nearly three times the current level, by 1991. In five years, 8.7 million migrants would be added to the US population under his proposal, CIS estimates.

Supporters of liberalized immigration make three major arguments. First, it would bring about faster family unification for migrants. Often, the male head of a family arrives first, puts down roots, and eventually become a US citizen. Then he can send for his wife and children.

Splitting families inhumane

Many congressmen say that separating families for years is inhumane. They want to unite family members swiftly, even before the head of the household has achieved US citizenship.

However, that argument troubles Gene McNary, commissioner of the US Immigration and Naturalization Service.

Mr. McNary contends that "the ability to bring relatives to this country without regard to numerical restrictions is a special privilege. In a sense, it is on a par with the right to vote and hold political office, and should be limited to United States citizens."

The commissioner also notes that many aliens hurry to become US citizens so that they can bring relatives here. Without that incentive, many aliens might not bother to become citizens—thereby slowing their assimilation into the American mainstream.

Second, advocates say current law must be revised to bring in more skilled workers, including more immigrants from Europe. There is general agreement on this provision, which has already passed the Senate.

The third argument for liberalized immigration is the so-called impending "labor shortage."

As America's population ages, some advocates say that the US must open its doors to younger workers from other nations. Without them, Wattenberg contends, the US will face a future of "deteriorating service, and an increase in underqualified, rude, and weakly committed employees." Businesses will have to cancel expansion plans, and the nation could suffer wage inflation.

Rep. Lamar Smith (R) of Texas counters that the US has 14 million unemployed, including some people who have become discouraged and stopped looking for jobs. Perhaps those unemployed Americans should be the nation's top priority, he suggests.

PRESIDENT Bush, in an Oval Office with a small group of newspaper views on the receding threat to Pact and flatly denied reports that he defense budget cuts.

The military threat to NATO from return to its full cold-war level, he said.

His comments seemed to split the between members of his administration, versal in the East bloc. The debate is of United States defense spending.

"I'm convinced that, certainly for th of the change we've seen taking plac turned by events," he said. "Poland i being a captive nation, if you will. Bu not some pitfalls out there."

Although Mr. Bush acknowledged "never go back to Square 1 in terms c left open the possibility for reversals i least the Soviet Union.

"I can't vouch for what every coun including the Soviet Union. . . . It's ve uring . . . intentions of individual par [reports] so solid and so strong tha versed." Reform prospects in the S sponding demilitarization are at the Director of Central Intelligence William Webster and Defense Secretary Richard Cheney.

The differences are matters of 't degree. Mr. Webster believes that the less threatening military posture of the Soviet Union is becoming increasingly difficult to reverse. Mr. Cheney is more skeptical.

Bush praised Soviet President Mikhail Gorbachev's managing of peaceful change throughout East, moved from the table the concept of

The backdrop of the president's r tion between Lithuanian leaders seek Gorbachev trying to slow their mon ducted maneuvers in the region ove Lithuanians took as intimidation.

"One of the reasons I have not or structuring] but also supported Gorb steadfastly adhering to the concept very important."

A news report last weekend that th to cut over \$7 billion more from the Bush proposed in January "did not

As for Soviet troops, Bush saw lit East Germany, despite the calls of sor viets to retain a presence as a hedge

"I don't think the Soviets are want heard what the Poles have said, but seconded by many Poles. And it is m that array of countries, I don't see an viet troops there."

Yet even in the East, Bush said, keeping US troops in Germany. Of W US troops aren't wanted, US troops

As for other instabilities and histo again in Europe, Bush is optimistic: new democracies emerge, there will l on the part of governments in East, and that in itself will help peaceful

PAGE
1

FORM ON 1979, 1980 RATE

852.2 AND 878.3
RESPECTIVELY GO TO PAGE 2

② THESE ARE
ESTIMATES
NOT
FACTUAL

Table 9. Death rates for all causes, according to race, sex, and age: United States, selected years 1950-82

(Data are based on the National Vital Statistics System)

| Race, sex, and age | Year | | | | | | | |
|---|-------------------|-------------------|----------|----------|--------------|--------------|-------------------|-------------------|
| | 1950 ¹ | 1960 ¹ | 1970 | 1975 | 1979 | 1980 | 1981 ² | 1982 ² |
| Total ³ Number of deaths per 100,000 resident population | | | | | | | | |
| All ages, age adjusted ⁴ ... | 841.5 | 760.9 | 714.3 | 630.4 | 577.0 | 585.8 | 571.6 | 556.4 |
| All ages, crude..... | 963.8 | 954.7 | 945.3 | 878.5 | <u>852.2</u> | <u>878.3</u> | 866.4 | 857.6 |
| Under 1 year..... | 3,299.2 | 2,696.4 | 2,142.4 | 1,603.0 | 1,332.9 | 1,288.3 | 1,190.4 | 1,143.7 |
| 1-4 years..... | 139.4 | 109.1 | 84.5 | 69.9 | 64.2 | 63.9 | 60.0 | 55.5 |
| 5-14 years..... | 60.1 | 46.6 | 41.3 | 35.2 | 31.5 | 30.6 | 30.6 | 27.8 |
| 15-24 years..... | 128.1 | 106.3 | 127.7 | 117.3 | 114.8 | 115.4 | 106.2 | 104.7 |
| 25-34 years..... | 178.7 | 146.4 | 157.4 | 140.6 | 133.0 | 135.5 | 135.4 | 126.9 |
| 35-44 years..... | 358.7 | 299.4 | 314.5 | 266.7 | 229.8 | 227.9 | 226.4 | 207.9 |
| 45-54 years..... | 853.9 | 756.0 | 730.0 | 649.9 | 589.7 | 584.0 | 577.4 | 556.4 |
| 55-64 years..... | 1,911.7 | 1,735.1 | 1,658.8 | 1,475.3 | 1,338.0 | 1,346.3 | 1,335.3 | 1,292.4 |
| 65-74 years..... | 4,067.7 | 3,822.1 | 3,582.7 | 3,179.5 | 2,929.0 | 2,994.9 | 2,940.0 | 2,904.5 |
| 75-84 years..... | 9,331.1 | 8,745.2 | 8,004.4 | 7,034.5 | 6,496.6 | 6,692.6 | 6,431.1 | 6,350.3 |
| 85 years and over..... | 20,196.9 | 19,857.5 | 17,539.4 | 15,655.0 | 14,962.4 | 15,980.3 | 15,362.4 | 15,228.6 |
| White male | | | | | | | | |
| All ages, age adjusted ⁴ | 963.1 | 917.7 | 893.4 | 804.3 | 738.4 | 745.3 | 730.8 | 709.7 |
| All ages, crude..... | 1,089.5 | 1,098.5 | 1,086.7 | 1,004.1 | 963.3 | 983.3 | 972.8 | 957.6 |
| Under 1 year..... | 3,400.5 | 2,694.1 | 2,113.2 | 1,551.9 | 1,276.0 | 1,230.3 | 1,193.9 | 1,129.2 |
| 1-4 years..... | 135.5 | 104.9 | 83.6 | 70.1 | 64.2 | 66.1 | 62.4 | 55.5 |
| 5-14 years..... | 67.2 | 52.7 | 48.0 | 40.9 | 36.6 | 35.0 | 37.9 | 32.1 |
| 15-24 years..... | 152.4 | 143.7 | 170.8 | 163.6 | 167.0 | 167.0 | 152.4 | 148.2 |
| 25-34 years..... | 185.3 | 163.2 | 176.6 | 166.4 | 166.7 | 171.3 | 172.0 | 156.7 |
| 35-44 years..... | 380.9 | 332.6 | 343.5 | 295.1 | 257.5 | 257.4 | 260.7 | 237.7 |
| 45-54 years..... | 984.5 | 932.2 | 882.9 | 791.0 | 711.3 | 698.9 | 698.9 | 671.0 |
| 55-64 years..... | 2,304.4 | 2,225.2 | 2,202.6 | 1,940.9 | 1,734.5 | 1,728.5 | 1,695.1 | 1,648.6 |
| 65-74 years..... | 4,864.9 | 4,848.4 | 4,810.1 | 4,343.0 | 3,991.5 | 4,035.7 | 3,953.1 | 3,893.2 |
| 75-84 years..... | 10,526.3 | 10,299.6 | 10,098.8 | 9,274.7 | 8,624.0 | 8,829.8 | 8,603.7 | 8,506.5 |
| 85 years and over..... | 22,116.3 | 21,750.0 | 20,392.6 | 18,562.2 | 17,924.0 | 19,097.3 | 18,563.7 | 18,333.3 |
| White female | | | | | | | | |
| All ages, age adjusted ⁴ | 645.0 | 555.0 | 501.7 | 439.0 | 402.5 | 411.1 | 403.7 | 395.1 |
| All ages, crude..... | 803.3 | 800.9 | 812.6 | 775.1 | 771.8 | 806.1 | 802.0 | 802.3 |
| Under 1 year..... | 2,566.8 | 2,007.7 | 1,614.6 | 1,191.7 | 986.7 | 962.5 | 924.8 | 906.2 |
| 1-4 years..... | 112.2 | 85.2 | 66.1 | 56.2 | 50.4 | 49.3 | 48.5 | 44.3 |
| 5-14 years..... | 45.1 | 34.7 | 29.9 | 25.5 | 23.2 | 22.9 | 20.7 | 20.2 |
| 15-24 years..... | 71.5 | 54.9 | 61.6 | 55.3 | 55.2 | 55.5 | 52.7 | 52.3 |
| 25-34 years..... | 112.8 | 85.0 | 84.1 | 72.1 | 64.7 | 65.4 | 65.7 | 62.8 |
| 35-44 years..... | 235.8 | 191.1 | 193.3 | 165.3 | 140.9 | 138.2 | 136.4 | 129.7 |
| 45-54 years..... | 546.4 | 458.8 | 462.9 | 414.0 | 374.5 | 372.7 | 374.8 | 357.6 |
| 55-64 years..... | 1,293.8 | 1,078.9 | 1,014.9 | 928.6 | 862.8 | 876.2 | 884.0 | 860.9 |
| 65-74 years..... | 3,242.8 | 2,779.3 | 2,470.7 | 2,142.0 | 1,997.9 | 2,066.6 | 2,048.4 | 2,029.0 |
| 75-84 years..... | 8,481.5 | 7,696.6 | 6,698.7 | 5,785.4 | 5,258.6 | 5,401.7 | 5,182.1 | 5,090.1 |
| 85 years and over..... | 19,679.5 | 19,477.7 | 16,729.5 | 14,749.7 | 14,027.9 | 14,979.6 | 14,302.2 | 14,278.0 |

See footnotes at end of table.



1983, 1984, 1985, 1986, 1987
862.8, 862.3, 873.9, 873.2, 872.4 respectively

Table 22 (page 1 of 2). Death rates for all causes, according to sex, race, and age: United States, selected years 1950-87

[Data are based on the National Vital Statistics System]

| Sex, race, and age | 1950 ¹ | 1960 ¹ | 1970 | 1980 | 1983 | 1984 | 1985 | 1986 | 1987 |
|--|-------------------|-------------------|----------|----------|----------|----------|----------|----------|----------|
| Deaths per 100,000 resident population | | | | | | | | | |
| All races | | | | | | | | | |
| All ages, age adjusted | 840.5 | 760.9 | 714.3 | 585.8 | 550.5 | 545.9 | 546.1 | 541.7 | 535.5 |
| All ages, crude | 963.8 | 954.7 | 945.3 | 878.3 | 862.8 | 862.3 | 873.9 | 873.2 | 872.4 |
| Under 1 year | 3,299.2 | 2,696.4 | 2,142.4 | 1,288.3 | 1,107.3 | 1,085.6 | 1,067.8 | 1,032.1 | 1,018.5 |
| 1-4 years | 139.4 | 109.1 | 84.5 | 63.9 | 55.9 | 51.9 | 51.4 | 52.0 | 51.6 |
| 5-14 years | 60.1 | 46.6 | 41.3 | 30.6 | 26.9 | 26.7 | 26.3 | 26.0 | 25.6 |
| 15-24 years | 128.1 | 106.3 | 127.7 | 115.4 | 96.0 | 96.8 | 95.9 | 102.3 | 99.4 |
| 25-34 years | 178.7 | 146.4 | 157.4 | 135.5 | 121.4 | 121.1 | 123.4 | 132.1 | 133.2 |
| 35-44 years | 358.7 | 299.4 | 314.5 | 227.9 | 201.9 | 204.8 | 207.2 | 212.9 | 214.1 |
| 45-54 years | 853.9 | 756.0 | 730.0 | 584.0 | 535.7 | 521.1 | 516.3 | 504.8 | 498.0 |
| 55-64 years | 1,911.7 | 1,735.1 | 1,658.8 | 1,346.3 | 1,299.5 | 1,287.8 | 1,282.7 | 1,255.1 | 1,241.3 |
| 65-74 years | 4,067.7 | 3,822.1 | 3,582.7 | 2,994.9 | 2,874.3 | 2,848.1 | 2,838.6 | 2,801.4 | 2,751.3 |
| 75-84 years | 9,331.1 | 8,745.2 | 8,004.4 | 6,692.6 | 6,441.5 | 6,399.3 | 6,445.1 | 6,348.2 | 6,282.5 |
| 85 years and over | 20,196.9 | 19,857.5 | 16,344.9 | 15,980.3 | 15,168.0 | 15,223.6 | 15,480.3 | 15,398.9 | 15,320.8 |
| White male | | | | | | | | | |
| All ages, age adjusted | 963.1 | 917.7 | 893.4 | 745.3 | 698.4 | 689.9 | 688.7 | 679.8 | 668.2 |
| All ages, crude | 1,089.5 | 1,098.5 | 1,086.7 | 983.3 | 957.4 | 951.1 | 960.0 | 954.4 | 947.8 |
| Under 1 year | 3,400.5 | 2,694.1 | 2,113.2 | 1,230.3 | 1,052.9 | 1,038.4 | 1,033.9 | 976.6 | 942.1 |
| 1-4 years | 135.5 | 104.9 | 83.6 | 66.1 | 57.3 | 51.8 | 52.4 | 52.2 | 52.0 |
| 5-14 years | 67.2 | 52.7 | 48.0 | 35.0 | 31.1 | 30.5 | 29.9 | 29.9 | 30.0 |
| 15-24 years | 152.4 | 143.7 | 170.8 | 167.0 | 137.0 | 138.8 | 136.3 | 145.9 | 137.3 |
| 25-34 years | 185.3 | 163.2 | 176.6 | 171.3 | 154.8 | 154.3 | 157.1 | 168.8 | 167.8 |
| 35-44 years | 380.9 | 332.6 | 343.5 | 257.4 | 232.9 | 235.1 | 241.4 | 248.4 | 249.6 |
| 45-54 years | 984.5 | 932.2 | 882.9 | 698.9 | 636.5 | 617.9 | 608.8 | 592.2 | 582.8 |
| 55-64 years | 2,304.4 | 2,225.2 | 2,202.6 | 1,728.5 | 1,642.9 | 1,625.5 | 1,614.3 | 1,573.1 | 1,552.8 |
| 65-74 years | 4,864.9 | 4,848.4 | 4,810.1 | 4,035.7 | 3,816.1 | 3,745.3 | 3,716.8 | 3,634.8 | 3,548.4 |
| 75-84 years | 10,526.3 | 10,299.6 | 10,098.8 | 8,829.8 | 8,556.9 | 8,459.1 | 8,500.4 | 8,341.7 | 8,212.2 |
| 85 years and over | 22,116.3 | 21,750.0 | 18,551.7 | 19,097.3 | 18,443.3 | 18,552.7 | 18,788.9 | 18,576.1 | 18,434.9 |
| Black male | | | | | | | | | |
| All ages, age adjusted | 1,373.1 | 1,246.1 | 1,318.6 | 1,112.8 | 1,019.6 | 1,011.7 | 1,024.0 | 1,026.9 | 1,023.2 |
| All ages, crude | 1,260.3 | 1,181.7 | 1,186.6 | 1,034.1 | 963.3 | 958.1 | 976.8 | 987.7 | 989.5 |
| Under 1 year | --- | 5,306.8 | 4,298.9 | 2,586.7 | 2,243.4 | 2,136.6 | 2,134.8 | 2,181.7 | 2,211.4 |
| 1-4 years | --- | 208.5 | 150.5 | 110.5 | 96.8 | 85.2 | 89.0 | 90.9 | 90.5 |
| 5-14 years | 95.1 | 75.1 | 67.1 | 47.4 | 40.9 | 42.4 | 41.3 | 42.0 | 42.5 |
| 15-24 years | 289.7 | 212.0 | 320.6 | 209.1 | 165.0 | 163.9 | 174.1 | 190.5 | 203.9 |
| 25-34 years | 503.5 | 402.5 | 559.5 | 407.3 | 335.8 | 335.6 | 374.4 | 385.6 | 389.8 |
| 35-44 years | 878.1 | 762.0 | 956.6 | 689.8 | 586.5 | 616.0 | 641.8 | 675.9 | 701.5 |
| 45-54 years | 1,905.0 | 1,624.8 | 1,777.5 | 1,479.9 | 1,287.3 | 1,273.5 | 1,283.3 | 1,266.5 | 1,263.6 |
| 55-64 years | 3,773.2 | 3,316.4 | 3,256.9 | 2,873.0 | 2,713.1 | 2,658.3 | 2,623.1 | 2,545.5 | 2,464.7 |
| 65-74 years | 5,310.3 | 5,798.7 | 5,803.2 | 5,131.1 | 4,949.3 | 4,874.5 | 4,888.7 | 4,789.9 | 4,737.6 |
| 75-84 years | --- | 8,605.1 | 9,454.9 | 9,231.6 | 9,100.0 | 9,023.1 | 9,298.4 | 9,290.8 | 9,240.7 |
| 85 years and over | --- | 14,844.8 | 12,222.3 | 16,098.8 | 14,155.6 | 14,642.9 | 15,046.2 | 15,488.1 | 15,226.1 |
| White female | | | | | | | | | |
| All ages, age adjusted | 645.0 | 555.0 | 501.7 | 411.1 | 392.7 | 391.3 | 390.6 | 387.7 | 384.1 |
| All ages, crude | 803.3 | 800.9 | 812.6 | 806.1 | 815.3 | 822.3 | 837.1 | 840.7 | 845.5 |
| Under 1 year | 2,566.8 | 2,007.7 | 1,614.6 | 962.5 | 837.6 | 818.5 | 786.9 | 759.1 | 742.9 |
| 1-4 years | 112.2 | 85.2 | 66.1 | 49.3 | 43.9 | 41.6 | 39.7 | 40.7 | 40.5 |
| 5-14 years | 45.1 | 34.7 | 29.9 | 22.9 | 19.7 | 20.0 | 19.4 | 18.6 | 17.9 |
| 15-24 years | 71.5 | 54.9 | 61.6 | 55.5 | 48.3 | 49.6 | 48.4 | 50.4 | 49.1 |
| 25-34 years | 112.8 | 85.0 | 84.1 | 65.4 | 60.1 | 59.5 | 58.9 | 60.4 | 62.6 |
| 35-44 years | 235.8 | 191.1 | 193.3 | 138.2 | 123.4 | 123.9 | 121.2 | 121.3 | 119.3 |
| 45-54 years | 546.4 | 458.8 | 462.9 | 372.7 | 351.0 | 341.9 | 339.5 | 330.3 | 325.7 |
| 55-64 years | 1,293.8 | 1,078.9 | 1,014.9 | 876.2 | 867.8 | 864.9 | 864.1 | 853.3 | 848.5 |
| 65-74 years | 3,242.8 | 2,779.3 | 2,470.7 | 2,066.6 | 2,024.7 | 2,032.5 | 2,028.3 | 2,031.8 | 2,001.8 |
| 75-84 years | 8,481.5 | 7,696.6 | 6,698.7 | 5,401.7 | 5,162.2 | 5,140.0 | 5,171.4 | 5,108.7 | 5,075.2 |
| 85 years and over | 19,679.5 | 19,477.7 | 15,980.2 | 14,979.6 | 14,278.3 | 14,319.6 | 14,579.4 | 14,502.9 | 14,486.9 |

See footnote at end of table.

Page ~~three~~ (3)

1989
868.1

1988
883.9

Monthly Vital Statistics Report

Births and death rates, by age, race, and sex, and age-adjusted death rates by race and sex: United States, 1988 and cumulative figures 1988 and 1989

Estimated from a 10-percent sample of deaths. Rates on an annual basis per 100,000 estimated population in specified group. Due to rounding not add to totals. For method of computation and information on standard errors of the estimates see Technical notes

| Sex | December | | | | January-December | | | |
|---------------------|----------|----------|---------|----------|------------------|----------|-----------|----------|
| | 1989 | | 1988 | | 1989 | | 1988 | |
| | Number | Rate | Number | Rate | Number | Rate | Number | Rate |
| sexes ¹ | 198,000 | 933.2 | 185,000 | 883.1 | 2,155,000 | 868.1 | 2,171,000 | 883.9 |
| ..... |  |  |  |  | 38,900 | 2986.1 | 38,700 | 21,022.2 |
| ..... |  |  |  |  | 6,550 | 44.2 | 7,470 | 51.3 |
| ..... | 4,620 | 100.1 | 4,730 | 104.6 | 9,330 | 26.5 | 9,070 | 26.2 |
| ..... |  |  |  |  | 37,240 | 102.0 | 38,870 | 104.0 |
| ..... | 3,140 | 101.9 | 3,310 | 105.6 | 61,290 | 139.8 | 58,520 | 134.1 |
| ..... | 5,230 | 140.5 | 4,740 | 128.0 | 81,070 | 222.1 | 77,100 | 218.7 |
| ..... | 7,360 | 233.7 | 6,300 | 207.9 | 119,380 | 479.5 | 117,650 | 487.1 |
| ..... | 10,490 | 490.9 | 10,410 | 502.5 | 261,080 | 1,209.1 | 271,900 | 1,246.8 |
| ..... | 22,900 | 1,253.4 | 23,040 | 1,253.5 | 477,460 | 2,626.0 | 488,470 | 2,729.8 |
| ..... | 43,660 | 2,811.2 | 41,440 | 2,716.9 | 601,780 | 6,165.1 | 601,930 | 6,314.2 |
| ..... | 55,960 | 6,687.8 | 50,450 | 6,181.4 | 1,509,470 | 15,094.7 | 1,580,000 | 15,518.9 |
| ..... | 44,260 | 16,734.9 | 39,930 | 15,646.6 | 1,510 | ... | 1,580 | ... |
| ..... | 90 | ... | 160 | ... | ... | 523.9 | ... | 536.5 |
| ..... |  | 552.5 | ... | 533.7 | ... | ... | ... | ... |
| male ² | 100,800 | 976.3 | 93,690 | 920.5 | 1,115,030 | 921.6 | 1,130,230 | 944.9 |
| ..... |  |  |  |  | 21,820 | 2,080.2 | 22,200 | 21,146.1 |
| ..... |  |  |  |  | 3,580 | 47.2 | 4,260 | 57.2 |
| ..... | 2,480 | 105.0 | 2,720 | 117.5 | 5,800 | 32.2 | 5,420 | 30.6 |
| ..... |  |  |  |  | 27,610 | 149.6 | 28,850 | 152.8 |
| ..... | 2,310 | 148.3 | 2,460 | 155.3 | 44,540 | 203.0 | 42,880 | 196.3 |
| ..... | 3,840 | 206.1 | 3,480 | 187.8 | 54,720 | 303.6 | 51,750 | 297.6 |
| ..... | 4,950 | 318.2 | 4,130 | 276.2 | 76,150 | 628.8 | 74,840 | 637.2 |
| ..... | 6,470 | 622.4 | 6,490 | 644.1 | 159,980 | 1,568.4 | 166,950 | 1,624.2 |
| ..... | 13,870 | 1,606.4 | 14,010 | 1,616.1 | 276,150 | 3,410.9 | 284,440 | 3,581.9 |
| ..... | 25,350 | 3,664.5 | 23,550 | 3,475.1 | 293,290 | 7,946.1 | 295,280 | 8,229.7 |
| ..... | 26,700 | 8,421.4 | 23,790 | 7,727.0 | 150,470 | 17,702.4 | 152,450 | 18,478.8 |
| ..... | 14,780 | 20,095.0 | 12,970 | 18,273.2 | 920 | ... | 890 | ... |
| ..... | 60 | ... | 90 | ... | ... | 679.2 | ... | 700.0 |
| ..... |  | 708.8 | ... | 681.5 | ... | ... | ... | ... |
| female ² | 96,890 | 892.1 | 90,830 | 847.7 | 1,039,740 | 817.0 | 1,040,360 | 826.0 |
| ..... |  |  |  |  | 17,080 | 2,886.8 | 16,470 | 2,892.2 |
| ..... |  |  |  |  | 2,970 | 41.1 | 3,210 | 45.2 |
| ..... | 2,140 | 95.1 | 2,010 | 91.1 | 3,530 | 20.6 | 3,650 | 21.6 |
| ..... |  |  |  |  | 9,620 | 53.3 | 10,020 | 54.2 |
| ..... | 830 | 54.5 | 850 | 54.8 | 16,750 | 76.5 | 15,650 | 71.8 |
| ..... | 1,390 | 74.8 | 1,260 | 68.1 | 26,360 | 142.7 | 25,350 | 142.0 |
| ..... | 2,400 | 150.6 | 2,170 | 141.4 | 43,230 | 338.1 | 42,800 | 344.9 |
| ..... | 4,030 | 367.2 | 3,920 | 368.4 | 101,100 | 887.3 | 104,950 | 910.4 |
| ..... | 9,020 | 936.0 | 9,030 | 930.0 | 201,310 | 1,995.7 | 204,030 | 2,050.1 |
| ..... | 18,310 | 2,125.9 | 17,890 | 2,110.5 | 308,490 | 5,083.9 | 306,650 | 5,158.1 |
| ..... | 29,270 | 5,632.1 | 26,660 | 5,244.2 | 308,710 | 14,083.5 | 306,910 | 14,375.2 |
| ..... | 29,480 | 15,433.7 | 26,950 | 14,629.1 | 580 | ... | 690 | ... |
| ..... | 30 | ... | 70 | ... | ... | 396.4 | ... | 403.6 |
| ..... |  | 425.5 | ... | 412.4 | ... | ... | ... | ... |
| White | 171,130 | 960.6 | 159,470 | 905.3 | 1,866,310 | 893.1 | 1,886,400 | 910.3 |
| ..... |  |  |  |  | 25,860 | 2,817.3 | 25,500 | 2,834.7 |
| ..... |  |  |  |  | 4,690 | 39.5 | 5,650 | 48.1 |
| ..... | 3,260 | 88.1 | 3,240 | 89.1 | 6,880 | 24.4 | 6,630 | 23.8 |
| ..... |  |  |  |  | 28,050 | 94.4 | 29,910 | 98.0 |
| ..... | 2,340 | 93.5 | 2,580 | 101.0 | 43,670 | 119.1 | 42,380 | 115.8 |
| ..... | 3,840 | 123.5 | 3,410 | 109.9 | 59,800 | 191.8 | 57,150 | 189.3 |
| ..... | 5,610 | 208.8 | 4,550 | 175.6 | 93,240 | 434.4 | 92,030 | 441.8 |
| ..... | 8,190 | 444.9 | 7,940 | 444.5 | 217,570 | 1,152.4 | 228,430 | 1,193.8 |
| ..... | 19,120 | 1,198.9 | 19,180 | 1,191.1 | 417,060 | 2,570.8 | 428,080 | 2,677.3 |
| ..... | 37,880 | 2,737.2 | 36,090 | 2,650.2 | 543,850 | 6,153.5 | 543,750 | 6,293.4 |
| ..... | 50,180 | 6,628.1 | 45,640 | 6,172.3 | 424,470 | 15,373.8 | 425,690 | 15,830.8 |
| ..... | 40,650 | 16,942.3 | 36,730 | 15,849.8 | 1,170 | ... | 1,200 | ... |
| ..... | 70 | ... | 120 | ... | ... | 499.7 | ... | 513.2 |
| ..... |  | 528.4 | ... | 507.4 | ... | ... | ... | ... |

Handwritten notes and scribbles in the top right corner.



Characteristics of Pharmacists

By P. Hannah Davis, formerly with the Division of Health Care Statistics, and G. Gloria Kapantais, Office of Vital and Health Care Statistics

2nd page of this report outline of paragraph

Introduction

Between May 1977 and June 1979, the National Center for Health Statistics conducted an inventory of all licensed pharmacists in the United States. The data were collected through two separate but parallel mechanisms.

The first was the Cooperative Health Statistics System.¹ Those States with a Cooperative Health Statistics System manpower component contract collected data on pharmacists and submitted to the National Center for Health Statistics a specified set of data elements, using standardized processing specifications. (For information on the Cooperative Health Statistics System and the data set, see appendix I.) The National Center for Health Statistics had an individual contract with each State in the Cooperative Health Statistics System, usually with the State health department. All contractors within the System developed their own questionnaires for distribution in their States. The questionnaires were required to include all of the items specified by the Center and usually had the wording and format suggested by the Center.

The second mechanism through which the data were collected used a single contractor, the American Association of Colleges of Pharmacy, to collect the same items in those States not collecting data through the Cooperative Health Statistics System. Identical questionnaires provided by the Center were mailed out in all of these States. A copy of this questionnaire appears in appendix II, with further definition of terms provided in appendix III. The questionnaire, a prototype of the individual questionnaires developed in the 23 Cooperative Health Statistics System States, was used to collect data in 27 States and the District of Columbia by the American Association of Colleges of Pharmacy. Similar data collection methodologies were used by both the Cooperative Health Statistics System State contractors and the American Association of Colleges of Pharmacy to ensure uniformity of data and to permit the statistics from both mechanisms to be merged into a single national data file.

To ensure accurate data a number of procedures for

~~Should add 500 primary care beds in the U.S. 190 for commercial as well as medical reasons.~~

editing and processing the data were performed. In addition, duplicate records of pharmacists holding licenses in more than one State were removed. This was necessary because pharmacists were surveyed and counted in each State in which they were licensed. The procedures for processing and editing the data and for removing duplicate records are discussed in appendix I.

States have license renewal dates at varying times of the year. In addition, some States have biennial license renewal cycles. These caused up to a 2-year delay in beginning the questionnaire mailout in some States. The questionnaire mailout spanned 2 years in order to coordinate each State's mailout with its license renewal period because it was thought that pharmacists would be more likely to complete and return questionnaires enclosed in the same envelope with license renewal forms.

Because of contractual obligations with the Center, some Cooperative Health Statistics System States submitted pharmacist data tapes for 2 consecutive years, each tape representing an annual data collection in their States. In these cases the later data tape was chosen for inclusion in the 1978-79 Survey of Licensed Pharmacists. The data collection period represented by this later tape was a date prior to June 1979, except for Oregon. Later tapes were selected not only because they provided more recent, up-to-date information, but also because they were usually of a higher quality because of the experience gained by the State contractor in data collection and in assembling at least one earlier tape for the Center.

It should be noted that although this report and the Survey of Licensed Pharmacists are labeled 1978-79, not all States collected data for the national file during these 2 years. The large majority (80 percent of the States) collected the data in 1978-79, while remaining data were collected during 1977 or 1980. The appendix table shows the particular year of each State's survey data.

Handwritten notes at the bottom of the page.

160,000 (-)/E.N

48,000 1978-79

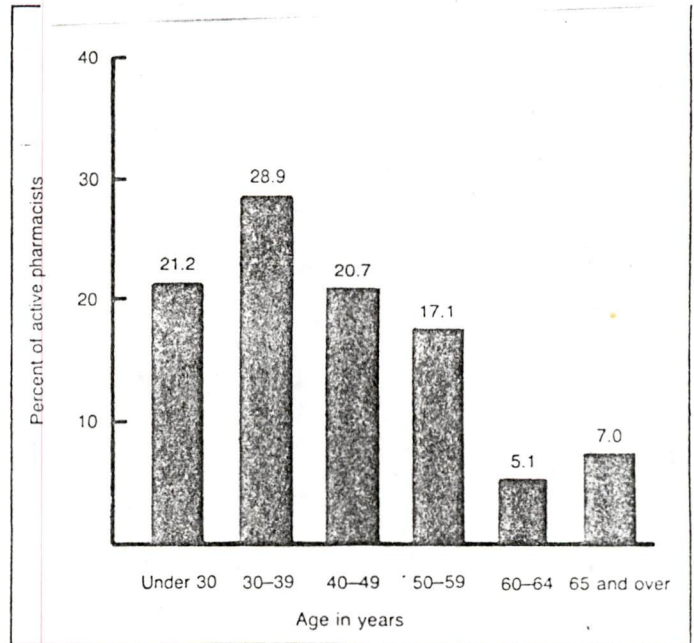
In 1978-79 there were 160,664 licensed pharmacists in the United States. The activity status of 27,417 of them was unknown; for those of known status 112,335 or 84 percent were known to be active, and 20,912 or 16 percent were known to be inactive (table 1).

As seen in table 2, the percent of active pharmacists out of the total number of licensed pharmacists drops as age increases. Ninety-five percent of pharmacists under 30 years of age were active; whereas only 79 percent of pharmacists 60-64 years of age were active. The largest decline occurred among female pharmacists, although at every age a smaller percent of licensed female pharmacists than of male pharmacists were active. Reasons for inactivity for both sexes are discussed later in this report.

Pharmacists between 30 and 59 years of age are often in their prime years of professional practice. Within these ages, 9 out of 10 licensed male pharmacists were active in the profession, compared with 8 out of 10 female pharmacists. Their activity rate was about 11 percent lower than that of males. A 1973-74 study of pharmacists showed that at that time approximately the same proportion of male pharmacists were active in their profession as in 1978-79, but only 6 out of 10 female pharmacists were active in 1973-74.²

The 1978-79 data show that 21 percent of active pharmacists were under 30 years of age, while 12 percent were 60 years and over (text figure). There seem to have been enough young pharmacists going into the profession to replace the older pharmacists who would be most likely to leave. In 1978-79, the largest group of pharmacists were 30-39 years of age (29 percent). Fifty percent of the active pharmacists responding in the survey were under 40 years of age.

Table A shows replacement ratios—the percent of pharmacists under 30 years of age divided by the percent 60 years of age and over. This ratio indicates whether there is a sufficient supply of pharmacists entering the profession (as measured by those under 30 years of age) to replace those most likely to be leaving (as measured by those 60 years and over). A value of 1.0 indicates that there are equal proportions of pharmacists under 30 years of age and 60 years and over. A value of less than 1.0 means that there is only that proportion of young pharmacists for every pharmacist 60 years of age and over. Conversely, a value greater than 1.0 indicates that there are proportionately more young pharmacists to replace those most likely to be leaving. A ratio greater than 1.0 indicates growth in the profession. In 1978-79, the Northeast had 1.12 pharmacists under 30 years of age for every pharmacist 60 years of age and over.



Text figure. Percent distribution of active pharmacists by age: United States, 1978-79

Thus, for every 8 pharmacists who were most likely to leave the profession within 5 years, 9 new pharmacists had recently entered the profession. The South had the largest ratio of young to old pharmacists—2.56 pharmacists under 30 years of age for every pharmacist 60 years and over. For each of the four regions, there was more than one pharmacist under 30 years of age for every pharmacist 60 years of age and over.

The age composition of active pharmacists in each State is presented in table 3.

Table A. Percents of active pharmacists under 30 years of age and 60 years of age and over and replacement ratios, by geographic regions: United States, 1978-79

| Geographic region | Active pharmacists | | Replacement ratio ¹ |
|-------------------------|-----------------------|--------------------------|--------------------------------|
| | Under 30 years of age | 60 years of age and over | |
| | Percent | | |
| Northeast | 18.3 | 16.3 | 1.12 |
| North Central | 23.6 | 12.8 | 1.84 |
| South | 23.0 | 9.0 | 2.56 |
| West | 17.3 | 11.5 | 1.50 |

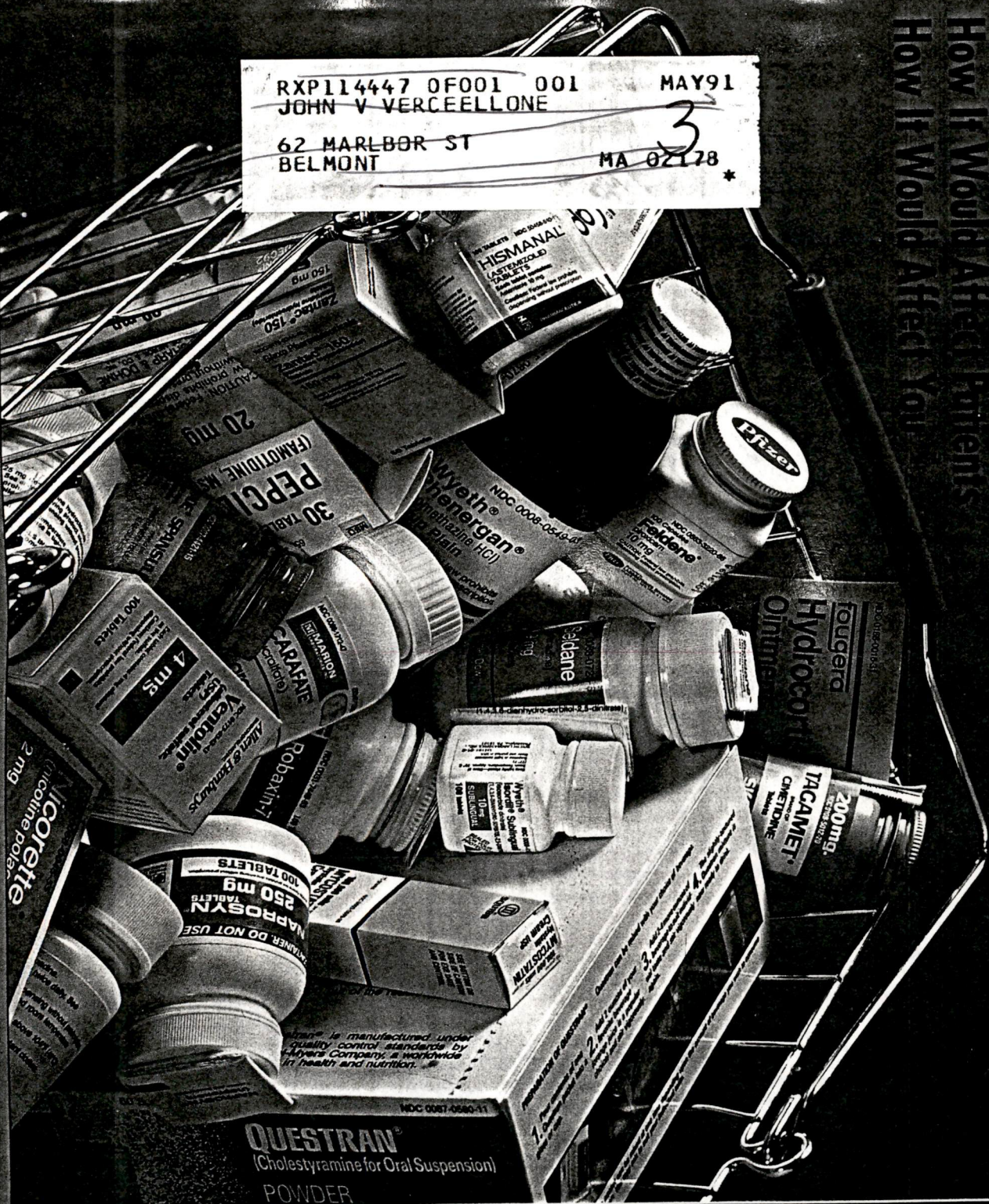
¹The percent of pharmacists under 30 years of age divided by the percent 60 years of age and over.

AMERICAN DRUGGIST

FROM RX TO OTC

How It Would Affect Patients
How It Would Affect You

RXP114447 OF001 001 MAY91
JOHN V VERCEELLONE
62 MARLBOR ST
BELMONT MA 02178 *



Independents vs Chains • '90 Grads Survey • Cough/Colds (CE)

PHARMACIST BLAMED FOR FATAL MEDICATION ERROR

A PHARMACIST AND A pharmacy technician were fired from Albert Einstein Medical Center, in Philadelphia, after three infants in the neonatal intensive care unit died who were given an IV solution containing potassium that was incorrectly prepared by the pharmacy department. The potassium caused a fatal drop in heart rate in the three babies, all born prematurely and weighing less than 2-1/2 pounds.

The IV solution, used to flush out the IV tube after medication is given, should have contained heparin, dextrose, and water, but instead contained heparin and potassium chloride.

Martin Goldsmith, president of Albert Einstein, said bottles of potassium and dextrose are of the same size and both contain clear liquid and have similar labels, but both are clearly marked.

Michael Cohen, director of pharmacy at Quakertown Community Hospital, Philadelphia, told *The Philadelphia Inquirer* that there have been at least 40 medical incidents nationally in the last ten years involving mixups with potassium chloride. Last July, the United States Pharmacopeia proposed placing a black seal on potassium labels to alert pharmacists of the potential dangers, but the change has not yet been implemented.

2 Deaths In Nebraska

In an unrelated incident in Nebraska, two patients who had heart surgery at Bryan Memorial Hospital in Lincoln died after being exposed to a contaminated solution that was prepared in the hospital pharmacy. Six others were

treated for infection with antibiotics.

The eight patients were among 24 who were operated on between May 22 and June 1, when a batch of a cardioplegic solution contaminated with bacteria is known to have been used. Two other

deaths were attributed to other causes. The isotonic solution, which is compounded in the hospital pharmacy, is used to minimize damage to cells when the heart is inactive during surgery. The cause of the contamination is under investigation. ■

INDEPENDENTS OFFER FRIENDLIER SERVICE

A REPORT BY D.P. Hamacher & Associates, Inc., comparing customer service in 30 independent and 30 chain pharmacies, finds that independent store clerks offer quicker and friendlier service. On the other hand, chain store clerks are more likely to do additional selling and present a professional image.

The surveyors, who visited stores in southeastern Wisconsin, received immediate attention in 51% of independent stores but in only 30% of chain stores. When asked the location of an item, 41% of independent clerks took the "customer" to the product, compared to 16.5% of chain store employees. Directions were given by 79% of chain store employees and 53% of independent clerks.

Over 85% of independent store checkout clerks made eye contact and 79% smiled, while 73.5% of chain store checkout clerks made eye contact and 60% smiled. However, 11% of chain store clerks did additional selling at

checkout, while only 6.5% of independent store checkout clerks did so.

The most common employee attitude was "pleasant" (68% of independents and 60% of chains). However, 30% of chain store employees had a passive attitude, as did 17.5% of independent employees.

While only 33% of independent clerks wore

name tags, 90% of chain store clerks did. Chain clerks were also more likely to wear a smock or uniform (88% in chains vs. 41% in independents).

Independent stores, however, tended to be cleaner (96.5% vs. 82% for chains) and less cluttered (36.5% of chains were cluttered compared to 25.5% of independents). ■

RADICAL CHANGES IN RETAILING EXPECTED

ONE-STOP SHOPPING will become increasingly important, to the detriment of drugstores, according to a study, "Retailing 2000," conducted by the Management Horizons Division of Price Waterhouse. The report indicates that drugstores will suffer as more supermarkets offer a wider assortment of nonfood merchandise and add service departments.

Other predictions:

- More than half of today's retailers will be out of business by the end of

the decade because of an oversupply of retail space, sameness among retailers, and overleveraged financing.

- Merchandising efforts will focus on individual customers at the store level and on developing long-term relationships with customers to gain a larger share of each customer's spending.

- Shopping frequency will decline, but customer loyalty will increase among older (over 35), time-pressed consumers. ■

GROWTH HORMONE— FOUNTAIN OF YOUTH?

The bodies of 12 men 61 to 81 years old, who took shots of genetically engineered human growth hormone three times a week for six months, were by many measures almost 20 years younger than before treatment. The men averaged a 14.4% drop in fat tissue and an 8.8% gain in lean tissue, including muscles and vital organs such as the heart and kidneys. (*N Engl J Med* July 5, 1990)

PHARMACIST FOUND LIABLE



A pharmacist was found 35% liable and a physician 65% liable after a patient died from taking medication that was contraindicated. The patient, under treatment for chronic bronchitis with asthmatic reactions, was prescribed pindolol for hypertension. Pindolol is contraindicated in asthmatics because it narrows breathing passages and can provoke asthma attacks. The court held that the pharmacist was not merely a dispenser of medication following doctor's orders, but a professional who failed in his duty to a patient.

ASPIRIN WARNING STRENGTHENED

FDA will require aspirin products to carry warnings advising against use by women during the last three months of pregnancy unless directed by a physician. Manufacturers have one year to add the warning.

MAIL-ORDER ERROR COSTS WALGREEN \$250,000

Because Walgreen's mail-order subsidiary sent a wrong drug, a federal jury ruled the company should pay \$250,000 to 68-year-old Marvin McCormick of Columbia, TN. McCormick ordered the antiepileptic drug Dilantin but received the diuretic Dyazide.

CLOSED PHARMACY PROGRAMS DON'T SAVE MONEY

A study by the Wisconsin Pharmacists Association found professional fees for third-party plans open to all pharmacists to be virtually identical to those for closed plans, at \$2.97 for open-panel plans and \$3.01 for closed plans. Although fees for open panels start out higher (at \$3.19 vs. \$2.71 for closed), competition brings open-panel costs down, while in the absence of competition costs for closed panels creep up.

PCS TESTING NEW PLANS

PCS will test a program in which community pharmacies dispense 90-day and 120-day supplies of maintenance medications to counter third-party belief that mail order is cheaper because it offers this option, says Robert Johnson, PCS' president. The company will also test a program in Massachusetts to determine how many patients will pay a slight premium to receive prescriptions from personal pharmacists. Further, PCS and RxNet, NARD's pharmacy-services administrative organization, are considering a managed pharmaceutical care program for third parties.

SANDOZ RE-EVALUATING CLOZARIL

Sandoz is considering amending its exclusive contract with Caremark. The Veterans Affairs Department has offered to go beyond white-blood-cell counts for agranulocytosis among users of Clozaril, to monitor for all adverse drug reactions.

LIMITING MEDICATION HURTS THE ELDERLY

Harvard Medical School researchers report that when New Hampshire Medicaid limited patients to three prescriptions a month, nursing-home admissions of elderly patients doubled and hospital admissions of seniors increased, compared to Medicaid patients in New Jersey, where no prescription cap existed. Nursing-home and hospital admission rates were nearly identical in both states before the New Hampshire prescription cap and after a less-restrictive policy replaced it.

(continued)

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President's Message—1990

THE DANGER OF THE EMPTY PIPELINE:
A MAJOR PROBLEM IN OUR PROFESSION



*Roessler
Health Physics*

DR. GENEVIEVE S. ROESSLER

WHAT is the problem? I'm not referring to oil, but to health physics graduates. We are not producing nearly enough of them. And the pipeline, while not empty at the moment, could become low enough to put our profession in danger.

It is, of course, nice for graduates to have a plethora of job offers and to be attracted by the high salaries. But what impact will this have on the quality of health physicists? Too few people spread too thin suggests that the quality of work will decrease and critical jobs that need to be done now may not be achieved at the appropriate level.

In this article, I want to emphasize that we do have a problem, suggest reasons why it has occurred, propose ways to correct the situation, and, most importantly, challenge you as health physicists to do something about

it. I realize you will accept the fact that there is currently a severe shortage of health physicists and that the shortage is going to become more severe. Therefore, I do not feel obligated to cite statistics supporting this assertion.

How did the problem occur? Our profession is not unique. Articles in the prestigious journal *Science* have deplored trends in this country, showing that students are turning away from and not performing well in the sciences. President Bush recognizes the problem and, as the "Education President," is proposing programs that will hopefully put our country's students back in the top ranks in science and mathematics. Our scientific profession suffers in a similar manner for the same reasons. We lack good science teachers in our schools, and we have an environment that does not encourage young people to major in the sciences.

If that isn't enough of a problem, we have the added stigma in health physics of being in a "nuclear" or radiation field. Associations with the "bomb," leaks and bad things happening to the environment, and even intangible ties to chemical spills haunt us.

It is with trepidation that I focus on another concern in this article in a journal entitled *Health Physics*. Does our Journal's title convey what our science is really about to anyone other than health physicists? I'm not about to propose a solution to this difficulty at this point. It has been of concern for some time by many in our profession. Some health physicists believe that for historic and other reasons, we should not consider changing our title. I am a traditionalist. Nevertheless, I can't help but believe that our professional name is not self-explanatory, which doesn't help our situation. Of course, a question remains: What is a better title?

Another major reason we have a shortage of health physicists is because there are now more jobs than ever. The need by United States Department of Energy (DOE) facilities is currently placing a large demand on the job market. Another question we have to ask is: "What will be the impact of the new BEIR V report?" Will the findings place an even larger demand on the level and number of health physicists?

Another factor that affects us began in the early 80s and is now making a significant impact: the retirement of radiation scientists who entered the profession in the 40s and 50s. These scientists entered the nuclear field when reactors, weapons, medical uses of radionuclides, and concerns for health were at the fore. Financial support for education was also prevalent in those days. This current and continuing exodus of health physicists produces a need primarily for Ph.D.s, but also master's-level graduates. The national laboratories are feeling the effect.

Ph.D.s are in short supply, and the major universities are affected. Health physicists who have administered and championed programs across the country are retiring; others are being promoted to higher level positions at universities or are leaving for higher paying positions in industry, significant positions in government, and influential positions in scientific organizations. Who is replacing them? It takes a long time in the pipeline to produce a Ph.D. When they are not replaced, what happens to a one- or two-person faculty at a formerly productive— from a health physics point of view—university? It may disappear.

What can we do about the problem? We have to stage a multi-faceted approach.

The first long-term approach with which I have been challenging chapters in my chapter visits is to establish a "friendship" with 4-y colleges in their geographic area. As health physicists, we must visit the science (especially physics), math, and engineering departments and offer to present seminars on topics in the radiation field. We

should offer to judge science fairs. And why not occasionally invite counselors and science teachers from local high schools, community colleges, and 4-y colleges to our chapter meetings? How about sponsoring symposiums about radiation for science teachers? These people are eager to find viable job opportunities to present to their students. Students are impressed by being able to interact with a person with a "real" job. I have learned in my chapter visits and at our Chapter Council meetings that many chapters are doing the above. I hope that these chapters will summarize their efforts in the *Health Physics Society Newsletter* in an effort to encourage other chapters to do the same.

We also need to establish communications with local media. In these and many other ways, we develop opportunities to convey what we do as health physicists. We will get the message across that we like what we are doing and that we are doing something meaningful to protect people and the environment. These are goals that appeal to young people of this generation.

The prerequisite to establishing this communication link is to explain what health physics means. Everyone has their own way of doing this, and the approach will vary depending on the group that is being addressed.

Our ultimate goal should be that one cannot retire or leave the health physics field until three or four people may serve as replacements. In order to bring these people to this level and fill other similar jobs that will be available at the same level, we need to start now. For example, if you are a Ph.D. at a university or laboratory, you will not be able to vacate your position for 6-10 y. It will take 4 or 5 y of graduate school for the person recruited with a B.S. in physics to get his/her basic education. Then, at the minimum, this person needs 2-5 y to attain some experience to even begin to fill your position.

We have a responsibility to society to see that our profession continues to exist and that it continues to perform at the highest possible scientific level. There are many other ways to assure this. Funding is one. The U.S. DOE is certainly responding to this need by establishing many health physics and health physics-related fellowship programs. The Institute of Nuclear Power Operations (INPO) has provided fellowship support for years. The Health Physics Society provides funding assistance in a number of ways. Chapters and individuals also encourage students by providing financial assistance.

There are many other approaches to solve our problem. I believe that once we all agree a problem does exist, solutions will be forthcoming at the grassroots level. Whatever individuals or chapters do will impact the total picture.

Let's use our best initiatives, work relentlessly, and be creative, aggressive, and positive to keep that pipeline full!

August 15, 1990
Phone: 833-3526

Hi Andy --

I'm enclosing FYI a copy of a letter I've written to Ron Kaufman, expressing my disappointment that I wasn't considered for a DAS position that soon will become vacant in the State Department's Human Rights Bureau. I've appreciated very much your encouragement and support during my long-standing efforts to get back into a political position at State. If there is anything you can do to get Presidential Personnel to take a fresh look at this case, I would be very grateful.

Many thanks and best wishes.



-- David Matthews

730 24th Street, N.W., #418
Washington, D.C. 20037
August 14, 1990

Mr. Ronald C. Kaufman
Deputy Assistant to the President
The White House

Dear Ron:

As you suggested in our phone conversation today, I'm sending you this note with a copy of my resume. I have appreciated very much your encouraging words during the past year, when I was in touch with you and Andy Card about obtaining a position in the State Department. You'll recall that prior to the Bush Presidential campaign, I was a career Foreign Service Officer for a number of years, with assignments in international human rights, political-military affairs, public affairs, etc.

In view of my background and interests, when I learned last week that Paula Dobriansky, currently Deputy Assistant Secretary in the State Department's Human Rights Bureau, was moving on to a position at USIA, I naturally was very much interested in the job she would be leaving. Back during the 1988 campaign, I had met with her boss, Assistant Secretary Richard Schifter, on human rights issues for use in George Bush's campaign speeches, and I drafted numerous human rights issues papers during the campaign for use in those speeches.

I immediately communicated my interest in the Human Rights job to State's White House Liaison Office, which has been on the lookout for a position for me for over a year. It promised to send my resume to Ambassador Schifter. I also was able to get in to see Ambassador Schifter earlier today, upon his return from an overseas trip. Unfortunately, however, he had to inform me that two weeks ago the White House already had decided upon a replacement for Paula.

I'm sure, Ron, that you can understand my disappointment on learning that news. I don't know who Paula's designated successor will be, and I assume that he or she will be well qualified. However, I can't help wondering how that individual's background in human rights and foreign affairs compares with my own 25 years of experience.

You indicated that the decision on the new DAS probably is a "done deal". If it is not yet chiseled in stone, however, I would very much appreciate it if the matter could be reopened, so that someone could take a look at my own qualifications. The DAS position in State's Human Rights Bureau is one for which I believe I would be extremely well qualified.

Thanks very much for your assistance, Ron. Best wishes.

Sincerely,



David Matthews

cc. Andy Card

8/25/90

Andy -

I wanted to enclose a copy of my latest letter to Ron Kaufman. I'm sure Ron will continue his efforts to find a position for me, and I appreciate very much your support also.

Best wishes.

- Dave

Document Originally
Attached to
Following Page

730 24th Street, N.W., #418
Washington, D.C. 20037
August 25, 1990

Mr. Ronald C. Kaufman
Deputy Assistant to the President
The White House

Dear Ron:

Thanks very much for your letter of August 22. Even though it may not be possible to succeed in reopening the matter of the DAS position in the State Department's Human Rights Bureau, I do appreciate very much your extraordinary efforts to see if something can be done.

After seeing that position filled as it was, bypassing the usual White House procedures, before I was even aware of its availability, I decided to check with some of my contacts in the State Department, to see if they might be aware of anything else opening up. I did hear about another vacancy, but on checking that out with Catherine Keller, I learned that someone else already is scheduled to move into that position also. The position is in State's African Bureau, a DAS job which Kevin Callwood previously filled, and for which Leonard Robinson is the nominee.

You may recall from my resume that I previously was regional coordinator for Africa in State's Human Rights Bureau, and in addition, I have served in State's African Bureau as desk officer for southern African affairs. I understand that Leonard Robinson also has an extensive background in African affairs, and has previously been a DAS in the African Bureau. Consequently, I assume that his nomination will proceed without a hitch. However, in the event that some problem does arise, I would appreciate it if you would keep me in mind as an alternative candidate.

Obviously, it will be great, Ron, if you can spring loose the Human Rights DAS position. If that doesn't succeed, however, I'm sure there will be other DAS-level positions coming along at State, ACDA, or DOD. I would appreciate it very much if you could put me on your priority list for filling such positions when they do come open. I really would like to feel that at last I am making a contribution to the foreign policy of the Bush Administration.

Many thanks for your assistance, Ron, and best wishes.

Sincerely,



David Matthews

cc. Andy Card ✓

BRYAN

United States Congress

August 15, 1990

The White House
Washington, D.C.

Att: Andy Card

Dear Andy,

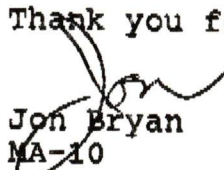
As a Republican candidate for U.S. Congress from the 10th District, I have studied the new oil spill bill very carefully.

I agree with the President that the unlimited liability provisions of the bill are counterproductive and will lead to the potential for ever more spills, as "fly by night" (or "sail by night") operators begin to carry more oil while large, reputable tanker companies leave the U.S. market.

Therefore, I urge you to ask the President to veto the legislation and send it back to Congress. The bill would be excellent if we limited to the liability to the requirements of current international treaties.

Lastly, I hope that, when a bill is signed, the President WILL NOT have a signing party, with great fanfare, that will benefit my opponent Mr. Studds.

Thank you for your consideration.


Jon Bryan
MA-10

THE WHITE HOUSE
WASHINGTON

Ms. Barbara J. Sinnott
President
Better Business Bureau of Central
New England, Inc.
Post Office Box 379
Worcester, Massachusetts 01601

THE WHITE HOUSE

8/9/90

Barbara -
Thank you for your letter.
I will push to see what
can be done about the
Oct. 14-17 event.
The photo is in the works!
Andy



BETTER BUSINESS BUREAU OF CENTRAL NEW ENGLAND, INC.

32 Franklin Street
P. O. Box 379
Worcester, Massachusetts
01601

508/755-2548

10/2/90
August 6, 1990

Mr. Andrew Card
Deputy to the Chief of Staff
The White House
1600 Pennsylvania Avenue
Washington, D.C. 20500

Dear Andy,

The Council of Better Business Bureaus Inc. will be again holding its Annual Assembly in October 1990 in Dallas, Texas. I am presuming on our long friendship to enlist your support in securing an appearance during the Assembly by President Bush if that is at all possible.

You may recall my making a similar request last year when it was in Seattle, WA. Scheduling didn't allow it then, but the telegram sent was so warmly received that the words conveyed by President Bush were incorporated with pride into the Annual Report.

I've enclosed a copy since you and I both enjoy having our efforts bear positive fruits for our cause.

A letter of invitation has been sent to the President by Council president James H. McIlhenny to see if sometime during October 14th -17th there is any possibility of his greeting the national assembly in Dallas. It was sent to the attention of Joseph W. Hagin, Deputy Assistant to the President for Appointments and Scheduling. You should also receive a copy of the letter. I hope you can be of assistance in this matter. Only a personal touch such as yours can propel such a request to the point where an effort will truly be made to incorporate this event into the official schedule.

By the way, my wall is still waiting for the hand signed photograph you were going to send me of the President. As I told you, the other one I had of him with me was lost in a fire so a replacement is needed to join Presidents Nixon, Ford and Reagan.

I know the picture can be handled easily, but I'll call you in a couple of weeks to see if there is a chance of a stop by in Dallas in October.

Warmly,

Barbara J. Sinnott
President

Enclosure

cc: James H. McIlhenny, CBBB president



COUNCIL OF BETTER BUSINESS BUREAUS, INC.

James H. McIlhenny
President

August 6, 1990

Mr. Joseph W. Hagin
Deputy Assistant to the President
for Appointments and Scheduling
The White House
1600 Pennsylvania Avenue, N.W.
Washington, D.C. 20501

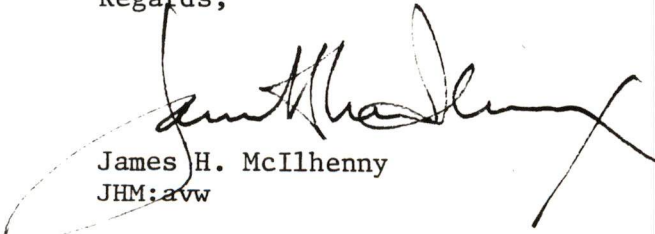
Dear Mr. Hagin:

I enclose a letter to President Bush for your consideration. Of course we can assure you that our schedules can be arranged for the convenience of the President.

With all the current pressures of office on the Executive I realize that there are many demands upon President Bush's time. We offer an opportunity to him to speak to the only organization in the country totally supported by businesses (large and small) which is dedicated to the protection of consumers and the vitality of the free enterprise system.

It would be our honor to have the President as our most illustrious guest.

Regards,



James H. McIlhenny
JHM:avw

Encls

cc: Ms. Barbara Sinnott, President
BBB of Central New England, Inc.

✓ Mr. Andrew Card
Deputy to the Chief of Staff



COUNCIL OF BETTER BUSINESS BUREAUS, INC.

James H. McIlhenny
President

August 6, 1990

President George Bush
The White House
Washington, D.C. 20500

Dear President Bush:

The Council of Better Business Bureaus will hold its Annual Assembly in Dallas, Texas October 14th through October 16th. We were especially delighted to have you recognize last year's Assembly in your letter and quoted from it in our 1989 Annual Report.

Now I respectfully invite you to appear at the 1990 Assembly - of course as our honored guest. You might want to join us at South Fork for a Bar-B-Que on Monday evening October 15th or at the Fairmont Hotel any time during the Assembly schedule.

As the preeminent business self-regulation system in America we know we have your support. We would like to give you the opportunity to touch base with Bureaus and the Council who collectively represent 250,000 businesses across the country. We'd be proud to have you.

Sincerely,



James H. McIlhenny

*Call and
regret*

Andy -

I don't think this will fly through the correspondence unit. There is no reason/occasion/event to tie a message in with.

katie

**Document Originally
Attached to
Following Page**



The Commonwealth of Massachusetts

AUDITOR OF THE COMMONWEALTH

ONE ASHBURTON PLACE, ROOM 1819
BOSTON, MASSACHUSETTS 02108

TEL. (617) 727-6200

A. JOSEPH DENUCCI
AUDITOR

AC HAS SEEN

July 27, 1990

Mr. Andrew H. Card, Jr.
Deputy to the Chief of Staff
The White House
Washington, D.C. 20500

Dear Andy,

Enclosed is a clipping from the Quincy Patriot Ledger about your friend and mine, June Alfano. If at all possible, could you arrange to have the President and/or Mrs. Bush drop her a note to commend her for all of her tireless and beneficial volunteer work. June's husband, Domenic works for us, and I would like to present this to them. Please send this to me at my office at:

Office of the State Auditor
One Ashburton Place, Rm. 1819
Boston, MA 02108
ATTN: Cynthia Keane

Best personal regards.

Sincerely,

Bob *Thanks!*

Bob Powilatis

RAP/CAK
Enclosure

- PS. Sorry I missed Ron at the Convention in Springfield. It was interesting to say the least. If you would like to chat about this and other goings on here in Mass., give me a call. I know how you are.
- PSS. David will be attending Georgetown Univ., starting this fall, and I will be making frequent visits to see him; maybe all of us can get together.

NEWSMAKER



Gary Higgins/The Patriot Ledger

June Alfano is the former president of the State Federation of Women's Clubs.

Women's club leader likes fighting for cause

By Peter Halesworth
The Patriot Ledger

Getting to know June Alfano takes more than one look. First there's Alfano the fiery Canton planning board member, mercilessly berating lawyers and developers at meetings.

"Some of the ways I did speak I was afraid some people would throw a rock through the window," Alfano said, recalling threats she received during first year on the board. "I feel I'm an honest representative of the people, not on the take, not implying others are, but sometimes elected officials lean towards those supportive of them."

Then there's Alfano the recently-retired president of the 16,000-member State Federation of Women's Clubs, visiting nursing homes and singing at club meetings.

"I think that's in us, particularly in women," Alfano said of her work on behalf of others.

Alfano says her both her and tender sides are part of her instinct to give to others.

"I'm the type of person that I hate to do things for myself," she said.

That got in the way of her dream of being a professional singer.

June Alfano

Age: 63

Home: 12 Woodlock Road

Raised: Winthrop

Occupation: Volunteer organizer

Family: Husband, Domenic, three grown children, Mario, Paul and Carla

Education: Attended Boston University

Hobbies: Singing, reading

er. Alfano said she knew she couldn't battle for herself. But these days she battles for others, always volunteering to organize people to improve their quality of life.

"I love to fight for a cause," Alfano said. "My father (Mario DiTroia) was in law, and maybe that's where this fighting business comes in, this sense of democracy."

Alfano's been around for many town hall battles over land use including those involving Codex, Towermarc and Instron.

Leading townspeople against the positions of her fellow officials is a role she is comfortable with, despite the isolation she sometimes feels among her town government colleagues.

When she first came on the planning board, Alfano said a town official sent her a letter telling her to "keep your mouth shut."

Alfano told her colleagues about the letter but received no support for confronting the sender, she said.

"It was uncomfortable at times," Alfano said. "I just put it out of my mind when they didn't support another member. But now the board has changed. We work wonderfully together."

Running for her second five-year term on the board in 1989, Alfano received a card that said "Please lose."

Compared to town government, Alfano's two years as president of the State Federation of Women's Clubs was mellow.

She has visited 160 of the 226 women's clubs in the state, sparking interest in the various programs offered by the federation to enrich women's lives and those of other people.

"It's all about self-enrichment, to educate ourselves about what's going on, but also to provoke and encourage citizens to improve their quality of life."

Alfano joined her mother, Rose, in the Winthrop women's club in 1958, and has been a part of a club ever since for the camaraderie. Moving to Canton 23 years ago with her husband, Domenic, she immediately joined the Canton Community Club.

By 1969 Alfano was serving on state federation committees. By 1974 she was treasurer for four years. In 1982 Alfano became second vice president of the federation, and by 1988 she was president.

She started her climb up the federation ladder with her customary splash, leading a floor fight to change a bylaw to allow nominations from general members on the floor at the convention. She won the fight and the bylaw was changed.

Meanwhile, she had been president of the Women's Italian Club of Boston, first vice president and treasurer of the Professional Women's Club, and a member of the Lunenberg Woman's Club

But Alfano prides herself in putting her family above all her community activities.

"I never put them on the back burner," Alfano said. "I never forgot the family. I always tried to get home for dinner time."

Alfano is still involved in community affairs. Now she is president of the local St. Catherine of Siena club.

"This country would fall apart if there were no volunteers," she said.

THE WHITE HOUSE
WASHINGTON

August 10, 1990

Dear Elizabeth,

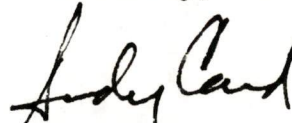
Thank you for your letter and resume.

After much deliberation, I have made a decision with regard to the staffing of the available position.

I appreciate, however, your interest.

With best wishes,

Sincerely,

A handwritten signature in cursive script that reads "Andy Card".

Andrew H. Card, Jr.
Assistant to the President and
Deputy to the Chief of Staff

Ms. Elizabeth P. Schmidt
603 Queen Street
Alexandria, Virginia 22314

*Kate -
Send the
similar to
the last -*

AC HAS SEEN

August 3, 1990

Mr. Andy Card
Assistant to the President and Deputy Chief of Staff
The White House
Washington, D.C. 20500

Dear Andy,

I wanted to write a brief note to pass on my resume to you, and to express my interest in the Staff Assistant position currently available in your office.

As Director of Publications for the 1990 Economic Summit of Industrialized Nations, my primary responsibility was to communicate all background information to the media and delegations attending the Summit through three different briefing handbooks. I was responsible for the coordination of both the media and delegation schedules, the Final Communique, and also served as Executive Editor of "The Economic Summit - A Pictorial History," a copy of which I have attached.

I believe that with this experience, coupled with my prior experience in the White House, I would be an asset to your staff. I realize that things are more than busy at this time for you, but I would hope to meet with you at your earliest convenience. I do appreciate your time and consideration.

With warm regards,

Elizabeth P. Schmidt

Elizabeth Penniman Schmidt

Withdrawal/Redaction Sheet

(George Bush Library)

| Document No. and Type | Subject/Title of Document | Date | Restriction | Class. |
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| 01. Resume | Re: Elizabeth Penniman Schmidt. (1 pp.) | n.d. | (b)(6) | |

Collection:

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Office: Chief of Staff, Office of the
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| Date Closed: 3/14/2025 | OA/ID Number: 04012-006e |
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| AR Disposition: | MR Disposition: |
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THE WHITE HOUSE
WASHINGTON

August 10, 1990

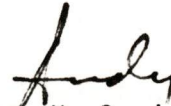
Chet
Dear ~~Congressman Atkins~~,

Thank you for bringing the work of Fink and Company to my attention as well as their desire to present a Margarete Steiff dolls to Mrs. Bush.

While I try not to intervene in the scheduling of the First Lady, I will be happy to pass the information you have provided to Ann Brock, her Scheduling Director.

With best wishes for a restful recess,

Sincerely,



Andrew H. Card, Jr.
Assistant to the President and
Deputy to the Chief of Staff

The Honorable Chester G. Atkins
U.S. House of Representatives
Washington, D.C. 20515

bae: Ann Brock

THE WHITE HOUSE
WASHINGTON

August 10, 1990

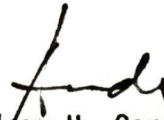
Dear Rich,

Thanks for your letter and the materials from John Rau. I appreciate you sharing this with me.

Unfortunately, I can no longer keep Linda out of trouble. She has gone to the Department of Commerce as Confidential Assistant to the Assistant Secretary for Trade Development. Good for her - bad for me.

Talk with you soon.

Sincerely,



Andrew H. Card, Jr.
Assistant to the President and
Deputy to the Chief of Staff

Mr. Richard S. Williamson
Mayer, Brown and Platt
190 South LaSalle Street
Chicago, Illinois 60603-3441

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FACSIMILE:
312-701-7711

RICHARD S. WILLIAMSON
312-701-7119

August 6, 1990

The Honorable Andrew H. Card, Jr.
Assistant to the President and
Deputy to the Chief of Staff
The White House
Washington, DC 20500

Dear Andy,

I enjoyed visiting with you. Once again, congratulations on the Souter appointment. It's terrific for the Court, the country and the President.

Enclosed are the materials, prepared by John Rau, which I mentioned to you over the phone on the S&L problem. I have enormous respect for John and think he provides some practical insights that might be helpful to you and your colleagues in trying to get a handle on this.

As I mentioned to you and have written previously, I do worry about the S&L problem continuing to spin out of control and cause real damage to the financial institutions and to the President politically.

Once again, congratulations on Judge Souter. Please give my best to Linda and keep her out of trouble.

Cordially,



Richard S. Williamson

RSW/sk
Enclosures

LaSalle Banks

Salle National Bank
135 South LaSalle Street
Chicago, Illinois 60603

Address Correspondence to:

The Exchange National Bank of Chicago
120 South LaSalle Street
Chicago, Illinois 60603
(312) 781-8500

ABN LASALLE

John Rau
President
Chief Executive Officer

July 20, 1990

Mr. Richard S. Williamson, Esquire
Mayer, Brown & Platt
190 South LaSalle Street
31st Floor
Chicago, IL 60603

Dear Rich:

I am following up our conversation on what can be done to minimize the damage from the S & L bailout and the related need to restructure our financial services sector from being a blight on the administration and the economy.

As you suggested, I've jotted a few thoughts down in summary form. As you'll see, I describe two scenarios first to illustrate the sense I know you share which is that there is nothing inevitable at all about how this plays out. In fact, the range of consequence between good policy decisions and bad decisions or drift is amazingly wide.

The second section lists a few things that can be done to help us reach the "good news" scenario. While some of this may be novel thought, some are obviously things that may have been suggested elsewhere. Clearly, I believe one can not only identify options that have more preferable consequences than others but also be able to look at and predict the impact of various overall combinations of policy, regulation and practice. But my sense is there is much less proactive thinking going on and more reaction to the tug and pull of vested interest and the battle to engage public perception.

Speaking of public perception, a major factor in managing through the crisis will be the ability to give the American people an understandable credible sense of how this all happened. In this context, I'll add one frivolous sidelight. At least in terms of the structure of the financial system, I may be one of the few people in America who gets requests for advice letters from Ann Landers. Her note to me is attached; the background is that Ann (Eppie Lederer) is a good customer and I am her "banker." But she tells me that one of the most common question she gets is "How did we get into the S & L mess?" My response, which I've also attached, focuses on the Congressional responsibility. The fact that she gets this question a lot and that her editor is concerned about her "taking sides" speaks a volume about the need to address this. In any event, I hope these musings are useful.

Best regards,



JR/jr

Attach.

Outline of Notes on
"The S & L Bailout--Nothing's Inevitable"

When dealing with commitments as large as the S & L bailout will entail, it may be too easy to assume that events of this magnitude will have their own inertia. We analogize to "the bigger the battleship, the harder it is to turn."

But in thinking about the consequences of the S & L bailout and the related restructuring of our financial system to keep it strong and competitive on a world scale, there is nothing inevitable about the consequences at this point in time. In contrast to the "turning the battleship" comparison, the image I think is much more apt is the "teetering boulder." Picture a gigantic rock at the cliff-side edge of a broad plateau and someone (the harried policy maker) leaning against it with his back to the bolder and facing over the precipice. It will take roughly the same amount of effort to push it over the cliff as to roll it back across the plateau. But off the cliff will entail a large uncontrolled explosion and immeasurable damage below (and it may well sweep the policy maker over the edge with it). The same boulder, pushed back onto the plateau will roll slowly, disintegrate gradually and much less loudly. The issue is can we see behind the rock to find this option rather than accept the temptation to "get it off our backs" and let it head over the cliff.

Scenario I - July 1995. Five years of steady economic growth after the "pause of 1990" has eliminated the federal deficit and led to a record low level of unemployment. The chroniclers of economic history have pondered the reasons that the net costs and effect of the S & L bailout were smaller and less disruptive than anyone predicted.

U.S. banks and other financial institutions, having evolved into an astonishing variety of specialties encouraged by flexible risk based capital rules and disciplined by private co-insurance on guaranteed federal deposits, have financed the major expansion of U.S. firms into the new markets opened up in Europe and the Pacific rim that a strong U.S. trade policy made possible. Credit is readily available and inflation and interest rates are low; U.S. investment has risen for 5 years. Not coincidentally, the majority of failed thrifts were acquired by healthy banks, thrifts and other financial institutions in "whole institution" purchases that created strong incentives to collect troubled loans and kept the amount of assets "put" to the RTC declining every year.

Scenario II - July 1995. Financial markets are still waiting for the end of the real estate recession of 1991. The RTC is now one of the 10 largest financial institutions in the world. The overhang of the properties it retains has prevented any meaningful new real estate development or lending for five years.

Higher capital requirements mandated by the Fed and FDIC as banks' real estate portfolios deteriorated prevented any meaningful acquisitions of thrifts. The secondary real estate markets have been virtually shut down. Foreign investors have purchased huge amounts of land and commercial properties at prices unmatched anywhere in the developed world.

Thrifts sold and recapitalized in 1989-91 are failing again in record numbers. Inexperienced private operators, encouraged by rules relaxed to attract bidders and the continued availability of 100% deposit insurance, made new loans to build profitability in the mistaken belief that had "called the bottom" of the real estate markets. The head of OTS has revised upwards his estimate of inherent losses four times in the last 15 months to over \$450 billion.

The second Bush administration, which many believe won the election only because the Democrats insisted that Louis Farrakhan be slated as shadow Vice President, is paralyzed by huge deficits and an economic system being purchased wholesale by foreign interests.

Clearly, no one disagrees with what the goal of policy should be. The disagreement, of course, is over what elements of policy will achieve the desired ends and, equally importantly, what kinds of changes can be negotiated in a world with complex political and economic vested interests. If one had to identify a few key changes that collectively would have the most beneficial impact on achieving the kind of state described in Scenario I above, they would, in my judgement, include:

1. Cut back government exposure on insured deposits both in aggregate and in a way that puts market discipline into risk taking activities. Of all the approaches to this dimension of the problem that have been discussed, I am convinced that the cleanest and most efficacious would be to institute a haircut or co-insurance feature above the levels needed to provide comfort to the "small depositor." The attached essay (Tab 1) that appeared in the Wall Street Journal on November 15, 1985 outlines this view. The basic notion is that if above say \$20,000 or \$25,000 all deposits had a 5% deductible, banks would need to respond by offering co-insurance from the private markets in a way that would both price and discipline risk taking. The conventional belief is that this cannot be sold to the small independent banks. I do not believe this "It's right but won't fly" attitude is correct. If combined with modifications to risk adjusted capital (see 2 below) that let the deposit taking local banks have a capital advantage, as well as the elimination of the "too big to fail" practice, I believe the small bank part of the industry could be brought to accept this overall approach.

2. Insure that the risk based capital formulas become the sole determinant of capital requirements for all banks. Current stances by the Fed and FDIC have resulted in aggregate leverage still being the dominant factor in determining required capital levels. This has the perverse effect of encouraging maximum risk taking at all levels of bank size. This will not allow the small banks to specialize as they must to survive. It will also hinder the evolution of large banks into the specialty forms they will need to compete successfully on a world basis. Achieving this end will require strong leadership from the Administration since it will require the natural tendencies of the regulatory and insurance agencies to minimize their risk be overruled. But as part of a broader fabric, the regulators' current policy will result in the elimination of many of the small banks that provide both the diversity and stability, as well as the broader political base of our current banking system. Current policy will give unnatural advantage to foreign competitors whose regulators, at least, de facto, recognize these kind of distinctions and have allowed their banks to evolve in these directions. Again, I have attached (Tab 2) a relevant article I wrote that appeared in the August/September issue of Leaders Magazine that discusses this point as part of the broader need to insure the competitiveness of our financial institutions on a world class basis.

The two items above will go a long way to insuring that there is no repetition in the 90's of the thrift crisis of the 80's in terms of unbridled risk taking and massive default costs ultimately absorbed by the tax payer. The next two deal with the more immediate issue of reducing the imbedded costs of the current cleanup and also spreading it in a way that does not engender political and economic ripple effect crises over the next 2-4 years.

3. Resume the use of yield maintenance agreements as the principal inducement for purchase and absorption of failed institutions. By this I mean that rather than the government paying the gross cost of purchasing defaulted assets, our agreements with acquirors should focus on the carrying cost of holding and liquidating problem loans. And we should make the spread subsidy variable with the level of interest rates since this is the real economic cost incurred by someone who acquires a portfolio of problem loans. The other positive effect beyond having the government outlay be limited to the net cost is that in sluggish economic times, with low interest rates which would tend to be periods of higher natural federal deficits, the yield maintenance costs would decline.
4. Encourage healthy institutions to purchase "complete" failed thrifts by tying asset "puts" to deferral of capital ratio targets. Right now no healthy bank or thrift is willing to

buy a problem thrift in toto (or is able to rationally outbid a non-institutional buyer of thrift deposits) because they face the extreme cost of immediately complying with increased capital minimums. The fallacy in this approach is the belief that it is the current existence of capital that protects the insurance fund. In fact, as long as there is wherewithal and obligation to bolster capital as needed, the pool runs little risk. A more graphic example of this is the financing of Lloyds of London insurance syndicates. While the call on syndicate members capital is unlimited, they put up no cash to join.

The government should want healthy institutions to buy failed or failing thrifts in toto for three reasons:

- Institutional buyers can factor in synergies in bidding premiums.
- Whole institution purchases put problem assets in hands with every incentive to hold and collect only as maximum value can be achieved.
- Institutions with strategic goals will be more likely to invest in new products and maintenance of market share than purchasers focused on "milking" franchises for short term profit and resale.

We should combine the concept of net yield maintenance (treating purchased problem assets as pools on which there will be no earnings for say 5 years and subsidizing only the difference) and a policy telling institutional purchasers of "whole" institutions that their obligation to add the equity needed to support the purchased assets and deposits will need to be funded only after 5 years or when assets that can't be collected are "put" to the insurer, whichever comes first. While capital will still be added as needed, the government's outlays are deferred without increasing risk to the insurance fund.

An example of yield maintenance with capital linked "puts" shows the differences compared to current practice.

Assumptions: \$1.0 billion dollar institution fails with \$100 million negative net worth, i.e. \$500 million in performing loans and \$500 million in non-accrual loans worth \$400 million and deposit obligations are \$1.0 billion.

Loans are collected over 5 years, 20% per year, 10% interest factor used for ease of calculation.

Case 1: RTC seizes institution and handles asset sales itself.

| | <u>Year 1</u> | <u>2</u> | <u>3</u> | <u>4</u> | <u>5</u> |
|--------------------|---------------|----------|----------|----------|----------|
| RTC Outlay | \$1 Bil. | | | | |
| Interest on Funds | 100 | 80 | 60 | 40 | 20 |
| RTC Inflows | 180 | 180 | 180 | 180 | 180 |
| Interest Income | 50 | 40 | 30 | 20 | 10 |
| Net Outflow | (870) | | | | |
| Inflows | | 140 | 150 | 160 | 170 |
| 5 Year Net Outlay: | \$250 | | | | |

Case 2: RTC pays full institution purchaser carrying costs on non-performing assets and pays net losses after 5 years collection efforts

| | <u>Year 1</u> | <u>2</u> | <u>3</u> | <u>4</u> | <u>5</u> |
|---------------------|---------------|----------|----------|----------|----------|
| RTC Outlay | | | | | |
| - Yield Maintenance | (50) | (40) | (30) | (20) | (10) |
| - Final Put | | | | | (100) |
| Net Outlay | (50) | (40) | (30) | (20) | (110) |
| 5 Year Net Outlay: | \$250 | | | | |

In this very simplified example, the 5 year net outlays are the same, i.e. \$250 million. But the pattern is quite different. Equally significant is that to the extent the private sector pays more for full franchises, gives a value to changing the timing of meeting capital calls and/or is more effective in getting higher and more accelerated loan collections, then net costs become less as well.

As with most complex systems, the 80-20 rule applies. There are obviously many other factors involved and a meaningful range of trade-offs that can improve the situation that exists today. But application of these four general thrusts will be 80% of the battle in insuring that, by the mid 1990's, the S & L crisis will be a history lesson and not headline news.

Putting the Squeeze on Small Banks

By JOHN RAU

The only good bank is a big bank. That's not what politicians and policy makers are saying, but it seems to be what they believe if you look at the impact of their actions on small banks. Federal Reserve Chairman Paul Volcker's pronouncements at last month's American Bankers Association convention in New Orleans have simply strengthened my conviction that this partiality exists.

Since the days of Thomas Jefferson, the political consensus in this country has been that individual banks should be kept small to avoid concentrating credit-granting power, especially in the hands of the government. It is only in the past five years that the cumulative effect of public policy has shifted to a clear and substantial favoritism toward big banks—a favoritism that is especially lethal at a time when small banks are under severe competitive pressures from geographic and pricing deregulation.

I believe this favoritism, in conjunction with deregulation's other pressures, will lead first to the consolidation of the industry, and then, inevitably, to substantially greater control over credit allocation by the government. The obvious irony of all this is that while big banks benefit from this favoritism in the short run, they too stand to lose substantial control over their destinies should the balance shift toward government credit allocation. I believe politicians fully understand where this is all headed and that, as long as no one resists, they are perfectly willing to be thrown into the "briar patch" of greater government involvement in the credit markets.

Whether the politicians are acting unwittingly or not, one must ask whether this is what the consumers and the banks (whether large or small) thought they were buying when they supported deregulation. I, for one, don't think there's any question about the answer to that.

Willing to Pay Price

The effect of public policy since the late 1970s has been to clearly favor large financial institutions over small. The shift really began with the first pieces of "deregulation" legislation. I use quote marks because a system in which government deposit insurance plays a meaningful part will never be truly deregulated. Nonetheless, the effect of "deregulation" has been to move the basis of competition onto those parts of the playing field (economies of scale, price, technological product development) in which the larger institutions excel, and away from those aspects (personal service, convenience, community

emphasis, etc.) in which smaller institutions have traditionally been stronger.

This was a price, however, that many small banks were willing to pay for the opportunity to compete more effectively on their own terms. But they made the mistake of assuming that deregulation meant just that, less regulation, not more.

They also assumed that the regulations remaining in force would be administered evenhandedly. But deregulation, as it has evolved over the past few years in banking, has meant disproportionately higher costs of doing business for small banks.

Probably the most obvious example of favoritism toward large banks has been in

Current regulations, in favoring large banks, are pushing the system toward centralized control of the flow of credit, a condition that hurts big and small banks alike.

deposit insurance. While theoretically only deposits up to \$100,000 are insured, in practice, depositors in those banks deemed "too big to fail" have found their uninsured deposits effectively free of risk. Depositors in those small banks allowed to fail have enjoyed no such security.

Another set of recent policies whose effect has been to discriminate against smaller institutions is the push for higher capital ratios, billed as a shift toward a more consistent set of capital ratios. In practice, this means that large institutions that can borrow in the public market will be able to meet the new capital levels without slowing their growth, whereas the smaller institutions, whose only realistic source of capital is retained earnings, will find that they will have to stop growing to catch up to the new minimums and give up market share to larger firms.

Along with the push for higher capital has come an even more insidious set of practices that penalize small banks. When banks that lend to consumers, farmers and small businesses have credit problems, the regulators require that the potential losses be charged off against earnings, which further reduces the bank's capital. Banks must either replace these charge-offs with new capital or shrink the level of credit they can provide. The exception to this practice is made for loans to foreign coun-

tries extended by the larger institutions. Treasury Secretary James Baker has announced a plan, endorsed by Mr. Volcker at the ABA convention, to keep these Third World loans current by encouraging banks to advance additional funds to pay the interest that is due. By pressuring the biggest lenders to increase their total lending to the Third World by more than \$20 billion, regulators will then make it impossible to apply the same credit-rating standards that they impose on smaller banks.

Like deregulation in the securities industry and, more recently, with the breakup of the American Telephone & Telegraph Corp., banking consumers are finding that it was the smaller consumer who had been getting a subsidy from larger customers. The principal effect of deregulation has been an increase in retail prices as the subsidy to small depositors has been withdrawn. If this were the only effect, it would have been a good one, reflecting the true costs of services. But the implicit and explicit regulatory favoritism toward big banks, on top of the normal pressures of more competitive markets, will drive banks to consolidate, and many small banks will fail.

What complicates the picture in banking is that the government has implicitly assumed the responsibility not just for protecting small depositors, but for keeping the banking system itself stable. In years past, this task was a very limited one because the existing regulatory framework guaranteed the system's stability. As this scaffolding has been taken down, it puts regulators in a bind. Regulators are trying to prevent failures in a system that politicians have legislated into a form guaranteeing an increasing number of failures.

Now the script is predictable. Politicians blame the regulators for not having done well to stem the tide of bank failures. This is no more rational than an architect blaming a maintenance crew for water on the floor when he's designed a building with holes in the roof. Of more concern is when the politicians decide that they need to exert much more influence over the affairs of the fewer remaining institutions since "they can't all be allowed to fail" or "the flow of credit needs to be monitored by more than a few private bankers." This risk alone ought to be enough to make big banks wary of the "Trojan Horse" of regulatory favoritism.

An instrument to disguise this pernicious trend is already being discussed under the innocuous designation of "risk-based" capital ratios. At last month's ABA

convention, Mr. Volcker revealed that he would soon support a program of this kind, and that the Comptroller of the Currency was working on a similar plan. Such proposals would adjust a bank's capital ratio based on the regulators' evaluation of risk. While pitched as a means to discourage banks from engaging in high-risk activities, this kind of scheme will inevitably become a point system for substituting political judgments of credit-worthiness for those made by the market. For example, can anyone imagine that the Fed chairman would argue for higher insurance premiums on student loans than on loans to finance corporate mergers, regardless of how one might rank them in terms of relative risk?

Cut Back Government Role

Is there a way to derail the drive toward this greater political control? Although modern technology precludes a return to the old system of geographic and functional decentralization, we can take the first step forward by eliminating the rationale for political involvement.

Specifically, I would propose a substantial cutback in the government's role in implicit as well as explicit deposit insurance. A variety of approaches designed to remove the government's incentive for meddling with the system is being discussed. My own formulation would be to institute a 5% "deductible" on insured deposits between \$20,000 and \$100,000. This would add a lot more discipline to the sys-

tem than higher capital ratios and wouldn't be biased in favor of big banks. And a limit on the aggregate dollars of insured deposits in any one bank would not only deal with the concentration issue but would help avoid creating banks in which the government's stake was too large to let a failure occur.

I've made the case that our current regulatory framework, in favoring large banks, is accelerating the consolidation process and pushing the system toward centralized control of the flow of credit, a condition that hurts big and small banks alike. Politicians may have seen this coming, but I don't think many consumers or bankers imagined this was where deregulation would lead. My fundamental concern is with the political implications of such an outcome. But I also think that the U.S. would be better served by a diverse financial system composed of institutions of varying size, ensuring that all consumers of financial services would have choices commensurate with their needs. And, unfettered, I think the market would probably support this diversity. Instead, the market's natural forces are being thwarted in a way that will continue to take the leverage over the credit-granting system farther away from the general public and closer to the "banks" of the Potomac. This can't be good for the U.S.

Mr. Rau is president of the Exchange National Bank of Chicago, a \$1.3 billion institution.



TAB 2



FOCUS

GLOBAL BANKING SURVIVAL TIPS

Global Banks: Surviving In A Tough New Neighborhood

By John Rau, President and CEO,
LaSalle National Bank, Chicago

A POINT OF PRIDE AMONG MANY successful, self-made businesspeople is that they grew up in tough neighborhoods. As globalization increasingly creates a single world market for financial services, many of the world's banks—even those that define themselves as neighborhood, regional or "one-country" banks—will find that their "neighborhoods" are in fact getting a lot tougher and that surviving the next decade will be a well-earned distinction.

Conventional wisdom has it that the globalization of economic flows is of primary concern only to those manufacturing companies with international operations or competitors. By implication, somehow, the service sector is presumed exempt from global competition. What is now becoming clear, however, is that globalization trends will have comparable impact on such service-sector institutions as banks, including those that describe themselves as "regional" or "community" banks. In fact, large banks that have failed to profit by global or even national expansion now proudly describe themselves as super-regional or "mega" regional, as if that changed description exempts them from the forces that pushed back their original ambitions.

Within the next tier of banks, the same form of self-deception also operates. Small banks invoke "neighborhood ties," "community involvement" and "local market expertise," as if this will serve to immunize them from the powerful global winds blowing through their neighborhoods. The reality is that neither geography nor dis-

ance is now a barrier to the delivery of most kinds of financial services. National boundaries will become invisible in the next 10 years, much as county and state boundaries have been superseded by both law and technology in the last 10 years.

The other major trend, which I believe entails an equal risk of being self-deceptive, is that of larger banks evolving into financial department stores. They argue that shrinking margins can be offset by selling more products to the customer base with whom they have a relationship. The risk is, of course, that for each product on their shelves there are global financial institutions offering lower costs, more experience and/or more refined

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advanced systems. So, whether existing relationships will entice consumers to accept inferior product when specialty shopping gets easier and easier remains to be seen. Clearly, the risk is the same as that faced by traditional department stores who lost their electronics/housewares business to the discounters and their apparel business to the chains and boutiques.

And these phenomena are at work all over the globe. Western European banks are merging to serve a United Europe and cut costs to face larger competitors. U.S. banks are merging to cover even larger regions. And international acquisitions are becoming increasingly common as banks try to serve clients across several continents.

Ultimately, though, it will not be raw size or global reach but product quality in each business segment that dictates the winners and losers. The new international risk-based capital rules not only help level the playing field but provide the framework to allow the restructuring to happen.

Specifically, in many countries current capital rules require banks to hold the same amount of capital for a given asset base, regardless of the composition or riskiness of the asset portfolio. This creates an enormous incentive for banks not only to take on higher levels of risk in their asset portfolios but also to fully utilize both sides of the balance sheet, taking in deposits and lending funds, even if the bank is not equally adept at both.

As an example, a bank particularly well-suited to gathering low-cost deposits can make a nice profit by reselling or investing those deposits in interbank funds, securities or even corporate bonds. But whatever profit it makes from its deposit-raising activity can be enhanced if the bank also becomes a direct generator of loans, since it has to maintain the regulatory capital base anyway. The short-term economics are compelling in that the "second" use of this capital is free. But, over the long term, current capital requirements tempt all banks to try to be all things to all people and neglect the particular lines of business each bank finds most profitable. The result is a flaccid banking industry insulated by national borders and ill-prepared for the pressures of global competition.

On the other hand, successful banks in the global neighborhood will restrict their operations to activities that are cost-competitive and offer customers added value. Rather than focusing on the geographic expansion and contraction that characterized the banking strategies of the '60s, '70s and '80s, successful banks in the '90s will do more to build areas of expertise, buy and sell lines of business and strip away unprofitable activities.

The key question is what these new banks will look like and how they will differ from today's national, regional and community banks. Given the opportunity, at least five bank

"success profiles" will emerge, which might be called asset originators, asset servicers, financial product factories, deposit gatherers and portfolio managers.

■ Asset originators will be those banks most skilled at maintaining relationships with a class of customers (whether business or consumer) that tend to be regular borrowers. Asset-originator banks would create a steady stream of loans, either to hold or resell.

■ Asset servicers, whose expertise lies in handling the ongoing relationship between the borrower and whoever decides to hold legal title and fund the earning asset, will make their profit based on economies of scale and the expertise gained by processing high volumes.

■ Information processors (or financial product factories) will fill the recurring external data needs of businesses or other banks or will specialize in developing and "wholesaling" financial products to banks that have a need to fill out their product offerings.

■ Deposit gatherers (or funds generators), in regular contact with net providers of funds, will pull back from direct asset generation in the future and resell the funds raised to either asset originators or to the capital markets.

■ Portfolio managing banks will profit by offering their expertise in investment, safekeeping and record management to companies and institutions requiring investment management.

Since form follows function, these profiles will in turn be matched by shifts in organizational structure. The highly autonomous, vertically integrated banks of today will need to "unbundle" services, buying or contracting out for those services they cannot provide profitably. For example, a deposit gatherer bank will probably need to have a strong relationship with an information processing bank, which will sell it the deposit product systems needed to service its accounts.

Internally, too, banks will need to restructure to ensure that there are no weak organizational links. Ironically, this internal shift will be toward more autonomy and more integration, but at

the business unit level. The world will be too ruthless to support the shared costs and unallocated overhead that can "hide" marginal profitability on some lines of business. Business unit managers will be given direct authority over all parts of their activities. Centralized support units will be broken up. And control will replace scale efficiency as the principal goal of organizational structure.

How easily this evolution happens will depend on the shape the final capital rules ultimately take. The nice thing about the risk-based capital proposal is that it specifies lower capital to support lower risk assets. Deposit gatherer banks could invest their liquidity and earn profits on lower risk

pertise. And both reasons make it more likely that many of these banks will become either wards of the F.D.I.C. or terminal cases at the taxpayers' expense.

U.S. legislators and regulators must therefore beware of throwing obstacles in the path of an evolution in banking that is vital to the industry's future strength. The rest of the world has already come to understand that national regulators can't continue to provide incentives for banks to plug away at unprofitable businesses. The only viable approach is to allow specialization to flourish and not expect the banks of tomorrow to look like the banks of today.

The largest banks in the world are all Japanese. The European banks are large by U.S. standards and will get even larger as they consolidate into the form needed to serve a United Europe. And these competitors have long years of experience running checkless payment systems, participating in securities underwriting and distribution and managing insurance risk-taking and sales. Regardless of size, however, all banks need to think in terms of restructuring by business segment to play successfully in the global neighborhood.

From the perspective of the U.S. banking industry, which is the most fractionated and most narrow in the world, it is fortunate that the attention of its European and Asian competitors is fixed on changes in Eastern Europe and that the immediate interest in the U.S. is somewhat low. But they will certainly be back. U.S. bankers have only a few years in the meantime to fix up our neighborhood so that when they do return we're not all run out of town. ●

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But in the United States there is a countervailing push for a return to the "old" minimum floor of capital-to-total assets. While understandable from the insurance fund perspective, if capital-to-asset ratios become the effective capital constraint, the secondary effect will be to prevent many banks from evolving into the forms that will make them viable, profitable businesses. It will also have the perverse consequence of encouraging banks to take more risk, even in areas where they do not have dominant ex-



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| TAB 3 |



*Ann Landers
Chicago Tribune
435 North Michigan Avenue
Chicago, Illinois 60611*

July 9, 1990

Mr. John Rau
President
LaSalle National Bank
135 South LaSalle Street
Chicago, Illinois 60603

Dear John:

Thank you for the wonderfully illuminating information on the S&L mess. You really laid it out beautifully in both the article and the letter to me.

I am running into a bit of flack from my editor on this issue. He feels that it is highly political. I do not agree but I may decide it's not worth the battle.

In any event, I do want to thank you for responding so effectively to my call for help.

All best,

Eppie

EPL/km

The S & L "mess" started in the early 1980's when the S & L industry lobbied Congress to give it more freedom to invest in assets other than traditional mortgage loans. The S & L's argued they needed to make more money to offset the rising rates they had to pay to attract deposits.

The problem arose because the government guarantees (up to \$100,000) all the money put in, but many of the investments the S & L's made with their new powers were real estate developments that didn't make economic sense. In more than a few cases, the problem was more than just bad judgement and inexperience but extended to fraud and misappropriation by the managers.

But because Congress had granted these new powers and let the investments be funded with insured deposits, as the projects are sold or liquidated for less than was invested in them, the difference will get paid by the taxpayers. In short, Congress let the S & L's borrow money, with the taxpayers as "cosigners" to speculate in real estate and when the prices fell, the taxpayers had to make good on the guarantee they probably didn't know they had made.

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Putting the Squeeze on Small Banks

By JOHN RAU

The only good bank is a big bank. That's not what politicians and policy makers are saying, but it seems to be what they believe if you look at the impact of their actions on small banks. Federal Reserve Chairman Paul Volcker's pronouncements at last month's American Bankers Association convention in New Orleans have simply strengthened my conviction that this partiality exists.

Since the days of Thomas Jefferson, the political consensus in this country has been that individual banks should be kept small to avoid concentrating credit-granting power, especially in the hands of the government. It is only in the past five years that the cumulative effect of public policy has shifted to a clear and substantial favoritism toward big banks—a favoritism that is especially lethal at a time when small banks are under severe competitive pressures from geographic and pricing deregulation.

I believe this favoritism, in conjunction with deregulation's other pressures, will lead first to the consolidation of the industry, and then, inevitably, to substantially greater control over credit allocation by the government. The obvious irony of all this is that while big banks benefit from this favoritism in the short run, they too stand to lose substantial control over their destinies should the balance shift toward government credit allocation. I believe politicians fully understand where this is all headed and that, as long as no one resists, they are perfectly willing to be thrown into the "briar patch" of greater government involvement in the credit markets.

Whether the politicians are acting unwittingly or not, one must ask whether this is what the consumers and the banks (whether large or small) thought they were buying when they supported deregulation. I, for one, don't think there's any question about the answer to that.

Willing to Pay Price

The effect of public policy since the late 1970s has been to clearly favor large financial institutions over small. The shift really began with the first pieces of "deregulation" legislation. I use quote marks because a system in which government deposit insurance plays a meaningful part will never be truly deregulated. Nonetheless, the effect of "deregulation" has been to move the basis of competition onto those parts of the playing field (economies of scale, price, technological product development) in which the larger institutions excel, and away from those aspects (personal service, convenience, community

emphasis, etc.) in which smaller institutions have traditionally been stronger.

This was a price, however, that many small banks were willing to pay for the opportunity to compete more effectively on their own terms. But they made the mistake of assuming that deregulation meant just that, less regulation, not more.

They also assumed that the regulations remaining in force would be administered evenhandedly. But deregulation, as it has evolved over the past few years in banking, has meant disproportionately higher costs of doing business for small banks.

Probably the most obvious example of favoritism toward large banks has been in

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deposit insurance. While theoretically only deposits up to \$100,000 are insured, in practice, depositors in those banks deemed "too big to fail" have found their uninsured deposits effectively free of risk. Depositors in those small banks allowed to fail have enjoyed no such security.

Another set of recent policies whose effect has been to discriminate against smaller institutions is the push for higher capital ratios, billed as a shift toward a more consistent set of capital ratios. In practice, this means that large institutions that can borrow in the public market will be able to meet the new capital levels without slowing their growth, whereas the smaller institutions, whose only realistic source of capital is retained earnings, will find that they will have to stop growing to catch up to the new minimums and give up market share to larger firms.

Along with the push for higher capital has come an even more insidious set of practices that penalize small banks. When banks that lend to consumers, farmers and small businesses have credit problems, the regulators require that the potential losses be charged off against earnings, which further reduces the bank's capital. Banks must either replace these charge-offs with new capital or shrink the level of credit they can provide. The exception to this practice is made for loans to foreign coun-

tries extended by the larger institutions. Treasury Secretary James Baker has announced a plan, endorsed by Mr. Volcker at the ABA convention, to keep these Third World loans current by encouraging banks to advance additional funds to pay the interest that is due. By pressuring the biggest lenders to increase their total lending to the Third World by more than \$20 billion, regulators will then make it impossible to apply the same credit-rating standards that they impose on smaller banks.

Like deregulation in the securities industry and, more recently, with the breakup of the American Telephone & Telegraph Corp., banking consumers are finding that it was the smaller consumer who had been getting a subsidy from larger customers. The principal effect of deregulation has been an increase in retail prices as the subsidy to small depositors has been withdrawn. If this were the only effect, it would have been a good one, reflecting the true costs of services. But the implicit and explicit regulatory favoritism toward big banks, on top of the normal pressures of more competitive markets, will drive banks to consolidate, and many small banks will fail.

What complicates the picture in banking is that the government has implicitly assumed the responsibility not just for protecting small depositors, but for keeping the banking system itself stable. In years past, this task was a very limited one because the existing regulatory framework guaranteed the system's stability. As this scaffolding has been taken down, it puts regulators in a bind. Regulators are trying to prevent failures in a system that politicians have legislated into a form guaranteeing an increasing number of failures.

Now the script is predictable. Politicians blame the regulators for not having done well to stem the tide of bank failures. This is no more rational than an architect blaming a maintenance crew for water on the floor when he's designed a building with holes in the roof. Of more concern is when the politicians decide that they need to exert much more influence over the affairs of the fewer remaining institutions since "they can't all be allowed to fail" or "the flow of credit needs to be monitored by more than a few private bankers." This risk alone ought to be enough to make big banks wary of the "Trojan Horse" of regulatory favoritism.

An instrument to disguise this pernicious trend is already being discussed under the innocuous designation of "risk-based" capital ratios. At last month's ABA

convention, Mr. Volcker revealed that he would soon support a program of this kind, and that the Comptroller of the Currency was working on a similar plan. Such proposals would adjust a bank's capital ratio based on the regulators' evaluation of risk. While pitched as a means to discourage banks from engaging in high-risk activities, this kind of scheme will inevitably become a point system for substituting political judgments of credit-worthiness for those made by the market. For example, can anyone imagine that the Fed chairman would argue for higher insurance premiums on student loans than on loans to finance corporate mergers, regardless of how one might rank them in terms of relative risk?

Cut Back Government Role

Is there a way to derail the drive toward this greater political control? Although modern technology precludes a return to the old system of geographic and functional decentralization, we can take the first step forward by eliminating the rationale for political involvement.

Specifically, I would propose a substantial cutback in the government's role in implicit as well as explicit deposit insurance. A variety of approaches designed to remove the government's incentive for meddling with the system is being discussed. My own formulation would be to institute a 5% "deductible" on insured deposits between \$20,000 and \$100,000. This would add a lot more discipline to the sys-

tem than higher capital ratios and wouldn't be biased in favor of big banks. And a limit on the aggregate dollars of insured deposits in any one bank would not only deal with the concentration issue but would help avoid creating banks in which the government's stake was too large to let a failure occur.

I've made the case that our current regulatory framework, in favoring large banks, is accelerating the consolidation process and pushing the system toward centralized control of the flow of credit, a condition that hurts big and small banks alike. Politicians may have seen this coming, but I don't think many consumers or bankers imagined this was where deregulation would lead. My fundamental concern is with the political implications of such an outcome. But I also think that the U.S. would be better served by a diverse financial system composed of institutions of varying size, ensuring that all consumers of financial services would have choices commensurate with their needs. And, unfettered, I think the market would probably support this diversity. Instead, the market's natural forces are being thwarted in a way that will continue to take the leverage over the credit-granting system farther away from the general public and closer to the "banks" of the Potomac. This can't be good for the U.S.

Mr. Rau is president of the Exchange National Bank of Chicago, a \$1.3 billion institution.

THE WHITE HOUSE

WASHINGTON

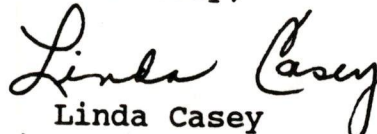
August 28, 1990

Dear Representative Marsh,

Andy Card is abroad, but before departing, he asked me to acknowledge your letter of August 2 and let you know that your request for assistance on behalf of Mr. John Haycock has been forwarded to the appropriate staff at the Department of Labor for review and response. You should hear from them soon.

Andy asked me to pass along his best wishes.

Sincerely,

A handwritten signature in cursive script that reads "Linda Casey".

Linda Casey
Assistant to Andy Card

Honorable Robert H. Marsh
State Representative
The Commonwealth of Massachusetts
167 Oakland Street
Wellesley, Massachusetts 02181

THE WHITE HOUSE
WASHINGTON

DATE: September 4, 1990

TO: Sally Kelley

FROM: **ANDY CARD**

Please pass this along to the Department
of Labor for direct response. Thanks.

Withdrawal/Redaction Sheet

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| Document No. and Type | Subject/Title of Document | Date | Restriction | Class. |
|-----------------------|---|----------|-------------|--------|
| 02. Letter | Robert H. Marsh to Andrew Card, Re: Assistance with immigration visa issue. (1 pp.) | 08/02/90 | (b)(6) | |

Collection:

Record Group: Bush Presidential Records
Office: Chief of Staff, Office of the
Series: Card, Andrew H., Jr., Files
Subseries:
WHORM Cat.:
File Location: AHC General Correspondence June-August 1990 [5]

Date Closed: 3/14/2025 **OA/ID Number:** 04012-006e

FOIA/SYS Case #: 2025-0373-S **Appeal Case #:**
Re-review Case #: **Appeal Disposition:**
P-2/P-5 Review Case #: **Disposition Date:**

AR Case #: **MR Case #:**
AR Disposition: **MR Disposition:**
AR Disposition Date: **MR Disposition Date:**

RESTRICTION CODES

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

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

Deed of Gift Restrictions

- C(1) Closed by Executive Order 13526, governing access to national security information
- C(2) Closed by statute or by the agency which originated the information
- C(3) Closed in accordance with restrictions contained in donor's deed of gift [formerly listed as only C]
- PRM. Removed as a personal record misfile

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

- P-2 Relating to the appointment to Federal office [(a)(2) of the PRA]
- P-5 Release would disclose confidential advice between the President and his advisors, or between such advisors [(a)(5) of the PRA]

Withdrawal/Redaction Sheet

(George Bush Library)

| Document No. and Type | Subject/Title of Document | Date | Restriction | Class. |
|-----------------------|--|----------|-------------|--------|
| 03. Letter | Robert H. Marsh to U.S. Representative Barney Frank, Re: Assistance with immigration visa issue. (1 pp.) | 08/02/90 | (b)(6) | |

Collection:

Record Group: Bush Presidential Records
Office: Chief of Staff, Office of the
Series: Card, Andrew H., Jr., Files
Subseries:
WHORM Cat.:
File Location: AHC General Correspondence June-August 1990 [5]

| | |
|-------------------------------------|---------------------------------|
| Date Closed: 3/14/2025 | OA/ID Number: 04012-006e |
| FOIA/SYS Case #: 2025-0373-S | Appeal Case #: |
| Re-review Case #: | Appeal Disposition: |
| P-2/P-5 Review Case #: | Disposition Date: |
| AR Case #: | MR Case #: |
| AR Disposition: | MR Disposition: |
| AR Disposition Date: | MR Disposition Date: |

RESTRICTION CODES

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

- P-2 Relating to the appointment to Federal office [(a)(2) of the PRA]
- P-5 Release would disclose confidential advice between the President and his advisors, or between such advisors [(a)(5) of the PRA]

THE WHITE HOUSE

WASHINGTON

August 28, 1990

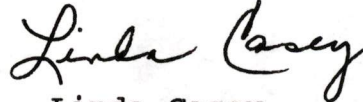
Dear Mr. Tyler,

Andy Card is abroad, so I am taking the liberty of responding to your letter to him dated August 19 inviting him to attend the fundraiser for Mr. Malone on September 4.

Unfortunately, Andy will not be able to attend. He will appreciate your thinking of him, and when he returns to Washington, I will make sure he sees your letter.

Thank you for writing.

Sincerely,



Linda Casey
Assistant to Andy Card

Mr. Quint Tyler
Reynolds Bros. Inc.
776 Washington Street
Canton, Massachusetts 02021

Andy

Assume no
I'll do note request

Document Originally
Attached to
Following Page



REYNOLDS BROS. INC.

ENGINEERS · CONTRACTORS

776 WASHINGTON STREET · CANTON, MASSACHUSETTS 02021 · (617) 828-8580

8/19/90

Dear Andy,

A note to inform you that I am sponsoring a fund raised for Joe Malone, Candidate for Treasurer on Tuesday September 4, 1990 5-7 P.M. at the Ridge Arena, West Street Braintree, Mass. Basic attendees will be Road Contractors.

I'm letting you know because I would be honored if you could attend.

Very truly yours

Jim D'Amico

355 DOVER RD
WESTWOOD, MASS
02090

over

Quite obviously you are busy
but I would hate to have you
home here for whatever reason
and not know that this
is happening.



THE WHITE HOUSE

WASHINGTON

August 28, 1990

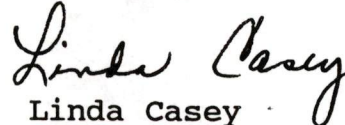
Dear Mr. Bathgate,

Andy Card is abroad, so I am taking the liberty of responding to your letter to him dated August 21 inviting him to be a featured speaker at the National Meeting of The President's Club on September 25.

Unfortunately, Andy cannot accommodate your request. He will appreciate your thinking of him, and when he returns to Washington, I will make sure he sees your letter.

Thank you for writing.

Sincerely,



Linda Casey
Assistant to Andy Card

Mr. Lawrence E. Bathgate, II
Chairman
Republican National Finance Committee
310 First Street, S.E.
Washington, D.C. 20003

REPUBLICAN NATIONAL FINANCE COMMITTEE

310 FIRST STREET, SOUTHEAST WASHINGTON, D.C. 20003 202-863-8720

LAWRENCE E. BATHGATE, II
CHAIRMAN

Portuguese PM in
town that day
T-1

August 21, 1990

The Honorable Andrew Card
White House Deputy Chief of Staff
The White House
Washington, DC 20500

Dear Andy:

I would like to invite you to be a featured speaker at the National Meeting of
The President's Club being held in Washington, D.C. on Tuesday, September 25, 1990. //

As you may know, The President's Club membership is made up of individuals who
contribute at least \$1,000 annually, and is a key component of the Republican National
Committee. Many of our members are part of the "old team" of 1988 Bush contributors.
Today, their financial support of The President Club helps fund political appearances and
activities of President Bush and Vice President Quayle on behalf of Republican
candidates at all levels.

The legislative briefing is scheduled to take place at the Ritz-Carlton, Pentagon City from
10:45 a.m. to 11:45 a.m. We are asking our speakers to give ten minutes of remarks
and then a ten minute questions-and-answers session.

We are trying to make this day very special for our old and important donors. Your
participation will help us make it special. Please have a member of your staff contact
Julie Gregg at 863-8643 to advise if you will be able to be with us.

Thanks very much. I sincerely hope you can join us.

Sincerely,



Lawrence E. Bathgate, II

LEB:jg