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Folder Title:
OSTP [Office of Science and Technology Policy]

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Following Page

THE WHITE HOUSE
WASHINGTON

DCF
12/23

Date: 12/23/91

TO: Sam Skinner

FROM: ANDY CARD

- ☐ Action
- ☐ Your Comment
- ☐ Let's Talk
- ☒ FYI

AC HAS SEEN

I talked
w/ Allan.

What do
we do?
Nothing
I don't
know about it.
Andy

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THE WHITE HOUSE
WASHINGTON

AC HAS SEEN

December 17, 1991

MEMORANDUM FOR ANDY CARD

FROM: D. ALLAN BROMLEY *Daan*

SUBJECT: Another Leak

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Copies of a very preliminary analysis of these data were made available to John Sununu, Boyden Gray and Mike Boskin for comments and suggestions as well as to several of the industrial members of PCAST. All were told that the study was at a very preliminary stage and that the material should be closely held.

In parallel with the data analysis a few of us spent a little time thinking about what policy suggestions might flow from the data in the tax, regulation and related areas of major importance to small businesses. These thoughts were very preliminary, and in some cases, clearly half-baked; they were for discussion and rough evaluation only.

Because Joe Broz needed some assistance and because OSTP had originally agreed to take on Mark DeSantis, a former member of Senator Heinz' staff, for a temporary period following the Senator's death, and because Mark had finished his original assignment, I asked him to assist Joe through the end of his OSTP appointment on December 31 of this year. Joe Broz, Mark DeSantis and others in OSTP were well aware that there was to be no release of any part of this study prior to its review within OSTP and eventually the EOP.

Unfortunately, as the attached memo from Joe Broz and the attached brief news report shows, Mark DeSantis talked to a reporter in Joe Broz' absence from the office, and even more unfortunately focussed on one of the discussion topics -- capital gains taxes (on which the data do have a significant bearing) with the remark quoted.

I have no idea where the "State of the Union" idea originated nor do I have any idea what may appear in the January National Journal where we have been told there will be a much longer piece.

Obviously I have taken steps to again alert my staff to the "loose lips" peril but this is already out. Given the earlier unhappiness regarding press reports on critical technologies I certainly did not need this one on capital gains taxation!

Comments or suggestions would be welcome.

December 16, 1991

MEMORANDUM FOR DR. D. ALLAN BROMLEY

FROM: DR. JOSEPH S. BROZ 

SUBJECT: UNAUTHORIZED AND PREMATURE RELEASE OF
INFORMATION REGARDING THE SMALL, HIGH-TECH
BUSINESS STUDY

In recognition of OSTP's firm policy concerning unauthorized release of information, I must notify you that unauthorized information has appeared in the December 14, 1991 issue of the National Journal, "Inside Washington" section (p. 3005). This piece quotes unknown "White House sources" and erroneously claims that we are developing a capital gains tax cut package for inclusion in the State of the Union address. Directly after this statement, a temporary and junior member of our staff is quoted in a context which gives a damaging veneer of authenticity to the piece. The staff member acknowledges having spoken with the Journal reporter, but states that he gave none of the information reported in the piece other than the misrepresented quotation. To my knowledge, and after considerable investigation, no member of the OSTP staff immediately connected to the study claims to have made to the press any statements regarding details of the analysis, tax policies or small business issues as was stated in the publication. Apparently, an unknown source has contributed much of the information to the press regarding our efforts.

There are indications that the reporter involved may be preparing a larger article on small high-tech business to be published by the same journal in January. It is impossible for me to predict the scope and content of the forthcoming article since unknown sources are involved, nor can I assess the degree to which it might damage the Administration or compromise the efforts of OSTP.

My primary concern regarding this "leak" does not rest with the numerical specifics of the analysis which are fully substantiated and from entirely public sources, but rather, I am disturbed about the possibility that some very preliminary, discussion-level policy options that have been internally discussed in the context of small, high-tech business may be represented as actual Administration policy. Given the hidden nature of the sources, I cannot say whether these internal and privileged discussions have been publicly disclosed at this time.

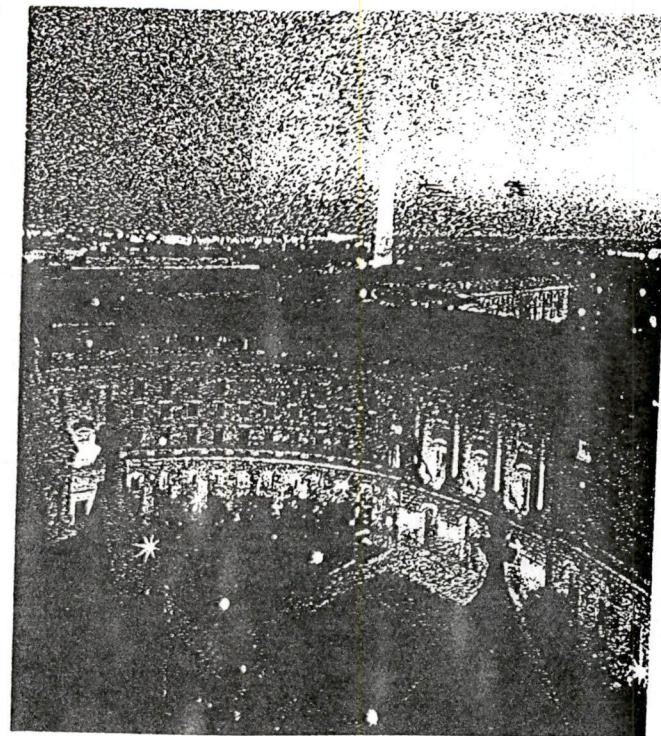
INSIDE WASHINGTON

Stumping for Tax Credits . . .

Automakers and other big U.S. manufacturers are clamoring on Capitol Hill for restoration of a favorite tax preference—the investment tax credit, repealed in 1986. And they're getting a receptive hearing. Some mainstream economists say an ITC, which would permit companies to subtract a portion of their plant and equipment spending from their tax bill, would provide a much bigger investment bang for the buck than would a cut in the capital gains tax. And some Democrats say the ITC could credibly serve as the growth component of a Democratic fairness-and-growth economic policy package. Organized-labor representatives, who traditionally have opposed the ITC as a corporate subsidy for replacing workers with machines, remain skeptical but are willing to explore new prospects.

. . . And Cuts

After decades of languishing in the background politically,



the White House's Office of Science and Technology Policy is quietly developing a proposal for capital gains cut targeted for small business that White House sources say is likely to be included in President Bush's January State of the Union address. "We'd like to think we were first out of the gate on this," said Mark F. DeSantis, a policy analyst in the science office.

Move Over, Doonesbury

Rep. Henry A. Waxman, D-Calif., eyeing an election-year showdown, minced no words at a Dec. 10 hearing of his Energy and Commerce Subcommittee on Health and the Environment, which is probing Vice President Dan Quayle's leadership of the President's Council on Com-

petitiveness. "Inept, insensitive and arrogant" were among Waxman's assessments. Although Republicans blasted the "partisan witch-hunt," Waxman called for a criminal investigation of possible conflict-of-interest charges against Allan B. Hubbard, the council's executive director.

Yes, Times Still Change

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Dress Right (or Else)!

The military's obsession with couture seems unquenchable. In the mid-1980s, the Navy was convulsed over whether aviators should wear brown shoes with winter uniforms. With the air service having wrapped up a multimillion-dollar uniform redesign, *Air Force Times* reports, a new edict will ban crew neck T-shirts with open-collar uniforms—to "enhance the esprit de corps essential to an effective military force," the brass say. "What is so professional about the appearance of a large amount of chest hair coming from a man's open shirt collar?" a *Times* reader gripes. "I believe that a neat, clean crew neck projects a more positive image."

To Brent Scowcroft
for action

And
12/20

THE WHITE HOUSE
WASHINGTON

RECEIVED

DEC 20 1991

December 19, 1991

MEMORANDUM FOR ANDREW H. CARD

FROM: D. ALLAN BROMLEY *Alan*
SUBJECT: PRESIDENTIAL TRAVEL

Pursuant to your memorandum of December 17 requiring notification of staff assistance on the President's trip to Australia and the Far East, Mrs. Sara R. Bowden will accompany me.

With the President's approval, I would like to join the President's traveling group in Korea and Japan where there are important science and technology components to the visits. Mrs. Bowden and I plan to fly commercial to Korea arriving on January 4, 1992. After joining the President's party, I would then return with the President.

THE WHITE HOUSE
WASHINGTON

AC HAS SEEN

RECEIVED

DEC 24 1991

December 19, 1991

MEMORANDUM FOR ANDREW H. CARD
DEPUTY CHIEF OF STAFF

FROM: D. ALLAN BROMLEY *Adm*
THE ASSISTANT TO THE PRESIDENT
FOR SCIENCE AND TECHNOLOGY

SUBJECT: Presidential Travel

*I talked
to Allan.
No 80% after
talked to Brent.
AKA*

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Pls. make
copies for Dick Dahman
and Sam Skinner.

1.4

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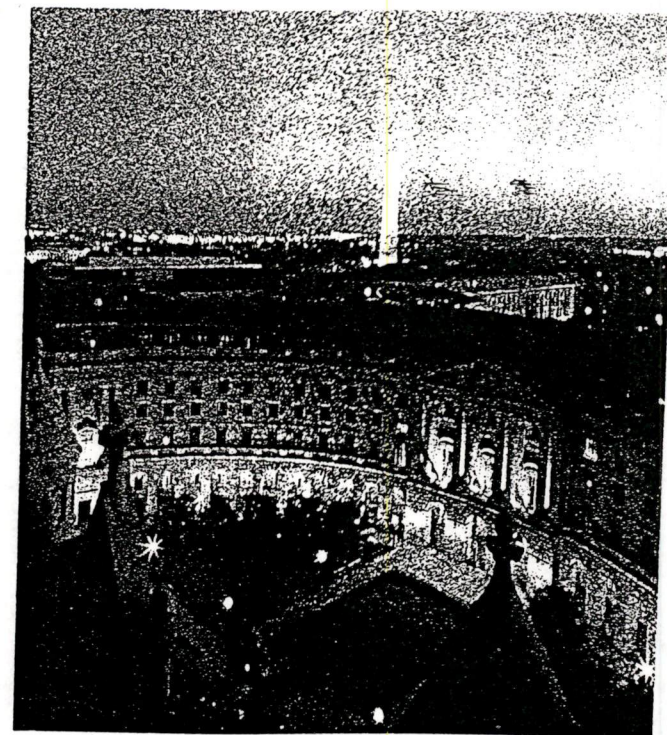
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