

By John B. Judis

WASHINGTON

Bush and Japan chip away at U.S. economic destiny

LAST JANUARY, ANDREW GROVE, PRESIDENT OF the Silicon Valley-based Intel Corp., sent White House Budget Director Richard Darman a present: a violin. Inside the violin was a note suggesting that Darman might enjoy fiddling while American high technology burns.

These days, Darman's pizzicatos and obligatos can be heard up and down Pennsylvania Avenue. Adamantly opposed to aiding U.S. high-technology firms, the Bush administration is allowing them to be taken over by Japanese competitors. Worse still, the administration is trying to subvert Sematech, the Austin-based government-subsidized

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consortium that was set up in 1988 to develop new technology for manufacturing computer chips.

More is at stake than simply national pride. If the U.S. is locked out of the most advanced kinds of manufacturing, workers' standards of living will suffer and the country itself will lose control over its economic destiny.

Sell American: The administration hit its latest sour note on July 27, when President Bush announced that his Committee on Foreign Investment in the U.S. (CFIUS) would not block the sale of Semi-Gas Systems, Inc., to a Japanese chemical conglomerate, Nippon Sanso. Semi-Gas is the world's largest producer of equipment used to purify air during the highly delicate production of silicon chips. With only one other small American firm making such equipment, Nippon Sanso and other Japanese firms can now dominate the world market.

Semi-Gas was one of 125 supply companies that support the original 14 Sematech members, which annually contribute \$100 million to match the government's \$100 million. It has been significantly involved in the consortium's research. By purchasing Semi-Gas, Nippon Sanso is, in effect, buying Sematech's research advances and eliminating any advantages the U.S. consortium had achieved over its rivals.

According to Sematech's chief administrative officer, Peter Mills, who testified August 1 before the Senate Subcommittee on Science, Technology and Space, Semi-Gas's purification capabilities increased tenfold while working with Sematech. Japanese firms now have access to this advanced technology, and Sematech must recruit and bring on line the other U.S. gas-handling firm—a process that could take six months and cost Sematech up to \$100 million, according to consortium officials.

Officials from Sematech and executives from Semi-Gas made every effort to stop the sale, but they were unable to convince CFIUS or Hercules Inc., Semi-Gas's parent company based in Wilmington, Del. Hercules had bought Semi-Gas three years ago for \$5 million. In need of cash from losses in other operations, Hercules was desperate to sell the firm, fattened by its association with Sematech, for \$23 million.

Last year, Semi-Gas management proposed purchasing the company itself in a leveraged buyout, but Hercules, whose chemical business has been suffering, rejected the offer in favor of Nippon Sanso. In January, Sam Harrell, the liaison between Semi-Gas and Sematech, wrote Hercules



Chairman David Hollingsworth offering to find an American buyer. Hollingsworth did not reply.

Last April, Turner Hasty, executive vice president and chief operating officer of Sematech, wrote Hollingsworth offering to intervene. "Sematech feels very strongly that it is against the best interest of the U.S. semiconductor industry and the nation as a whole for Semi-Gas Systems to be sold to a foreign competitor whose apparent intentions are market domination," he wrote. Hollingsworth also did not acknowledge Hasty's letter.

Then Sematech turned to CFIUS, appealing to the eight-person interagency board chaired by Secretary of the Treasury Nicholas Brady to block the sale. But in its decisions CFIUS has routinely reflected the administration's hostility to any government intervention in the economy.

Hostility toward Sematech: Congress established CFIUS in an amendment to the 1988 Omnibus Trade Bill. Its mandate was to block takeovers that would jeopardize "national security, essential commerce and economic welfare." Since its establishment at the end of the Reagan administration, CFIUS has reviewed 409 foreign takeovers and stopped only one—the purchase in 1989 of a Seattle airplane part manufacturer by a Chinese government company. In that case, CFIUS's action had little to do with national

security or economic welfare. Rather, it was part of the Bush administration's diplomatic maneuvering after the Tiananmen Square massacre.

CFIUS has refused to intervene in more than 30 foreign purchases of American semiconductor firms. The committee's deliberations are private, but, when pressed, administration officials argue that foreign purchases of semiconductor firms do not threaten national security. This is probably true, but these purchases certainly do threaten essential commerce and economic welfare.

The CFIUS decision on the Semi-Gas purchase also reflects the administration's particular hostility toward Sematech. Last fall the administration floated a proposal to cut Sematech's \$100 million annual funding from the Pentagon but backed down under congressional pressure. According to *New Technology Week*, a high-technology-policy newsletter, Sematech's protest over the Semi-Gas sale made the administration even less likely to block the sale.

Administration hostility stems from the ironclad opposition of Darman, White House Chief of Staff John Sununu and Chairman of the Council of Economic Advisers Michael Boskin to any kind of industrial policy. While the Reagan administration favored some initiatives like Sematech on national-security grounds, the Bush administration has de-

cided that, with the end of the Cold War, the government should cease to back any specific industries. Instead, the administration favors programs that it believes will subsidize all kinds of industry together—such as the capital-gains tax cut.

Last month, for instance, when the National Advisory Commission on Semiconductors, a blue-ribbon group of corporate chiefs, began discussing a plan for the government to help set up a Consumer Electronics Capital Corporation to revive the U.S. consumer-electronics industry, the White House shot the proposal down before it had even been completed. "It is really part of an industrial policy, picking a particular industry," said White House Science Adviser Allan Bromley. "So this administration will certainly not ever support that kind of activity."

Monitor foreign investment: Congress is trying to force the administration to adopt a high-technology industrial policy, which would include maintaining closer surveillance of foreign purchases. Word of the Nippon Sanso purchase of Semi-Gas, which began circulating last April, spurred on these efforts.

On July 11 the House passed an American Technology Pre-eminence Act by a vote of 327 to 93. The bill boosts spending for the Commerce Department's Advanced Technology Program, which funds private companies, from \$290 million in fiscal year 1991 to \$468 million the following year. The bill's widespread support showed the unexplored potential these issues hold for political realignment. Even with the Bush administration threatening to veto the bill, 83 Republicans supported it, including prominent conservatives such as Henry Hyde (R-IL), Floyd Spence (R-SC) and William Broomfield (R-MI). The Senate approved a similar measure by voice vote last October.

Several bills are aimed directly at reforming the operation of CFIUS. Rep. Douglas Walgren (D-PA) has proposed an amendment to the Defense Production Act that would require CFIUS to investigate any takeover that involves critical technologies. It would also give CFIUS the power to require that foreign companies service American customers and maintain technological facilities in the U.S. Another bill, sponsored by Rep. Mel Levine (D-CA), would restructure CFIUS, moving it from the Treasury to the Commerce Department, which is traditionally more oriented toward protecting American business.

The legislature's efforts are being seconded by a host of industry committees. These include not only the National Advisory Committee on Semiconductors but also the Council of Competitiveness established by the Reagan administration. The council, originally set up to blunt Democratic industrial-policy initiatives, is expected to release a report late this year criticizing Bush administration inaction.

But the Bush administration is still calling the tune. It can ignore corporate committees and sabotage congressional initiatives—as it has already done with CFIUS. It can leave agencies that Congress establishes understaffed, and it can fail to spend the money that Congress appropriates. The only way to force administration action is to transform what are still technical-policy issues into political and campaign issues. That, however, takes a degree of imagination that is lacking among both Democrats and sympathetic Republicans. □

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By Joel Bleifuss

Drug warrior to take a spill?

Will Dan Quayle be the next casualty in the drug war—a victim to the drug hysteria engendered by his own rhetorical excesses? Convict Brett Kimberlin has filed suit in a federal court in Washington, D.C., charging the U.S. Bureau of Prisons “with a conspiracy to silence him on the eve of a presidential election.” In the weeks before the 1988 election, Kimberlin, a prisoner at El Reno Federal Correctional Institution in El Reno, Okla., went public with the assertion that he sold marijuana to then-Indiana University law student Dan Quayle a total of “15 to 20” times between 1971 and 1973.

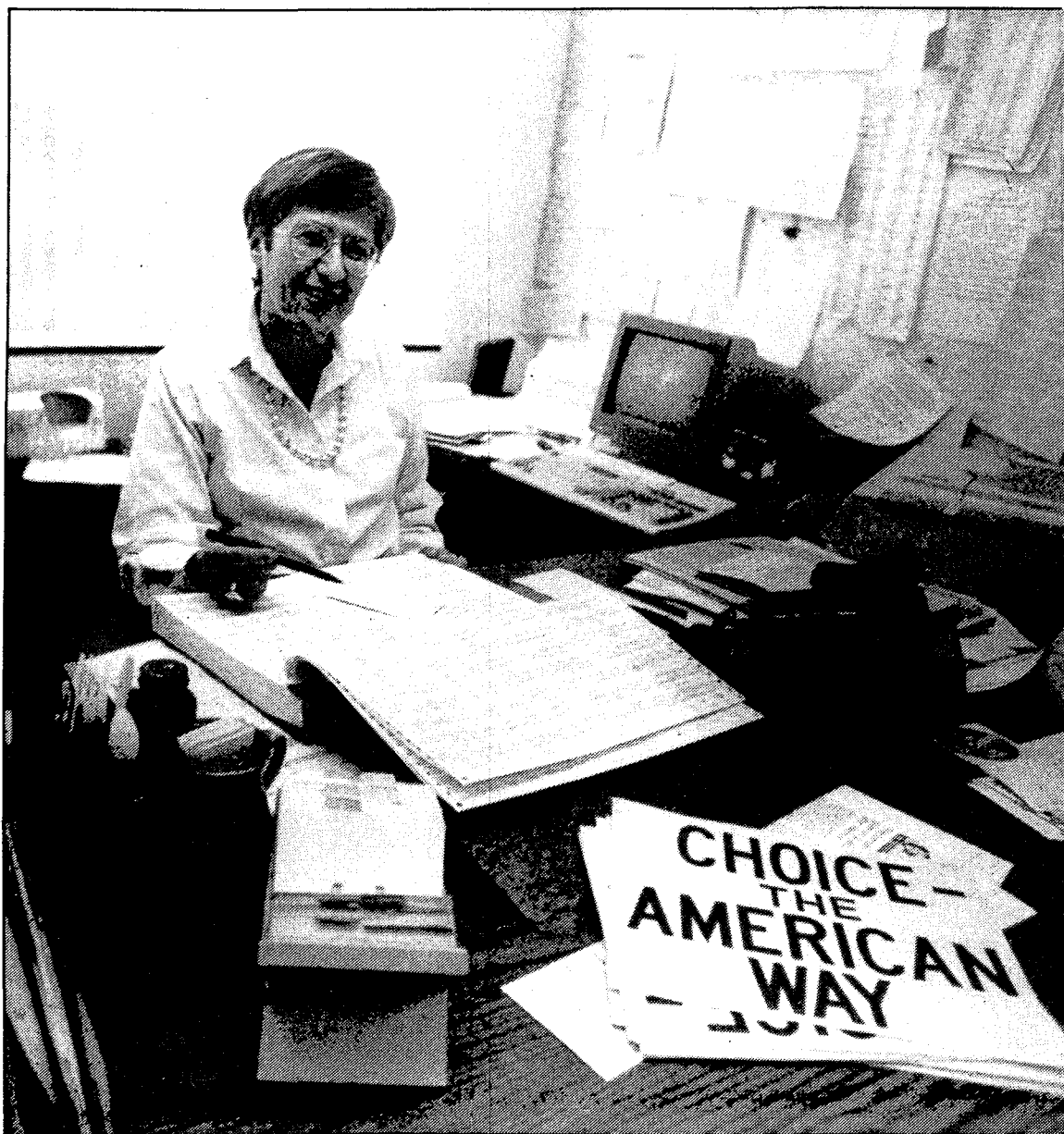
Kimberlin, 35 and originally of Indianapolis, has served 12 years of a 54-year sentence for marijuana smuggling and explosives charges. Kimberlin told WBAI radio in New York that he first met Quayle—known to him as D.Q.—at a frat party in Bloomington, Ind., where marijuana was being smoked. He related the following story: “He found out that I had marijuana available at the time. It was good quality, and he asked if I had any for sale.... I thought it was kind of strange. He looked kind of straight. I thought he might be a narc. But we talked and I felt a little more comfortable, and finally I gave him my phone number and said, ‘Hey, well, give me a call.’ He called me a couple of weeks later, and he said, ‘Hey, this is D.Q. Can we get together?’ and I said, ‘Yes. Meet me at the Burger Chef restaurant.... We struck up a relationship that lasted for 18 months. I sold him small quantities of marijuana for his personal use about once a month during that period. He was a good customer. He was a friend of mine. We had a pretty good relationship. He always paid cash.” Kimberlin went on to say that their dealings were not always contractual. “When him [sic] and Marilyn got married in 1972, I gave him a wedding present of some Afghanistan hashish and some Acapulco gold [marijuana].” For his part, Quayle insists that he has never smoked marijuana.

Sent to solitary: In the week before the election the El Reno Federal Correctional Institution was overwhelmed with requests by the press for interviews with Kimberlin. The prison warden allowed him to set up a press conference. Then, one hour before his meeting with the press was scheduled to begin, Kimberlin was thrown into solitary confinement on orders from Bureau of Prisons Director J. Michael Quinlan. In December 1988, Aaron Friewald reported in *Legal Times* of Washington, D.C., “Quinlan’s unusual personal involvement in Kimberlin’s treatment came amid a flurry of contacts throughout the pre-election weekend among the bureau, high-ranking political appointees at the Justice Department and senior advisers at Bush-Quayle campaign headquarters.”

Headquarters was mighty concerned. The campaign’s deputy press secretary, Mark Goodin, told Friewald that during the last days of the campaign he briefed campaign chairman—now secretary of state—James Baker III on Kimberlin’s status five times and that throughout the weekend of November 4 he kept Bush campaign chairman Lee Atwater updated on Kimberlin’s status. Goodin was also in regular contact with the Justice Department. A campaign aide who declined to be named told Friewald that the Bush-Quayle campaign was ready for damage control. As it was, none was needed.

Too hot to touch: In their new book, *The Media Elite*, Norman Solomon and Martin Lee chronicle how the national press decided Kimberlin’s story was not fit to print: not when he was thrown into solitary prior to his press conference, not when he was thrown into solitary a second time prior to holding a telephone news conference at the Mayflower Hotel in Washington, not when *Legal Times* reported on Bureau of Prison connivance with the Bush-Quayle campaign, not when the presidentially appointed U.S. Parole Board ruled that Kimberlin would not be eligible for parole until February 1994—180 months after he first entered prison and twice as long as the 64-to-92 month U.S. Sentencing Commission guidelines for similar “Category 7” convictions. Now, more than a year and a half since Kimberlin was first thrown into solitary confinement, the major media organs have begun to pay attention to his allegations. They have also begun to cover up—through the sin of omission—certain aspects of the story. The *Washington Post*’s Michael Isikoff is one such sinner. Isikoff reported that “Kimberlin’s contacts with reporters were known to have been closely monitored by top officials of the Bush-Quayle campaign after the campaign received inquiries from several news organizations.” But Isikoff failed to mention that those top campaign officials included Baker and Atwater and that the Bush-Quayle campaign communicated its concern through the Justice Department to the Bureau of Prisons.

Charged with conspiracy: This recent press attention is the



Polly Rothstein in her office, surrounded by computer, printouts and files—the tools of her trade.

Polly Rothstein: choice politicker

By Josh Weiss

“We have turned this country around,” is Polly Rothstein’s favorite refrain. Thanks to Rothstein, the politicians of suburban Westchester County, N.Y., who once scorned a pro-choice stance as political suicide now embrace it. In a 180-degree reversal, the county now has a pro-choice majority at every level—judges, state legislators, congressional representatives. And Rothstein believes other communities across the country can create the same situation.

A lithe, intense straight talker with a passion for bird-watching, Rothstein helped found the Westchester Coalition for Legal Abortion (WCLA) in 1972 and soon took over as director. She refers to herself as a “wheeler-dealer,” not an “activist.”

From the beginning, WCLA’s mission has been electoral politics. The organization continued its work in Westchester even after the 1973 *Roe vs. Wade* decision legalized abortion. Now that the U.S. Supreme Court is dismantling *Roe* step by step, the nation’s attention has returned to abortion politics at the state level. Versions of Rothstein’s strategy—developed over the past 18 years to force local elected officials to recognize the power of the pro-choice vote—are now being used all over the country. “We are in the position that I want other organizations to be in,” Rothstein says. “We’ve changed things around; we’re a model for changing things.”

That model is based on extensive voter identification and activation, solely on the basis of attitude toward abortion rights. Rothstein argues that anything beyond such single-issue politics—she prefers the term “bottom-line voting issue”—would

destroy the strategy’s effectiveness. Besides, she adds, most politicians supportive of abortion rights tend to be liberals. WCLA has, however, backed conservative Republicans who are solidly pro-choice but hostile to other issues of particular concern to women such as health care and the Equal Rights Amendment.

Rothstein’s participation in the struggle for choice dates back to 1958. When a friend from Massachusetts became pregnant, Rothstein, just out of Skidmore College, searched for a doctor to perform an abortion and finally found one in Pennsylvania coal-mining country. “We were lucky. We got a good, safe abortion for her,” she says. “It affected me profoundly, opened my mind. I saw that women could be prisoners in themselves.”

In 1965, as a young mother living in a New York City suburb, Rothstein began volunteering once a week at Planned Parenthood’s Westchester clinic, set up just across the border from Connecticut, where birth control could not be obtained. When the New York state legislature again made abortion illegal in 1972, just two years after decriminalizing it, Rothstein and several other abortion-rights proponents founded WCLA. Although Gov. Nelson Rockefeller vetoed the recriminalization act, the legislature’s action had already underscored the fragility of abortion rights. (Out of 12 Westchester County legislators, 10 voted for recriminalization.)

“WCLA was formed in a panic reaction,” Rothstein says. “It was a rude awakening that the law we’d gotten in 1970 could be taken away.” After the *Roe* decision appeared to settle abortion’s legality, many abortion-rights advocates turned to other issues. But by making a call under an assumed name to a “right-to-life” organization to ask how she