

NOMINATION OF JOSHUA GOTBAUM

HEARING

BEFORE THE

COMMITTEE ON FINANCE

UNITED STATES SENATE

ONE HUNDRED FOURTH CONGRESS

FIRST SESSION

ON THE

NOMINATION OF

JOSHUA GOTBAUM, TO BE ASSISTANT SECRETARY OF THE TREASURY
FOR ECONOMIC POLICY

DECEMBER 5, 1995



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NOMINATION OF JOSHUA GOTBAUM, TO BE ASSISTANT SECRETARY OF THE TREASURY FOR ECONOMIC POLICY

TUESDAY, DECEMBER 5, 1995

**U.S. SENATE,
COMMITTEE ON FINANCE,
Washington, DC.**

The hearing was convened, pursuant to notice, at 11:29 a.m., in room SD-215, Dirksen Senate Office Building, Hon. William V. Roth, Jr. (chairman of the committee) presiding.

Also present: Senators Chafee and Moynihan.

OPENING STATEMENT OF HON. WILLIAM V. ROTH, JR., A U.S. SENATOR FROM DELAWARE, CHAIRMAN, COMMITTEE ON FI- NANCE

The CHAIRMAN. The committee will please be in order.

I would now like to turn to our Treasury nominee. It is a pleasure to welcome you here, Mr. Gotbaum.

Mr. Gotbaum has been nominated by President Clinton to serve as Assistant Secretary for Economic Policy at the Department of the Treasury. He is currently serving at the Department of Defense as Assistant Secretary for Economic Security. I do not know if that is a lateral slide or what. But anyway, congratulations.

Mr. Gotbaum, do you have any family or friends here that you would like to introduce at this time?

Mr. GOTBAUM. Mr. Chairman, I do. I am accompanied by my mother, Sarah Gotbaum, and my wife, Joyce Thornhill.

The CHAIRMAN. Would you please stand. [Applause.]

It is very nice to have you here. We know this is indeed a proud day for both of you.

I would now like to yield to my friend and colleague, Senator Moynihan, for any comments he may care to make.

OPENING STATEMENT OF HON. DANIEL PATRICK MOYNIHAN, A U.S. SENATOR FROM NEW YORK

Senator MOYNIHAN. Thank you, Mr. Chairman. We have before us a person with a distinguished public career. He has been eminently successful in the private sector, in investment banking in New York. But his public service goes back almost 20 years now. And he has done it repeatedly. He has been asked back and forth. The departments compete over him, they bid for him, as they obviously ought to do, and it is a great honor to have him before this

committee. And I look forward not only to his testimony today, but to his future appearances.

The CHAIRMAN. Thank you.

We would be very pleased at this time, Mr. Secretary, to hear any comments you may care to make.

STATEMENT OF JOSHUA GOTBAUM, NOMINEE FOR ASSISTANT SECRETARY OF THE TREASURY FOR ECONOMIC POLICY

Mr. GOTBAUM. Thank you, Mr. Chairman and members of the committee. Thank you, Senator Moynihan, for that really lovely endorsement.

This is a great honor for me to appear as the President's nominee to be Assistant Secretary for Economic Policy. It is an honor to have the trust and confidence of the President and the Secretary of the Treasury.

Secretary Rubin himself has laid out the issues that we face in economic policy, to make an economic policy for our times. And those are, as this committee knows only too well, to maintain fiscal discipline, to balance our budget, and to help prepare our Nation for the 21st century, encouraging savings and investment, to recognize the potential and the risks of global markets, and to ensure that Government and regulation is sensible.

The fact that we are currently enjoying a period of relatively steady growth, of low inflation, of low unemployment and declining deficits, does not mean by any means that the job is done.

As you are aware, I have worked on and off on economic policy matters for almost 20 years. I began out of graduate school doing economic and other analyses of energy programs on the White House energy policy staff. And then I worked for President Carter's advisor on inflation. I continued to work on economic policy matters as Associate Director of the White House Domestic Policy Staff for Economics. And after the administration was—

Senator MOYNIHAN. Mr. Gotbaum, I have to say that that advisor on inflation was the author of the airline deregulation measure, which means that you cannot catch an airplane in New York State between New York and Buffalo. Not one is left.

Mr. GOTBAUM. Yes, Senator. And mercifully I worked for him after he left the Civil Aeronautics Board.

Senator MOYNIHAN. This man is perfect. He is going to do very well.

Mr. GOTBAUM. Which, of course, did not mean that I did not have to defend the policy from time to time.

And after the Carter administration, I worked as a legislative assistant to Senator Gary Hart, as his staff on the Senate Budget Committee on economic and budget matters.

I was concerned at that time that not enough Government officials concerned with economic policy making had experience in business. And after leaving Washington, I went to Lazard Freres, where I spent 13 years offering financial advice and assistance to corporations and others in mergers and acquisitions, restructuring, corporate finance, and so forth. I worked in a range of industries, and for dozens of companies over that time.

As you mentioned, Mr. Chairman, since 1994 I have been privileged to serve Secretary Perry as Assistant Secretary of Defense for

Economic Security, a job somewhat related and somewhat different. It is a newly created position. It was intended to provide an economic and commercial perspective for the Department of Defense as it went through adjusting to the post-Cold War world.

And while serving in that position, I have been responsible for advice in a range of activities from responding to industry consolidation, to determining those industrial capabilities which are necessary to defense in the long term, to reforming the base for use process, property transfer and economic development, and determining candidates for privatization and outsourcing.

As you know, the Assistant Secretary for Economic Policy assists Secretary Rubin in his role as the leading economic spokesman for the administration.

The Secretary has suggested that he would continue to look to the office of the Assistant Secretary for Economic Policy for traditional judgments about the economy as a whole, as well as particular advice on macroeconomic business policy issues, and also on the economic aspects of Social Security and other social insurance programs.

I believe and hope that my particular combination of commercial and economic policy experience forms an appropriate base to do so.

I should say in closing, Mr. Chairman, I know these are very busy times for the Senate and for this committee. And I am enormously grateful for your scheduling this, and for hearing me today. I hope to earn your committee's endorsement and, if confirmed, very much look forward to working with you and, obviously, to answering any questions you might have.

The CHAIRMAN. Well, thank you. We will start out with three standard questions that we ask of all nominees.

Is there anything you are aware of in your background which might present a conflict of interest with the duties of the office to which you have been nominated?

Mr. GOTBAUM. No, sir.

The CHAIRMAN. Do you know of any reason, personal or otherwise, that would in any way prevent you from fully and honorably discharging the responsibilities of the office to which you have been nominated?

Mr. GOTBAUM. No, I do not.

The CHAIRMAN. Do you agree without reservation to respond to any reasonable summons to appear and testify before any duly constituted committee of Congress if you are confirmed?

Mr. GOTBAUM. Absolutely.

The CHAIRMAN. Mr. Secretary, there has been a lot of talk about tax reform, of a flat tax being proposed, I think by Mr. Arney on the House side, as well as Mr. Gephardt. Senators Domenici and Nunn have a consumption income tax proposal as well.

Do you support efforts like these proposals to reform the Federal Tax Code?

Mr. GOTBAUM. Mr. Chairman, as this committee knows very well, having a tax system that is understood and fair is a foundation for our economy. It is a foundation for our Government and so forth. And it is clear that the administration has been willing to consider proposals to reform the system and improve the system.

My understanding, sir, is that they have a set of criteria for doing so, that the President has said that any change must be one that is consistent with fiscal discipline, which I am sure this committee understands. It must be fair and—he did not put it in this way—economically sensible.

And to that I would add that, having been in the business community and having dealt with the Tax Code before, I would say the other issue is that any change in a system as complex as our Tax Code ought to recognize that certainty, understanding and constancy matter, as the administration has clearly said.

And, if confirmed, I would look forward to being able to work with this committee, assisting Secretary Rubin in considering these matters. But these changes need to be deliberate and obviously consistent with the principles that the President has suggested.

The CHAIRMAN. Well, this committee will be spending considerable time in the coming year on this important matter. So we will look forward very much to working in a cooperative spirit with you on this, I think, critically important matter.

Senator Moynihan?

Senator MOYNIHAN. Yes, sir. I would just make the observation that all those distinguished legislators you mentioned who are so enthusiastic about the flat tax have one characteristic in common. Not one of them is a member of the tax-writing committees. [Laughter.]

I have just a general question of curiosity. Alan Greenspan has come forth and said that he thinks inflation may be behind us now as a general economic characteristic. He even has suggested—I do not know how publicly—that deflation is not to be excluded as a possibility. We are dealing with this question of whether the consumer price index overstates the cost of living—the rate of inflation.

Mr. Chairman, did you notice that the Governors' Association, Tommy Thompson, Howard Dean and the whole bunch, have written the President and Mr. Dole a letter saying let us indeed correct the adjustments that are based on the CPI. They are suggesting a 1 percentage point correction, which is what our commission proposed in its interim report.

But what about that? What is the layman to understand in this regard, that inflation seemed to be just a permanent feature of industrial economies? It was not in the 19th century. People remark that the mature welfare state is always broke, and there is always the possibility of monetizing the debt. But that is not happening.

Would you help an ignorant layman here?

Mr. GOTBAUM. Senator, you set much too high a standard for ignorance. Ever since I worked as executive assistant to Alfred Kahn when he was advisor to President Carter on inflation, there have always been issues as to whether and how closely any of the indices we use to measure accurately measures inflation.

And as I know, and this Senator and this committee knows very well, there have over time a consistent series of efforts, done responsibly by the Bureau of Labor Statistics, to improve the index which, like all indexes, involves a series of judgments, a series of weightings, and so forth.

And because the CPI is so fundamentally tied up, not only to Social Security and other very important Governmental programs, but also the private sector, it is obviously important that any change there be done entirely professionally, entirely responsibly, and after very considered judgment.

My understanding is that that is both the responsibility and the process by which the BLS has done, as they have done repeatedly in the past, they are—

Senator MOYNIHAN. Could I just say this?

Mr. GOTBAUM. Yes, sir.

Senator MOYNIHAN. The BLS is the first to insist that the CPI is not a cost-of-living index. They say it is not, and cannot be.

But just to the general point of inflation, we are very—

Mr. GOTBAUM. I guess I would really make only two points on that, Senator. One is that it is clear that inflation has abated very substantially. Certainly from the time in the 1970's, when I worked for Alfred Kahn—thank you very much—but also even in the last couple of years.

And one of the most encouraging signs, as you look at the economy in recent years, is that we have had significant growth at relatively low unemployment rates—we are at 5½ percent now—without resurgent inflation. And that obviously bodes well for what our economic potential is for the future.

Senator MOYNIHAN. There is kind of a rule of thumb that 5.5 percent unemployment begins to produce inflationary forces. Is that about right? It was a lower number in the Kennedy administration. We set a goal of 4 percent, and the Department of Labor was furious at the idea that the Council wanted 4 percent. So we came out with an interim goal of 4 percent. But at about 5.5 percent you are about as close to that margin now as you would want to be. Is that about how you would read it?

Mr. GOTBAUM. I guess, Senator, I would again say two points. For the purpose of forecasting—in other words, for making assessments as to what the economy will do, what the Federal budget will do—one must be relatively conservative. Therefore, one cannot presume that we can get unemployment down without running the risk of inflation. That is for the purpose of forecasting. But obviously, that does not mean that we should not strive for better performance.

And as I am sure you know, Senator, there is certainly a discussion in the economic community now as to at what point labor markets tighten sufficiently for there to be a transmission of commodity pressures to inflation.

Senator MOYNIHAN. Well, I do not expect you to solve it for us, but keep us in mind, will you? And come up here and talk to us.

Mr. GOTBAUM. But the truth is, regardless of the forecast, we do try to do better.

Senator MOYNIHAN. I am sure you will.

The CHAIRMAN. Senator Chafee?

Senator CHAFEE. Thank you, Mr. Chairman.

Mr. Gotbaum, in your statement you said that one of your duties is to encourage savings and investment. Would you please tell me how you plan to encourage savings?

Mr. GOTBAUM. Thank you, Senator.

First, from a macroeconomic perspective, the first thing that we ought to do in order to encourage savings is in fact to reduce the Federal deficit, which is the largest source of net dissaving. That does not mean that it should not be done sensibly, in accordance with our other important priorities, but that is obviously first.

Moving beyond that, I know, Senator, that you have supported, and the administration has also suggested that there ought to be consideration of a series of tax measures to encourage, for example, liberalization or modification of the current IRA's. So there are clearly some tax measures that I understand the administration has said it would consider and has proposed. So those would be something.

Senator CHAFEE. That is Senator Roth, who is a big advocate of the IRA's. He is the cheerleader of that faction.

Mr. GOTBAUM. So from the Tax Code, one, IRA's would make sense. That is the major—

Senator CHAFEE. I do not quite understand. I yield to no one on interest and desire to reduce the deficit, but why is reducing the deficit increasing savings? I guess when you talk savings, you are talking individuals and the nation.

Mr. GOTBAUM. I am talking the economy as a whole because what we are doing if we talk about reducing the deficit is freeing up resources for other uses, for private uses.

Senator MOYNIHAN. John, people invest their savings in Treasury bonds on a voluntary basis so the Treasury will pay whatever it has to to get those savings?

Senator CHAFEE. Yes. But for every Treasury bond that is sold, there is a buyer. And it is not always somebody from Japan. It might well be somebody from—

Senator MOYNIHAN. If they did not have that Treasury bond which usually finances current consumption they might purchase a railroad bond which finances investment.

Senator CHAFEE. They might. That is right. But the overall savings in the country would not change, would they? How do you help increase savings by reducing the—

Senator MOYNIHAN. Because Treasury bonds go immediately to finance consumption.

Senator CHAFEE. Oh, you mean—

Senator MOYNIHAN. It goes to finance the deficit, which is primarily for consumption.

Senator CHAFEE. All right, if you invest in savings bonds, and the money is spent for welfare, or whatever it might be, Medicaid, the overall savings rate in the nation is not increased. Is that your point?

Mr. GOTBAUM. Two separate points, Senator. One is that obviously, as Senator Moynihan has said, resources which we apply to consumption are not being spent for investment, and that matters.

The second point which I think you are referring to is that when you look at personal savings, when you look at the fraction of personal individual income that is saved in the United States, it is relatively lower than in other nations. And that obviously is a source of concern because one of the clearest things we know is that, in the long run, our economic health depends on continued investment, investment in real resources, physical capital and human

capital, and in technology. Therefore, it has always been a source of concern in the economic profession that our personal savings rate has been low.

Senator CHAFEE. I get that. That is why I asked the question. One of your duties, as I get it, is to help prepare our Nation for the 21st century, to encourage savings and investment. You say this in your statement.

Mr. GOTBAUM. Yes, sir.

Senator CHAFEE. So, all right. I am cheering you on. But how do you do it? And you suggest IRA's, you suggest getting the deficit of the nation down. And I have not quite understood that point. I am all for getting the deficit down, but how does that—

Mr. GOTBAUM. Put aside the question of personal saving, and get back to the question of the national income accounts. To the extent that we take resources for consumption, well intended consumption, or just paying interest on the national debt, those are necessarily resources that might otherwise be spent on investment.

And therefore you see, as the Government has, that we have persistently run deficits at a significant fraction of GDP. Fortunately it is declining. It is now down to a little over 2 percent. What we are saying in effect is that a substantial fraction of our National product is being taken and spent for consumption for the deficit rather than for private investment for private purposes and so forth.

Senator MOYNIHAN. John, would you let me interject, just to help you with your point. In the national accounts, for every dollar that the deficit is reduced, that translates into a \$1 increase in the amount of money available for investments does it not?

Mr. GOTBAUM. For every dollar change in the investment, there is obviously an identity, Senator, as you know. So, yes, a reduction in the deficit translates into a dollar available for some other purposes.

Senator CHAFEE. Well, you have got a slow student here. It seems to me if I have \$1,000, and I have an option of putting it into a General Motors bond or into a U.S. Treasury certificate, and I buy the Treasury, it must show at the end of the day, and I have the \$1,000 in my pocket, that the savings rate in the United States has increased by \$1,000, has it not? It makes no difference whether I put it in GM or I put it into Treasuries, it is a savings, is it not?

Mr. GOTBAUM. Yes, Senator, from the perspective of an individual, that is right. Absolutely. But from the perspective of the nation and the economy as a whole, if we are as a nation running a deficit in the Government, we are therefore taking from the total gross domestic product. We are taking away resources, and essentially applying them for Governmental spending rather than investment.

Senator MOYNIHAN. The national accounts would show the GM bond as an investment, the Treasury bond as consumption.

Senator CHAFEE. All right. Frequently—

You have got a schedule, do you not?

The CHAIRMAN. Yes. Go ahead.

Senator CHAFEE. All right. I will just ask a couple of more questions. One of the suggestions we get every year here is that interest

income on savings would be tax free, and that would be a big incentive to encourage savings. What do you think of that?

Mr. GOTBAUM. Taken as it is stated, Senator, it is clear that if you provide an incentive like changing the taxation on an activity like saving, there is an incentive effect there. So would you expect an increase in savings from that? The answer is yes, you would. But, as this committee knows very well, you need to take that in the context of what is the total tax package you see? What is the total fiscal situation?

If you offer an incentive which itself increases the deficit, then you have an offset to your savings incentive. In addition, as you know, Senator, the Secretary, the President and this committee weigh, in addition to the incentive effects, the issues of fairness and the issues of efficacy. And so it is certainly the case, taken in micro, that there is an incentive effect. The question is whether or not you would want to do so in a package as a whole.

The CHAIRMAN. Well, the time is moving on.

Thank you, Senator Chafee.

I regret that we do not have a sufficient quorum to move ahead with your confirmation, as well as that of Jeffrey Shafer, who has been nominated to be Under Secretary of Treasury for International Affairs.

Senator MOYNIHAN. Mr. Chairman, could I suggest that we really do not have our first vote this week until later this afternoon. But Senator Chafee not long ago dragooned us, all members of the Committee on Environment and Public Works, into the President's Room off the floor. And we voted out a number of measures.

The CHAIRMAN. I would say to my distinguished colleague, it is my intent to do that. I am not sure whether it will be today, but it will be within the next day or two.

Again, it is a pleasure to have you here, and we look forward to working with you in the future. Good luck to you.

Mr. GOTBAUM. Thank you very much, Mr. Chairman.

The CHAIRMAN. The committee is in recess.

[Whereupon, at 11:56 a.m., the hearing was concluded.]

APPENDIX
ADDITIONAL MATERIAL SUBMITTED

DEPARTMENT OF THE TREASURY



OFFICE OF PUBLIC AFFAIRS • 1500 PENNSYLVANIA AVENUE, N.W. • WASHINGTON, D.C. • 20220 • (202) 622-2960

STATEMENT OF JOSHUA GOTBAUM
NOMINEE FOR ASSISTANT SECRETARY OF THE TREASURY
FOR ECONOMIC POLICY
BEFORE THE SENATE FINANCE COMMITTEE

December 5, 1995

Mr. Chairman, Senator Moynihan and members of the Committee,

I am honored to appear before you as the President's nominee to become Assistant Secretary of Treasury for Economic Policy. I am grateful to the President and the Secretary of the Treasury for their trust and confidence.

The Secretary himself has laid down the tasks we face in developing an economic policy for our times: to maintain fiscal discipline, balance our budget and help prepare our Nation for the 21st century, to encourage savings and investment, to recognize and expand the potential of global markets, and to ensure government regulation is sensible. The fact that we are currently enjoying a period of relatively steady growth, low inflation, low unemployment and declining deficits does not by any means imply that the job is done.

I have worked on economic policy matters, on and off, for almost twenty years. I began out of graduate school doing economic and other analyses of energy policy matters, and then worked for President Carter's Advisor on Inflation. I continued to work on economic policy matters as Associate Director of the White House Domestic Policy Staff for economics, and after the Administration, as Legislative Assistant to Senator Gary Hart for Economics and Budget matters.

One of my primary concerns then was that not enough government officials concerned with economic policymaking had themselves worked in business. After leaving Washington, I began work at Lazard Frères & Co., offering financial advice and assistance to private corporations and others in mergers and acquisitions, corporate finance, and restructuring. In my thirteen years there, I worked for dozens of companies in many different industries.

(more)

Since 1994, I have been privileged to serve Secretary Perry as Assistant Secretary of Defense for Economic Security. This position is newly created. It was intended to provide an economic and commercial perspective to the Department as it adjusts its policies and programs in the post-Cold War era. While serving in the position, I have been responsible for advice in a range of activities, from responding to industry consolidation and determining necessary industrial capabilities to reforming the base reuse process and determining candidates for privatization and outsourcing.

The Assistant Secretary for Economic Policy assists Secretary Rubin in his role as the leading economic spokesman for the Administration. The Secretary has suggested that he would continue to look to this office for advice on its traditional judgments concerning the economy as a whole, as well as particular advice on microeconomic business policy issues and the economic aspects of Social Security and other social welfare programs. I hope this combination of commercial and economic policy experience forms an appropriate base from which to do so.

Mr. Chairman, I know these are trying times, and appreciate the Committee's cooperation in hearing me. I hope to earn your endorsement, and if confirmed, look forward to working with you. I would be happy to respond to any questions that you may have.

DRAFT

DRAFT

THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release

November 6, 1993

**PRESIDENT CLINTON NAMES JOSHUA GOTBAUM TO BE THE DEPARTMENT
OF TREASURY ASSISTANT SECRETARY
FOR ECONOMIC POLICY**

President Clinton today announced the nomination of Joshua Gotbaum of New York to be the Department of Treasury Assistant Secretary for Economic Policy.

Mr. Gotbaum is currently the Assistant Secretary of Defense for Economic Security, a position he has held since May 1994. Previously he was a general partner with the investment banking firm of Lazard Freres & Company in New York City, from 1990 to 1994. Mr. Gotbaum was a managing director of Lazard Freres in London from 1990 to 1992. Before joining Lazard Freres, he was legislative aide to Senator Gary Hart for economic and budget matters in 1981. During the Carter Administration, Mr. Gotbaum was Associate Director for Economics of the White House Domestic Policy Staff. From 1978 to 1979, he served as Executive Assistant to Alfred Kahn, President's Carter's advisor on inflation. In 1977, he worked in the White House Office of Energy, Policy and Planning. When the Department of Energy was established in 1977, he joined the office of the Assistant Secretary of Energy and Policy. Mr. Gotbaum received a B.A. from Stanford University. He holds a Masters in Public Policy from Harvard University's John F. Kennedy School of Government and a J.D. from Harvard Law School.

As Assistant Secretary for Economic Policy, Mr. Gotbaum will report to the Secretary of the Treasury on current and prospective economic developments, including state-by-state economic status, and national budget issues.

-30-30-30-

SENATE FINANCE COMMITTEE
Information Concerning Joshua Gotbaum
Nominee, Assistant Secretary of Treasury for Economic Policy

A. BIOGRAPHICAL:

1. *Name: Joshua Gotbaum*
2. *Address: 4139 Parkglan Court, NW, Washington, DC 20007-2137*
3. *Date & place of birth: September 18, 1951; New York*
4. *Marital: Married to Joyce Helen Thornhill*
5. *Children: Emma 3^{1/2}; Adam 1^{1/2}; Jordan 4 months*
6. *Education:*

Scarsdale High School	9/66 - 6/69	HS diploma '69
Stanford University	9/69 - 5/73	A.B. '73
Harvard Law School	9/73 - 6/77	J.D. '78
J F Kennedy School of Govt	9/74 - 6/77	Master Public Policy '78

7. *Employment:*

<i>Asst Secretary for Economic Security</i>	<i>US Dept of Defense</i>	<i>Wash., DC</i>	<i>1994-Present</i>
<i>General Partner (Prev. VP, Associate)</i>	<i>Lazard Frères & Co.</i>	<i>NY London¹</i>	<i>1981 - 1988 1989 - 1992</i>
<i>Legislative Asst for Economics & Budget</i>	<i>U.S. Senator Gary Hart Senate Budget Committee</i>	<i>Wash., DC</i>	<i>1981</i>
<i>Associate Director for Economics</i>	<i>White House Domestic Policy Staff</i>	<i>Wash., DC</i>	<i>1980 - 81</i>
<i>Executive Asst to the Advisor on Inflation</i>	<i>The White House</i>	<i>Wash., DC</i>	<i>1979 - 80</i>
<i>Analyst</i>	<i>White House Energy Policy & Planning / U.S Dept of Energy</i>	<i>Wash., DC</i>	<i>1977 - 78</i>
<i>Consultant</i>	<i>Natl Highway Traffic Safety Admn, US Dept of Transportation</i>	<i>Wash., DC</i>	<i>1976 - 77</i>
<i>Summer Associate</i>	<i>Paul, Weiss, Rifkind, Wharton & Garrison</i>	<i>NY</i>	<i>1976</i>
<i>Summer Associate</i>	<i>Verner, Lippfert, Bernhard & McPherson</i>	<i>Wash., DC</i>	<i>1976</i>

¹ Managing Director, Lazard Frères & Co. Ltd. London 1990-92

November 6, 1995

Summer Intern	US Office of Management & Budget	Wash., DC	1975
Summer Associate	Gordon & Schectman	NY	1974

8 *Government experience:*

Noted in italics in the list above

9 *Memberships:*

None current.

10 *Political affiliations and activities:*

No memberships or offices held. Financial contributions as recorded by the Federal Election Commission are attached.

11 *Honors and Awards:*

Recognized in "The Best of the New Generation", *Esquire*, 1984

Scholarship, J. F. Kennedy School of Government

12 *Published writings:*

"Brother Can You Share a Dime? An Investment Banker's Guide to Employee Ownership", *ILR Report*. New York State School of Industrial & Labor Relations. Fall 1986 (Coauthored with Eugene Keilin and Ron Bloom)

Wrote a case study for the JF Kennedy School of Government on "Prevention of Significant Deterioration", 1976? (under the direction of Prof. Lawrence Lynn)

"Coed Dorms: Results of the First Real Studies", *College* magazine. 1:2. Fall 1973

13 *Speeches:*

Testimony

2/23/95	Subcomm. on Military Installations & Facilities, House Comm on National Security
3/1/95	Defense Base Closure and Realignment Commission
3/16/95	Defense Base Closure and Realignment Commission
3/27/95	United States Senate Committee on Foreign Relations
3/28/95	Subcommittee on Acquisition & Technology, Senate Comm on Armed Services
4/4/95	Subcomm. on Military Installations & Facilities, House Comm on National Security

Other

8/14/94	Nat'l Assn of Installation Developers Conf., Omni Hotel, Charleston, SC (Address)
10/11/94	Base Transition Officer's Training Session, Vienna, VA (Luncheon Speaker)
10/20/94	OSD/Navy Community Conference, Philadelphia, PA (Opening Remarks)
10/25/94	OSD/Air Force Conference, Ft. Worth, TX (Opening Remarks)
11/1/94	OSD/Navy Community Conference, Long Beach, CA (Opening Remarks)
11/13/94	Aerospace Industry Assn Conference, Ft. Worth, TX (Panel Disc/Luncheon Spkr)
1/23/95	1995 Installations Commander's Conference, Crystal City, VA (Opening Remarks)
1/24/95	Military BC & Defense Industry Adjustment, Capitol Hilton, DC (Remarks)
2/7/95	National Security Industrial Association, Omni Shoreham, DC (Keynote Speaker)
2/8/95	National Defense University, Ft. McNair, DC (Address Class of 1995)

2/13/95 ADPA/National Security Industrial Association, Ritz Carlton VA (Remarks)
 2/21/95 Army Acquisition Conference, San Antonio, TX (Speech)
 3/21/95 Contracting College, Ft Belvoir VA (Speech)
 4/5/95 Aerospace Finance 2000, Ritz Carlton, VA (Panel Discussion)
 4/9/95 SAME Conference, McLean Hilton, VA (Speech)
 4/24/95 Changes In DoD Standards & Specifications, Crystal Marriott, VA (Speech)
 4/26/95 Defense Budget Privatization Conference, Hyatt Hotel, DC (Talk)
 6/5/95 Base Transition Coordinators Training, DoubleTree Hotel, VA (Speech)
 6/7/95 Quality of Life & Administrative Remarks, Sheraton Hotel, VA
 6/29/95 20th Century Fund Policy Forum, National Press Club, DC (Panelist)
 9/6/95 Base Commander's Conference, Sheraton, VA (Speech)
 9/18/95 U S Army War College, Carlisle Barracks, PA (Speech)
 9/26/95 Defense Science Board Task Force on Privatization, IDA Headquarters, VA
 9/28/95 National Security Industrial Assn 52nd Ann Mtg, Hilton Hotel, DC (Panelist)
 10/18/95 OSD/Navy (West) Reuse Conference, Long Beach, CA (Opening Remarks)
 11/1/95 OSD/Navy (East) Reuse Conference, Danvers, MA (Speech)
 11/2/95 Defense Week Privatization Conference, Crystal City (Luncheon Presentation)
 11/17/95 OSD/Army Community Conference, Indianapolis, IN (Opening Remarks)

The above list is not comprehensive, it covers those we could pull from the calendar. In almost all cases, I speak without prepared text and often do not keep my talking points. Enclosed are copies of some texts that were available.

11 Qualifications:

I have worked on economic policy and related matters, on and off, since 1978. After leaving Government service in 1981, I worked in business and finance for 13 years - experience that I believe would be useful in this position.

C. FUTURE EMPLOYMENT RELATIONSHIPS:

- 1 Will you sever all connections with your present employer, business firm, association or organization if you are confirmed by the Senate? *Yes.*
- 2 Do you have any plans after completing Government service to resume employment, affiliation or practice with your previous employer, business firm, association or organization? *No.*
- 3 Has anyone made a commitment to employ your services in any capacity after you leave government service? *No.*
- 4 If confirmed, will you serve your full term of office? *Yes.*

D. POTENTIAL CONFLICTS OF INTEREST:

- 1 Describe all financial arrangements, deferred compensation agreements, and other continuing dealings with business associates, clients, or customers. *I have an interest in the employee pension fund and other retirement plans of my former firm. All these interests are entirely vested, but are not available until I reach retirement age.*
- 2 Indicate any investments, obligations, liabilities, or other relationships which could involve potential conflicts of interest in the position to which you have been nominated. *None expected. All funds I have are held in diversified excepted investment trusts (a) over which I have no control whatsoever, and (b) about the holdings of which I am not informed.*
- 3 Describe any business relationship, dealing or financial transaction which you have had during the last then years, whether for yourself, on behalf of a client, or acting as an agent, that could in any way constitute or result in a possible conflict of interest in the position to which you have been nominated. *I have no known continuing financial interest in any former client.*

4. Describe any activity during the past ten years in which you have engaged for the purpose of directly or indirectly influencing or affecting the administration and execution of law or public policy. *None Revised 11/27/95 see attached*
5. Explain how you will resolve any potential conflict of interest including any that may be disclosed by your responses to the above items (Please provide a copy of any trust or other agreements) *See attached letter to Mr. Wolin, Deputy General Counsel of the Treasury.*
6. Written opinions should be provided directly to the Committee by the General Counsel of the Agency to which you have been nominated and by the Director, Office of Government Ethics, Office of Personnel Management concerning potential conflicts of interest or any other legal barriers to your serving in this position. *NA*

E. TESTIFYING BEFORE CONGRESS:

1. Are you willing to appear and testify before any duly constituted committee of the congress on such occasions as you may be reasonably requested to do so? *Yes.*
2. Are you willing to provide such information as is requested by such committee? *Yes.*

F. OTHER:

1. Give the full details of any proceeding, inquiry or investigation in which you were the subject of the proceeding, inquiry or investigation.

When I was in high school, I and my parents were defendants in a litigation involving a traffic accident. The case was settled.

2. Have you ever been convicted (including pleas of guilty or nolo contendere) of any criminal violation other than a minor traffic offense? *No.*
3. Please advise the Committee of any additional information, favorable or unfavorable, which you feel should be considered in connection with your nomination. *NA.*

Joshua Go

Signature

11/6/95

Date

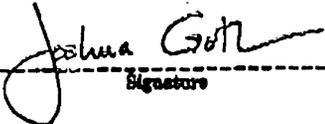
SENATE FINANCE COMMITTEE

Information Concerning Joshua Gotbaum
Nominee, Assistant Secretary of Treasury for Economic Policy
Corrected Response

D. POTENTIAL CONFLICTS OF INTEREST

4. Describe any activity during the past ten years in which you have engaged for the purpose of directly or indirectly influencing or affecting the administration and execution of law or public policy.

As a DoD official, much of my time is spent on these purposes. From time to time, I have been asked by members of Congress or their staff for advice concerning potential legislation, but I have never been a paid lobbyist for any private company.



Signature



Date

November 23, 1985

JOSHUA GOTBAUM
4139 Parkglen Court, N.W.
Washington, D.C. 20007

November 7, 1995

Mr. Neal S. Wolin
Deputy General Counsel
Department of Treasury
1500 Pennsylvania Avenue, N.W.
Washington, D.C. 20220

Dear Mr. Wolin:

This is to inform you of the steps I intend to take when confirmed as the Assistant Secretary of the Treasury for Economic Policy.

First, in order to avoid even the appearance of a conflict of interest with regard to my performance of duties as Assistant Secretary, I will avoid any personal and substantial involvement in any particular matter which may have a direct and predictable effect upon the financial interests of my spouse's former employer, J.P. Morgan & Co., since she currently retains interests in the firm through its Employee Deferred Incentive Compensation Plan and Profit Sharing Plan. I will also avoid such participation in any particular matter which might directly and predictably affect the financial interests of my former employer, Lazard Frères & Co. In addition, following my appointment, I will avoid personal and substantial involvement in any particular matter that might have a direct and predictable effect upon any entity in which my spouse and I have a known financial interest.

I believe that these steps will ensure that I avoid both actual and apparent conflicts of interest in the performance of my duties as Assistant Secretary. However, should any question concerning such matters arise in the future, I will promptly consult with you and your staff so that it may be resolved appropriately.

Sincerely,


Joshua Gotbaum

**FEC LISTING OF CONTRIBUTIONS MADE BY
JOSHUA GOTBAUM SINCE THE 1979-80 ELECTION CYCLE**

Recipient of Contribution	City/Organization	Date	Election	Amount
DNC Services Corp /DNC	N.Y.	5/17/93	Primary	\$3,000
Committee for Effective Government	N.Y. -- Lazard Freres	6/21/91	Primary	\$1,000
Abrams '92	N.Y. -- Lazard Freres	9/14/92	Primary	\$1,000
Friends of Tom Andrews	N Y -- Lazard Freres	9/18/92	General	\$250
Maloney for Congress	N.Y. -- Lazard Freres	10/28/92	General	\$250
Clinton for President Committee	London -- Lazard Freres	3/30/92	Primary	\$1,000
Committee for Effective Government**	N.Y. -- Lazard Freres	10/2/90	Primary	\$1,500
Friends of Senator Rockefeller	N.Y. -- Lazard Freres	3/29/90	Primary	\$500
Simon for Senate	N.Y. -- Lazard Freres	5/31/89	Primary	\$500
Friends of Senator Carl Levin	N.Y. -- Lazard Freres	11/7/89	Primary	\$500
Dukakis for President Committee, Inc.	N.Y. -- Lazard Freres	2/26/88	Primary	\$750
Dukakis for President Committee Compliance Fund	N.Y. -- Lazard Freres	6/15/88	General	\$500
Mike Lowry for U.S. Senate Committee	N.Y. -- Lazard Freres	11/5/88	General	\$500
Metzenbaum for Senate - 88	N Y -- Lazard Freres	10/21/88	General	\$500
Paul Simon for President	N.Y. -- Lazard Freres	12/3/87	Primary	\$1,000
Democratic Senatorial Campaign Committee	N.Y. -- Lazard Freres	3/31/88	Primary	\$500
DNC Services Corp./DNC	N.Y. -- Lazard Freres	3/24/88	Primary	\$500
DNC Services Corp./DNC	N.Y. -- Lazard Freres	9/28/88	Primary	\$1,000
Friends of Mark Green	N Y -- Lazard Freres	3/17/86	Primary	\$500

** Listed under "J Gotbaum" at Lazard Freres & Co

**FEC LISTING OF CONTRIBUTIONS MADE BY
JOSHUA GOTBAUM SINCE THE 1979-80 ELECTION CYCLE**

Election Cycle	Total Amount Contributed
1995-96	\$0
1993-94	\$3,000
1991-92	\$3,500
1989-90	\$3,000
1987-88	\$5,250
1985-86	\$500
1983-84	\$0
1981-82	\$0
1979-80	\$0
Total	\$15,250

