

# Ronald Reagan Presidential Library

## Digital Library Collections

---

This is a PDF of a folder from our textual collections.

---

**Collection:** Blackwell, Morton C.: Files

**Folder Title:** Chron Memos June 1983-December 1983  
(3 of 15)

**Box:** 61

---

To see more digitized collections visit:

<https://www.reaganlibrary.gov/archives/digitized-textual-material>

To see all Ronald Reagan Presidential Library inventories visit:

<https://www.reaganlibrary.gov/archives/white-house-inventories>

Contact a reference archivist at: **reagan.library@nara.gov**

Citation Guidelines: <https://reaganlibrary.gov/archives/research-support/citation-guide>

National Archives Catalogue: <https://catalog.archives.gov/>

THE WHITE HOUSE

WASHINGTON

July 12, 1983

MEMORANDUM TO: FAITH RYAN WHITTLESEY

THROUGH: Jonathan Vipond, II  
Morton C. Blackwell *MB*

FROM: Dolf Droge *Droge*

SUBJECT: Briefing Schedule for Business Leaders

The meeting will take place in Room #450, OEOB, July 13, 1983. It will begin at 4:00 p.m.

Do you want to welcome the attendees, or do you desire to have someone else from OPL act in your behalf? (Such as Mr. Rousselot, or Mr. Blackwell)

The briefing Agenda is as follows:

|                |                                                                                                      |
|----------------|------------------------------------------------------------------------------------------------------|
| 4:00 - Welcome | Faith Ryan Whittlesey (or designee)                                                                  |
| 4:05 - Remarks | Ambassador Jeane Kirkpatrick (30 minutes)                                                            |
| 4:35 - Remarks | Ambassador J. William Middendorf, II<br>(20 minutes)                                                 |
| 4:55 - Remarks | Mr. Roger Fontaine, National Security<br>Council (20 minutes)                                        |
| 5:15 - Remarks | Richard McCormack, Assistant Secretary<br>of State for Economic and Business<br>Affairs (15 minutes) |

A Question and Answer period is included for each speaker in the time allotted above.

THE WHITE HOUSE

WASHINGTON

July 14, 1983

MEMORANDUM TO: FAITH RYAN WHITTLESEY

FROM: Morton C. Blackwell *MB*

SUBJECT: Resumes

Here are the two resumes we spoke about on Tuesday morning.

First is Eileen Peterson. She was in charge of the Northeast third of the country for the 1980 Reagan-Bush Youth Campaign. She is truly excellent and has a strong political background.

The second is Nathan Levenson, the young man I spoke to Nestor Sanchez about yesterday. Nestor says Nate's background is such that he would like to have him taken on as a consultant. He suggested that you mention this to Fred Ikle, who has an allotment for consultants. Sanchez would like to have Levenson working with him on Central American matters and helping coordinate with Otto Reich's activities at the State Department.

MCB:jet

2 Attachments a/s

THE WHITE HOUSE

WASHINGTON

July 14, 1983

MEMORANDUM TO: FAITH RYAN WHITTLESEY  
THROUGH: Jonathan Vipond, II  
FROM: Morton C. Blackwell *MB*  
SUBJECT: Proposed Memorandum to Judge Clark

I suggest this memorandum to Judge Clark (attached)  
for your signature.

MCB:jet

1 Attachment a/s

THE WHITE HOUSE

WASHINGTON

July 14, 1983

MEMORANDUM TO JUDGE WILLIAM P. CLARK

FROM: Faith Ryan Whittlesey

SUBJECT: Composition of Commission Proposed by  
Senator Jackson and Others

I understand that we do not yet have a firm position on the proposal by Senators Jackson and Mathias and others regarding a U.S. Commission on El Salvador.

There is considerable concern on this topic among conservative grass roots groups now strongly supporting the President's Central American policies.

The fear is that Senator Jackson and others would push a program involving large sums of money and then use that money to force aspects of "democratic socialism" on to recipient countries. These friends see a danger here because of the orientation of most of the Congressional supporters of this proposal.

In the event that we decided to endorse some variation of this concept, I think it is absolutely vital that the President appoint a Commission with a clear majority of members who support private sector rather than government dominated economies.

My Office was approached by the Executive Director of the American Legion, Mylio Kraja, who asked that the Legion have a representative on any such Commission. I think that is a good idea and we should also have a Veterans of Foreign Wars representative. In virtually every category from which we might draw Commission members, there would be available people who would not favor the imposition of socialized economies in Central America as the quid pro quo for significant American economic aid.

**EILEEN D. PETERSON**

6630 Adrian Street  
New Carrollton, MD 20784  
(301) 345-8807

**WORK EXPERIENCE**

NATIONAL REGIONAL  
YOUTH COORDINATOR  
1980

- REAGAN BUSH CAMPAIGN, National Headquarters
- Supervised eight full-time coordinators doing field work in thirteen northeastern states
  - Assisted National Youth Director
  - Coordinated presidential campaign events with youth leaders in thirteen states
  - Facilitated press relations for youth activities

BILINGUAL OFFICE  
SUPPORT 1980

- Interim positions while full-time grad student
- Secretary to Chief of Administration  
PAN AMERICAN HEALTH ORGANIZATION
  - Administrative Assistant to Director  
UNITED NATIONS DEVELOPMENT PROGRAM
  - Transcriber and Proofreader, Language Services  
INTERNATIONAL MONETARY FUND

SPEECH AND DEBATE  
COACH 1978-79

- Olympus High School, Salt Lake City, Utah
- Instructed students in forensic speaking
  - Recruited and sponsor Debate Team
  - Organized tournament travel, housing & competition
  - Promoted National Forensics League membership and Model United Nations participation

FRENCH & WORLD STUDIES  
TEACHER 1976-78

- Olympus High School, Salt Lake City, Utah
- Instructed in French and history daily
  - Recruited and sponsored French Club
  - Supervised students on European travel tour
  - Organized weekend French language retreats

SECRETARY TO DIRECTOR  
1975-76

- University Programs, Brigham Young Univ, Provo, Utah
- Assisted in promotion of university touring groups, advance publicity coordination and bookkeeping
  - Assisted in University Relations special events and VIP reception at annual and centennial events
  - Assisted in VIP sports ticketing and reception

SECRETARY TO DEAN  
1974

- Student Activities, California State University, Northridge
- Assisted campus clubs to charter, recruit, advertise
  - Assisted in promoting sororities/fraternities and leisure programs
  - Advised students planning foreign study
  - Supervised student workers

BILINGUAL TOURGUIDE  
1971

- Universal Studios, Hollywood, California
- Presented standard, bilingual and VIP tours
  - Received guests and handled information requests

## EDUCATION

M.S. Government and Politics

University of Maryland, College Park, MD  
In progress

B.S. French with Secondary  
Teaching Certificate

Brigham Young University, Provo, Utah  
Magna Cum Laude, 1975  
Minors: Spanish and Italian

## HONORS AND PROFESSIONAL ACTIVITIES

U.S. Foreign Service Exam

Passed December 1979

President, Utah Chapter AATF

American Association of Teachers of French  
President 1978-79

Secretary, Utah Chapter AATF

American Association of Teachers of French  
Secretary 1976-78

Phi Kappa Phi

Inducted to Phi Kappa Phi Honor Society.  
Brigham Young University, Spring 1974

State GOP Convention Delegate

1978 Utah State GOP Convention delegate

Free Enterprise Economics Program

Weber State College, Ogden, Utah, selection  
for participation in teachers' free enterprise  
economics program 1978

Georgetown Forensics Institute

Supervised students participating and competing  
in summer speech and debate clinic, 1979

Secretary, College Republicans

California State University, Northridge 1974

## HOBBIES AND INTERESTS

BYU Varsity Ski Team 1973

Grandland Singers 1973-75

Mormon Youth Symphony and Chorus 1977-78

## REFERENCES

Furnished upon request

EILEEN D. PETERSON

10081-2 Windstream Dr.  
Columbia, MD 21044

(301) 596-0141 (H)

(301) 594-5295 (W)

## WORK EXPERIENCE

EXTERNAL LIAISON  
SPECIALIST 1982-83

Office of Governmental Affairs, Social Security Admin.

- Represent SSA in contacts with major national organizations and trade associations
- Prepare reports for and brief organization representatives on policy and regulation developments
- Survey and report interest group positions on Social Security issues to Commissioner
- Developed educational materials on Social Security for teachers and community leaders
- Address youth groups weekly on Administration policies and Social Security issues

SPECIAL ASSISTANT TO  
ASSIST. SECRETARY  
1981

Office of Legislation, Dept. of Health & Human Services

- Prepared legislative reports for the Department and White House weekly
- Assisted in finding facts, defining issues and preparing policy reports
- Represented Assistant Secretary in contacts with Congressional staffs, HHS staff, and other agencies
- Assisted in preparation of briefing and legislative program materials for congressional hearings

NATIONAL YOUTH  
COORDINATOR 1980

Reagan-Bush Campaign, National Headquarters

- Assisted National Youth Director in design and direction of Youth Campaign program and policies
- Supervised eight full-time coordinators doing field work in thirteen northeastern states
- Coordinated presidential campaign events with youth leaders in thirteen states
- Promoted press relations for youth activities

DEBATE COACH 1978-79

Olympus High School, Salt Lake City, Utah

- Instructed students in forensic speaking
- Sponsored Debate Team and organized tournament competition, travel and housing
- Taught four levels of French and two history classes
- Sponsored French Club and weekend language retreats
- Supervised students on one-month European tour

FRENCH & WORLD HISTORY  
TEACHER 1976-78

University Programs, Brigham Young University

- Assisted in promotion of university touring groups, advance publicity and bookkeeping
- Assisted in University special events and VIP receptions

ASSISTANT TO DIRECTOR  
1975-76

ASSISTANT TO DEAN  
1974

Student Activities, California State University, Northridge

- Assisted campus clubs to charter, recruit, advertise events
- Advised students planning foreign study
- Supervised student workers

BILINGUAL TOURGUIDE  
1971

Universal Studios, Hollywood, California

- Escorted public, VIP and bilingual tours
- Received guests and handled information requests

## EDUCATION

M.S. Government and Politics

University of Maryland, College Park  
In Progress

B.S. French and  
Secondary Teaching Certificate

Brigham Young University, Provo, Utah  
Magna Cum Laude, 1975  
Minors: Spanish and Italian

## HONORS AND PROFESSIONAL ACTIVITIES

U.S. Foreign Service Exam

Passed February 1980

President, Utah Chapter AATF

American Association of Teachers of  
French, President 1978-79

Secretary, Utah Chapter AATF

Secretary, 1976-78

Phi Kappa Phi

Academic Honor Society Inductee  
Brigham Young University, 1974

State GOP Convention Delegate

1978 Utah State GOP Convention Delegate

Free Enterprise Economics Program

Weber State College, Ogden, Utah  
Fellowship for teachers in graduate  
economics, 1978

Georgetown Forensics Institute

Sponsored students competing in the  
Georgetown summer debate clinic, 1979

Secretary, College Republicans

California State University, Northridge  
1974

## HOBBIES AND INTERESTS

BYU Varsity Ski Team 1973

Grandland Singers 1973-75

Mormon Youth Symphony and Chorus 1977-78

## REFERENCES

Orrin Hatch, U.S. Senate

Bill Marriott, Jr., President Marriott Corporation

Morton Blackwell, Spec. Assist. to the President

Dr. Anthony Pellechio, Dep. Assist. Secretary, Dept. of HHS

Steve Antosh, Executive Director Center on National Labor Policy

THE WHITE HOUSE

WASHINGTON

July 15, 1983

MEMORANDUM TO: FAITH RYAN WHITTLESEY  
THROUGH: Jonathan Vipond, III  
FROM: Morton C. Blackwell *MLB*  
SUBJECT: International Monetary Fund

You asked me early this morning about a reported 2 million piece mailing in opposition to a Supplemental Appropriation to the International Monetary Fund.

I did not have to raise this question at a meeting with conservatives this morning. Neal Blair, of "Free the Eagle" a national lobby headed by Howard Ruff spoke at length on this topic.

It was not the Moral Majority, but "Free the Eagle" which has already mailed 2 million letters to generate grass roots opposition to additional International Monetary Fund funding. Howard Ruff sent an additional 200,000 mailgrams out today on this subject.

A diverse coalition including conservative Republican Congressmen Tom Corcoran and Newt Gingrich, liberal Democratic Congressman Henry Gonzales and Ralph Nader are in the coalition against this bill.

Apparently former Treasury Secretary Bill Simon last week described the arguments in favor of the IMF Bill as "absolutely nonsense."

Paul Weyrich told the group that this IMF bail-out is being pushed by the "same crowd that put the President out in front on the withholding tax battle." It appears that there is a pretty solid conservative movement consensus against the proposal.

MCB:jet

THE WHITE HOUSE

WASHINGTON

July 18, 1983

*Ken,  
note next  
page + this  
file  
MB*

MEMORANDUM FOR MORTON C. BLACKWELL

FROM: KEN STRIBLING *(KS)*

Recently, I have attended three meetings in your place. Here is a consolidated report on my notes from each.

A. MEETING WITH HHS SECRETARY HECKLER AND PRO-LIFE ACTIVISTS

This meeting took place at Secretary Heckler's office on Tuesday, July 12, 1983.

The attendees were:

Peter Gemma - National Pro-Life PAC  
Gordon Jones -  
Doug Johnson - National Right-to-Life  
Rich Dorflinger - United Catholic Conference  
Myself - OPL

Secretary Heckler felt that the recent Supreme Court decision was very discouraging. She felt that the Hyde Amendment needed to be made into permanent law. Also, she expressed her feelings that the Baby Doe matter and circumstances surrounding it were and are a major concern.

She said we need "robust" criticism and articles generated on Baby Doe. She encouraged these group leaders to get the word out to their people. She encouraged letters to her office on this subject, and she wants "to be able to say that this issue has produced the largest amount of mail ever" for HHS.

She made note of the fact that the pediatricians would be a source of opposition on this issue. Surgeon General Koop was in attendance and echoed her views on this matter.

She encouraged the President to vocalize in favor for the Hyde-Ashbrook package.

She was asked to express the Administration's position on parental notification. She said that she hasn't read the recent ruling on it yet. She said that HHS would have 45-60 days to decide whether to appeal the ruling, and that she would be in touch with the Solicitor General on this matter. Grover Rees will be in on a meeting with the Solicitor General on this matter.

The Secretary expressed that the door to HHS is always open to pro-lifers.

She told that HHS is developing proposals for guidelines that will separate family planning from abortion. She suggested lobbying on Capitol Hill, because a lot of Congressmen are anti-abortion, but pro-Family Planning.

She suggested that someone like Hatfield should propose the separation of abortion and family planning, because we need to derail liberal criticism and emotionalism that comes with certain Congressmen.

The enclosure is a sheet given out at the meeting by a pro-life activist.

B. STAFF MEETING - FRIDAY, JULY 15, 1983

This is the staff meeting ~~that you were at, but left from.~~ *a few minutes, but left early.*  
I stayed after you left and took notes.

The only subject of any importance that was covered after you left was on correspondence. Whenever we get a nice or supportive letter to or for the President, we should do two things:

a. Write a nice encouraging response.

b. Forward the letter to Joan or Jonathan so they can enter the constituent's name on a computer list.

After the meeting, FRW asked all of the senior staff to stay for a second meeting. Jonathan advised me not to stay, so you may want to call someone and find out what went on during the second meeting.

C. STAFF MEETING ON MONDAY JULY 18, 1983

Jonathan expressed to us that FRW wants "more Presidential events" proposed from OPL. He noted that ~~there~~ *there* are no OPL events proposed for August or September. He said to be on the lookout for possibilities.

They also would like to get any August or September event proposals in this week.

Reagan will be on the ranch August 14-20, in Los Angeles on August 21-27, and back on the ranch on August 28-Sept. 5. Any events that we can schedule for this time in those areas would be welcomed.

There will be a Rose Garden ceremony at 1:30 pm Tuesday. It is in recognition of Captive Nations Week.

Ambassador Kirkpatrick will brief women on Thursday, July 21 in Room 450. If you want to attend, you will need a sex change or a good disguise, because it is for women only.

*Ken, this is the worst sentence I have seen you write.*

(FOR OPL USE ONLY)

OFFICE OF PUBLIC LIAISON - AREAS OF ASSIGNMENT  
1983

JONATHAN VIPOND, III (General Supervision)

JOHN ROUSSELOT  
Business  
Agriculture

MARY JO JACOBI  
Business  
Trade

JUDI BUCKALEW  
Health/Social  
Education  
Environment  
Disabled  
Aging  
Women

DEE JEPSEN  
Agriculture  
Women (conservative/religious)  
Religious Groups

MORTON BLACKWELL  
Conservatives  
Veterans  
Religious  
Fraternal Orders

MELVIN BRADLEY  
Minorities

CATALINA VILLALPANDO  
Hispanics

DOUGLAS RIGGS  
Labor

TRUDI MORRISON  
"50 States" Project

MICHAEL GALE  
Jewish

LINAS KOJELIS  
Ethnics  
Catholics

JOHN TILLER  
Minorities  
Sports  
Special Projects

MARY ANN MELOY  
Communications

DOLF DROGE  
RICHARD VIGILANTE  
Central America

## SUGGESTED ACTION ITEMS FOR HHS

July 11, 1983

During the past 2½ years there has been significant progress in establishing a policy that the federal government will not pay for the destruction of unborn human beings, nor assist others to engage in such activity. However, there are important steps which can be taken to further this policy-- steps possible within the constraints currently established by the federal courts.

(1) Separation of abortion services: Title X of the PHSA states (section 1008) that no Title X funds shall go to "programs where abortion is a method of family planning." As pointed out in GAO report HRD 82-106 (Sept. 24, 1982), many Title X recipients are engaged in providing and/or promoting abortion, using bookkeeping methods to "separate" these activities from Title X-funded activities. GAO noted that "the public can get the impression that federal funds are being improperly used for abortion activities," and suggested that HHS should provide "clear guidance" regarding separation of abortion-related activities.

In November 1982, Assistant <sup>Surgeon</sup> ~~Attorney~~ General Robert Graham sent a memo to Assistant Secretary for Health Edward Brandt proposing guidelines to enforce separation of abortion activities and legitimate Title X-funded activities. This proposal received some publicity after it was leaked to the press. Little has been heard of it since.

There is clear statutory authority for HHS to issue the Graham proposals as regulations (not guidelines). This should be done promptly.

The Secretary should also implement the GAO report's recommendation that the Secretary clarify which "activities... constitute lobbying and are therefore unallowable as program expenditures" under Title X.

(2) Prolife conscience rights: The Church Amendment (42 USC 300A7), enacted in 1973, theoretically prohibits certain federally funded institutions from discriminating against persons who are opposed to abortion in conscience. However, no regulations have ever been issued to enforce this law, despite requests from members of Congress that this be done. Such regulations should be drawn up and issued promptly.

The regulations should establish that prolife medical personnel are protected not only from forced participation in abortion itself, but also from forced cooperation in activities directly related to elective abortion (e.g., post-operative care, pathological examinations). The regulations should be broad enough to protect, for example, university students who are forced to pay into health plans which fund elective abortions. When prolife students at the University of California challenged such a policy, the state courts ruled against them, holding that compulsory financial support does not constitute discrimination

under the Church Amendment. The University of California received \$244 million in federal aid in FY 1981.

(3) Permanent anti-funding rule: Congress has never voted to pay for elective abortions. Once abortion was legal, HHS simply began to pay for abortion as a "medical procedure," until the Hyde Amendment barred such payments. It is very important that HHS now issue a regulation to establish that HHS does not regard abortion as simply another medical procedure, and will not pay for abortion (except emergency medical intervention to save the life of the mother). Such a rule would reverse the historic presumption in favor of abortion funding. If at some future date the Hyde Amendment were substantially weakened or even permitted to lapse, such a rule would provide a back-up line of defense. The rule would prevent a pro-abortion Secretary of HHS from ordering a resumption of payments for abortion, and would make it more difficult for the courts to do so. Such a rule is, of course, constitutional; in Harris v. McRae the Supreme Court said that abortion need not be treated as just another medical procedure, "because no other procedure involves the purposeful termination of a potential life."

(4) Fetal experimentation: The House of Representatives may vote this month on the Dannemeyer Amendment to the NIH authorization bill (HR 2350). The amendment would bar federal funding of non-therapeutic experimentation on living abortion or to-be-aborted children. A very similar amendment was adopted 260-140 in September, 1982, but died without action in the Senate.

This year the House Energy & Commerce Committee voted 24-18 to reject the Dannemeyer Amendment in favor of much weaker language proposed by Rep. Henry Waxman. This committee vote followed circulation of a damaging letter written by Mortimer Lipsett, director of the National Institute of Child Health and Human Development. In his letter, Dr. Lipsett disregarded the fact that the Dannemeyer Amendment applies only to living aborted or to-be-aborted children (i.e., those children who have no one to protect their interests), and suggested that the amendment could prohibit federal funding of all medical research throughout pregnancy and up to one year of age! Lipsett's extravagant interpretation was later in effect repudiated by Asst. Secretary Brandt in a letter to Rep. Edward Madigan, but much damage had already been done.

It is necessary that the Secretary now communicate to Congress that the Administration strongly favors the Dannemeyer Amendment and that it finds the Waxman language flawed and inadequate. The Secretary should explicitly reject Waxman's notion that the statute should permit the Secretary to waive any and all restrictions on fetal experimentation when this would be justified by the prospect of gaining important medical knowledge. The Dannemeyer Amendment would codify the principle that nonconsenting human beings may not be used as subjects for experiments which are not intended to benefit those subjects. That is an ethical principle which cannot be "waived" for the sake of expediency.

HHS/ page three

(5) Attacks on DASPA: Due to her history of activity on behalf of the right to life of unborn children, the current DASPA is under attack by the pro-abortion lobby and some members of Congress, as reflected in HCR 93 and SCR 21. We trust that the Secretary will fully support the DASPA and will resist any attempts to curtail her current administrative authority, as demanded in the resolutions referred to. In the face of such firm support from the Secretary, the pro-abortion attacks will soon dissipate.

## THE FEDERAL TRIANGLE

# Proposal Would Limit Clinic Abortions

The Health and Human Services Administration is circulating a proposal that would make it harder for federally subsidized clinics that provide family planning services to perform abortions. Under the proposal, 74 facilities across the country would have to use separate facilities and personnel to provide both services.

Recipients of so-called Title 10 family planning funds are not allowed to use the money to support abortions. Under the proposed changes, however, recipients could not issue joint publications, use the same stationery for the two kinds of services, or do anything that "potentially may give the impression that Title 10 funds support the abortion activities."

The plan was sent to the department's regional administrators for their comments Nov. 23 by Dr. Robert Graham, head of the Health Resources and Services Administration. The memo said the proposed changes were in response to a 1981 General Accounting Office report (HRD-81-68) that said HHS had not clearly stated its policies on how a federally funded family planning clinic should operate if it performed abortions.

### Money Down the Drain?

Federal agencies spent at least \$100 million on water project feasibility studies in the past 17 years on which no action was taken, the General Accounting Office said yesterday. The GAO concluded that if the costs of feasibility studies were shared with non-federal sponsors, marginal studies would be screened out and local support for a project could be demonstrated. (GAO/RCED-83-13)

### OSHA Funding

A \$4 million chunk of the Occupational Safety and Health Administration's research budget has

been disappearing and reappearing as the agency's fiscal 1983 appropriations bill moves around Capitol Hill. The money was taken out of the \$206.2 million OSHA bill by a House committee, put back on the House floor, then taken out again in a Senate appropriations subcommittee.

This version of budgetary peek-a-boo results from congressional liberals' efforts to keep OSHA administrator Thorne G. Auchter from relaxing health and safety standards. Rep. David R. Obey (D-Wis.) engineered the cut earlier this year to stop most OSHA-funded private research on health and safety standards. The research, said an Obey spokesman, was doing more to destroy old standards than create new ones.

Auchter responded by telling legislators the standards that would suffer would be those closest to the hearts of labor unions—including one to curb migrant workers' exposure to the fumigant ethylene dibromide. He said deregulatory initiatives on lead and cotton dust exposure would emerge unscathed.

The Senate Appropriations Committee is scheduled to take up the issue this afternoon.

### Mineral Leasing

Reversing an earlier plan, Interior Secretary James G. Watt has awarded control over onshore mineral leasing to the Bureau of Land Management rather than to his agency's new Minerals Management Service.

Watt called the shift a way of increasing efficiency and easing the resolution of land-use conflicts. But within Interior, BLM is viewed as the winner of a year-long turf fight. About 700 employees will move from MMS to BLM under the latest reorganization.

The minerals service will retain control of all offshore leasing, as well as the collection of royalty payments on mineral leases.



FEB 10 1983

The Honorable Arlen Specter  
United States Senate  
Washington, D.C. 20510

Dear Senator Specter:

As requested in your letter of January 26, I am providing information on the Dannemeyer amendment restricting fetal research. That amendment, passed by the House of Representatives in the last Congress but not by the Senate, would have prohibited the National Institutes of Health (NIH) from conducting or supporting research on "a living human fetus or infant, whether before or after induced abortion, unless . . . done for the purpose of insuring the survival of that fetus or infant."

The National Institutes of Health supports a substantial program of research during pregnancy that is directed toward improving the health of the fetus and infant. Assessment of the impact of this amendment on that research program depends on its interpretation. Should the amendment become law, its ultimate interpretation would, of course, be left to the courts and their determination of Congressional intent.

Under a narrow interpretation the limitation would apply only to research undertaken on a fetus actually scheduled for abortion or still living after an induced abortion, and not to research undertaken when it is expected that the pregnancy will continue, or on tissues obtained from the aborted non-living fetus or infant, or on normally delivered infants. Such an interpretation would not curtail any research currently being supported or conducted by the NIH.

I must point out, however, that recent advances in fetal surgery and therapy suggest that even the narrow interpretation of the restriction could prevent or delay the development of evolving treatment of the human fetus. It is easy to think of exceptional circumstances where research would be essential but would be prohibited by statute. But under the current strict HHS regulations governing fetal research, permission could be granted after extensive review up to the level of the Secretary, HHS.

The broad interpretation of the measure would mean that all research throughout pregnancy, and research on infants up to one year of age, would be prohibited, irrespective of its relation to abortion, unless undertaken to ensure the survival of that fetus or infant. This would result in the cessation of a significant portion of the current research supported and conducted by this Institute, and would prohibit some research currently being supported or conducted by other Institutes of the NIH. Developing

therapies for fetal or infant defects and disorders which are not life-threatening would be prohibited because the language of this amendment requires that the research result in saving the life of the fetus or infant, not just a beneficial effect. We would be unable to support research such as that which developed newborn screening and treatment programs for phenylketonuria and congenital hypothyroidism, since these conditions lead only to severe mental retardation and are not life-threatening. Research to develop ways to prevent premature birth, improve the care of newborn infants, prevent blindness from retrolental fibroplasia, or prevent deafness due to fetal cytomegalovirus infection would be prohibited for the same reason. While all other groups in the population would continue to benefit from research intended to improve their well-being and not just to save life, this opportunity would be denied to fetuses and infants.

Current DHHS regulations for the protection of human subjects (45 CFR 46) contain strict limitations on fetal research. These regulations implement recommendations of the National Commission for the Protection of Human Subjects of Biomedical and Behavioral Research, established by Congress. These regulations allow research to be conducted if it is to meet the health needs of the fetus, or if the risk to the fetus imposed by the research is minimal and the purpose of the research is to develop important knowledge that cannot be obtained in any other way. These regulations are the most stringent for any subject group, and provide significant protection to the fetus. They have allowed needed research to proceed (such as the use of ultrasound to diagnose fetal anomalies and thus permit corrective fetal surgery, and the use of steroids to induce fetal lung maturity and prevent respiratory distress syndrome), and there have been no indications of impropriety in fetal research conducted under them.

I hope that this information will be useful to you in responding to the concerns raised by your constituent.

Sincerely yours,

/s/ Mortimer B. Lipsett, M.D.

Mortimer B. Lipsett, M.D.  
Director

National Institute of Child Health  
and Human Development

April 15, 1983

The Honorable Edward R. Madigan  
Subcommittee on Health and the Environment  
Committee on Energy and Commerce  
U.S. House of Representatives  
Washington, D.C. 20515

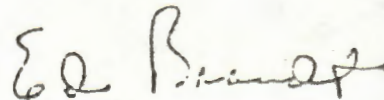
Dear Mr. Madigan:

I understand that at the March 16th mark-up of the National Institutes of Health (NIH) reauthorization bill (H.R. 1555), during a discussion of amendments regarding fetal research, a February 10, 1983 letter from Dr. Mortimer Lipsett, Director of the National Institute of Child Health and Human Development, to Senator Arlen Specter was read. This letter was presented to support the argument that the Dannemeyer amendment passed by the House last year would restrict certain areas of research involving the fetus during pregnancy and infants up to one year of age.

I would like to clarify any misunderstanding regarding this letter. Our interpretation of the language in the Dannemeyer amendment continues to be that it would apply only to research undertaken on a fetus actually scheduled for abortion or still living after an induced abortion. In light of this interpretation, it is our belief that there would be no curtailment of any research currently being supported by NIH. The letter to Senator Specter was intended only to provide information in response to a constituent physician's letter; it was not intended to convey an Administration position.

I am sending an identical letter to Mr. Waxman.

Sincerely,



Edward N. Brandt, Jr., M.D.  
Assistant Secretary for Health

THE WHITE HOUSE

WASHINGTON

July 15, 1983

MEMORANDUM TO: FAITH RYAN WHITTLESEY  
THROUGH: Jonathan Vipond, III  
FROM: Morton C. Blackwell *MB*  
SUBJECT: Impending Criticism of the President on  
"60 Minutes"

Attached is a packet of materials presented by Mr. Loebe Julie at the Kingston Meeting at Paul Weyrich's today.

In 1981, "60 Minutes" ran a feature about problems the Julie Research Laboratories were having with the Pentagon. At least on the face of it, it appears that an "old boy network" at the Pentagon is costing the taxpayers a lot of money by purchasing the wrong calibration equipment for some Army purposes.

On December 20, 1981, Harry Reasoner said on "60 Minutes" that President Reagan had seen the earlier program about Julie Labs and had personally called "60 Minutes" and told them that he would look into this matter and set it right.

Apparently things have not yet been set right and "60 Minutes" intends to use this instance as an example of the President's inability to make things happen in his Administration.

Julie said the "60 Minutes" review of the situation would take place sometime next month.

It might be appropriate to alert Secretary Weinberger so he could take any appropriate action now.

MCB:jet

1 Attachment a/s

YOU'RE NOT SUPPOSED TO GET  
**MUGGED**  
BY YOUR OWN ARMY!



*The lament of one of America's  
dwindling, inventor-led firms.*

JULIE RESEARCH LABORATORIES

## Waste Is Blamed for 50% of Some Arms Cost

### HIGH COST OF ARMS LINKED TO WASTE

Shoddy Work Said to Add 50%  
to Price of Some Weapons

By RICHARD HALLORAN

Special to The New York Times

WASHINGTON, June 25 — A senior Defense Department official says that shoddy work by military contractors is adding even more to the cost of military equipment and weapons than an estimate of excesses cited earlier this month.

The officer, Rear Adm. Frank C. Collins Jr., said in an interview that the previous estimate of 10 to 30 percent added costs was "conservative." That estimate had been made by Deputy Secretary of Defense Paul Thayer.

Admiral Collins, who is executive director for quality assurance at the Defense Logistics Agency, said the cost of many products was 50 percent higher than it should be because contractors failed to make things right the first time.

"It's eating us up," he said, speaking of the loss of military power caused by excessive costs. President Reagan has proposed spending \$94 billion for military procurement in the fiscal year 1984, which begins this Oct. 1.

Stung by criticisms like Mr. Thayer's, executives of military contracting concerns have said their problems with quality control are not as bad as portrayed. Moreover, they say they have started programs to make improvements.

Those executives have also pointed at

the Defense Department, contending that specifications are often too stringent, deadlines for delivery are too tight and contracting regulations are confusing. Admiral Collins and other senior officers say they agree with this in part and are examining ways to correct the situation.

The admiral said producers of electronic equipment were the worst offenders, adding that the yield of satisfactory products in that industry was only 30 to 40 percent, meaning that 60 to 70 percent of the products had to be remade or thrown away.

The nation's armed forces increasingly rely on electronics for computers and navigation, radar and communications equipment. Manufacturers figure into contracts the cost of reworking or scrapping items, thus passing on costs to the taxpayers.

Admiral Collins said manufacturers of uniforms and other clothing items also had high rates of waste, as did producers of cruise missiles and their suppliers. Other offenders are builders of submarines, he said, excepting nuclear propulsion systems, which are made separately.

On the other hand, he credited the manufacturers of aircraft, diesel engines and trucks with low rates of work that needed redoing or items that were wasted in scrap. He said refineries, in particular, had low waste rates.

#### A Lack of Integrity Blamed

The admiral organized conferences last spring and again this spring in which Pentagon officials and senior military officers urged industrial leaders to insist on quality. Until then, Pen-

tagon complaints had generally been expressed privately.

Admiral Collins, who said he had inspected more than 200 factories over the last two years, said a lack of integrity in some executives was one reason for poor quality.

Even though the Defense Logistics Agency has 6,450 inspectors in plants to watch quality control, they must monitor 280,000 contracts, he said, adding, "It's physically impossible to catch everything if the contractor wants to beat you out."

Another reason, he said, is that top officials in many companies are often not interested in quality assurance. Few companies set quality goals of "zero defects," the admiral said, asserting that workers "recognize from the beginning that management was not really interested in doing it right the first time."

Moreover, he said, workers are poorly trained. "The whole issue is making sure that people know what they are doing," he added.

#### Push for Advanced Technology

The admiral touched on still another problem when he said an excessive push for advanced technology meant, for example, the production of an engine so new that its technology was untested. "Sometimes I feel that we are so in love with the state of the art that we really don't wait to see how to make it right," he said.

Weapons are often designed without much thought as to how to produce them, Admiral Collins said. He added that weapons and equipment should be designed so that they can be produced on an assembly line and not just in a research laboratory.

He said production controls were often inadequate. "It is more important to control the process than to inspect a product at the end of the line," he said, asserting that waste could be reduced by correcting mistakes in the middle of the process, making it unnecessary to scrap the finished products.

Some industries are hampered by obsolete machines and insufficient maintenance. He told of plants where old machines were unable to hold the fine tolerances needed in advanced weapons.

STATEMENT OF LOEBE JULIE, PRESIDENT OF JULIE RESEARCH LABORATORIES, INC.

BEFORE THE SENATE COMMITTEE ON GOVERNMENTAL AFFAIRS

JUNE 9, 1983

EXORCISING A DEMON---  
ARMY CALIBRATION WASTE, FRAUD AND ABUSE

BRIEF BACKGROUND OF THE PROBLEM

(Full background details are available in booklets "You're Not Supposed to Get Mugged by Your Own Army", "Where Were You During the Coup", authored by L. Julie and R. Hafer, and Pages 487 to 687 of the November 5, 1981 Transcript of the Hearings of the Committee on Governmental Affairs of the U.S. Senate)

Beginning in 1980 increasing numbers of official representatives and agencies of the U.S. Government joined JRL in a battle JRL had begun many years earlier against rampant procurement waste, fraud and abuse throughout the Army's calibration program.

This widespread support was not surprising in view of the serious implications and consequences of the Army's calibration program mismanagement--systemic procurement favoritism and discrimination (particularly against small companies developing specialized calibration technology), hundreds of millions of dollars of procurement and calibration waste, degradation of the Army's peacetime and wartime calibration capability, the increasing inability of the Army's calibration program to provide adequate support for its test equipment in the field (TMDE), the putting in jeopardy of the safety and security of U.S. military personnel and their peacetime/wartime support systems (transportation, communication, avionics and weapon systems).

Such widespread support was surprising in view of the extraordinary behind-the-scenes tactics employed by the Army to suppress criticism--- the General X whose job it was to whisper to Congressional aides "for your own good, stay away from Julie...we're going to nail him to the wall" and Army bureaucrat Y whose job it was to whisper to contractors "if you want to stay out of trouble on your contracts better keep your Congressman away from Julie".

While such unprincipled Army tactics undoubtedly had the intended effect of discouraging many would-be supporters, still many concerned members of Congress and independent government evaluation agencies publicly registered strong disapproval of the Army's acts:

Rep Ichord...unique and sad story...if even 10% true...discipline the guilty parties to make certain the same does not happen again...

Reagan Bush Committee...agree it is horrible...sending it to Cap Weinberger...get this straightened out beginning 1981...

Senator Dole...collosal blunder...every bureaucratic trick in the book...blatant cover up...more charitable to call it cupidity than stupidity...

Senator Roth...unfair treatment...calibration program in disarray...need shakeup...a disgrace..."old-boy network" procurement...is this typical?

Senator Pryor...big fish swallowing little fish...threatens national defense posture, strength of our entire economic system...a debacle....

Senator Cohen...should be seeking out better product, not just old-boy network...try to correct this inequity by keeping this firm alive....

Senator Rudman...taxpayers owed explanation...record replete with stonewalling, obfuscations, falsehoods...very sorry record...Senate and House military spending support will come to a screeching halt...

Senator Eagleton...the Pentagon clout...overwhelm you with gold stripes and numbers, not always with wisdom but always with numbers...

Senator D'Amato...preconceptions, bias, delay...will officials responsible be held accountable for this mess?...must protect our innovative, high technology small businesses to have strong defense industrial base...

Congressman Weiss...irrational, capricious, wasteful...a horror story...Julie shows a better way to use funds to strengthen our national defense

GAO Report #1...Army technical and cost evaluations of JRL were inconsistent...used questionable conclusions and assumptions...Army and DARCOM discounted favorable reports on JRL...Army has not adequately considered JRL Locost system...

GAO Report #2...using Army's preliminary workload data for 81 of about 150 calibration activities and Army's most conservative assumption that your LOCOST equipment could calibrate 31 percent of that workload, and assuming 3500 calibrations a year Locost productivity, the 10 year savings is \$162 million...

GAO Report #3...Army ordered equipment before developing valid requirements and developing essential test plans and workload data...did not follow established Army management policies and procedures...has not efficiently and effectively managed the way it determined requirements for and purchased calibration and repair equipment...

Inspector General (Army)...has bad decision making cost the government millions of dollars by purchase of "sub-standard, inefficient" calibration instruments, when the purchase of JRL manufactured automated calibration equipment could achieve significant and/or cost avoidance during the next ten to twenty years?...the Army was "Penny Wise and Pound Foolish" not to take the additional time and effort to fully explore the JRL LOCOST 106 technology...Army officials have

perpetrated misconceptions concerning JRL equipment...have permitted wording to appear in official documents going forward (i.e. to higher headquarters and thus eventually to the GAO, to members of Congress and via FOIA to JRL) which contained statements which were inaccurate, unproven, inconsistent, and/or otherwise open to various interpretations ....undue reliance placed by contracting officers on technical personnel....The central question of this inquiry was: Did Julie Research Laboratories, Inc., have a full and impartial opportunity to compete?...JRL was not afforded a full opportunity to compete ....bias against JRL interests existed at the U.S. Army Metrology and Calibration Center as well as in the supporting procurement and legal staffs...

Army White Sands Missile Range...The LOCOST 106 can be a cost effective Automated Calibration System when operated in a WSMR type environment...the LOCOST 106 was determined to calibrate three (3) times faster than the Manual method, and twice as fast as the HP 9213C, and Fluke LACS...

Senate Appropriations Committee...

House Appropriations Committee....despite testing by WSMR and intensive review by the GAO and the Inspector General of the Army, Army "still uncertain" as to cost effectiveness of systems, including those of JRL...Army directed to analyze findings from all sources and submit to Congress not later than March 15, 1982, final comprehensive report, including detailed plan for acquisition of calibration equipment...

#### WHAT HAS HAPPENED FROM NOVEMBER 5, 1981 TO DATE?

Following the Senate hearing it was generally assumed that the Army calibration problem was well on its way to solution. In addition to the bipartisan and non-partisan efforts of all of the individual members of Congress and of the three Congressional Committees and of the GAO, there had been a very widespread expression of public concern in the media. Last and most important Secretary of the Army John Marsh had informed Congress that he would resolve the problem based on a fact-finding investigation by the Army Inspector General, and had authorized an independent, objective Army test and evaluation of the Julie LOCOST system at WSMR. Both of the internal Army findings mandated by the Secretary strongly confirmed and aligned with the critical findings from outside the Army. Two important events in December 1981 greatly strengthened the anticipation that the problem was finally to be solved.

#### 60 MINUTES December 13, 1981--THE JULIE AFFAIR

In a program estimated to have reached approximately 40 million people CBS did a thorough synopsis of the entire Julie story...Viewer response to the show was stated to be voluminous...statements made by various witnesses on the program that the incidents depicted were "appalling" and "outrageous" were apparently shared by the viewers...

#### 60 Minutes December 20, 1981--PRESIDENT REAGAN

Harry Reasoner read two letters sympathetic to the Julie position...announced that President Reagan saw the show and intended to investigate the problem...

With all of this support what had begun as a lonely David battling Goliath (Julie vs. the Army) had evidently become a wide-based movement. Important elements of the Army (Inspector General, WSMR, Secretary Marsh) were in agreement. Everything needed to exorcise the demon--admitted waste, fraud and abuse in the Army calibration program--was now in place.

#### WHAT HAPPENED? THE DEMON STRUCK BACK!

WHY HASN'T THE DEMON BEEN EXORCISED? DEMONS DON'T LIKE TO BE EXORCISED!

Regrettably, every Army calibration procurement action from December 1981 to date, except where outside agencies (GAO, OSD and Congress specifically intervened, has been cut from the same cloth as before. But there is a difference in degree. What was appalling waste, fraud and abuse before has not improved but has worsened!

The record of this time period (Army actions and opposing agency actions are highlighted below) shows the Army acting in complete disregard of the Congress and wilfully defying and flouting the expressed intent of the Congress.

#### THE DEMON STRIKES BACK--THE GREAT \$2700 SHOW TRIAL

In letters to President Reagan, Betty R. Laird and John W. Chambers have accused the Army command at Redstone Arsenal of highly questionable actions tied in to JRL:

"...to draw attention away from multi-million dollar misappropriation of funds by Army personnel..."media camouflage" to divert publicity away from the matters Mr. Julie was bringing to the attention of the Inspector General and a Senate Committee...General Moore issued orders that no one was to talk about the Julie Affair to anyone...General Moore gathered all evidence regarding the Julie Affair and locked it in a safe in his office. Only he has the combination. None of this evidence was made available to the persons investigating the Julie case...There was a CID investigation of this and other matters which was suppressed by General Moore...I really wish you could clean up the real corruption and stop the coverups I have described...you would not have to worry about your military budget...the money would be there from savings on procurements and cutting out waste...if they have not already damaged Mr. Julie they will get him one way or another because he dared to question their way of buying goods with taxpayer money..."

#### MORE--THE GREAT \$2,000,000 EVALUATION SWITCHEROO

The entire Congressional intent of assuring fair consideration of the JRL automated calibration system was defied by the Army. The full details appear in the attached supporting data "THE STRANGE CASE OF THE SWITCHED AUTOMATED CALIBRATION SYSTEM FLYOFF". This elaborate and diabolical machination had the effect of "narrowing" (i.e. changing) the scope of the flyoff competition so that it excluded the very automated calibration systems from competition that it was supposed to include.

According to the Army's own documents this total change in scope was accomplished in secrecy (from the Congress), even though the Army now claims it was done for the Congress. Congress was disinformd that there had been no change in the original scope until long after the switch was made.

The switch was a failure from every conceivable point of view...it was exposed as a sham...it was criticized by Generals Moore and Hardin...it was criticized by WSMR...it was criticized by the Army Audit Agency...it was criticized (under an Army contract!) by NRC...it was criticized by GAO...it was criticized by members of the Senate Governmental Affairs Committees...it was criticized by the Appropriations Committees of the Congress...it wilfully defied the intent of the Congress...it misspent \$2,000,000 intended for a flyoff competition against JRL...

The \$2,000,000 switch had one positive result...it proved that meter calibrator systems do so few things, and do them so poorly, that no savings are realized...

See below and see "Supporting Data" for more data.

#### 1982 ACTION BY THE SENATE-HOUSE APPROPRIATIONS COMMITTEES

"...The Committee is concerned that the Army has failed to resolve the serious problems which have pervaded its calibration program...Recent request for proposal (RFP) solicitations have presented an acquisition strategy for calibration equipment which appears not to be supported by an accurate data base or a detailed implementation plan...The committee reiterates its request for a comprehensive report and a detailed implementation plan for acquisition of calibration equipment...The Army is advised to obtain prior approval of the Committee prior to awarding any production contract for purchase of calibration equipment pending submission of the comprehensive report and the acquisition plan..."

#### OFFICE OF THE SECRETARY OF DEFENSE

"...We have for some time been reviewing the importance of JRL as a research and development/production facility for automated calibration systems from the perspective of the overall industrial mobilization base available to the Department of Defense. Our efforts disclose that there is no other facility in this country which is presently producing automated calibration systems, let alone systems having the described capability and capacity of the LOCOST 106. While this capability represents, in part, performance in excess of current specific Army operational requirements, retention of this resource within the existing industrial mobilization base at this time would be in furtherance of national security..."

Our survey of current users of the LOCOST 106 automated calibration system was intended to detect specific problems being experienced as regards design of the system, accuracy of calibrations, reliability, operational cost, logistics support, downtime, etc. We queried all previous purchasers of that system. The responses reflected a clear

consensus that the equipment had a high capability for calibration and measurement with great accuracy, was reliable, well designed and of quality construction, and offered the potential for an early return on investment if utilized frequently. One response indicated that a unit purchased in 1976 has had a 690% payback to date..."

#### MORE--THE ARMY VS. THE OSD MANDATED MOBILIZATION PROCUREMENT

Starting in January 1982, the Army (DARCOM Commander General Keith) officially opposed the award of a mobilization base contract to JRL based on OSD's independent survey and highly favorable findings...when finally directed by OSD to make the award in April 1982 the Army delayed definitizing the contract for 14 months...after this interminable delay the Senate follow-on hearing was announced...the Army's delaying strategy was flip-flopped and massive Army overtime expended to achieve definitization just 3 days before the June 9, Senate hearing date...

#### SENATE GOVERNMENT AFFAIRS--LETTER TO PRESIDENT REAGAN

"...Another of your Administration's major goals was to spare no effort to make government operate efficiently and without fraud and waste...even the appearance of poor administration, inefficient program management and fraud in defense can rapidly turn consensus...into public outrage and opposition...we are familiar with just such an example of incompetently administered and wasteful program in the Army...bringing it to your personal attention because of the serious nature of the abuses and because little has been done to clean up the mess which has existed for over eight year...the Army has admitted real systemic procurement problems and Mr. Julie's case reveals the tip of what could be a large and tainted iceberg...to let this matter fester any longer is simply to encourage greater public cynicism and erode public confidence in defense programs..."

#### NATIONAL RESEARCH COUNCIL REPORT

"...Army undertook to reach a procurement decision for automated calibration systems...a manufacturer of these systems had alleged that the Army was slow to purchase such systems in general and his in particular...at Senate Governmental Affairs Committee hearings the Under Secretary of the Army offered to make a fair, objective test of automated calibration equipment...the Army imposed certain limitations...the scope of the project was narrowed to consideration of meter calibrators...this particular project suffered from too many constraints to serve as a good prototype for more general procurement evaluations of automated calibration systems...any automated meter calibrator system procurement alternative would result in negative savings, that is losses...not buying any automated meter calibrator systems was the most attractive choice on the basis of cost...no money would be lost..."

"...GAO believes Army's test plan was seriously flawed...Army should not go forward with plans to purchase more automated meter calibrators...Army should cancel step two procurement of automated meter calibration systems...this step addresses only one portion--certain types of meters--of the Army's calibration equipment...the Army acknowledges such an approach is suboptimal...GAO believes it may lead to piecemeal automated calibration equipment procurement...not the most cost effective course to follow..."

#### MORE DEMON--THE METER TESTER (NO SAVINGS) PROCUREMENT FIASCO

Despite the official WSMR, NRC, OSD, GAO findings favorable to the JRL LOCOST system and unfavorable to the meter calibrator systems, the Army arbitrarily informs OSD/Congress there is no need for JRL LOCOST systems...arbitrarily requests permission to buy 7 (no savings) meter calibrators for \$300,000...claims to have discovered savings...claims "optimum" procurement of 7 sets has lifetime saving (of only \$.12 million)...admits procuring more than 7 shows substantial losses...ignores fact that annual ROI is not only much less than the JRL LOCOST (evaluated, surveyed and documented at 35% to 115%) but is actually less than the 10% minimum required to justify new capital investment...

#### SENATE-HOUSE APPROPRIATIONS COMMITTEE RESPONSE

"...Army request that the Committee permit the \$300,000 meter calibrator procurement is acknowledged...Committee FY1983 report directed Army to defer all procurement for calibration equipment until a full and comprehensive assessment of workload data was completed (not later than March 15, 1982)...Army has not completed the required report...the proposed procurement is limited in scope because of constraints the Army imposed on the buy one and test project...taken as a whole a sufficient basis for the requested procurement is not provided...the Committee believes the Army's request is premature and does not withdraw its reservations..."

#### OFFICE OF THE ARMY GENERAL COUNSEL STATEMENT TO GAO

"...The Under Secretary of Defense for Research and Engineering is concerned, in this area, not just with the Army's specific current operational requirements for Fixed Site Automated Meter Calibration Systems, but for the total present and future needs of the entire Department of Defense for all automated calibration capability, including those of the other military departments than the Army and for other calibration capability than meter calibration. The Department of Defense evaluation showed a significant capability in the JRL LOCOST equipment, and the Under Secretary of Defense for Research and Engineering found the present retention of that capability in the industrial mobilization base to be in furtherance of national

security..."

#### MORE DEMON--THE FMS CALIBRATION PROCUREMENTS

The best case study (see JRL's March 29, 1983 protest letter) of the "improvements" in the way the Army now minds its calibration store is this pair of November 17, 1982 procurement solicitations for "standardized" Army calibration vans for FMS customers Egypt, Thailand and Taiwan...JRL saw them as procurements of non-standardized equipment unduly restrictive of competition (because of substantial sole-sourcing to three large businesses) and so notified the Army, the Inspector General, OSD and the Congress...An Army team was put to work to assure OSD and the Congress that these procurements were "clean as a hound's tooth"...JRL protested to GAO...an Army team was assigned to assure GAO that JRL's allegations were incorrect...after JRL's March 29, 1983 submission to GAO and one month before this hearing the Army flip-flopped and belatedly confessed that both solicitations were for non-standardized equipment and both were unduly restrictive of competition...

#### MORE DEMON--THE SACRAMENTO ARMY DEPOT CALIBRATOR PROCUREMENT

GAO Report #4 (February 11, 1983) discussed elsewhere includes an Army list of recent "new, improved" calibration equipment procurements...assuming that a number of "not awarded" items are really destined for large business Hewlett-Packard, and after verifying that several items that the Army had identified to GAO as competitive had in actuality been restricted, it appears... 15 of the 25 procurements were awarded to large business (Fluke, HP, Tektronix--the same beneficiaries as on the FMS procurement) on either a sole source or restricted basis...the remaining 10 items went to other large or small business, only occasionally via competition...surprisingly (in view of the expressed concerns of Congress, GAO, the Inspector General et al) included in the list are five automated calibration systems blithely sole-sourced by Sacramento Army Depot to John Fluke!

#### MORE DEMON--THE REDSTONE ARSENAL SECRECY ORDER

A letter received from an Army calibration technician objected to the gag order imposed at Redstone Arsenal (presumably by direction of General Moore as indicated by the Betty Laird letter above)...even more disturbing is the implication that the Army tactics are so "strong-arm" that the individual feared for his career (see also Gus Bigelow letter)

#### MORE DEMON--THE REDSTONE ARSENAL CALIBRATOR PROCUREMENTS

The two most recent solicitations for Precision DC and AC Calibrator equipment (see JRL letters May 9 and May 20, 1983), as prepared by the technical personnel of Redstone Arsenal, were so narrowly drawn as to exclude JRL, and probably most other competition from consideration...the small-business set aside provision that had been in effect on the previous AC calibrator procurement was withdrawn, making it possible for large business (Fluke) to furnish the items...after JRL's protest to the Contracting Officer one specification has been redrafted and one solicitation withdrawn by the Contracting Officer...

#### MORE DEMON--WHITE SANDS MISSILE RANGE SHAKEUP

In an attached letter and in a telephone conversation, the ex-chief of the Quality Assurance Office of WSMR (Gus F. Bigelow) has provided the following information for consideration by this committee:

"...after 28 years in Civil Service and at the point in time that WSMR had made available to Army headquarters its (favorable) test data on the JRL LOCOST system the WSMR Quality Assurance Office was abolished... my position was abolished... a lower level position was offered... this caused me to retire from the Army... although I can't prove that this was a reprisal for WSMR's favorable report on the JRL equipment it is my personal belief that it was... the Calibration Laboratory was one of my subordinate organizations... at my direction it competitively procured two JRL sets... JRL was the low bidder and supplied equipment that entirely met the specifications and is cost-effective... None of the automated calibration sets previously procured by the Army and provided to WSMR was cost-effective... the observations of cal lab personnel of high technical and managerial competence lead them and me to conclude that JRL (supplied) excellent and cost-competitive equipment... small businesses like JRL frequently are improperly excluded from the procurement process... the Army's inability to manage includes harrassing and intimidating sincere, competent civilians with whom they disagree or simply don't like... I am concerned that the committee will never be able to get the truth from the Army or its employees... Being retired I feel somewhat isolated from the Army's wrath...

#### MORE DEMON--THE ARMY'S DIGITAL VOLTMETER PROCUREMENT

Because of their eminent suitability, one of the equipment commodity items traditionally reserved for small business setasides has been small digital voltmeters... in procurements prior to 1981 a small business (Ballantine) successfully bid and supplied 1600 digital voltmeters to the Army... in 1982 the Army (Fort Monmouth) refused to continue the practice of DVM setasides and redefined the procurement specification for 3 1/2 digit DVM's effectively restricting the bidders to two large businesses (Fluke and Simpson)... the Army also redefined the procurement specification for 4 1/2 digit DVM's restricting the bidders to large business (Fluke) and small business (Ballantine) and used test data to disqualify the small business bid... the two large businesses (Fluke and Simpson) then received the Army's awards of over \$10,000,000 for this total Army DVM requirement...

MORE DEMON--\$5 LABOR \$.35 EQUIPMENT VS. \$1 LABOR \$.70 EQUIPMENT  
ADDS UP TO \$60,000 PER DAY ARMY CALIBRATION WASTE

NOTE 1: TMDE is maintained by a calibration laboratory and computerized calibration systems in the same way that people are maintained by a hospital and computerized diagnostic systems. In both cases maintained means checked against accurate, high-performance diagnostic instrument standards and, where necessary, "adjusted and repaired". In both cases it has always proven to be cost effective to use state-of-the-art equipment capable of handling the wide range of performance likely to be needed over the life of the installation. In neither case has it ever made sense to procure equipments that do comparatively few things,

particularly where those few things that are done are done poorly.

This general axiom is confirmed by the negative savings findings of the Army's meter tester evaluation as summarized on page 36 of the referenced NRC report.

By contrast, using the Army's own data (from Ambrose, Bonner, IG, WSMR et al), the high performance JRL LOCOST system shows an incontrovertible five to one improvement in labor required (2 hours per manual calibration, Army-wide vs. .4 hours JRL). The Army is therefore using \$5 bills for calibration expenses when it could be using \$1 bills with the JRL system. It is true that the JRL equipment annual cost may be twice that of the manual equipment (it is not, by the way, higher than that of the meter tester plus manual equipment combination selected by the Army for the ill-fated flyoff). But, what the Army has steadfastly hidden from the Congress is that, in practice, the equipment cost is miniscule compared to the labor cost--35 cents for the manual and 70 cents for the JRL LOCOST!

Lastly, Ambrose admitted in his Senate testimony that the Army should be doing "at least 1.2 million cal/yr perhaps 1.8 million" or between 5,000 and 7,000 calibrations per day. GAO Report #2 gives 31% as the Army's most conservative estimate of LOCOST applicability to its workload, meaning that 1500 to 2000 times per day the Army could enjoy the difference between spending \$53.50 and \$17.00 i.e.--saving \$54,750 to \$73,000 per day! It is always true, regardless of the exact total dimension of the Army workload, that the Army is insisting on spending 2 hours (\$50 at \$25 per hour) instead of .4 hours (\$10), or using \$5 bills instead of \$1 bills for calibration labor, i.e.--overspending for labor at the rate of 400%! See supporting data relating to realizable calibration savings.

#### MORE DEMON--DESTRUCTION OF SMALL BUSINESS AND HIGH TECHNOLOGY

As noted elsewhere in this statement, and as documented in the supporting data (see particularly March 29, 1983 protest letter page 17b and exhibit D as well as data on destruction of small business) the "military industrial complex" President Eisenhower warned against, and the "old boy procurement network" many of the Senators criticized, can be charged with deliberate attempts to eliminate small business competition. Since it has been determined that, to an extraordinary extent, it is small business that lays the "golden egg" of innovation, the continued actions by the Army biased against JRL and other high technology small business are enormously destructive to would-be innovators and to the introduction of new technology to the marketplace. The current Army Undersecretary, James A. Ambrose, apparently identifies closely both with the "military industrial complex" and the big-business "old boy" procurement network, and as he indicates in his letter of May 4, 1983 to Senator Stevens, is not only indifferent to, but overtly hostile to JRL's plight as a high technology small business.

JRL's technology credentials are presented in the reference documents cited. Also included are excerpts of letters from other small, high-technology firms that simply gave up the battle against government misprocurement, depriving both themselves and the country of a chance to

make best use of their inventive talents. So dwindles not only the U.S. mobilization but the U.S. industrial technology base.

#### AMBROSE MAY 4, 1983 LETTER TO SENATOR STEVENS

In submitting this recent letter, Mr. Ambrose has done us all a favor. He makes clear why the Army calibration waste, fraud and abuse demon was not exorcised. Mr. Ambrose came into the Army in mid-1981, just in time to put into action all of positive recommendations for improving the system by "disciplining those responsible" and "cleaning up the mess".

Regrettably, he began by effectively suppressing the favorable findings of the WSMR test, and effectively ignoring the implied recommendations for corrective disciplinary action in the IG and GAO reports. Although he permitted a "slap on the wrist" against the procurement personnel who misprocured on the basis of incorrect technical information, he did nothing against those technical personnel who "perpetrated misconceptions" and disseminated "statements which were inaccurate, unproven, inconsistent" and who were "biased against JRL interests" and who thus misled these procurement personnel.

It is most probable that Mr. Ambrose is the actual writer of the May 4 letter. Any statements in that letter that "perpetrate misconceptions", disseminate "statements which are inaccurate, unproven, inconsistent" and which are "biased against JRL interests" are therefore his; we are no longer witnessing an impropriety whereby lower level personnel are guilty of misleading senior officials of the Army, as found by the Army Inspector General, but we are witnessing the Under Secretary himself guilty of these same improprieties!

In my sworn testimony to GAO and to the Inspector General of the Army, I pointed out the wide variety of techniques used by Army writers to mislead, deceive or otherwise disinform the reader. Such disinformational devices (see supporting data entitled "Truth in Defense--What Are We Going to Do About It?") include the dissemination of information that is incorrect, inconsistent, false, deceiving or otherwise disinformative. High on the list of disinformational devices is information that is irrelevant or immaterial and inserted to divert attention away from the real subject.

All of Mr. Ambrose's page 1 and the top of page 2, relating to the Army's problems with TMDE is unrelated to the interest expressed by the three Congressional Committees, the GAO, or the IG in resolving the Army calibration problem. It is only necessary to review the language used by these agencies, elsewhere in this statement, to see that the language clearly and unambiguously addresses calibration, and calibration only. Parenthetically, if Mr. Ambrose's TMDE program is in such a mess, it would behoove the Appropriation Committees of the Congress to tie up his TMDE funds until such time as he can give an accounting of where he is going. Also, parenthetically, if the TMDE problem is so much taller and broader than calibration, then it stands to reason that the calibration problem is much smaller than TMDE. Thus Mr. Ambrose could easily have focussed on the much smaller problem of furnishing GAO and the Congress

Congress with the information on calibration they have requested since mid 1980--in hardly any time at all!

All of Mr. Ambrose's statements with regard to "buy one or buy seven" meter calibrators are in disagreement with the facts. They should be compared to the comments of the independent GAO and NRC investigators cited elsewhere in this statement. It is hard to let his old canard "to our surprise Julie didn't bid" pass without rebuttal. Mr. Ambrose and the Army knew over and over again that we wouldn't bid--first on December 3 when the plan to switch specs was approved, next on December 22 in Secretary Marsh's office, when I told him we wouldn't and he stated that the spec would not be switched, next on December 22 when the Army Audit Agency reacted unfavorably to the spec, next on December 24 when the WSMR "consultant" stated his opinion that we would not bid, next several newspaper articles and interviews which stated that we would not bid and finally our telephone and written communications with the Secretary of the Army's office from mid January to mid February which expressed our criticism of the change in scope and stated that it would be futile for us to bid.

It is obvious that despite his urgent desire to buy one or seven meter calibrators, Mr. Ambrose has assigned a low priority to complying with the requests for meaningful data from the three Congressional committees and the GAO. Coupled with his flouting of the expressed intent of these committees in all of the other calibration problem areas, including the flyoff, he may succeed in beating the Anne Burford record for ongoing defiance of the Congress. If he can continue to defy three Congressional committees with impunity HE WILL SOON HAVE STONEWALLED CONGRESS THROUGH REAGAN'S ENTIRE FOUR YEAR TERM OF OFFICE!

I am deeply disappointed by Mr. Ambrose's reckless disparagement of my company and my equipment. When compared to the dispassionate conclusions of all of the other agencies that have independently investigated, surveyed and evaluated us his allegations are seen to be ludicrously wrongheaded. Senator Dole referred to "cupidity or stupidity" as root causes for the Army's blunders. I am at a loss to account for Mr. Ambrose's utterly senseless statements about my equipment.

## (8) National Commentary on a National Scandal

| DATE     | TITLE                                       | AUTHOR           | PUBLICATION           |
|----------|---------------------------------------------|------------------|-----------------------|
| 80/09/11 | Reagan/Bush Committee Reply to Mr. Julie    | Reagan-Bush Com  |                       |
| 80/09/12 | Army Attacked by Comic Commandos            | Mintz            | Washington Post       |
| 80/09/14 | 'Mugged By Army'                            | Scarritt         | Birmingham News, AL   |
| 80/10/19 | Book Criticism No Laughing Matter To Army   |                  | New York Times, NY    |
| 80/10/31 | Letter Chairman, House Armed Services Com   | Ichord           |                       |
| 80/11/17 | Out of Calibration                          | Robertson        | Electronic News       |
| 81/      | GAO-66% of DOD Buying Sole-source in '79    | Robertson        | Electronic News       |
| 81/03/01 | Dying Firm Won't Bet on Army Horse Race     | Yoder            | Federal Times         |
| 81/03/31 | A Lion Roars With Outrage At Army           | Anderson         | Washington Post       |
| 81/04/05 | Curious Tale of Firms-6 Year Battle         | Needell          | Daily News, NY        |
| 81/06/09 | Julie Case-Example Waste Defense Spend.     | Weiss            | Congressional Record  |
| 81/06/10 | No Money to Waste - Even in Defense         | Dole             | Congressional Record  |
| 81/08/03 | Loebe Julie and the Pentagon                |                  | Electronic Eng Times  |
| 81/09/00 | Julie Labs Bucks "City Hall"-And Fails      | Borklund         | Government Executive  |
| 81/10/26 | Selling To Uncle Sam- Is the Army ....      | Webbe            | Christ. Science Montr |
| 81/11/01 | Senate Panel Eyes Missile Command Purch.    | Cobun            | Huntsville Times, AL  |
| 81/11/02 | "Smaller is Worse"                          | Volz             | Daily News, NY        |
| 81/11/05 | He's at War with the Army                   | Santangelo       | Daily News, NY        |
| 81/11/05 | Inventor does battle with Army              | Gailey           | New York Times, NY    |
| 81/11/05 | Army Reassigns 20 at Arsenal in Criticism   | Cobun            | Huntsville Times, AL  |
| 81/11/05 | Toolmaker "Too Pushy"                       | Gay              | Pittsburgh Press, PA  |
| 81/11/05 | Statement-Hearings Sen. Comm. Govt. Affairs | Roth             | Senate Transcript     |
| 81/11/05 | Statement-Hearings Sen. Comm. Govt. Affairs | Eagleton         | Senate Transcript     |
| 81/11/05 | Statement-Hearings Sen. Comm. Govt. Affairs | Pryor            | Senate Transcript     |
| 81/11/05 | Testimony-Hearings Sen. Comm. Govt. Affairs | D'Amato          | Senate Transcript     |
| 81/11/05 | Testimony-Hearings Sen. Comm. Govt. Affairs | Weiss            | Senate Transcript     |
| 81/11/05 | Statement-Hearings Comm. Govt. Affairs      | Rudman           | Senate Transcript     |
| 81/11/05 | Statement-Hearings Sen. Comm. Govt. Affairs | Pryor            | Senate Transcript     |
| 81/11/06 | NY Inventor Wins A Concession With Army     |                  | New York Times, NY    |
| 81/11/08 | It's Only Money Right?                      |                  | Daily News, NY        |
| 81/11/08 | "Engineer Wins Battle"                      | Jindra           | Plain Dealer, MO      |
| 81/11/16 | "Probe of Calibrator buys"                  | Wallace          | Electronic News       |
| 81/11/17 | The Julie Affair                            |                  | Donahue "Today", NBC  |
| 81/11/23 | Senator Panel Raps Army, Orders Fair Test   | Feldman          | Electronic Eng Times  |
| 81/11/30 | Army Admits Shabby Treatment                | Yoder            | Federal Times         |
| 81/11/30 | DOD to Review Calib, Demands Fair Test      | Robertson        | Electronic News       |
| 81/12/13 | "The Julie Affair"                          |                  | 60 Minutes, CBS       |
| 81/12/15 | Army Commit to Congress/Auto Cal Procurm    |                  | Congressional Record  |
| 81/12/21 | L. Julie feels Army starting to see light   |                  | Electronic Eng Times  |
| 81/12/21 | Julie and Army Sec'y Meet                   | Robertson        | Electronic News       |
| 82/01/00 | A War At Last on Pentagon Waste             | Methvin          | Readers Digest        |
| 82/01/00 | JRL May Gain Army Test for Cal. System      |                  | Test&Measurmnt World  |
| 82/01/04 | Army to Proceed with Retesting Plans        | Robertson        | Electronic News       |
| 82/01/04 | Julie Threatens Withdrawal from Army Com    | Miklosz          | Electronic Eng Times  |
| 82/01/20 | Inventive Misfit Going to Reagan w/Ideas    | Torres           | San Diego Trib, CA    |
| 82/01/26 | Letter to Sen. Gov. Aff. Committee          | Wager            |                       |
| 82/01/28 | Washington Talk                             |                  | New York Times, NY    |
| 82/02/00 | The Old Army Game                           |                  | Daily News, NY        |
| 82/02/00 | Fluke in Middle of Competitors Fight        | Wilson           | Seattle Herald, WA    |
| 82/02/00 | The Julie Affair                            |                  | Microwave Journal     |
| 82/02/14 | "What's Wrong With The Military"            | Hart             | New York Times Mag.   |
| 82/02/15 | Scouting Out Testing Gaps                   | Robertson        | Electronic News       |
| 82/04/00 | Julie's "No Bid" on Army Facts Bewilders    | Cobun            | Huntsville Times, AL  |
| 82/04/28 | Army Shifts Test HQ                         | Cobun            | Huntsville Times, AL  |
| 82/05/04 | Cap's Paring Knife is Rusty                 | Anderson         | New York Post         |
| 82/05/10 | Army Prize - Thinking Big                   | Robertson        | Electronic News       |
| 82/05/10 | OUSDRE Letter RE: JRL/ National Resource    | DeLauer          |                       |
| 82/05/12 | Sen. Gov. Aff Comm. Letter to President     | Rudman, Roth etc |                       |
| 82/05/31 | Army Signs Julie Sole Source Pact           | Robertson        | Electronic News       |
| 82/06/01 | Letter to Senator Jackson from OUSD         | Long             |                       |
| 82/07/13 | Letter Request to GAO-Follow-up Invstgtn    | Addabbo          |                       |
| 82/11/00 | Ltr to Sec. Marsh Requesting Investigatn    | Moynihan, Rudman | Addabbo, D'Amato      |
| 83/01/31 | Julie Labs Again Protests Army Bid          |                  | Electronic News       |
| 83/02/21 | GAO Report Tells Army -Stop Cal Sys Buys    | Masud            | Electronic News       |

Loebe Julie  
Julie Research Laboratories, Inc.  
New York, New York, 10023

### ABSTRACT

The author reviews 37 years of experience in design and innovation of technology for precision instrumentation, and the impact of such new measurement and design concepts on the overall instrumentation art. The effectiveness of new design concepts and new product developments is evaluated from a cost and figure-of-merit standpoint. Examples of the development of innovative technology and concepts are given and two new instrument designs for automated measurement are described. The paper concludes with a discussion of the problems presently confronting the U.S. developers of new technology and the fact that we are now in a climate that is generally hostile to scientific innovation in this area. A brief outline of the paper is given below.

### HISTORY

The history of U.S. developments and leadership in science and technology goes back 200 years to the early days of our country. Eli Whitney, who was the first of a distinguished line of American designers and inventors, had the support of high level government officials, including Thomas Jefferson, and the contractual support of the U.S. Army. Following Whitney, American inventors and American industry had an outstanding record of leadership in new technological areas. Unfortunately, as discussed in the final section on NEW TECHNOLOGY PROBLEMS, U.S. innovation is being forced into a state of decline and most organizational actions are presently inimical to the continuation of American leadership in science and technology.

The author can speak from personal experience about his 37 years devoted to the development of new instrumentation and measurement technology. In 1943, to meet World War II defense needs, he developed the design of the modern operational amplifier and new techniques for analog computation that began modern analog circuit and computer technology. Subsequently, to meet the needs of the U.S. Polaris, Poseidon, Apollo and Trident programs, his efforts were devoted to designing higher accuracy components, instruments and precision test, measurement and calibration systems. The development in 1955 of new types of precision resistors of very high accuracy, and later of new types of ultra-accurate instruments and systems made



Fig. 1 Operational Amplifier Design (1943)

the modern precision analog and high accuracy gyro navigational system possible. The impact of this work has been fairly large, with operational amplifiers, DC analog computation and ever-higher-accuracy instrumentation and measurement becoming essential to all modern scientific and technological activity.

### NEW TECHNOLOGY DRIVING FORCES AND FIGURES-OF-MERIT

Throughout most of the author's experience he has responded to extremely powerful driving forces for developing urgently needed user-oriented new technology:

- (1) Win World War II by designing new analog computation technology to control new Azon, Ronan, Roc guided missiles.
- (2) Get Polaris, Poseidon, Apollo and Trident flying by breaking performance and calibration accuracy bottlenecks on resistors, test instruments, zeners, gyros, analog computers and inertial navigation systems.

However, most design and development now taking place responds to other driving forces, which are different for the inventor, marketing manager or businessman and for the buyer or seller.

The author, who is primarily active as better mousetrap maker (inventor and builder), rather than as mousetrap seller (marketeer and businessman) would rate the following figure-of-merit factors highest in evaluating new design concepts and technology: increased accuracy, increased speed, increased sensitivity, increased range, increased convenience, increased simplicity, increased calibratability, increased repairability, increased learnability, increased effective life, increased ownership economy. Certainly everyone concerned with measurement instrumentation would agree with the importance of these strongly user-oriented figure-of-merit factors. Very often, however, emphasis in new design is given to seller-oriented factors such as early (planned) obsolescence, cosmetic changes, gimmickry and fashion pull (conspicuous consumption), largest marketability and highest profitability. There is an inherent and destructive conflict between the two sets of design evaluation factors listed above.

### PRESENT DEVELOPMENT TRENDS

As of 1970, the driving force for higher accuracy has brought JRL component, instrument and standards designs to accuracy levels as high as 3 parts in one hundred million. At the same time increases in the range and sensitivity of accurate measurement were very great, extending down to nano levels of test values and up to giga or tera levels. Now one decade later, these accuracy, sensitivity and range achievements are still more than sufficient for our present-day requirements. What we have chosen as our design problem for new instrumentation for this decade has been the substantial reduction in the cost of ownership and

cost of use of high performance instruments — primarily reduction in the labor cost of learning an instrument using it, calibrating it and repairing it.

While all designers seem to be attacking the same problem, the population of instruments of hyper-complex design is increasing rapidly. This raises questions about the learnability, simplicity and repairability of the new ultra-complex instruments. There are real concerns in industry about the ability of today's (or tomorrow's) users to operate and to repair instruments, each containing sophisticated computer hardware and software (in microprocessor form), and each requiring computer expertise for understanding the function and the repair of the instrument. Only time will tell whether the new, admittedly complex, and allegedly smart designs will prove to be smarter or less smart than their predecessors.

Current designs being carried out in JRL laboratories include a new automated instrument for oscilloscope calibration and a new instrument for automatic distortion analysis. At the present time, the calibration and repair of oscilloscopes, plug-ins, and the calibration and repair of signal and function generators is extremely time consuming. Although the total market for automated equipment to perform these calibration and repair functions is quite small, the author believes that the development of new, high figure-of-merit instruments for these applications to be worthwhile. The two new instrument designs are described in the paper.

### NEW TECHNOLOGY PROBLEMS

The experience cited above was part of an outstanding American success in technological innovation during the years from World War II to the beginning of the 1970's. However, the present U.S. climate for innovation in instrument design and technology is not favorable, and neither the commercial nor the government marketplace are as receptive to innovations in instrument technology as in previous decades. While there is increasing recognition of this problem, and in spite of the availability of plans and programs to overcome it, nothing effective or affirmative is being done to stop the resultant slippage in our new design capability.

Unfortunately, the end result of our inaction will be the unnecessary and disastrous loss of U.S. leadership in new instrument technology. Although the author has spent several years alerting our professional societies and government agencies to this problem, and in spite of ever-increasing documentation supporting his grim forecasts, neither the professional societies nor the government agencies seem to be listening.

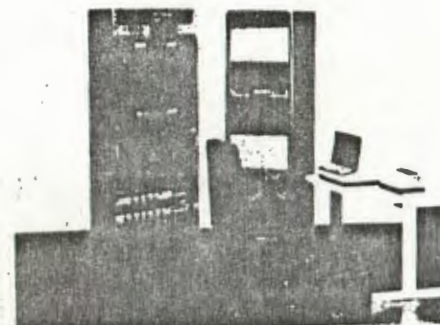


Fig. 2 Automated High Precision Measurement System (1973)

June 5, 1980

General John R. Guthrie  
U.S. Army Mat. Dev. & Read. Command  
Room 10-E-08  
5001 Eisenhower Avenue  
Alexandria, VA 22333

Subject 1. Please stop the latest, dangerously bad Army calibration procurement DAAH01-80-B-0332, opening on June 18, 1980.

2. Request for a timely meeting (week of June 8, 1980) with Army top-management (Gen. Rachmeler, Gen. Guthrie, and A. Daolas) to review these critically important and documented facts.

Dear Sir:

1. Independent examination of Army records shows 30 to 50 cents wasted out of every tax dollar given AMCC for calibration between 1970 and 1980.

2. The subject procurement will extend this level of waste to the year 2000, affecting approximately 2000 millions of calibration tax dollars.

3. During the entire 1970-1980 period the pattern of AMCC's procurements has been extremely arbitrary and highly restrictive.

4. Before each of its bad procurements AMCC has always insisted that its action was totally justified and that its restrictive procurement pattern was necessitated by overriding technical and administrative considerations.

5. The historical record clearly shows that AMCC grossly distorted and grossly misrepresented technical and administrative data wherever necessary to 'make its case'.

6. After each bad procurement, the Army's own field data eventually made it clear that AMCC had wasted millions of taxpayer dollars. Each time, AMCC merely credited itself with another 'honest mistake' or another 'unsuccessful experiment', and flipped direction to another equally arbitrary and restrictive procurement.

7. The subject AMCC procurement is a major one covering Army weapon system and Army test instrument calibration needs from year 1980 to year 2000. At an estimated 25 million for instruments and vans it is AMCC's largest procurement (or 'honest mistake' or 'unsuccessful experiment') to date, and it locks the Army into a support program costing 2000 million dollars for hardware, maintenance, personnel and training costs over the next 20 years.

8. From year 1980 to year 2000, it is expected that Army weapon system performance will increase. It is also expected that Army test instrument performance (which supports the highly sophisticated weapon systems) will correspondingly increase.

9. Unfortunately, the subject procurement of calibration equipment intended to support the improved Army test instruments, which support the improved Army weapon systems, is restricted to the procurement of archaic and obsolete DC/LF calibration instruments originally designed and commercially produced in year 1960.

10. As early as year 1970, the Army's repeated failures to pass calibration audits using this same equipment, highlighted the fact that it was insufficiently productive and was completely inadequate to support even the 1970 requirement. These deficiencies of the 1960 equipment were clearly set forth in AMCC's Project Proposal for Automated Calibration Systems (11 June 1973), together with a Benefit Analysis showing the urgently needed improvements to be realized from the procurement of suitable automated alternatives to the 1960 equipment.

11. After the 1973 proposal, AMCC restrictively procured two automated calibration systems (Brands X and Y) for Army mobile-van applications, five Brand Y automated calibration systems for laboratory use and an unknown number of brand Y automated systems for mobile van and laboratory use. AMCC consistently ignored or rejected higher performance, higher productivity and higher reliability Brand A systems which were also commercially available.

12. AMCC's gross misrepresentations and distortions of fact used to accomplish the technical rejections of Brand A systems are completely documented and make a scandalous record.

13. By year 1979, the accumulated field data on all alternatives was clear. The year 1960 manual calibration instrument performance rating was unchanged--it was still grossly inadequate. In fact, by its use there has been a major (documented) decline in Army calibration quality--from 95% of instruments in-tolerance to only 64% in-tolerance. The Brands X and Y automated equipment restrictively procured by AMCC had failed in the 'real world' because of high cost, low performance, low test throughput, low reliability, low quality and low software productivity. Commercially available Brand A, arbitrarily rejected by AMCC, had succeeded in the 'real world' because of low cost, high performance, high test throughput, high reliability, high quality and high software productivity. Many Brand A 'shootoffs' were held for high-level Army calibration and management officials, who were independent of AMCC, and their consensus, based on all of the available facts, disagreed with AMCC and supported the Brand A alternative against either the obviously inadequate year 1960 manual instruments or the unsuccessful Brands X and Y.

14. In 1978, after an almost unbroken history of restrictive and unsuccessful calibration procurements, AMCC was not relieved of the Army test instrument calibration mission, but was given the additional mission responsibility of Army test instrument repair.

15. The subject procurement is AMCC's latest arbitrary and restrictive choice of instrumentation for the Army calibration and repair mission from year 1980 to year 2000. Instead of choosing the 'real world' success (Brand A) or the 'real world' failures (Brands X and Y), AMCC has retreated to square one--to the restrictive repurchase of the inadequate, out-of-date (year 1960 design) calibration equipment.

16. Compared to Brand A, which is the best DC/LF calibration instrumentation commercially available in year 1980, the year 1960 instrumentation restrictively specified by AMCC is archaic, obsolete, non-productive and impractical. Army records clearly prove that this specified equipment was outmoded and inadequate as far back as 1970 and obviously incapable of meeting the U.S. year 1980 to year 2000 Advanced Weapon System support needs.

17. The subject procurement should be set aside not only because it is unduly restrictive, but because the support of U. S. Weapon Systems from year 1980 to year 2000 cannot afford another AMCC 'honest mistake' or unsuccessful experiment' of 2000 million dollar magnitude.

18. You have an Army management responsibility in this matter and have a choice of responding to this request either by stopping this dangerously bad procurement, or by covering it up, or by delaying which will be equivalent to covering it up.

19. In view of the urgency and gravity of this matter, I am respectfully offering to come to Washington during the week of June 8, for a timely meeting with you and the top level of Army management to review these critically important and documented facts.

Loebe Julie  
Julie Research Laboratories, Inc.

# The Washington Post

© 1983, The Washington Post Company

SATURDAY, APRIL 23, 1983

Higher in Areas Approximately 75 Miles  
From District of Columbia (See Box on A)

JACK ANDERSON

## GAO Asks Army To Reconsider Tool Developer

Loebe Julie, a small-business David who has been fighting the Pentagon Goliath for nine years over a \$10 million contract, now has two more stones for his sling. Both the General Accounting Office and the National Research Council support his claim that the U.S. Army has been giving him the runaround.

I first reported in March, 1981, that Julie had been unable to get the Army to give fair consideration to an automatic calibrator he had developed that would save taxpayers \$200 million over a 10-year period. (Efficient calibrators are crucial to the production of fine-tuned missiles and other modern weapons.) Eight months later, the "60 Minutes" television show dramatized Julie's story.

The Army was not moved—and apparently not even embarrassed—by the exposures. The brass hats assured Julie that his low bid for the calibrator contract was still under consideration. But, in fact, they stopped testing automatic calibrators and spent \$1.5 million on tests of far less versatile meter calibrators.

The tests showed that meter calibrators would cost more, not less—

something Julie had been telling the Army for years.

Meanwhile, Julie's determined, imaginative campaign—using comic books to ridicule the Army's years of dawdling—had caught the attention of GAO investigators. They concluded that the Army had not given Julie's invention adequate testing.

The GAO's findings were supported by the National Research Council, an arm of the prestigious National Academy of Sciences, which had been commissioned by the Army to do a "fair and objective" study of the situation. The study concluded that the Army's tests had been slanted against Julie.

The GAO recommended that the Army determine what percentage of its calibration workload would benefit from Julie's automatic system, and suggested an independent demonstration of the calibrator.

"The bottom line is that there's a substantial cost savings between our system and what they've been working with," Julie told my associate Charles Bermant.

As I reported two years ago, the Army's disdain for Julie's calibrator is not shared by the Soviets. Rebuffed by the Pentagon and struggling to keep his small company afloat, Julie went to Moscow in 1977 at Soviet invitation, and accepted a large order for his calibrators. On his return to the United States, Julie had second thoughts about selling to

the Kremlin, and decided not to fill the order.

Though his experience led Julie to form the Committee Against Government Waste, he denies that he's involved in a crusade. "I need the contract to continue in the high-technology field," he said. "My alternatives are to sell to the Russians or just go into the real estate business."

But occasionally Julie betrays symptoms of crusading zeal, as when he said: "I'll fight until the rascals are driven out. It's not personal, it's systemic. It affects every small high-tech company."

**Inside Track:** Interior Secretary James G. Watt has likened environmentalists to Nazis, and his minions evidently are still fighting World War II. They refused to give the National Wildlife Federation the draft regulations on water use they had furnished earlier to a lawyer for agribusiness corporations.

The regulations were written to implement a new law that would set prices and allocations of irrigation water from federal dams in 17 states. When the federation learned that the agribusiness lawyer, Robert Foley, had gotten an advance look at the regulations, it asked for a copy of the draft. No soap. The federation filed a Freedom of Information Act request. No response. Finally when the environmental group threatened legal action, Interior decided to make the draft regulations public.

# Congress Steps Up Scrutiny of Pentagon

By Fred Hiatt  
Washington Post Staff Writer

During the past several years, the Senate permanent subcommittee on investigations has probed labor racketeers, offshore banks and waterfront corruption.

This year the subcommittee and its parent committee have taken on the Pentagon and the way it develops and buys ships and weapons.

Their shift of attention indicates a trend on the Hill.

As the Reagan administration's weapons procurement program has fattened—from \$64 billion in fiscal 1982 to a projected \$123 billion in fiscal 1985—it has presented an increasingly inviting target. Though sometimes for different reasons, both liberals and conservatives have intensified their scrutiny of Pentagon procurement practices.

"Critics of the defense budget can no longer get away with arguing that we need less defense, or that the Soviet Union poses no threat to peace," Paul Thayer, deputy secretary of defense, said recently. "Now we are hearing a new argument which is more popular and more seductive . . . , the argument that we can get more for less."

But recent suggestions that the Pentagon may be getting less for more have come from such true believers in the Soviet threat as Sens. William V. Roth (R-Del.) and John G. Tower (R-Tex.), from a panel of top business executives appointed by President Reagan to study government in action and from Thayer.

• In the same speech in which he attacked the "more for less" philosophy, Thayer also charged that shoddy work by arms manufacturers adds 10 to 30 percent to the cost of weapons and equipment.

• The General Accounting Office, the investigating arm of Congress, reported that government contracts had allowed several shipbuilders to earn profits that many businesses might envy, as high as 61 percent in one case. The report confirmed allegations that Adm. Hyman G. Rickover had leveled before he retired.

• Tower, chairman of the Senate Armed Services Committee and normally a friend of the Pentagon, announced a series of hearings beginning July 26 to investigate how well the Pentagon is managed, including the procurement and testing of

weapons. Among other issues, Tower said, the hearings will focus on the possible negative effects of "multiple levels of review and longtime lapses" in weapon development.

• The President's Private Sector Survey on Cost Control reported that the Pentagon could shave at least \$28 billion a year from its budget through better management, with the largest chunk coming in weapons procurement. While acknowledging the difficulty of managing the department, the commission criticized almost every aspect of weapons testing and procurement.

The council examined 25 major weapons systems under development and found that their costs rose from an estimated total of \$104.8 billion seven years ago to \$339.2 billion today. Its report stressed that procurement is growing faster than any other component of the budget.

• The GAO also charged that billions of dollars worth of weapons are purchased before the Pentagon knows whether they will work because it does not test them adequately.

The department's deputy inspector general confirmed the charge through separate audits, saying top officials often push for full production before test results are in and sometimes do not learn from lower-level officials or contractor personnel the significance of test failures.

By last week, Pentagon officials were more than annoyed by the chorus of criticism. Thayer came downstairs to the Pentagon briefing room to attack the "misinformation" being put out.

"The U.S. is producing the best equipment in the world," Thayer said. "The testing procedures are much better than they are in any other part of the free world, and from what I know, any phase of the Russian testing complex with the possible exception of ICBMs, or intercontinental ballistic missiles.

Reagan administration officials acknowledge that the testing program, like the procurement system, has not worked well in every instance. But they have instituted several improvements, they say, and should not be criticized for past sins.

"It doesn't make any difference what you look into," Roth responded. "They come back and say, 'Everything's fine.'"

Roth said his home-state surveys show a consistently declining level of support among voters for high defense budgets.

That perceived decline so far has not translated into many lost votes in Congress for the Reagan arms buildup. But many congressmen are looking for ways to prove to the voters they are taking a stand against unwarranted military expenses, according to Rep. James A. Courter

(R-N.J.), a leader of the informal House Military Reform Caucus.

Critics of the Pentagon once again were making their case by pointing to the Maverick missile, an anti-tank weapon whose troubled history was further revealed by a memorandum released last week. The "imaging infrared" Maverick is a "smart" weapon that is supposed to be shot from a fighter jet and then find its target by locking onto the source of heat.

But tests consistently have raised questions about how well the Maverick would work in combat, and the Pentagon's chief of testing acknowledged recently that he recommended against production increases in the \$3 billion program.

Last week the Pentagon released a memo showing that top officials had decided to increase production despite that recommendation and despite test results they considered "inconclusive."

Thayer said the Pentagon is confident the problems can be resolved. And, advancing an argument that often has persuaded even critical congressmen, Thayer added: "The Maverick has had its problems, but right now it's needed."

July 6, 1983

# Washington Report

Washington, D.C., March 28, 1983

## Entrepreneur Battling Army

By Thomas Love

Loebe Julie has been trying for nine years to save the government as much as \$500 million a year, but the Army isn't interested.

Julie has been backed by the General Accounting Office, the Army's own White Sands Missile Range, two congressional committees, a number of individual lawmakers and at least two major Army investigations. The Army still isn't interested.

Julie is president of Julie Research Laboratories Inc. of New York City. His firm produces high-technology testing equipment.

The feud between Julie and the Army centers on his firm's JRL automated calibration system.

The Army, like the other armed services, uses thousands of instruments to test and troubleshoot equipment ranging from simple motors to complex missile systems.

These testing instruments must be calibrated periodically to ensure that they are accurate.

Julie has been trying to sell his system to the Army to replace the manual calibration equipment now in use. The JRL system is far faster, more efficient and could save large sums of money, Julie argues.

He says use of his system could save the Army \$825 million over a 20-year period. If the system were used throughout the Defense Department and by defense contractors — as has been suggested by senior DOD procurement officials — the savings would be \$10 billion over the 20 years, he said.

But the Army has rejected Julie's proposals at least 11 times since 1974.

But Julie hasn't been completely ignored in his arguments about the military value

of his JRL system. The Soviet Union has tried to buy it but Julie has refused.

Under congressional prodding, the Army finally ordered the White Sands Missile Range to test the JRL system in 1981. The range's calibration laboratory concluded that Julie's system was able to conduct in 24 minutes a calibration that takes one hour and 18 minutes with manual equipment.

And the JRL system would cost about \$61,000 a year to operate compared with the \$108,000 required for the manual equipment, the report said.

The Army still isn't interested.

Julie charges that the Army has deliberately locked him out of the procurement process and has not given his equipment a fair chance.

Since the fight started, he has produced two comic books depicting his treatment at the hands of Army procurement officials.

Titled "You're Not Supposed to be Mugged by Your Own Army" and "Where Were You During the Coup," they set out his case that, among other things:

- Officials refused even to test his equipment in some cases.
- The Army rejected one bid without even opening it.
- Reports were altered or facts ignored to favor other systems over Julie's.
- The Army lied in reports to Congress and the GAO.
- Decisions were made to purchase



Loebe Julie has developed an automated calibration system the Army won't buy.

BLACKSTONE SHELLBURNE NY

# Entrepreneur, Army Won't Give In

other equipment for reasons having nothing to do with efficiency or cost.

Sen. Robert Dole (R-Kan.), chairman of the Finance Committee, charged that the Army had acted "egregiously and stupidly" in dealing with Julie.

He said, "So blatantly has the Pentagon tried to cover up or obscure this episode that it is almost more charitable to ascribe motives of cupidity rather than stupidity to their handling of this matter."

An Army inspector general's team concluded that there was a bias against Julie that made it impossible for him to compete on an equal basis with other manufacturers.

Another investigation, conducted by an Army general, concluded that Julie's proposals had not been properly evaluated and that decisions by procurement officers could have misled and adversely affected Julie's ability to negotiate a contract.

After the investigations, the Army transferred the officials responsible for calibration equipment procurement.

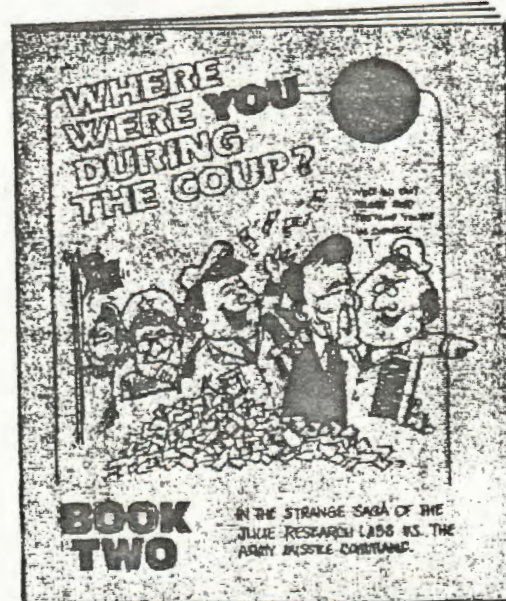
During hearings before the Senate Governmental Affairs Committee in November 1981, the Army acknowledged that Julie had not received fair treatment and suggested that the trouble may have stemmed from his personality.

"It would appear that one cannot do business in some of these procurements unless you are part of the old-boy network," said committee chairman William V. Roth Jr. (R-Del.).

In January 1982 the Army finally agreed to test automatic calibration equipment but limited the test to low-accuracy meters only.

Julie refused to participate, charging that specifics of the test were biased against his product.

An agency of the National Academy of Sciences reviewed the proposal and agreed it was improper. Congress has asked that it



"Weapons" in Julie's fight with the Army are comic books depicting his plight.

be halted and, although it has been, the Army wants to continue it.

The Defense Department surveyed users of the JRL system and concluded it "has a high capacity for calibration and measurement and great accuracy, was reliable, well-designed and of quality construction."

As a result of the assessment, last year DOD ordered the Army to buy six Julie systems for \$840,000 to keep the laboratory in business.

Julie said last week that his company has less than \$2 million in business, down two-thirds from the 1960s "because of the problems with the Army."

Congress has ordered the Army not to buy any more calibrating equipment until it reported back with a full review of its needs for automated calibration equipment.

The report has not yet been made, but on March 15 the Army asked Congress to lift the ban so it can make some purchases — but presumably not Julie's.

HERE'S A BIPARTISAN CHANCE TO CUT SCANDALOUS WASTE  
or...

WHAT EVER HAPPENED TO THE DELAUER PLAN?

Scandalous waste: definition --far beyond gross waste-- not in the gross (20%) waste range (as, for example, getting only \$1 of bang per \$1.2 tax bucks, or wasting \$320 Billions per \$1.6 Trillions), but rather in the scandalous (400%) range (i.e.--getting only \$1 of bang per \$5 of tax bucks or wasting 4 out of 5 tax dollars)

Two new General Accounting Office and National Research Council assessments<sup>(1)(2)</sup>, arising as a result of earlier Julie disclosures, criticize the Army's 1982 actions in detail. This paper is intended to be read in conjunction with the GAO and NRC reports and focuses on a major issue--- the devastating costliness to the American taxpayer of the Army's highly inefficient calibration program and of its Defense-wide consequences.

SUMMARY

1. JRL went to Congress, OSD and the Office of the President in June 1980 with serious allegations of inefficiency and procurement abuse and with an estimate of scandalous \$600 Millions of waste in the Army's calibration program.
2. As of February 1983, although the correctness of the JRL allegations was confirmed by a large number of independent government investigations and findings--by the General Accounting Office Audit Division (three), Army White Sands Missile Range, Army Inspector General, Army Audit Agency, Senate Governmental Affairs Committee, House and Senate Appropriations Committee, Office of the Secretary of Defense, National Research Council--<sup>(3)</sup>, there has not been the slightest reduction in this ongoing, easily avoidable, and totally unnecessary waste.
3. Present Defense calibration labor cost (\$50/cal) is not a mere 10% or 20% but 400% higher than the calibration should-cost (\$10/cal for the Julie system according to the Army's and OSD's officially verified data). In other words 4 out of 5 presently expended Defense calibration dollars are scandalously and unnecessarily wasted!
4. A two-part plan was suggested by Dr. DeLauer on November 25, 1981 to curtail calibration waste on a Defense-wide basis. First OSD was to perform a survey to verify that the performance of the Julie system was as claimed. Following such verification, OSD would apply the cost-saving systems on a Defense-wide basis. Unfortunately the savings part of the DeLauer plan has not been implemented<sup>(5)</sup>, even though the survey part was completed and was unusually successful<sup>(5)</sup>.
5. As a result of not implementing the savings portion of the DeLauer plan, the updated Army calibration waste will be \$825 Millions\* and tri-service and other government agency calibration waste (a multiplier of about 3 times the Army) will be approximately \$2.4 Billions. Also as a result of failure to implement the plan, Defense contractor and supplier calibration waste (a multiplier of about 10 times the Army) will be approximately \$8.3 Billions. By way of comparison, the negligible Julie system capital investments required to eliminate these losses<sup>(6)</sup> are only about \$10 Millions, \$30 Millions and \$100 Millions respectively<sup>(6)</sup>.

6. Following the favorable 1981 findings of the GAO investigations, WSMR test and evaluation, Army Inspector General investigation and Senate Government Affairs Committee, everything was in place for the Army to eliminate this waste by deployment of the Julie system. Instead, the Army mysteriously switched procurement specifications from full-performance automated calibration systems to low-grade meter testers (AMCS), and spent all of 1982, together with \$1,500,000, on a futile test and evaluation of these low-performance, workload limited devices.

7. The GAO and NRC reports strongly criticize the validity and desirability of the Army's procurements and evaluation of these AMCSs. The National Research Council assessment was contracted for by the Army specifically to "ensure the independence and objectivity of the Army's test and evaluation". The NRC states on page 36, emphasis ours:

"A result of the cost-model portion of the evaluation, however, was the conclusion that any AMCS procurement alternatives allowed by Request for Proposals No. 2 would result in a negative cost savings, that is, losses. The alternative of not buying any AMCSs at all was the most attractive choice on the basis of considering cost alone; at least no money would be lost."

Despite the emphatically negative GAO and NRC assessments, despite the meter tester (AMCS) systems negative cost savings, and despite the extensively verified high savings of the Julie system in a wide variety of environments<sup>(5)</sup>, the Army has informed OSD, incomprehensibly, that it now has no need for the Julie systems and now needs meter testers.

8. In light of these facts, it is obvious that, since November 5, 1981 the Army has deliberately acted to obfuscate<sup>(7)</sup> and stonewall the strong and virtually universal (Congressional, GAO, Army IG, Army Audit Agency, etc.) demands for corrective action. Despite promises of reform, the Army's detailed calibration procurement record for 1982 actually shows more sole-source, old-boy-network style procurements than before. The (400%) rate of calibration waste has not been reduced but has continued and is even increasing. Defense-wide, as a result of the Army's tricky one-year flirtation with meter-testers, implementation of the sensible DeLauer plan was delayed. In consequence, for every additional month of stonewalling, the taxpayer is forced to lay down a \$22.3 Millions tribute to gratuitous 400% waste.

ISN'T IT TIME FOR A RESPONSIBLE, BIPARTISAN CONGRESS,  
DETERMINED TO CUT NON-ESSENTIAL SPENDING,  
TO BRING THIS NATIONAL DISGRACE<sup>(8)</sup> TO AN END?

COMMITTEE AGAINST GOVERNMENT WASTE 211 WEST 61st STREET, NEW YORK, NY 10023 (212) 245-2727

\* Using official Army data appearing as a result of the Ambrose briefing to the Senate Government Affairs Committee, the Army Inspector General's investigation, the Bonner Study, the WSMR test and evaluation and an independent assessment by the Office of the Secretary of Defense.

## JULIE LOCOST SYSTEM

Does 350 Meter Models (Automatically) + 350 DC/LF Models (Automatically)



Equipment = 1 X \$50/day

Labor = 1 X \$13/hr\*

TOTAL COST = \$128/day to \$55/day

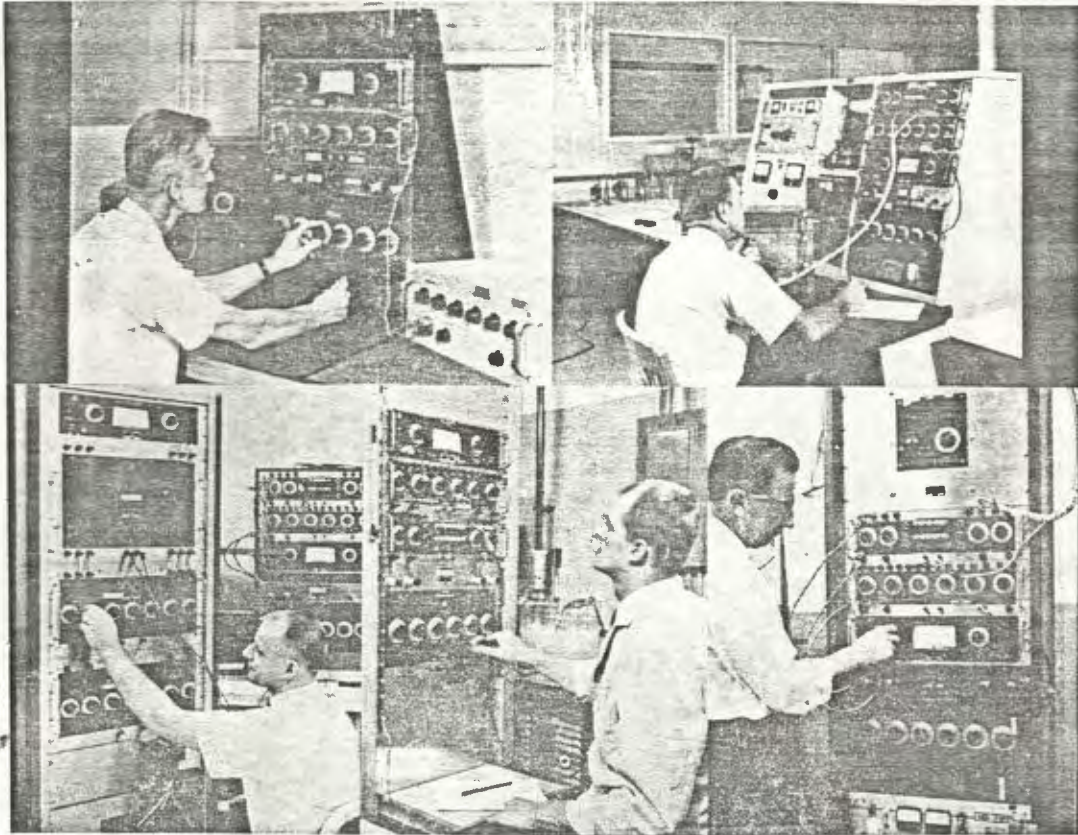
### ECONOMIC ANALYSIS

| Cal/Day   | Total Cost per day | Cost per Calibration | Total Savings/Day |
|-----------|--------------------|----------------------|-------------------|
| 1         | \$55               | \$55                 | \$17              |
| 2         | 60                 | 30                   | 59                |
| 4         | 70                 | 18                   | 142               |
| 8         | 89                 | 11                   | 311               |
| <u>16</u> | <u>128</u>         | <u>8</u>             | <u>647</u>        |

\*Burdened hourly cost at 6hrs/day net labor availability

# MANUAL CALIBRATION SYSTEM

Does 350 Meter Models (Manually) + 350 DC/LF Models (Manually)



Labor = 5 X \$25\* = \$125/hr

Equipment = 5 X \$5 = \$25/day

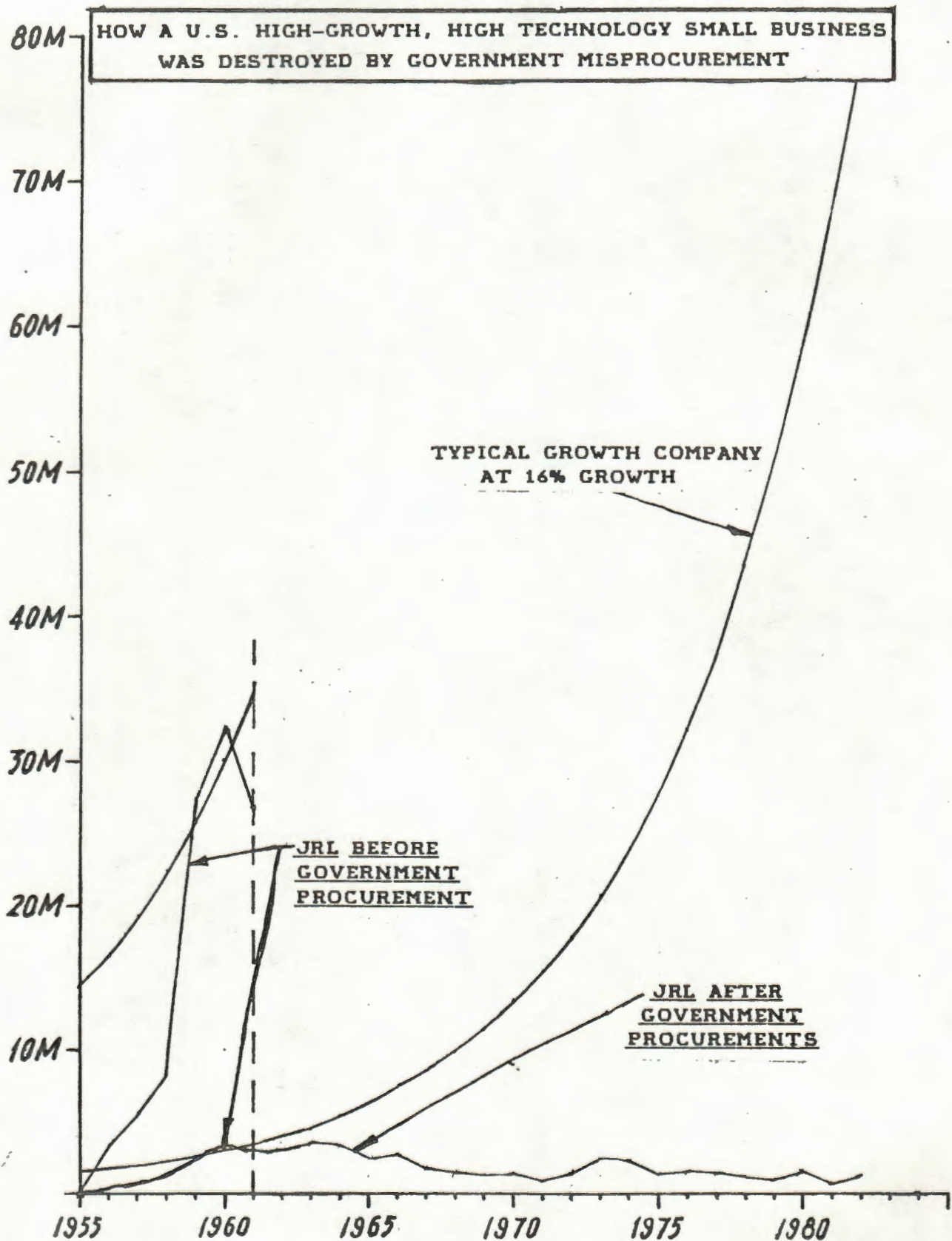
TOTAL COST = \$775/day to \$72/day

## ECONOMIC ANALYSIS

| Cal/Day   | Total Cost<br>per day | Cost per<br>Calibration |
|-----------|-----------------------|-------------------------|
| 1         | \$72                  | \$72                    |
| 2         | 119                   | 60                      |
| 4         | 212                   | 53                      |
| 8         | 400                   | 50                      |
| <u>16</u> | <u>775</u>            | <u>48</u>               |

\*Burdened hourly cost at 6hrs/day net labor availability

JRL  
LOSS OF SALES GROWTH



★ **EXTRA** ★



**THE JULIE TRIBUNE**

FINAL  
WALL STREET  
CLOSING  
COMPLETE 50  
...

Published by Panda Press

# PRES. WEAKENS DEFENSE, DEPORTS U.S. SCIENCE

**\*\*STOP\*\***  
**THIS GROSS MILITARY WASTE**  
**JEOPARDIZING U.S. SECURITY!**



# Tells Mil. Contractors To Improve Quality

WASHINGTON — Deputy Secretary of Defense Paul Thayer, acknowledging that the nation is not getting its "money's worth," told a group of military contractors last week they could cut from 10 per cent to 20 per cent of their costs by implementing stringent quality controls.

Mr. Thayer, former chairman of LTV Corp. who took over the No. 2 position at the Pentagon from Frank Carlucci last January, said the credibility of the Defense budget was undermined every time there was a story about expensive military hardware that didn't make the grade.

The cost of correcting defects in weapons and equipment, according to Mr. Thayer, represents "billions of dollars" when the over all budget is considered. "The cost to the taxpayers of this scrap, rework and remanufacture should be of concern to everyone."

At the same time, however, Mr. Thayer lashed out at the critics of the Reagan Administration who are putting forth a "more popular and more seductive" argument. "More often than not, what the defense critics are really proposing is not 'more for less,' but 'more of the same — only less,'" he said.

## Contractors' Conference

Mr. Thayer said the high-performance systems that are needed for military preparedness can only be expected to cost more, because "quality is not cheap." He was speaking at Bottom Line 2, a conference of military contractors sponsored by the Defense Logistics Agency.

Symptomatic of the problem Mr. Thayer was addressing are the number of electronics firms that have been cited for not adhering to the high quality standards required for maintaining their status on DLA's Qualified Products List (QPL).

As reported earlier, Raytheon Co., Schlumberger/Fairchild, National Semiconductor, Precision Monolithics, Inc., and Advanced Micro Devices, Inc., were suspended at one time from the QPL for improperly testing semiconductor devices. Of the companies, only AMD's suspension is continuing since last September.

Quality assurance problems also were discovered last year at two Motorola plants and corrective action was ordered. At the conference, William J. Weisz, Motorola's chief operating officer, suggested incentives to both labor and management would improve quality.

The theme of greater commitment to quality also was reiterated by Hewlett-Packard Co. chairman David Packard and by Lockheed Corp. chairman Roy Anderson. Both said the chief executive of a company and its top management must show a personal commitment to quality.

Rear Admiral Frank Collins, who heads DLA's quality assurance program, said the impatience of the military was also to blame, for often wanting a weapons system to go into production before it was ready.

Mr. Thayer said the Pentagon's management reforms, such as multi-year budgeting, and budgeting that takes into account the later need for spares, would provide contractors stability and improve the agency's weapons procurement program.

"We are not going to get more for less, though I wish we could," he said, "but we will have to get more for more, or we will see our resources dry up and the consensus for stronger defense wither."

## Can the Pentagon Save a Bundle?

The idea that smarter shopping would save billions for the Pentagon got a 21-gun endorsement last week from a Presidential task force of business executives.

The group ticked off 40 steps the military could take to save \$32 billion over the next three years, much of it by taking away weapons-buying authority from the individual services and by increasing competition for munitions contracts. The group said it had found that between drawing board and production line, the cost of 14 weapons in particular had risen from \$30 billion to \$82 billion.

The report, the handiwork of the President's Private Sector Survey on Cost Control, was the sixth in a series that began 15 months ago. Their recommendations landed with a thud at the Pentagon. Secretary of Defense Caspar W. Weinberger, who said that it would be "cruelly unfair for the American people to perceive that vast savings can be realized within a very short time," insisted that great strides had already been taken toward improving efficiency. Further, he said, the group's suggestion that qualification time for a military pension should be extended from 20 to 30 years would "create havoc with the morale and readiness of our troops." Capitol Hill isn't likely to smile on a suggestion that \$2 billion to \$5 billion a year could be saved by closing useless military bases.

# WHERE WERE YOU DURING THE COUP?

MUST  
READING  
FOR ALL U.S.  
CITIZENS



## BOOK TWO

IN THE STRANGE SAGA OF THE  
JULIE RESEARCH LABS VS. THE  
ARMY MISSILE COMMAND.