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Chief of Staff-Designate Transition Files 11/88-1/89: Correspondence - December [2][2]

Stack:	Row:	Section:	Shelf:	Position:
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OFFICE OF THE PRESIDENT-ELECT
WASHINGTON, D.C. 20270

December 8, 2988

Dear Jim and Bobbie:

Many thanks for your kind letter of November 27. It was good to hear from both of you. I appreciate your warm words of congratulations, and hope to prove worthy of the trust that the President-elect has conferred upon me. We are working very hard to lay the groundwork for a successful Bush presidency.

Jim, I too remember with fondness the first time we met a little over a decade ago, and appreciate our friendship. Bobbie, thanks for your offer of help with the Washington real estate market. We are not sure about housing yet, but will keep your offer in mind.

Thanks again for writing. I hope that we can get together very soon.

Best wishes.

Sincerely,



John H. Sununu

Mr. & Mrs. James H. Lake
4613 Foxhall Crescents, NW
Washington, D.C. 20007

Mr. and Mrs. James H. Lake

4613 Foxhall Crescents, N.W.

Washington, D.C. 20007

Ed duBy

0120
0120 REC

November 30, 1988

Honorable John Sununu
Bush/Quale
1825 Connecticut Avenue, NW, Suite 1015
Washington, DC 20207

Dear John:

Since you have already heard from Jim, I want to add my congratulations to you on a terrific campaign and on your appointment as chief of staff. Jim and I talked often about how hard you worked in George Bush's behalf, and we very much wanted you to be a part of his administration in whatever capacity you chose.

You are probably beginning to get an idea of the challenges which lie ahead in your new office, but if you handle them with even half the aplomb and good nature with which you disposed of Jesse Jackson on the Phil Donahue Show, the nation is indeed in good hands.

You may find that your first challenge in Washington is finding appropriate housing, and I would appreciate the opportunity to assist you in that effort. I am a sales associate with Pardoe Real Estate, the pre-eminent brokerage company in this area. With four offices and over 180 seasoned professionals, we are able to offer you the type of services which will aid you in smoothly and satisfactorily relocating to the Washington, DC area.

If Nancy is in charge of the house search, please let her know that I can provide you with information to help you refine your search and reduce your time of housing uncertainty. I am enclosing my business card for your convenience in contacting me at any time, day or night.

Again, congratulations and the very best of holiday merriment to you and your family from Jim and me.

Sincerely,

Bobbie

Bobbie C. Lake

Robinson, Lake, Lerer & Montgomery

Robinson, Lake, Lerer & Montgomery
1667 K Street, N.W.
Suite 900
Washington, DC 20006
202-457-9270

James H. Lake
Chairman

05DEC 1988

November 27, 1988

341-0008

Governor John Sununu
President-elect Bush
1825 Connecticut Avenue, NW
Washington, D.C. 20270

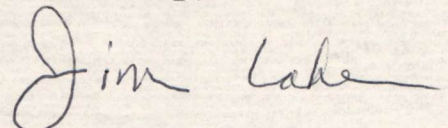
Dear John:

Congratulations on being selected by President-elect Bush to be his Chief of Staff. He has made a superb choice! I know that you will do a tremendous job in creating a White House structure capable of supporting the President's programs. I expect it will be thorough and energetic.

I shall always remember, fondly, the very first time we met when you were kind enough to drive me from Logan Airport to Concord on one of my many trips to New Hampshire during the 1976 Campaign. I recall that you were interested in running for the Senate and that you had high expectations and ambitions. When your Senate campaign was unsuccessful, I was disappointed, of course. I had no way to know then that you would go on to such higher and better opportunities.

You and Nancy have been a great first family for New Hampshire. I have no doubt that you will add a great deal to the Presidency of George Bush.

Sincerely,



James H. Lake

OFFICE OF THE PRESIDENT-ELECT
WASHINGTON, D.C. 20270

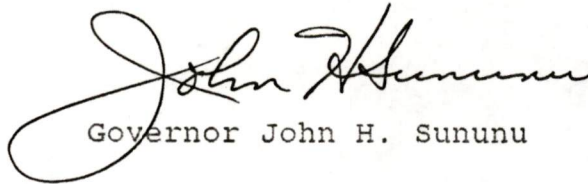
December 8, 1988

Dear Mr. Ambassador:

Many thanks for your kind letter of November 21. I appreciate your warm words of congratulations, and hope to prove worthy of the trust that the President-elect has conferred upon me.

Please accept my best wishes for you, and your family as well as the people of Egypt.

Sincerely,

A handwritten signature in dark ink, appearing to read "John H. Sununu", written in a cursive style. The signature is positioned above the printed name of the Governor.

Governor John H. Sununu

His Excellency
El Sayed Abdel Raouf El Reedy
Ambassador of Egypt
2310 Decatur Place, NW
Washington, D.C. 20008

0 5 DEC 1988

341-0007

THE AMBASSADOR
OF EGYPT
WASHINGTON, D. C.

November 21, 1988

The Honorable John H. Sununu
Governor of New Hampshire
Old Executive Office Building
Room G-1
724 17th Street, N.W.
Washington, D.C.

Dear Governor Sununu:

I received the news of your appointment as Chief of Staff
to President-Elect George Bush with utmost pleasure.

On this occasion, I would like to convey to you my heartiest
congratulations and best wishes of success.

With my highest regards,

E. El Reedy

~~EI Sayed Abdel Raouf El Reedy~~
Ambassador of Egypt

OFFICE OF THE PRESIDENT-ELECT
WASHINGTON, D.C. 20270

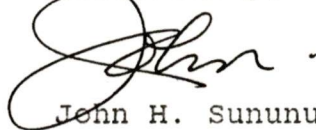
December 8, 1988

Dear Brother Phi Sig Whitfield:

Many thanks for your letter of November 28. I appreciate your warm words of congratulations, and hope to prove worthy of the trust that the President-elect has conferred upon me. Thanks, also, for your kind words about my speech to the 50th General Convention of Phi Sigma Kappa.

Best wishes.

Fraternally,

A handwritten signature in dark ink, appearing to read "John H. Sununu", with a stylized flourish at the end.

Mr. James S. Whitfield
Member, Grand Council
Phi Sigma Kappa
International Fraternity
14067 Westernmill Drive
Chesterfield, MO 63017



PHI SIGMA KAPPA
FRATERNITY

0074

November 28, 1988

The Honorable John H. Sununu
Chief of Staff
President George Bush
The White House
Washington, D.C.

Dear Brother Phi Sig Sununu:

Congratulations on your selection to be Chief of Staff to President George Bush. This is a great honor and a super responsibility.

I am confident that you will adhere to the Cardinal Principles of Phi Sigma Kappa and to the Phi Sigma Kappa Creed as you accept and carry out the many responsibilities you now assume.

I remember well your address to the 50th General Convention of Phi Sigma Kappa in Washington, D. C., in August 1985. It was a message of the future.

My sincere best wishes as you continue to serve the community, state and (now) the nation.

Fraternally yours,

James S. Whitfield
Member, Grand Council
Phi Sigma Kappa International Fraternity

JSW:rc

Handwritten
12-8
Will do
handwritten note:



07 DEC REC'D

December 5, 1988

Dear John - Saw a picture of you
shining in what is obviously your last
vacation and thought I should write
and say formally what I said in
Virginia - congrats to both you and
the President. The Governors who were
not necessarily your friends now adore
you and we who always adored you
have that warm, wonderful feeling
down both pants legs! *Jim*

The Honorable James R. Thompson
Governor of Illinois
State Capitol
Springfield, Illinois 62706



12/8/88

Dear Jim,

Thanks for your note, and
for being an "old" friend!

I will remember the
difference.

John.

OFFICE OF THE PRESIDENT-ELECT
WASHINGTON, D.C. 20270

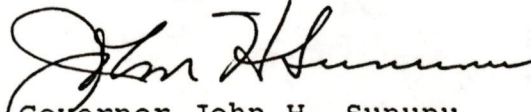
December 8, 1988

Dear Mr. Coors:

Many thanks for your letter of November 28. We appreciate your concern about the problems of illicit drug traffic and alcohol abuse, as well as your desire to engage in a constructive dialogue about these issues. I have passed your letter to our staff at the Office of Policy Development for their review and action. They will contact Mr. Sanders when they need more information.

Best wishes.

Sincerely,



Governor John H. Sununu

Mr. Peter H. Coors
President
Adolph Coors Company
Brewing Division
Golden, CO 80401



Adolph Coors Company
Brewing Division
Golden, Colorado 80401

342-0011

06 DEC 1988

November 28, 1988

Mr. John H. Sununu
c/o: The Bush Transition Team
1825 Connecticut Avenue
Washington, DC 20270

Dear Mr. Sununu:

Congratulations on being selected to the New Administration as the Chief of Staff. I have written to President-Elect George Bush expressing my confidence that the Administration will present a balanced approach to the problems of alcohol abuse. We are particularly concerned that your new Secretary of Health and Human Services, as well as the new "Drug Czar", be aware of the significant progress that the alcohol beverage industry and the related trade associations have been making in the area of prevention and treatment of alcoholism for some number of years.

There is concern by many leaders in the alcohol beverage industry that a number of those in the outgoing Administration, who were selected to lead the agencies under the "Public Health Service," have overlooked many rational solutions to the real problems. James Sanders, President of The Beer Institute, Fred Meister, President of the Distilled Spirits Council of the United States, John DeLuca, President of the Wine Institute and Ron Rumbaugh, President of the National Beer Wholesalers Brewers Association have been constructively active in dealing with the alcohol abuse issue and wish to continue to do so. The inclusion of these individuals as participants in the selection of appointees and also in the policy-making involvements, in this area, would be greatly appreciated.

As an industry, we are widely acquainted with the ramifications of alcohol problems. We are particularly concerned that the problems of illicit drug traffic and alcohol abuse not be mingled and confused. We respectfully request an opportunity to share these views with the transition team. Our ultimate objective is to restore the effective partnership which once existed between government and this industry.

May I recommend that contact be made with James Sanders, President of The Beer Institute. Mr. Sanders is willing to take a leadership role in establishing a coalition from within the alcohol beverage industry, which will define the salient aspects of our effective programs and will recommend qualified candidates to administer the programs.

Very truly yours,

Peter H. Coors
President

Attachment

James Sanders, President
The Beer Institute
1225 Eye Street, NW
Washington, DC 20005

John DeLuca, President
The Wine Institute
165 Post Street
San Francisco, California 94108

Fred Meister, President
The Distilled Spirits Council of the United States
1250 Eye Street, NW, Suite 900
Washington, DC 20005

Ron Rumbaugh, President
National Beer Wholesaler Association
Suite 1600, 5205 Leesburg Pike
Falls Church, Virginia 22041

AA25/al

OFFICE OF THE PRESIDENT-ELECT
WASHINGTON, D.C. 20270

December 8, 1988

Dear Dr. Wright:

Bobby Holt was kind enough to forward me a copy of your letter of November 18th, concerning the real and imagined problems with the nuclear weapons industry. Your suggestions seem sensible at first glance and certainly deserve closer scrutiny.

As you may already know, the White House staff and structure is currently in a formative stage, and so there is little that I can do in the short term to introduce your recommendations or pass them on through the appropriate channels. There is clearly a need to bolster the performance of our industry in a timely fashion, since a failure to do so now might have dire consequences for our nation in the future. Part of the solution is undoubtedly technical - we must work harder to insure that mechanical and/or human failures are reduced to minimal levels of risk - and part is also perceptual -- the public must be better informed.

I will keep your recommendations in mind as the Bush Administration begins to wrestle with this delicate and pressing problem, and I thank you for taking the time to send them along.

Please accept my warmest wishes for you and your family during this holiday season.

Sincerely,

A handwritten signature in dark ink, appearing to read "John H. Sununu", written in a cursive style.

Governor John H. Sununu

Dr. James F. Wright
Wright, McKague & Associates
514 Petroleum Building
P.O. Box 2991
Midland, Texas 79702



341-0126

06 DEC REC'D

The American Bicentennial Presidential Inaugural

Co-Chairmen
Bobby Holt · Penne Percy Korth

November 21, 1988

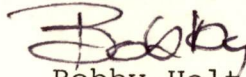
Gov. John H. Sununu
C/O Presidential Transition
1825 Connecticut Ave., N.W.
Washington, D.C. 20270

Dear Governor Sununu:

Enclosed is a letter that was sent to my office in Midland from a George Bush supporter. He raises some viable concerns which should be addressed by someone within the Bush Administration. I would appreciate your help in directing this to the appropriate person at your earliest convenience.

Congratulations on your appointment and if I may be of any assistance, please do not hesitate to contact me.

Sincerely,


Bobby Holt

WRIGHT, McKAGUE & ASSOCIATES

*Identification and Management
of Environmental Problems*

James F. Wright, PhD

Bruce W. McKague

514 Petroleum Building
214 W. Texas Street
P.O. Box 2991
Midland, Texas 79702
915/685-0023

TS-11/88-11
November 18, 1988

Robert B. Holt
303 West Wall, Suite 2200
Midland, Texas 79701

Dear Bobby,

I'm sure glad the election is over and it ended with George winning the way he did. I hope we can convince the MISD Board to name the new elementary school after the President-elect. As you may, or may not know, that issue is on the agenda for their meeting on the 29th of this month. As a campaign worker and a past worker in the nuclear-weapons complex, I would like to express my concerns about a technical problem that needs both a technical and a political solution. I'm sure, that after reading this letter you will know where in the new administration to send it.

Over the past month or so I have watched several news reports and read many articles that describe radioactive and chemical contamination at several Department of Energy - Division of Military Application facilities. There is also the problem of what to do with the nuclear waste generated by weapon-production facilities. We have seen adverse publicity like this every since the Manhattan Project began during World War II. This type of publicity has been detrimental to the nuclear industry as a whole and not just the nuclear-weapons community. I believe it is time for a political "damage control" effort by the new administration. All too often the Department of Energy - Division of Military Applications has not been sensitive to political problems and solutions. I believe a strong and sure signal should be sent by the new administration to the people of the affected communities, and the country as a whole. This letter outlines one set of options that I believe may allow the nuclear-weapons program to effectively operate and maintain our nation's stockpile. It is with this thought in mind that I am writing this letter.

I have worked at three Atomic Energy Commission/Energy Research and Development Administration/Department of Energy facilities and have visited several others as part of my past job duties. The three at which I worked were the Ames Laboratory (Ames, Iowa), Pacific Northwest Laboratory (Richland, Washington) and Los Alamos National Laboratory (Los Alamos, New Mexico). While I was employed at these laboratories I was very cognizant of the dangers that were involved in handling the materials which we worked. However, as you can tell, I always worked in research facilities and not production facilities. The people at these

research facilities are highly trained scientists and are very much aware of the dangers associated with the materials they handle. The Fernald, Savannah River, Rocky Flats and Hanford facilities from which potential safety and environmental problems have been widely reported are all "production" oriented and the people that seem to be the most affected are innocent citizens or "blue collar" workers and not scientists. I believe our government must "own up" to its responsibility to this population segment and regain its credibility with them. As long as there is a hint of a "cover-up", the stature of the government suffers in the eyes of its citizens. I believe every effort must be made to lay all the cards on the table involving matters of safety of these people. Furthermore, I believe this can be done without the sacrifice of national security information.

I propose that the executive branch should immediately set up an independent investigative office to go to these "trouble spots" like Fernald and do whatever analysis and investigation is needed to "find the truth". This office would then make recommendations directly to the President as to what should be done to correct the problems, if they exist. These recommendations would be "public record" and available to all. The investigative and analytical effort would be paid from the operating budget of the violating facility if problems were found. This would provide an "operating penalty" to facilities that did not identify and correct their own problems before they got out of control. If no problems were found, the expense could be covered by the executive branch or other fees from violating facilities.

As long as this agency was independent and composed of a team of strong and sensible investigators it would perform the following tasks.

1. It would help restore the credibility of the government with the people.
2. It would help quiet the misinformed anti-nuclear faction of the population.
3. It would help give the Bush administration an anti-corruption reputation.
4. Most importantly, it should help the country maintain its nuclear-weapon stockpile.

Please call me if you wish to discuss this with me in the future and thank you in advance for your help.

Yours truly,



James F. Wright, PhD

OFFICE OF THE PRESIDENT-ELECT
WASHINGTON, D.C. 20270

December 8, 1988

Dear Paul:

I'm glad we had the opportunity to meet this afternoon. Over the next few weeks, I will be counting on the support and counsel of friends like you.

Thank you also for bringing Mildred Weber, Michael Lewis, and Thomas Burch to my attention. I will forward their materials to the staff in personnel and ask them to keep me informed of their status.

Best wishes to you and your family during this holiday season, Paul, and thanks for coming by today.

Sincerely,



John H. Sununu

Mr. Paul Weyrich
Free Congress Foundation
721 Second Street, N.E.
Washington, D.C. 20002

*I thought today's
meeting went well.*

*I will keep trying
to keep things moving
in the right direction.*

OFFICE OF THE PRESIDENT-ELECT
WASHINGTON, D.C. 20270

December 9, 1988

Dear Bob:

It was great meeting with you today. I really enjoyed our conversation, and look forward to working with you to shape the third century of American federalism.

Let's get together again soon. Best wishes to you and your family this holiday season.

Sincerely,



Governor John H. Sununu

Mr. Robert B. Hawkins
Chairman
Advisory Commission on
Intergovernmental Relations
Washington, D.C. 20575



ADVISORY
COMMISSION ON INTERGOVERNMENTAL RELATIONS
WASHINGTON, D.C. 20575

December 5, 1988

MEMORANDUM

TO : John H. Sununu
Vice Chairman, ACIR

FROM : Robert B. Hawkins, Jr. *RBH*
Chairman

SUBJECT : Intergovernmental Issues for the Presidential
Agenda

Let me congratulate you again on your appointment as Chief-of-Staff for President-elect George Bush. After years of outstanding service as Governor of New Hampshire, Chairman of NGA, and Vice Chairman of ACIR, the nation has much to look forward to from your service in the new Administration.

The ACIR stands ready to cooperate with the Administration and the Congress in addressing intergovernmental issues. Two essential steps are:

1. To encourage the Administration and the Congress to give high priority and visibility to intergovernmental relations and the need for balance in the federal system, and
2. To utilize the experience and research of ACIR in a central way to examine options and help formulate intergovernmental policy.

With appropriate resources, ACIR could conduct public hearings around the country, convene working groups of private citizens and public officials, conduct policy research, and publicize initiatives.

The overriding issue is balance in the federal system, to which you and ACIR have already devoted much attention. Many state and local officials are debating this issue, but they need Administration support to press ahead and avoid being diverted from general reform of the federal system by the important, but narrower, issue of tax-exempt state and local obligations.

Under the rubric of balance, there are several salient issues:

1. Federal preemption of state and local authority,
2. Regulatory relief and flexibility for state and local governments,
3. Unfunded mandates on state and local governments,
4. Intergovernmental tax comity,
6. Competition between federal assistance to persons and federal aid to places.

On the last point, many city officials are pressing for a presidential task force or Council of Urban Advisors. If such a council is created, consideration should be given to balanced representation. While some three-quarters of Americans live in urban areas, only about one quarter live in cities having 100,000 or more residents. About one half of the American people live in medium-size and small communities within metropolitan areas, while another one quarter live outside of metropolitan areas.

The more fundamental issue, though, brings us back to the question of balance, in this case, the role of local governments in the federal system. That role has been substantially shaped by direct federal-local ties and aid. The fiscal realities of today, however, along with the urban-rural dispersion of Americans, require a new understanding of federal-local relations, one that places greater emphasis on state-local ties and interlocal relations, while still recognizing that federal policies in many fields have direct positive and negative effects on local communities.

In short, it is possible to think in terms of shaping the third century of American federalism. The first century was shaped by the accomplishment of the Founders and the tragedy of the Civil War. The second century was shaped by the Progressives and the New Deal. President Reagan has begun to shape the third century of American federalism, and now the torch has been passed to George Bush.

OFFICE OF THE PRESIDENT-ELECT
WASHINGTON, D.C. 20270

December 9, 1988

Dear Pat:

It was great visiting with you today. I really enjoyed our conversation, and look forward to an ongoing dialogue on a wide range of issues. Pat, we want to have the benefit of your wise counsel during this crucial formative stage of the Bush administration and beyond.

Thanks for bringing Messrs. McCormack, Curry, and Halliday to our attention for government posts. George Bush is looking for the very best talent to staff his administration, and we are grateful for your valuable help in this important matter. These gentlemen's credentials are impressive, and your recommendation only adds to their stature. We appreciate their desire to serve the President-elect, and I'll make sure that they receive serious consideration.

Once again, Pat, it was a pleasure meeting with you today. Let's get together again soon. Best wishes to you and your family this holiday season. God bless.

Sincerely,



John H. Sununu

Mr. Pat Robertson
Chairman of the Board
Chief Executive Officer
CBN Center
Virginia Beach, VA 23463

OFFICE OF THE PRESIDENT-ELECT
WASHINGTON, D.C. 20270

December 9, 1988

Dear Michael:

I am glad we had the opportunity to meet with you this afternoon.

Over the next few weeks, we will be reaching out to all our friends for advice on a wide range of issues. I especially hope we can count on your counsel during this crucial formative stage of the Bush administration.

Best wishes to you and your family during this holiday season, Michael, and thanks for coming by today.

Sincerely,

A handwritten signature in dark ink, appearing to read "John H. Sununu", with a stylized flourish at the end.

John H. Sununu

Mr. Michael Joyce
Executive Director
Lynde and Bradley Foundation
777 East Wisconsin
Suite 2285
Milwaukee, Wisconsin 53202

OFFICE OF THE PRESIDENT-ELECT
WASHINGTON, D.C. 20270

December 9, 1988

Dear Phyllis:

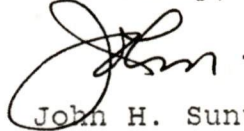
I am glad we had the opportunity to meet this afternoon.

Thank you for bringing in the child care material. I will follow through on this and I think you will be pleased with the results.

I am holding your recommendations of Grover Norquist and James Frelk. I will give serious consideration to Mr. Norquist's possibilities in the White House, and I will encourage Mr. Frelk's opportunities in the National Security Affairs office.

Best wishes to you and your family this holiday season, Phyllis, and thank you for coming by today.

Sincerely,

A handwritten signature in dark ink, appearing to read "John H. Sununu", with a stylized flourish at the end.

John H. Sununu

Ms. Phyllis Schlafly
68 Fairmont
Alton, Illinois 62002

OFFICE OF THE PRESIDENT-ELECT
WASHINGTON, D.C. 20270

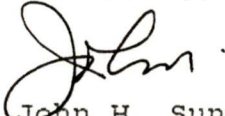
December 9, 1988

Dear Peter:

Many thanks for your kind note. I appreciate your warm words of congratulations and good wishes. I am fortunate and thankful to have the support of friends like you.

Best wishes to you and your family this holiday season.

Sincerely,


John H. Sununu

Mr. Peter J. Connell
Vice President
Aetna
1667 K Street, N.W.
Washington, D.C. 20006

Give my best to Tom!



Suite 400
1667 K. Street N.W.
Washington, D.C. 20006
(202) 223-2821

Peter J. Connell
Vice President and
Washington Counsel

343-0007

DEC 7 1988

12/5/88

Dear John,

Just a note of
congratulations on your
appointment.

We are all very
proud of you.

Incidentally, my
wife's brother is
Tom Darty who preceded
you as the Colonel at
La Salle.

Best wishes for
every success.

Peter

OFFICE OF THE PRESIDENT-ELECT
WASHINGTON, D.C. 20270

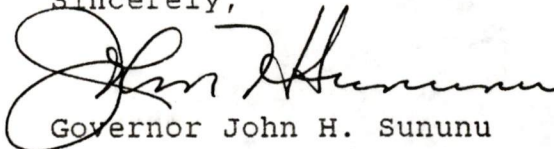
December 9, 1988

Dear Mr. Weinchel:

Many thanks for your kind letter of December 5. I appreciate your warm words of congratulations, and hope to prove worthy of the trust that the President-elect has conferred upon me. Thanks, also, for the copy of your 1986 editorials, the IEEE press book, as well as your generous offer of help.

Best wishes to you and your family this holiday season.

Sincerely,



Governor John H. Sununu

Mr. Bruno O. Weinchel
Weinschel Research
Foundation, Inc.
P.O. Box 576
Gaithersburg, MD 20877



IEEE

THE INSTITUTE OF ELECTRICAL AND ELECTRONICS ENGINEERS, INC.
345 EAST 47TH STREET, NEW YORK, N.Y. 10017-2369, U.S.A. TELEX 236411

U 7 DEC REC'D

BRUNO O. WEINSCHEL
1986 PRESIDENT

342-0040

PLEASE REPLY TO:

P. O. Box 576
Gaithersburg, MD 20877
301-948-8342
FAX 301-869-9738

December 5, 1988

Governor John H. Sununu
Governor of New Hampshire
Chief of Staff, Bush White House
1825 Connecticut Avenue, NW
Washington, DC 20270

Dear Dr. Sununu:

For many years, the IEEE and the other founder societies (ASME, ASCE, AICHE), including the NSPE, have endeavored to channel technologically educated people into top policy making government positions. I am delighted to see you, a former professor of mechanical engineering, in such a responsibility.

I am also delighted to see that President-Elect Bush has decided to elevate the office of the presidential science advisor to greater importance by planning to make the Chief of the Office of Science and Technology Policy (OSTP), to be an Assistant to the President and a member of the Economic Policy Council.

I am a life member of the Republican Senatorial Inner Circle (copy of certificate attached). Jay Keyworth, Bill Graham's predecessor as Chief of OSTP, and I had many discussions on policies dealing with better engineering education, an expanded National Science Foundation, total quality a la Deming in industry etc., etc. He is a good sailor and we enjoyed sailing together on my 28-foot boat out of Solomon's on the Chesapeake.

Permit me to enclose a few items:

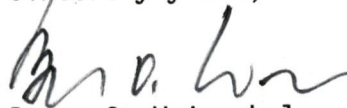
Thank
you

A copy of my 12 editorials as 1986 IEEE President
A copy of the IEEE press book on Engineering Excellence

Dr. John H. Sununu
December 5, 1988
Page 2

The IEEE has 300,000 members. We have a local Washington office with an annual budget of almost three million dollars. I am a resident of this area since 1949 when I supervised a section at the National Bureau of Standards, now the Institute for Standards and Technology (NIST). I founded and ran a high tech company since 1952, Weinschel Engineering Co., Inc. which I sold two years ago. If you think that the IEEE or I can be of any help, please contact me. In the last 10 years, I have worked with some of the Congressional Committees dealing with Technology, Competitiveness and Government Organization.

Sincerely yours,


Bruno O. Weinschel

BOW/tfh

(File: Follow-Up)

Enclosures: 1) Certificate
2) Editorials
3) Book on Engineering Excellence



IEEE

BRUNO O. WEINSCHTEL
1986 President

The Institute of Electrical and Electronics Engineers, Inc.
345 East 47th St. New York, NY 10017-2394, U.S.A.
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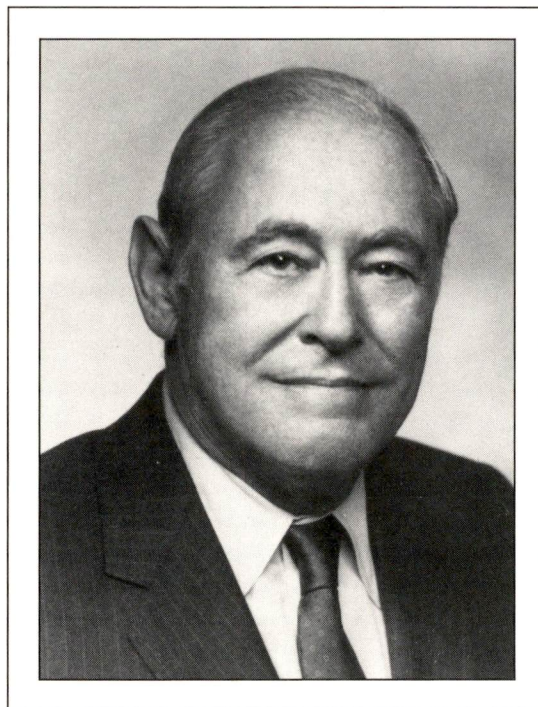
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The President's Columns
1986
Bruno O. Weinschel



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Keeping up-to-date

Keeping up-to-date is no easy matter for engineers and engineering managers. This is perhaps the principal challenge facing our profession today, and during my ensuing term as President I intend to give it my highest priority.

IEEE has made noble attempts in the past to play a role in continuing education. Unfortunately, the challenge is so complex today that no single organization by itself can make significant inroads. As we all know, technology has been changing; new technologies and tools are emerging. This phenomenon is worldwide, with some differences in various parts of the world. These changes also differ for the major branches of engineering. They may be most severe in electrical and computer engineering, while less so in civil engineering. The field of chemical engineering is being affected through the introduction of biotechnology.

In addition to adjusting to changing technology, our field requires the knowledge of many disciplines. In my own work in microwave components and measurements, one needs to be skilled in mechani-

cal engineering and fabrication processes, physical chemistry, solid-state physics, electromagnetic theory, computers, and instrumentation. Besides skills in technical areas, one needs indoctrination in engineering or industrial practice, principles of management, and effective verbal communication. Obviously, there is little opportunity to compress all of this knowledge into a four-year baccalaureate program.

To supplement basic university education and keep the engineer current is the job of continuing education. Engineers themselves must often take the initiative; but their incentives to do so vary. To be a competent engineer implies lifelong learning. Some of that, of course, is accomplished by challenging job assignments that require an expansion of an engineer's knowledge base and through association with knowledgeable colleagues and technically superior supervisors.

However, managers and even corporations must share in the responsibility for continuing education of engineers; they will also reap the rewards. We at IEEE must

embark on a program to identify the true education needs of the engineer—during all phases of his or her career—and then endeavor to become an important partner in the solution. Methods and delivery mechanisms will vary. Those entities providing viable programs will be encouraged to continue to do so, whether they are part of IEEE, universities, or private educational enterprises. Corporations will be encouraged to participate.

We intend also to pursue the real questions of who should be funding continuing education research, course development, and delivery systems. Should governments be involved, and if so, to what extent? Education—technical education in particular—can restore, preserve, and maintain the human capital that would otherwise become a dwindling resource for any nation.

As we pursue this challenge, I earnestly solicit your input—at first in helping to define needs and later in determining ways to satisfy them. As together we make progress, I will report it in subsequent columns during the course of the year.

Engineering excellence

The 1986 Annual Meeting of the IEEE will take place in San Jose, Calif., on Feb. 18–19.

The task of organizing this first-of-its-kind meeting was assigned to me by the Board of Directors in 1985, and the challenge has been an exciting one. Because engineering excellence has always been a topic of great concern to me, I was pleased to find strong support when I suggested it as a theme for the meeting.

The end objectives of engineering excellence are universal, of course, yet the way in which it is achieved differs in different parts of the world. Even so, it is possible that we all, despite cultural differences, can learn from one another. Accordingly the topic of the 1986 meeting is "The Impact of Cultural Values on Engineering Excellence."

I was fortunate to be able to visit Europe and the Far East in recent months, where I learned something of the different patterns of utilizing engineers in those regions. I was also fortunate to serve as a principal investigator, along with Russ

Jones, vice president of academic affairs for Boston University, in a National Science Foundation study on engineering utilization. It was interesting to compare the results of the study, which covers 57 locations of 22 major high-technology employers of engineers, with what I learned during my trips to Europe and Asia. The great emphasis in various European countries and in Japan on demanding excellence in all phases of manufacturing is worthy of note.

This starts with product research, product development, and development of manufacturing processes, and it continues through quality control methods and reliability assurance to the training of customer, service, and application engineers. These are all part of the concept of "total manufacturing engineering."

A common practice in Japan is to expose a new engineer to many details of the factory as well as of marketing, in a carefully planned program of rotation. The United States, on the other hand, stresses engineering excellence in the area of re-

search and development. In Japan, industrial research is targeted to support a marketing decision.

Another issue that we hope to contend with at the 1986 Annual Meeting relates to fiscal and investment policies of various governments.

While engineers in any culture may strive to enhance the competitiveness of their industry, they can only do this within technical areas. Engineers have practically no influence upon government policies that control the availability and cost of capital. The same applies to the value of a country's currency in the foreign exchange market. These macroeconomic policies are determined by political compromises controlling the philosophy of taxation and of the national banking system. These factors are quite important.

The engineering community and its industrial management, however, can improve their performance by analyzing and adopting the best management policies of Japanese, U.S., and West European industries. The attendees at the Annual Meeting

might well be able to adopt some of the successful features of their colleagues in other countries and thereby raise the overall productivity and competitiveness of their own industrial organizations.

The Annual Meeting will be held in the heart of Silicon Valley. The honorary chairman of the Annual Meeting is Masara Ibuka, the cofounder and honor-

ary chairman of Sony Corp., well known for his many innovations in the field of consumer electronics.

The meeting will serve as a forum to help IEEE members determine the key factors behind—and to seek ways to support—engineering excellence. In addition, it provides an opportunity for the IEEE to bestow its most prestigious annual awards,

including the Medal of Honor, which is awarded in recognition of a singular achievement in science and technology. The Annual Meeting will also mark the first presentation of the two new corporate IEEE awards: the IEEE Engineering Leadership Recognition and the IEEE Innovation Recognition.

New directions

At a recent meeting of the IEEE Foundation Board of Directors we stretched our imaginations to help define some possible new areas of activity appropriate to the Foundation's charter. The Foundation is supported by tax-deductible contributions from both individuals and organizations, and so any of its projects, while we always believe they should be of benefit to IEEE members, must also be in the interests of the public.

As we study the feasibility of several proposed projects in the near future, you will be hearing more about them. However, I'd like to mention just two in order to give you a flavor of the kinds of efforts we are thinking about. James Owens and Richard Gowen, both former Presidents of IEEE and members of the Foundation Board, were instrumental in suggesting these ideas.

First, consider the question of how technical/engineering information will be disseminated as we approach the final decade of the century. With the technical information explosion, the answer to this question is crucial. Will papers, articles, and abstracts be stored in memory banks which could be accessed by data or telephone lines, then printed out in full upon demand by the subscriber? The IEEE may well be laying the needed foundations for such a service. Its present electrical engineering literature service, based upon the Institution of Electrical Engineers (London) database, might serve to initiate such a program. If successful, it could easily be expanded to incorporate the literature in physics, computers and controls, and other disciplines. Such day-or-night accessibility by a subscriber, along with other imaginative literature dissemination methods, could form the basis of a "library without walls"—basically a networking approach to the literature searching and retrieval process, from abstracts to articles or books to references.

The IEEE Foundation might establish

a research center to study the many facets of such a library system, and serve as a clearinghouse for information on the technology required. It might also help promote the establishment of related standards. It could serve as a catalyst for the many U.S., European, and Japanese technologists and organizations interested in those methods suitable for recording, accessing, searching, and reproducing the voluminous articles, abstracts, books, and government reports deposited in such repositories as the National Technical Information Service (NTIS). Whether or not the IEEE would itself ultimately operate such a network would be decided after due study.

In any event, standards based upon the research conducted by the Foundation-supported center would enable developers of hardware and software for such a network to invest time and effort with greater confidence of finding a viable marketplace.

In a second area, consider the need of engineers and scientists to stay abreast of new technologies, tools, computational techniques, materials, and the like. A Foundation-supported research center might well address the role that disciplines and tools like artificial intelligence and expert systems could play in solving the difficult problems of continuing education.

Many organizations, including the IEEE, have already conducted experiments with varying degrees of success, using modern technologies to deliver continuing education programs. The IEEE has generated a series of satellite broadcasts—the most recent one covering expert systems and reaching some 9000 viewers at 222 locations. But there are surely even more advanced methods for automating such educational programming while at the same time reducing costs. One major requirement is improved methods of feedback and student-instructor interaction. These require research and study.

An IEEE Foundation-supported center could, here again, serve as a clearinghouse for information, and the IEEE might itself operate an education network using the technologies and standards developed with the aid of the research center. If such an IEEE network were established, it could, of course, also provide instruction on many practical problems usually not handled in academic courses—such as design techniques of grounding, shielding, and interference.

The new research center could again act as a catalyst in coordinating the many interests of developers and manufacturers of related hardware and software. The IEEE could aid in arriving at suitable standards that would facilitate the cost-effective creation of storage and playback systems, as well as the course material. An education network produced in this manner would in effect represent a "classroom without walls."

Finally, there is a possible commonality of interests, if not of software and hardware, for both the library without walls and the classroom without walls. This commonality could itself be explored by the type of Foundation research center we have been postulating.

The Foundation Board members believe that projects such as the ones I've described are particularly appropriate since they are aimed at applying the profession's own technologies in solving problems that are particularly critical to the advancement of the profession itself. At the same time, the ultimate benefits are clearly extendable to other learned professions and are in the best interests of the public.

I would be very much interested in hearing your inputs and views regarding the establishment and use of such a research center by the IEEE Foundation. The Foundation Board will meet again in April, and any inputs you provide to me prior to that meeting will be appreciated.

Our changing world

The leaders of high-technology corporations from Europe, Japan, and the United States discussed the engineering cultures of their respective countries, and how they apply their engineers' talents, during the IEEE Annual Meeting in February. Attendees at this first-of-its-kind meeting in San Jose, Calif., came away with an appreciation of the differences in engineering cultures and practices, as well as some of the reasons for them.

Among the factors discussed were education and skills updating, familiarity with market demands and constraints, the social ranking of various types of engineers, mobility and loyalty, salary differences, and research emphasis.

Because of worldwide interdependence, industrial corporations in the fast-moving fields of electrotechnology must show great adaptiveness to changing world conditions and technical developments. Along with greater emphasis on value-added products, this means that excellence in the general education of the workforce and in the continuing education of technical professionals has become a condition of economic and national survival. All countries that expect to remain competitive must update the skills and knowledge base of the workforce, especially of the engineers, as a matter of routine.

European engineers, as exemplified by those of Siemens and Philips, have a broader and more extensive technical education than their U.S. counterparts. Likewise, the Japanese blue-collar workforce has a uniformly better education in the sciences and mathematics than their U.S. colleagues. This enables them, for example, to apply statistical quality control at the workbench.

Knowing the needs of the customer is considered vital by the Japanese and European engineers, while its importance is downplayed in the United States. Few U.S. engineering schools consider it important to turn out graduates who can solve problems of design for manufacturable products or services; emphasize reliability, maintainability, and cost-competitiveness in the international market; and, above all, satisfy the demands of the end user.

On the other hand, U.S. engineering

education stresses engineering science at the expense of engineering and industrial practice. The U.S. educational system also neglects communications and human relations skills.

The quality of the nonprofessional technical workforce in Japan is high because of excellent and uniform precollege education. In Europe, the concept of apprenticeship is widely practiced, upgrading the skills of the blue-collar technical employee. Apprenticeship systems are rare in the United States, where the general level of education is lower than in Western Europe or in Japan.

In both Japan and Western Europe, the continuing education of engineers is generally accepted as a responsibility of the industrial employer. Such responsibility is encouraged by the lower job mobility, especially in Japan, where lifelong employment is traditional within the major corporations. In the United States the larger and more stable corporations have effective continuing education programs. General Electric, IBM, and AT&T are outstanding examples. However, because of the relatively high job mobility, many U.S. corporations, especially the smaller ones and many in the defense industries, are reluctant to make significant investments in the continuing education of their technical professionals. In comparison, Siemens spends the equivalent of about 5 percent of its total payroll on training its more than 300 000 employees. An even greater proportion goes for the education of technical professionals.

There are notable differences in the functions and practice of R&D, too. Many U.S. R&D projects, lacking a focus on the needs of the market, are technology-driven, often in a quest for knowledge. Japanese developments, on the other hand—even those of a fundamental nature—are principally market-driven. European R&D falls somewhere between the two extremes.

In Western Europe, as in Japan, there is continuous emphasis on small improvements in product quality and reduction in cost. Japanese R&D is carefully targeted. Product decisions are made by top management and only afterward is the

development of new supporting technologies scheduled. U.S. research is too often divorced from the needs of the marketplace. While this at times leads to major breakthroughs, a careful balance between targeted and untargeted R&D appears to be more desirable. A figure of 10 percent for blue-sky, or untargeted, research may be a better plan.

In contrast to the situation in the United States, the Japanese and Europeans value highly the importance of manufacturing. Their best engineers are guided into manufacturing engineering, while U.S. engineering graduates emulate the values of the engineering faculty, which are deeply rooted in basic untargeted research and too often lacking links to current industrial and engineering practices.

In Japan there is no salary differentiation between engineers working in R&D, manufacturing, or marketing. Furthermore, there is a realization that every part of an engineering organization must be sensitive to the needs of the marketplace. Similar considerations apply to Siemens and Philips. For rapid and effective technology transfer, the development engineer must travel with the product downstream from R&D through manufacturing all the way to customer training and service. He then returns to R&D as a more valuable member of the staff. In Japan, where the manufacturing divisions are profit centers, most of the engineers take part in marketing.

On the other hand, in the United States there is frequently a compartmentalization of product research, manufacturing process research, product design, process design, manufacturing engineering, quality assurance, application engineering, and service engineering. Occasionally some companies form permanent teams from members of the various engineering departments to function throughout the life of the product. The result is close coordination and quick reaction to problems of either the manufacturer or the user.

The San Jose meeting, we believe, yielded some useful lessons for all participants, independent of their national culture.

The Japanese, for example, may well find it useful to increase somewhat the per-

centage of their R&D effort devoted to untargeted research.

For the United States, one message seems clear: educational goals must be restructured. There must be greater emphasis on the continuing education of engineers so that the United States preserves the value of a critical technical resource

and extends the useful professional life of engineers.

A second message relates to the qualification of engineering faculty. For new faculty, a minimum of two years of appropriate industrial experience is recommended. Engineering faculty must be closely coupled to industrial problems.

Finally, a legislative initiative in the United States to grant a tax credit for the expenses of continuing education for sorely needed technical professionals would be a strong incentive. It would motivate industrial corporations and engineers alike to support programs that would maintain the competence of the engineering workforce.

The case for redefining engineering excellence

In my March column I pointed out that "in contrast to the situation in the United States, the Japanese and Europeans value highly the importance of manufacturing. Their best engineers are guided into manufacturing engineering." As we study changes in world trade, it becomes obvious that Europe's and Japan's share in the manufacture of high-technology products has increased while the U.S. share, for some items, has decreased or even disappeared. Examples among consumer products include calculators, cameras, hi-fi equipment, motorcycles, watches, videorecorders, and small automobiles.

U.S. producers find it difficult to compete in those categories in terms of technology, quality, and cost. Similar trends are emerging in some commercial and industrial product lines—in robots, machine tools, certain semiconductors, fiber optics, office machinery, and ball bearings. In other cases, such as in entertainment electronics, U.S. suppliers have completely abandoned a manufacturing base in the United States. Instead they use dealers to sell, under their U.S. label, products like TV receivers, videocassette recorders, and TV-camera recorders made offshore. Sony chairman Akio Morita has said that "unless U.S. industry shores up its manufacturing here, it could lose everything."

The world competition in electronics will increase. South Korea has successfully entered the world market. In my opinion, China too will become a formidable competitor.

We must encourage our industrial managers to plan for a longer term. General Electric has announced intentions to spend over \$1 billion to automate six appliance plants. G.E. has already done an excellent job in automating the manufacture of dishwashers in its Louisville, Ky.,

plant. General Motors is advancing CIM (computer-integrated manufacturing) by requiring that the computer-controlled manufacturing equipment purchased from different sources can function harmoniously with one another. This effort, begun in 1982, is known as MAP (manufacturing automation protocol). Even the prestigious National Academy of Engineering has recognized the need for excellence in manufacturing engineering. The director of the National Science Foundation, Erich Bloch, a former vice president of IBM, considers manufacturing and process technologies very important.

In my interpretation, manufacturing engineering includes the total spectrum, from the development of technologies needed to make a product to the supporting manufacturing technologies or processes, product design, implementation of manufacturing, quality control, user training, maintenance, and applications and service engineering for the product.

The time has come to recognize individuals who contribute to manufacturing engineering as it is broadly defined. The IEEE has in the past frequently elected members to the Fellow grade because of publication of successful basic research. The National Engineering Academy frequently elects academics and research scientists known for their achievements through the publication of their basic research findings. Nobel Prizes in the sciences have been awarded on a similar basis.

The growth of membership in the IEEE over the past decade has been significantly greater outside the United States than within it. This correlates well with the increasing share of world market in electro-technology held by those regions. On the other hand, the elections to IEEE Fellow

grade in those non-U.S. regions may not have kept pace with the membership growth in those same regions. This observation is not intended to suggest a quota system for election to Fellow grade by region, but merely to suggest that the importance of contributions by engineers to innovation and industrial competitiveness may not be adequately recognized.

Basic research is not equivalent to innovation. About half of our real innovations occur even before the science upon which they are based has been developed or understood. The steam engine, X-rays, and many other technologies are cases in point. Another 50 percent of innovation occurs when the findings of basic research are turned into marketable products. Nominations for election to the IEEE Fellow grade or for membership in the NAE are perhaps not often enough based on these latter accomplishments. While they warrant such high distinctions, they are frequently more difficult and time consuming to document.

With the increasing importance of excellence in manufacturing engineering, I hope that nominations to the IEEE Fellow grade will be submitted that cover the leadership of a design team for the avionics suit for a commercial airplane, for example, or the successful automation of a consumer appliance manufacturing line, or the design of a sophisticated network analyzer.

We must encourage engineering excellence not only in basic research but also in innovation, development, and manufacturing engineering. In all of those phases, the technical professional must be closely coupled to the end user to ensure a high-quality product or service with which the customer is completely satisfied.

Coupling with society

Our society requires an increasing number of technologically literate managers and policymakers. A higher proportion of technologically literate decision makers in industry or Government will improve the productivity and competitiveness of a nation. Because of the increasing technology content of most major problems of society, we need more technically literate leaders in industry and in both the executive and the legislative branches of Government. We must produce engineers ready to assume the responsibility of such leadership. Otherwise, many important business and Government decisions will be forfeited to individuals uninformed or misinformed about the technical realities of our complex world.

In the United States, only one-third of the top level of industrial leaders are technically literate, while the majority are trained in law or finance. A far greater majority of legislators are legally trained. Both lawyers and engineers are educated to determine the facts and solve problems for client or user. However, there are major differences. Lawyers are excellent communicators. Providing they are technically informed, this enables them to perform well in positions of management and in policymaking Government bodies, both legislative and executive.

Conversely, engineers historically have been more interested in things than people and have not been noted for good communication skills. On the positive side, however, our new engineering graduates are fundamentally well qualified to move into positions of leadership in both business and Government.

Good starting salaries have attracted many bright high school graduates to the study of engineering. Many of our leading engineering schools limit their enrollment and have raised their entrance requirements. Some electrical engineering departments require a 3.9 or 4.0 average for

admission. This is reflected in the increase of straight-A high school graduates entering engineering. According to the 1985 National Science Board indicators, the percentage of straight-A high school graduates entering engineering as freshmen increased from 10.3 to 17.4 between 1974 and 1983. The 1983 figure represented the highest percentage of straight-A students entering any field. Such was not the case in 1974, when biological sciences was highest, with 11.7 percent. If we consider computer sciences as part of engineering, the percentages were 11.3 for 1974 and 22.6 for 1983. It is thus evident that many of our most talented high school graduates are now entering engineering.

The graduate engineer must interact with many others—managers, supervisors, accountants, technicians, draftsmen, librarians, purchasing agents, manufacturing personnel, fabrication and assembly experts, laboratory and test technicians, marketers, and customers. Therefore, he or she must be an effective communicator.

A 1984-85 NSF-DOD study on engineering utilization, conducted through the Engineering Manpower Commission of the American Association of Engineering Societies, questioned several thousand engineers working in high-tech industries regarding their relative satisfaction with the various subjects of their engineering education. The greatest dissatisfaction was with the interpersonal communications part of their curriculum.

One of the remedies considered by academia has been the addition of courses related to communication skills. Since the present curriculum is overloaded, already requiring on the average over 4½ years for a bachelor's degree, this solution may be inappropriate. It may be possible to increase the interpersonal communications experience gained in engineering without adding to the curriculum. An effective way

to teach an attitude, value, or skill is to practice it, and faculty members can be powerful role models. Parents who want their children to be law abiding and considerate of others do not require that the school system have special courses in those subjects. Parents, as role models, teach those attitudes. In a similar way, engineering faculty ought to require and practice effective communication, both oral and written. The teaching of human relations techniques should be the responsibility of the employer, particularly when an engineer becomes a manager.

While over the last 15 years engineering graduates have begun to realize the need for closer coupling with society, there may still be a more traditional attitude of isolation reflected at some of our engineering schools, especially those that emphasize research over teaching. The new engineer realizes there is a need for speaking up and becoming involved in those major societal problems that have a high technological content, such as communications, defense, energy, environmental pollution, health services delivery, industrial competitiveness, information processing, material usage, and transportation.

In the 1970s, the IEEE Constitution was amended to include concern for "enhancing the quality of life for all people through the constructive application of technology in its field of competence," and for "professionalism," which included a charge to "collaborate with public bodies." The original charter focused mainly on "scientific and educational" purposes.

To fulfill their destiny, engineers, who are by definition technically literate, must prepare themselves for important roles in industrial management, and must assume a greater responsibility in aiding lawmakers and the citizenry to reach technically sound decisions.

Working together

For the first 88 years of its existence, the purposes of the IEEE were scientific and educational, directed toward the advance-

ment of theory and practice of electrical engineering, electronics, radio and the allied branches of engineering, and the re-

lated arts and sciences. This resulted in today's matrix organization with 10 technical Divisions and 10 geographic Re-

gions. The Sections flourished around centers of technical activities. The technical Chapters in the various Sections reflected their local technical interests. Scientific and technical knowledge was propagated through publication of journals, conference reports, and books, as well as through meetings, workshops, and exhibits.

Then in 1972 the IEEE's Constitution was broadened to add professional activities to the organization's traditional technical goals. These including making the IEEE's resources and advice available to legislators and government agencies. To date, such activities are mainly practiced in the six IEEE Regions of the United States. In the United States the Washington office of the IEEE coordinates the programs of the U.S. Activities Board (USAB). These professional activities include an analysis of the research budgets of many U.S. government agencies—especially the Defense Department, the Department of Energy, and the National Science Foundation. This analysis is of great importance to many U.S. IEEE members working in R&D since an important portion of their work is funded by the Government. About 47 percent of the total U.S. R&D expenditures in 1985 were Government-funded.

In the past, such analysis invariably followed publication of the Federal budget. But in 1985 a group of leading materials specialists, under the auspices of an IEEE technical committee within USAB, began to examine critical areas of materials development for electronics which, in their opinion, warranted concentrated effort over the next five years. Their yearlong deliberations resulted in a series of recommendations to the appropriate Government bodies, prior to their actions on the 1987 budget.

This is an example of excellent cooperation of IEEE technical experts with IEEE professional and legislative efforts, resulting in the setting of goals in targeted research in the materials area. This furthers the interests of our profession and of the ultimate users of its products and services. I recommend the formation of similar committees of IEEE experts that would focus on other important technologies within our area of knowledge, and support

appropriate targets for research and development in those areas.

Now let's turn to a related topic. With or without salient inputs to the U.S. government from the IEEE in the key areas of research and development, the need for capital investment by the private sector to support such R&D is fundamental. This need will be sharpened for those high-technology industries that have undertaken programs to raise productivity. One may safely assume that electrotechnical industries worldwide will become more capital-intensive. Therefore, the cost and availability of capital for industrial expansion is of major concern to advanced nations for their well-being and competitiveness.

Investors are encouraged to invest in high-technology enterprise only when the return on such investment is attractive. Currently the maximum tax rate in the United States on capital gains is 20 percent. Such was not always the case. Prior to 1978, it was 49 percent, a rate that effectively dried up the financing of new ventures. In 1978, U.S. Representative William Staiger sponsored legislation to reduce the maximum tax rate for capital gains to 29 percent. The IEEE Board of Directors authorized a study of the proposal by economic experts. It then carefully examined this study, which suggested that after a short period of reduction of tax revenues from long-term capital gains taxes to the Treasury, revenue from that tax as well as from regular income taxes would increase greatly because of both the new ventures and jobs created by the additional investment capital attracted by the more favorable tax treatment. The IEEE, in concert with the American Electronics Association and its 1978 president, Ed Zschau, supported this proposal.

The Staiger proposal became law, and the venture capital available for financing small and medium-sized new ventures, especially in Silicon Valley, increased significantly. During the year and a half following the law's enactment, some \$1 billion of new venture capital became available. The capital gains tax rate was subsequently further reduced through farsighted tax philosophy to 20 percent, and in 1984 new venture capital exceeded \$4 billion.

An analysis of the tax policy of other in-

dustrial countries reveals that 11 of them have no capital gains tax whatsoever. Japan is a notable example. The Japanese government thereby provides a stronger incentive to an entrepreneur. The entrepreneur in turn creates new jobs and contributes positively to the country's merchandise trade balance. Unfortunately, such a farsighted attitude is not held by all finance ministries or departments of treasury, whose aim is to maximize the short-term revenues from tax collection.

There have been other examples in the past where either reductions of a tax or specific application of tax funds in the United States have led to economic growth producing greater tax revenues over the long term than were "invested." A well-known example is the incremental income tax revenues resulting from the education provided by the G.I. Bill, which put many veterans through college—including engineering schools—and which provided a watershed of high-technology talent, products, and services.

Another important incentive relates to the tax on personal savings. The Japanese internal revenue system does not require an income tax payment for the interest proceeds of savings accounts or postal savings bonds for accounts up to 3 000 000 yen (about \$18 000). The banking authorities in Japan tell us there are more such accounts than inhabitants. This tax policy helped enhance capital formation and is responsible for a savings-to-earnings ratio in Japan in recent years about three times higher than that in the United States.

Presently, under the U.S. Senate's tax plan, known as Packwood II, increases in the capital gains tax rate are contemplated. An interim rate of 27 percent is proposed. It is my hope that the USAB of the IEEE will join together with U.S. engineering organizations, the National Academy of Engineering, and appropriate industry/trade associations to alert the U.S. Congress to the potential negative impact of the rate increase(s) on capital formation, industrial productivity, and the ability to compete. Any positive actions on this issue taken by Congress could be emulated by other industrial nations to help increase investment for the development and production of real goods and services worldwide.

Toward more productive R&D

There is broad acceptance of innovation as the lifeblood of our profession and as the driving force behind the products and services that our high-technology businesses produce. Innovation is often accepted as being synonymous with invention. It is my contention, however, that an important part of the innovative process is often overlooked—it has to do with the implementation of the innovative idea. Ultimately, the value of an idea is related to our ability to reduce it to a worthwhile product or service. Successful and speedy implementation requires an infrastructure of several elements: a skilled labor base that is properly educated and trained, good management, knowledgeable and properly oriented technical professionals, and readily available capital at competitive costs.

Modern research and development is the tool by which an innovative idea moves from the conceptual stage to the marketplace. Unfortunately, funding input alone is not a good measure of the contribution of R&D to the success of industry or the improvement of the quality of life. Furthermore, the research sometimes gets unhitched from the development in the R&D marriage, as may be the case in a large percentage of the untargeted research that takes place.

It is hardly my intention to denigrate a good science base as an aid to innovation. Yet we must be aware that a science base has not always been necessary to produce a significant invention. We need only look to the steam engine, radioactivity, and X-ray technology. Conversely, the existence of a science base does not always guarantee the generation of associated new products or services. Historians of science and technology estimate that only about half the major inventions were based on existing science; the other half were empirically developed. Of course, even basic research can be focused on an area in which new knowledge is deemed to be likely to aid hardware or software development. Nevertheless, there is a message in history that warns us to carefully consider the ratio of targeted to untargeted research.

In different cultures, there are different ratios of untargeted to targeted research. Sir Montague Finniston presented his report *Engineering Our Future* to the British Parliament in January 1980. His

committee had examined the importance of engineering in the major industrialized countries and found that in Japan, engineering resources were carefully directed to satisfy the demands of the market. "Even basic research work is undertaken to achieve explicit marketing goals," according to Finniston [*Report of the Committee of Inquiry into the Engineering Profession*, Her Majesty's Stationery Office, Cmnd. 7794, p. 213]. A few years ago, Dr. Lawrence Grayson reported that Japanese engineering schools graduate over twice as many engineers per capita as does the United States. Japan's best graduates are concentrating on manufacturing. According to Finniston, in Japan "engineering is perceived by engineers and management alike as the linchpin of a commercial enterprise, where the aim is to produce the product demanded by the market at the price the market is willing to pay, with constant stress on raising quality and lowering cost."

R&D in the West is usually measured by the funding input. It is more difficult to measure the output of R&D. Let us first compare the funding inputs: The total R&D in the non-Communist industrialized nations is approximately \$200 billion per year. The United States spends about \$100 billion, Western Europe about \$60 billion and Japan about \$40 billion.

Since there is a small civilian fallout from the increasingly esoteric defense research, we should look at the portion used for defense R&D: The United States spends about 30 percent on defense R&D, the United Kingdom and France each spend about 25 percent, while West Germany spends about 10 percent and Japan about 2 percent on defense R&D. While the civilian R&D of the United States is very high, some of the factors contributing to the success of Japan's and West Germany's R&D, as regards international competitiveness and positive merchandise trade balance, are the priorities and quality of their R&D.

Market-coupled R&D that is financed and performed by industry is more likely to produce results that can be translated into products or services that are needed and will satisfy the users, especially as regards features, reliability, and cost. An organization that spends its own funds is usually more careful than an organization

performing funded research at someone else's expense. We see that private firms in West Germany and Japan finance about 60 percent of the country's total R&D. In the United Kingdom and France, the private contribution is about 40 percent each. In the United States, it is about 50 percent.

If one compares professional and technical man-hours bought with that funding, a somewhat different picture emerges. For example, in Japan the average engineering salary is about half that of the average U.S. engineering salary. The Japanese engineer in civilian industry, motivated by the desire to expand Japan's market share, works typically more than 40 hours a week. The West German, Dutch, and Japanese engineers are closely coupled to their customers. At NEC, for example, about 80 percent of the total engineering workforce, including R&D and manufacturing, is in touch with the customer.

It should not be surprising that the second part of my definition of innovation—namely the ability to reduce a concept to a useful product—is closely related to the concept itself and to the associated R&D. The main factor in the ability to convert the results of research speedily to useful, reliable, cost-effective products and services is the initial targeting of the R&D. This applies even to basic research. Bell Laboratories' internally financed R&D is linked to the major missions of their business. The Japanese corporations perform most of their R&D in-house. Careful targeting is the major difference in the greater utility of the R&D results of the world's most successful corporations and industrial countries.

In this regard, the initiative of the IEEE Task Force on Defense Materials is to be commended. It identified four major areas in electronics materials research needed for advancing the state of the art of semiconductor devices and electronic components, with the hope that the Department of Defense would found centers devoted to work in each of the four areas, the bulk of it unclassified and thus also available for commercial application.

Given a product whose characteristics are appropriate to the marketplace, it must be manufacturable. We often hear that automation is the panacea of industries to

regain their competitiveness. This is generally incorrect, insofar as the product must first be well designed for producibility—whether it be manual or automated. As a case in point, the parts count should be minimized and the design simplified. Such fundamental steps aided Japan in taking

over the electronic entertainment industry. Recently, Smith Corona reduced the parts count of their electric typewriters from 1700 to 700 parts. This reduced the direct labor to less than two hours per typewriter, which in turn permits the manufacture of the typewriters in the United States. Start-

ing with an optimized design, automation can then be considered—subject to a life-cycle payback analysis—as a viable next step.

In a subsequent column I will go into more detail on the subject of investment in R&D.

Putting research on target

In my previous column, I opened a discussion of the issue of targeted versus untargeted research as it affects the competitive position of any advanced nation.

This month I shall elaborate on the current situation in the United States as an example of my thesis, namely, that greater attention to focused research is a must if a country is to maintain its competitive position, continue to improve the standard of living of its citizens, and sustain the health of its technological manpower base.

Several industrial segments in the United States have experienced a loss of market share over recent years and have, as we might expect, responded by increasing their funding of R&D. As reported in *Business Week* recently, the semiconductor industry boosted its R&D as a percentage of sales from 5.8 in 1977 to 10.7 last year. The computer industry, over the same period, increased its R&D from 5.9 to 7.7 percent, and telecommunications, from 1.9 to 4.3 percent. In aggregate, *Business Week* reported, some 32 industries have increased funding of R&D from 1.9 to 3.1 percent of sales over that eight-year period.

When measured in terms of percentage of pretax profit, the R&D funding for that same group of 32 industries increased from 35 to 42 percent. The semiconductor segment is notably high—having invested 120 percent of pretax profits in 1977 and 480 percent in 1985. Based on the heavy R&D investment of the U.S. merchant semiconductor business, one might conclude that it is fighting for its life. It is the health of this \$11 billion segment that is essential to the future well-being of and continuing innovations in all U.S. electrotechnology industries. Clearly these industries are the major employers of most IEEE members. They account for about \$260 billion in annual sales relative to the \$1,553 billion sales of the 32 industrial sectors.

The collaboration in R&D between industry and the universities, and among competitors within an industry in the

United States has improved markedly. Prior to passage of the Cooperative Research Act of 1984, industrial competitors were reluctant to join in cooperative research for fear of antitrust action. Parenthetically, the IEEE provided congressional input that was instrumental in molding the new legislation. The new law enabled the formation of more than 40 research consortiums in the United States. Among the first were the Semiconductor Research Corp. in Research Triangle Park, N.C., directed by IEEE Fellow Larry W. Sumney, and the Micro-Electronics and Computer Technology Corp. in Austin, Texas, under Admiral Bobby Inman.

So much for private funding of R&D. As far as U.S. government support of R&D is concerned, it increased about 14 percent annually between 1953 and 1961. A large percentage of this was in support of untargeted research. Yet, as Ed David, former science advisor to President Nixon, put it earlier this year, "Federal administrators should find better ways to accommodate industrial interests in the basic research they support." David said that while a country cannot do without basic research, the "research activity must be focused in commercially important fields" and its "results must be exploited more rapidly."

Low Branscomb, former chairman of the National Science Board and present chief scientist and vice president of IBM, notes there is a major dichotomy between Government and commercial priorities in R&D. Federal priorities, in order, are defense, space, energy, health, and fundamental science, he said. On the other hand, the priorities of commercial industry are increased productivity, marketable products, education and training for employees, health care, reliable and secure communication, efficient means for transactions, safety and environment, and air and ground transportation.

The Science Policy Task Force of the House Committee on Science and Technology recently held hearings on research

funding as an investment. The purpose was to find if there is a way to measure the results of R&D, that is, the economic and social return on the investment of tax dollars in R&D. The Office of Technology Assessment suggested the need to improve early communication between the researcher and the future user of the R&D results when formulating the R&D plans. Testimony by Battelle Memorial experts stated that it is not possible to quantitatively measure the results of Federal R&D. It is, however, useful to consider such indexes as economic growth, international competitiveness, and merchandise balance of trade.

Our need to emphasize targeted research will require in each field of technology an assembly of experienced engineers and scientists who realize the limits of an existing technology and can recommend the next steps to advance the technology. While it is the aim of R&D to advance a technology towards its limit, both practical and theoretical, one must know the relative position of the technology on its classic S-curve (technical performance versus research effort over time). We should beware the tendency to overinvest in mature technologies.

The setting of short- and long-term research goals in each field of science and technology can be optimized. Such goals can be broadly targeted to improve the return on an investment in R&D and thus assure faster utilization. In electrotechnology this might be accomplished by using boards of technical experts from the 34 technical Societies of the IEEE. In the United States, equivalent boards can be assembled by the other disciplinary engineering societies and also by committees of the Industrial Research Institute.

The emphasis on targeted research is surely as important to other advanced nations and to the welfare of their citizenry as it is in the case of the United States.

The need for better quality

Management attention to product quality and efficient manufacturing techniques is a necessity to any modern industrialized nation. Japan got a good start in this direction when in the 1950s the U.S. military government brought professors W. Edwards Deming and Joseph Moses Juran from the United States to Japan to improve the quality of Japanese products. They introduced the concept of statistical quality control. Today the Massachusetts Institute of Technology provides videotapes teaching the Deming system of management and quality control. The tapes have reached about 30 000 people. Many U.S. industrial corporations, including the Ford Motor Co. and Florida Power & Light, have embraced these concepts. George Washington University also has seminars featuring Deming. These seminars have reached over 20 000 people. Japan set up the highly coveted Deming Prize, which is awarded annually to industry for "Best in Quality." Recently it went to Hewlett-Packard-Yokagawa, a joint venture company that had tried hard for several years to earn this award. All its employees worked to achieve this honor. During the months preceding the judgment, the unusual effort meant that many supervisors slept on cots at work instead of going home—thus demonstrating the importance of quality to Japanese industry.

This emphasis on excellence, good management practices, and high quality in manufactured products can be observed not only in Japan but in other parts of the Pacific Basin, such as Taiwan, Singapore, and South Korea. It is also demonstrated in these industrial nations of the Pacific by their attitude toward education. The high school dropout rate is less than 5 percent, compared with about 30 percent in the United States as a whole and almost 40 percent in some of its inner cities. The study by Lawrence Grayson of the U.S. Department of Education shows that the average Japanese high school student compared with his counterpart in the United States has about three times as many mathematics and science courses and spends about twice the time on homework.

The best-performing high school students in the larger school systems of

the U.S. West Coast are often of Far Eastern origin. The cause for the different performance of high school students in Japan and the United States lies not only in the school system. I think it's related to the values different cultures assign to the importance of education. Some countries with few natural resources have chosen to invest in their human capital through improving the education and skill of their workforce. This facilitates the manufacture of "high value added" products. With good industrial management and supportive government policies, these countries can then supply high-quality, cost-competitive products to the global market. The Japanese government's emphasis on good education is also reflected in the higher financial ranking of Japanese teachers relative to other occupations. Above-average talent is attracted because the average teacher's salary must exceed by 10 percent the average civil service salary.

Under the leadership of the 1984 IEEE President, Richard Gowen, the IEEE became involved in the quality of high school science and mathematics education. One product of this involvement was a slide presentation and audiotape, "Education: The Key to America's Future." It is being shown by IEEE volunteers to their local school boards and members of Congress in Regions 1-6. This presentation helps demonstrate to policymakers the serious deterioration in U.S. educational achievements, to wit:

- Between 1963 and 1984, Scholastic Aptitude Test scores in mathematics decreased by 35 points and verbal scores by 53 points.
- In an international assessment of 13-year-olds for mathematics in 1964, Japan scored 31.2 and the United States 17.8.
- In an international assessment of 14-year-olds for science in 1970-72, Japan scored 31.2 and the United States 13.17.

In order to have an excellent precollege educational system, a nation must attract better-qualified students to the career of teaching and require higher standards for teacher certification. It also must raise the requirements for high school graduation as well as for admission to college.

In the United States, this can only be accomplished at the state and local levels. Those engineering societies, such as the IEEE and the National Society of Professional Engineers, that have local sections can have a major impact on improving U.S. local school systems.

Since trade is now truly global, the learning of foreign languages has become more important. Schools and colleges must teach Western languages to the populace in the East and ought to teach, for example, Japanese and Mandarin Chinese to the students in the West.

Simon Ramo, a Fellow of the IEEE and a founder of TRW, wrote two books on the relative changes in technology in Japan, West Germany, and the United States. In his 1980 book, *America's Technology Slip*, he states: "The United States, a country that previously has outstripped the rest of the world in producing goods and services for its citizens, has suddenly become highly concerned about its ability to go on providing a plentiful flow. More folks than just a handful of pessimists are asking whether the nation's store of resources and systems for deciding and doing things are up to the job of further increasing our living standards or even preserving the present level in the years ahead."

In his 1983 book, *What's Wrong with Our Technological Society and How to Fix It*, Ramo calls for the business leadership in the United States to create a national strategy in order to build competitive strength in the global marketplace. Since many IEEE members around the globe are active in the management of technical industries, we must understand the elements of such a strategy.

The industries represented in the IEEE membership include all facets of electrotechnology, including computers and information processing. This industrial segment is now the largest in terms of both employment and the total "value added." It also represents those industries undergoing the most rapid change. The business strategy for improving the performances in these industries includes three major points. First, we must strengthen the efforts to advance science, engineering, and technology. This is essential for the crea-

tion of new knowledge, and to facilitate the development of excellent consumer and industrial products and services that can increase any country's share of the global market.

Second, we must support one of the greatest causes of advancing business—the entrepreneurial spirit. In the United States, for example, trade, fiscal, and tax policies must encourage new enterprises that exploit technology and cause an economy to grow. This requires a stable tax philosophy that spurs capital formation.

Countries already having such tax policies include Japan, Singapore, and

Taiwan. On the positive side, U.S. educational philosophy encourages individuals and creativity. The U.S. political system does not suppress new thoughts or criticism of the government. These freedoms, together with a good venture capital market, encourage entrepreneurship. Results of this combination are seen in the many high-technology enterprises in Silicon Valley, on Highway 128 near Boston, and in the North Carolina Research Triangle.

Third, we must better utilize our human resources. This requires excellence in educating our children. In the light of rapid changes in technologies, we require

improved training for our workforce, including statistical quality control. Lifelong learning is required for technical and business professionals. They must be able to manage change and must strive at all times for performance improvement and cost reductions. Industrial managers must learn how to better utilize human factors. Participative management and quality circles are a good start.

The challenge is great. In the United States, it requires the combined efforts of industrial leaders, educators and parents, and legislators and citizens. Other tactics may be necessary in other industrial countries.

The challenge to managers and engineers

Good management is just as important as good engineering in increasing the productivity and competitiveness of any nation. If one loses sight of this fundamental, it is easy to be misled by shortsighted conclusions or myths that are perpetuated by the uninformed.

Following World War II, Japanese managers were introduced to several management techniques that had their origins in the United States. Two engineers on General Douglas MacArthur's staff, Charles Protzman, a senior manufacturing executive, and Homer Sarasohn, a device engineer, introduced a course in management for the Japanese. Akio Morita, now chairman of Sony Corp., and Masaharu Matsushita, chairman of Matsushita Industrial Electric Co., were among those participating in that course. Representatives from Sharp, Toshiba, and Sumimoto Electric also participated.

The Japanese industrialists enthusiastically embraced the management methods introduced by the U.S. military government, while, ironically, managers in the United States, for whatever reasons, were drifting away from them. Eventually, studies of statistics and mathematics were incorporated into the Japanese public school system, so that today their high school graduates can understand and apply methods of statistical quality control on their jobs. Such is seldom the case in the United States. Even at the university level most U.S. schools have yet to incorporate such studies into the normal engineering curriculum, despite the fact that the American Statistical Association

has designed courses specifically for engineering students.

The Japanese have also endorsed the concept of building quality into devices and systems as opposed to testing defects out. Their "Zero Defects" program supports that concept. Without a foundation of good management and a philosophy of "quality first," attempts to apply good engineering techniques to the manufacturing of high-technology products can easily fail. As a case in point, a General Motors Saturn plant in Tennessee represents a dazzling display of advanced production technology, aimed at helping the U.S. automotive industry regain its highly competitive status. Yet David Cole, director of the Office of the Study of Automotive Transportation at the University of Michigan, believes GM may be shifting its emphasis to a more balanced mix of good management techniques and automation. He notes that the GM-Toyota joint venture in Torrance, Calif., helped demonstrate that efficiency, quality, and economic production can be accomplished through careful management, without total reliance on expensive or exotic automation.

Thus the management techniques that were exported to Japan in the late 1940s and early 1950s are being reintroduced into the United States, often by the Japanese themselves.

Yoshi Tsurumi, professor of international business at Baruch College in the City University of New York, noted that many Japanese corporations have set up factories in the United States and profitably produce high-quality products

with U.S. labor.

High reject percentages, excessive absenteeism, and high costs of production, prevalent under U.S. management, have disappeared when Japanese managers have taken over the same operation. An example is the Japanese Bridgestone Tire Co., formerly the U.S. Firestone Co. in Tennessee. The Matsushita television plant in Illinois, formerly owned by Motorola, is another. Hitachi Metal purchased the General Electric alloys plant in Edmore, Mich., with similar results, while Sony started a television receiver plant in San Diego, Calif., using U.S. workers that outperformed in quality any of Sony's Japanese plants. When Mitsubishi Australia Motors Ltd. acquired the Chrysler Australia plant in Perth, Australia, it doubled annual production of cars with a smaller workforce.

Once a solid management base is in place, the exercise of advanced engineering practices, sophisticated fabrication and automation methods, and the like can make a world of difference. For example, good design practices such as making a product simple and reducing its parts count can be exploited. Techniques like just-in-time assembly can be appropriately applied to enhance quality and reduce the number of rejects or amount of rework necessary. JIT, as it is called, also reduces the cost of inventory, warehousing, and inspection, along with associated space and administrative costs.

To further enhance production quality in the United States, a new organization, the American Quality and Productivity

Institute, has been created under the initiative of the National Society of Professional Engineers. Current members are the American Society for Quality Control, the American Statistical Association, the American Association of Community and Junior Colleges, the Institute of Industrial Engineers, and the Society for Performance Improvement. I am encouraged by the formation of this new organization and, after a period of monitoring its activities, I am hopeful that the IEEE will consider joining it, perhaps along with some of the other "founder" engineering societies.

It is activities such as this, supported by other independent programs around the United States, that are helping revive the enthusiasm for quality and productivity that was brought to Japan over the years by pioneer teachers like W. Edwards Deming.

Fortunately, a number of authors in the United States are beginning to document some of our modern-day success stories. I commend to you, as a good example, *In Search of Excellence*, by Peters and Waterman. Beyond that, well-run companies throughout the world are identifying superordinate goals that support the prin-

ciples of good management and high quality and serve as a compass for their employees. Delta Airlines identifies its goal as "service," IBM as "never sacrificing customer service," and Matsushita as "never cheating a customer by knowingly producing or selling defective merchandise."

At the bottom line, the practice of better management of human resources has become a decisive factor in today's competitive, knowledge-intensive, high-value-added industries. It is a prerequisite in order that we, as engineers, can do our job well.

Steps in the right direction

Faithful readers of this column will have noted the strong emphasis I have given to certain issues during 1986. They include the education of engineers, their wise utilization, and topics like management and capital formation that affect the productivity and competitiveness of individuals, corporations, and nations alike. There is a strong interrelationship among these areas.

I opened the discussion in January with a review of the importance to both engineers and managers of keeping up-to-date. This is a fundamental challenge, and how well it is met reflects directly on whether the skills and talents of engineers can be properly utilized.

There are important insights to be gained from the different management techniques practiced in various advanced nations, and I discussed some of these in my next column. The IEEE can play a role as a catalyst in encouraging successful engineers and managers from leading industrial nations to share their success stories so that all will benefit, and the general level of engineering and engineering management excellence will be lifted on a global basis.

In fact, the Annual Meeting of the IEEE became a vehicle to explore the different engineering and management techniques and practices in leading industrial countries. It became clear that the United States, despite a long history of technological and industrial leadership,

can profit from the lessons provided by its friendly competitors. Here are some examples.

A minority of U.S. engineering faculty teach the concept of "total manufacturing engineering." Many recognize only the actual process instead of all its fascinating steps, which include research in materials, tools and processes, product definition to satisfy the user, product development, design for manufacturability, quality, reliability, and cost-competitiveness, the actual manufacturing engineering, and finally, the provision to users of software, training, and service.

Also, excellent basic research is performed outside the United States, and it is growing rapidly, especially in the Pacific Basin. Other countries should take heed. If the United States, for example, is to benefit from this work, a coordinated effort is needed to give U.S. scientists and engineers simple and regular access to the fruits of non-U.S. research. Engineering schools ought to raise their admission requirements to include the mastery of an appropriate foreign language. Study and sales experience in foreign countries should become second nature to engineers whose employers are interested in a global market.

Attendees of the IEEE Annual Meeting also learned that German and Dutch engineers, on the average, have about two years more education and are generalists, like their Japanese colleagues, while U.S.

engineers tend to be more specialized. In contrast to the British and U.S. industrial cultures, manufacturing engineering is held in high esteem in Japan, where there is a continuous, close coupling between the engineer and the user. While in the United States new products are usually technology-driven, all Japanese developments and even most of the fundamental research are market-driven.

It early became evident that gaining quick access to needed technical articles and data is one of the most pressing concerns of the engineer, given today's challenging projects and the proliferation of the research database. Efficient access to technical-engineering information is a subject of concern to IEEE and one for which IEEE must take a leadership role. During the year IEEE considered the possibility of a "library without walls," in which papers, articles, and abstracts could be stored in memory banks and then reached by data or telephone lines and, if need be, printed out in full by the subscriber. We also considered the concept of a "classroom without walls," in which the IEEE might support a research center to study the advanced techniques for delivering continuing education to engineers. The IEEE must help identify the true education needs of the engineer during all career phases—then become a partner in the solutions.

In fact, the IEEE has taken important initial steps to address both of these con-

cerns. In May the Board of Directors provided initial funding for an electronic publishing program. In the long term, it would provide IEEE members and groups with easy-to-use electronic storage and retrieval systems for all IEEE material, as well as access to other technical databases.

Then, in August, the Board funded the exploratory steps for an IEEE Academy for Continuing Education, the concept of which had been warmly received by the membership [THE INSTITUTE, August, p. 9].

Throughout the year, I have stressed the importance of engineers' ultimate output—products and services—and the need to emphasize good design for manufacturability, quality, and cost. Indeed, good management starts with an appreciation of the importance of designing and producing a quality product. Without this as a fundamental objective of management, the application of advanced engineering concepts is debatable or impossible. In the United States, a new organization, the American Quality and Producibility Institute, has been created at the initiative of the National Society of Professional Engineers. I am hopeful that the IEEE will consider joining with this group, perhaps along with some of the other engineering founder-societies.

For its part, IEEE must encourage its members in their own regions, whether in the United States or elsewhere, to take the lead in fostering quality-consciousness in public education. Education should have as one of its important elements a recognition of the importance of doing a quality job—of producing high-quality products and services for the use of fellow citizens.

Since the education and training of the nonprofessional workforce is an important element of competitiveness, the IEEE prepared, under Lawrence Grayson, a slide-audio tape show comparing U.S. and other countries' high school education in mathematics and science. The average Japanese high school graduate is exposed to three times the mathematics and science teaching of his U.S. counterpart. Also, Japanese high school drop-out rates are a small fraction of the U.S. rate. This slide show is available through the Regional Activities Board (RAB) and the U.S. Activities Board (USAB) to the local

Sections. The local IEEE leadership in the United States is already showing it to school boards and elected state and U.S. Congress officials.

An important element of competitiveness is the cost and availability of capital. IEEE can encourage the various governments in countries in which they have strong representation to take actions that would ease capital formation, raise industrial productivity, and enhance healthy competition for the production of useful goods and services. However, the situation is particularly acute in the United States. In 1978, the U.S. Activities Board worked with the American Electronics Association and its president Ed Zschau, now a U.S. Representative, to get the maximum tax rate for long-term capital gains decreased from 49 percent to 29 percent. It was later reduced to 20 percent. In 1986, USAB voted unanimously to preserve the preferential rate of the capital gains tax in the Packwood II tax bill. The IEEE demonstrated the relationship between gains in productivity and capital investment, to no avail. The new tax legislation makes U.S. industry less competitive while encouraging increased consumption and imports.

The industrial leaders in the Pacific Basin and in West Germany plan for the long term while many publicly held U.S. corporations practice short-term bottom-line optimization. The difference results from the source of capital. In the United States, half of it is derived through stock sales, but in Japan and West Germany only about 15 to 20 percent of it comes via the stock market. The banks own major portions of the companies in many industries, such as Mercedes and Siemens. In addition, they provide long-term loans. In the United States, ownership of industrial equity is illegal under the Glass-Steagall Act, enacted in the early 1930s. Clearly it is time for the Administration and Congress to look critically at this legislation.

More corporations, and more nations, are beginning to appreciate the importance of quality. Quality-assurance techniques that were exported to Japan by the U.S. military government in the late 1940s and 1950s are coming full circle: they are being reintroduced in the United States. The Japanese Deming Award for quality may be emulated in the United States if a

bill before Congress is passed. The National Quality Improvement Act of 1986 would provide recognition of the U.S. manufacturer performing "best" in quality.

Two U.S. companies, Hewlett-Packard and Texas Instruments, have already won the Japanese Deming prize. Hewlett-Packard utilized some 300 quality circles and generated 370 successful quality projects in its Hewlett-Packard/Yokagawa plant to capture the award. At the Texas Instruments Japan Ltd. plant at Hiji, a chip redesign helped reduce the chip failure rate to zero and saved \$64 000. In all, the effort of quality groups saved the company \$32 million in 1985.

If a U.S. equivalent of the Deming prize is approved, an appropriate administrator could be the American Association of Engineering Societies (AAES), which has representatives from the major engineering societies, including the IEEE.

During 1986 I discussed the need for engineering faculty to be closely coupled to industry. Since the majority of engineers work for industry, the faculty should be familiar with industrial practice. The IEEE Educational Activities Board has recommended to the ABET-NSF National Congress on Engineering Education that faculty in the United States not be given tenure or a permanent position unless they have two years of meaningful industrial experience. Also, while research by faculty is important in order to prevent faculty obsolescence, the IEEE supports the conclusion of the ASEE-QEEP (American Society for Engineering Education Quality of Engineering Education Project) study that effective teaching by the engineering faculty is of prime importance, especially in undergraduate programs. The IEEE is hoping to have this objective implemented by the ABET mechanism for the certification of undergraduate engineering schools.

I think you can see from this review that the important issues dealt with in 1986 by the IEEE have a strong interdependence, and that IEEE has acted upon many of them with ambitious, creative, forward-looking programs. Yet much remains to be done, and we look to your advice and support in the further successful implementation of these programs.

The Institute of Electrical and Electronics Engineers was founded in 1963 through the merger of two predecessor societies, the American Institute of Electrical Engineers and the Institute of Radio Engineers. The former was founded in 1884 and the latter in 1913. The Institute's charter encompasses technical, educational, and professional activities. It is concerned not just with the advancement of the profession and its associated industries, but with the public's comprehension of the impact that technology can have for better or worse.

To meet its objectives, the IEEE publishes technical and scientific journals and magazines (representing about one-seventh of the world's technical literature in the fields served). The IEEE is one of the world's largest independent standards writers, with some 500 currently active standards.

The IEEE's members number more than 270 000 in such diverse fields as computer engineering, geophysical research, power engineering, and information theory. Some 49 000 of its members live outside the United States, and it has about 48 000 student members.

IEEE educational activities include accrediting university curricula in electrical and electronics engineering and technology in the United States, and providing short courses, home study courses, and satellite seminars for members of the profession.

The IEEE sponsors and cosponsors approximately 5000 meetings and conferences throughout the world annually. Attendance at these meetings during 1985 was estimated to be in excess of 600 000.

Some 163 000 members belong to one or more of the IEEE's 33 technical Societies. Membership in these Societies ranges from a few thousand to more than 73 000.

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OFFICE OF THE PRESIDENT-ELECT
WASHINGTON, D.C. 20270

December 9, 1988

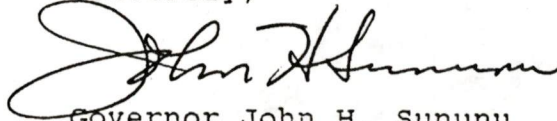
Dear Mr. Peterson:

Many thanks for your kind letter of December 2. We appreciate your views on the budget deficit. They are thoughtful. I will pass your suggestions along to our staff at the Office of Policy Development for their review.

Rest assured that George Bush remains strongly committed to reducing the budget deficit without raising taxes. In addition, the President-elect plans to expand America's economic prosperity by spreading economic growth, bringing economic empowerment to more Americans, and strengthening America's leadership in the world economy.

Once again, thanks for writing. Best wishes.

Sincerely,



Governor John H. Sununu

Mr. O. Fred Peterson
2827 Calle Guadalajara
San Clemente, CA 92672

OFFICE OF THE PRESIDENT-ELECT
WASHINGTON, D.C. 20270

December 9, 1988

Dear Mr. Bryant:

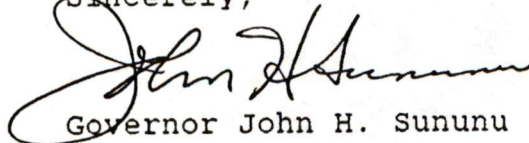
Many thanks for your recent letter. I enjoyed looking over your "white paper" on ACTION, the national volunteer agency. It was thoughtful and provocative. I will pass it along to our staff at the Office of Policy Development for their review. They will contact you if they need further information

We appreciate your staunch support for volunteerism. George Bush is, likewise, strongly committed to encourage the flourishing of voluntary activity by millions of Americans. As he stated during the campaign, volunteerism is an act that says in and of itself, "I love my country, and I recognize that the immutable fact of a healthy democracy is that my fellow citizens are not just colleagues, not just fellow passengers on a journey, but my brothers and sisters. And we are a family. And families help their own."

Once again, thanks for writing. I look forward to receiving your other "white paper" on the Bureau of Indian Affairs.

Best wishes.

Sincerely,



Governor John H. Sununu

Mr. Ted Bryant
President
American Indian National
Republican Federation
8505 East Temple Drive
Suite 507
Denver, Colorado 80237

U

OFFICE OF THE PRESIDENT-ELECT
WASHINGTON, D.C. 20270

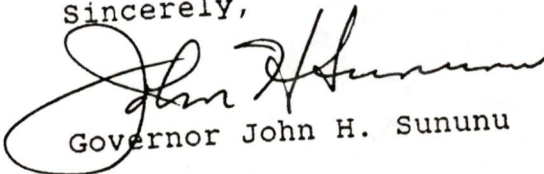
December 9, 1988

Dear Mr. Sweet:

Many thanks for your letter of December 6. I appreciate your sending me the report on American Potential: The Human Dimension by the Business-Higher Education Forum. I enjoyed looking it over. It is thoughtful and provocative. I will pass the report along to our staff at the Office of Policy Development for their review. They will contact you if they need further information.

Best wishes.

Sincerely,



Governor John H. Sununu

Mr. Paul Sweet
Director
Federal Governmental Relations
University of California
1523 New Hampshire Avenue, NW
Washington, D.C. 20036

(20) smt 12/22

JAMES L. SMITH
320 DONNA AVENUE
LOS ALAMOS, NEW MEXICO 87544

26-11-88

11 Dec 88

Dear Dr. Sununu,

Congratulations on your new appointment!

I am confident that you will not be mediocre.

I have enclosed three copies of a photo taken at Los Alamos on 22 Nov 87 to remind you when we met. I am bending over levitating the magnet above the superconductor. Both Leroy N. Sanchez, the photographer, and I would appreciate it if you would autograph a photo for each of us.

I can offer you something of value in return. All of the large national laboratories have programs in high-temperature superconductivity. It is my personal opinion that they should not all have efforts in all aspects of applied problems. Indeed we are often asked how to tell the Laboratories apart; how can we all be experts on everything? The Laboratories weaken their strengths to achieve homogeneity. You could ask some panel of experts simply to assign various application-oriented tasks to different laboratories. It would not cost anything.

Sincerely,
James L. Smith

OFFICE OF THE PRESIDENT-ELECT
WASHINGTON, D.C. 20270

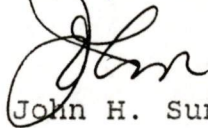
December 9, 1988

Dear Frank:

Many thanks for your kind note. I appreciate your warm words of congratulations and good wishes. I am fortunate and thankful to have the support of friends like you.

Best wishes to you and your family this holiday season.

Sincerely,

A handwritten signature in dark ink, appearing to read "John H. Sununu", written over the printed name.

John H. Sununu

Mr. Frank D. Stella
7000 Fenkell Avenue
Detroit, Michigan 48238

DEC 9 1968

Frank D. Stella

7000 Fenkell Avenue

Detroit, Michigan 48238

342-0020

Dear John:

Nov 30, 1968

My heartiest congratulations on
your appointment as chief of staff
for President-elect Bush. It was a
superb appointment. I mean that
in you he has a highly capable,
intelligent, loyal, and dedicated
associate.
It was great having you in Detroit.
Please come again. Warmest personal regards,
Frank

OFFICE OF THE PRESIDENT-ELECT
WASHINGTON, D.C. 20270

December 9, 1988

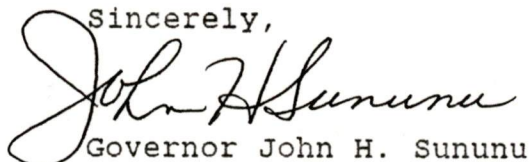
Dear Mr. Ashour:

Many thanks for your card of December 2. I appreciate your warm words of congratulations, and hope to prove worthy of the trust that the President-elect has conferred upon me.

As you are well aware, the situation in the Middle East is complex and difficult. But, the United States is committed to help bring about real and lasting peace. As George Bush stated during the campaign, peace will be achieved through direct negotiations by the parties involved. The United States stands ready to help in that process.

Once again, thanks for writing. Best wishes.

Sincerely,

A handwritten signature in dark ink, appearing to read "John H. Sununu". The signature is fluid and cursive, with the first name "John" being the most prominent.

Governor John H. Sununu

Mr. Issa Ashour
2013 Woodhead Street
Houston, Texas 77019

CONGRATULATIONS!
You Have PROVEN THAT
a PERSON can Make it
with NOTHING MORE THAN...



Ambassador



AMBASSADOR CARDS

© HALLMARK CARDS, INC.
MADE IN U.S.A.

100KM 105 M

Dec. 2, 1988

Dear Mr. Sumner,

Congratulations on your newly appointed position. I am glad to see an Arab-American hold such a high position in the government. Being born in Jerusalem of a Palestinian father and a Lebanese mother I have many concerns about Lebanon and the West Bank. Please help change the U.S. biased position about the Palestinians and the Arabs in General.

And by the way Zionism in ISRAEL & Apartheid in S. Africa are Racist regimes, no matter what anybody says.

Any moral person with common sense knows that. So I know "member ADC"

...BRAINS, PERSONALITY, Talent, AND Dedication?



DEC 6 1988
342-0024

that you do.

I am glad that the Palestinians are taking a more conservative & moderate route. This I hope will make your job easier.

I wish you + your family good luck, good health, and again congratulations.

158a Ashton

OFFICE OF THE PRESIDENT-ELECT
WASHINGTON, D.C. 20270

December 9, 1988

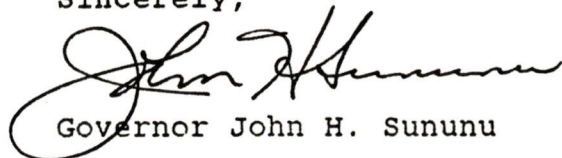
Tom
Dear Mr. Scambos:

Many thanks for your letter of December 6. It was good to hear from you. We appreciate your bringing the oil spill cleaning product, Elastol, to our attention. I will pass your materials along to our staff at the Office of Policy Development for their review. They will contact you if they need more information.

We appreciate your concern for the environment. George Bush is likewise committed to restore, protect, and preserve America's great natural treasures.

Once again, thanks for writing. Best wishes to you and your family this holiday season.

Sincerely,


Governor John H. Sununu

Mr. Tom Scambos
8 Walnut Street, NW
Washington, D.C. 20012

OFFICE OF THE PRESIDENT-ELECT
WASHINGTON, D.C. 20270

December 9, 1988

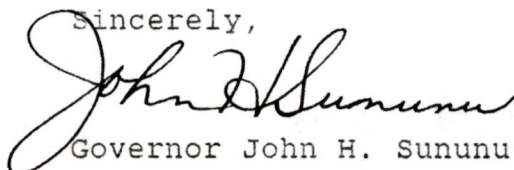
Dear Mr. Rost:

Many thanks for your kind letter of December 1. We appreciate your views on the economic challenges that confront the country. They are thoughtful. Thanks, also, for your resume, and interest in serving the President-elect. I will pass your materials along to our staff at the Office of Presidential Personnel for their review. They will contact you when they need further information.

Rest assured that George Bush remains strongly committed to reducing the budget deficit within the framework of the commitments he made during the campaign. In addition, the President-elect plans to expand America's economic prosperity by spreading economic growth, bringing economic empowerment to more Americans, and strengthening America's leadership in the world economy.

Once again, thanks for writing. Best wishes.

Sincerely,

A handwritten signature in dark ink, appearing to read "John H. Sununu", written in a cursive style.

Governor John H. Sununu

Mr. Francis L. Rost
Rost Associates
200 Northwest Bank Bldg.
P.O. Box 1403
LaCrosse, Wisconsin 54601



200 NORWEST BANK BUILDING / P.O. BOX 1403
La CROSSE, WISCONSIN 54601 / (608) 784-2235

DEC 1988

342-0015

1 December 1988

Mr. John Sununu
BUSH ADMINISTRATION
c/o Bush Administration Transition Team
Washington, D.C.

Dear Mr. Sununu:

I was personally very pleased with your selection by George Bush to head his White House Staff. It is a relief that the future administration of the affairs of this great nation will be more like that of New Hampshire than that of Taxachusetts.

Given the criticality of these economic and political times, I believe George Bush has the opportunity to become one of the greatest presidents this nation has ever had.

But he also has the opportunity to preside over another 1929.

Although I believe he was sincere in his "read my lips" pledge, with the already increasing pressure from the liberal media and tax-and-spend politicians and special interests, as well as the "votes" against the U.S. \$ in financial markets now taking place, that pledge may become one of the most difficult promises to keep that he has ever made.

Possibly others have thought of what I am about to describe as a plan to avoid a tax increase, restore the financial strength of this country, and back us away from the present fragile economic situation. If so, at least let the following serve as a vote of confidence for any decisive action, no matter how dramatic, George Bush may take to accomplish the same end:

1. I believe George Bush must hit the ground running on January 20, 1989. He must not only confidently pick up the mantle of leadership left by Ronald Reagan, but he must also snatch away that portion of the mantle of presidential leadership that has been siphoned off by Congress in the last 20 years. If he does not, I do not believe there is anything anybody can do, George Bush and Congress included, to avoid not just the tax increases, but also an Armageddon that will result in economic and societal turmoil and decline in the U.S.A. and rest of the world.

2. I feel the best way for George Bush to accomplish what I am talking about on January 20th is for him to:
 - a. Honestly and completely present the seriousness of the present and future economic situation to the American people in the absence of dramatic action;
 - b. Accentuate this by a declaration of a "State of Economic Emergency"; and
 - c. Propose a dramatic, multiyear "Plan" that would correct the economic excesses of the past.
3. The most important part of the Plan would be a multiyear commitment to the American people that he proposes and will propose:
 - a. A budget for the next fiscal year equal to the budget for the current fiscal year with a 10% reduction by each major budget category;
 - b. And for the following fiscal year, the same budget amount with no increase for any major budget category;
 - c. And for the following two fiscal years, the previous budget amount with an increase only for the previous year's inflation for each major budget category.
 - d. No major budget category would be excluded from the above Plan; not Defense, not Social Security, not the White House, not Congress, not anything, no matter how sacred.
4. It would be appropriate for George Bush to solicit the support of majority and minority leadership in both houses of Congress before the presentation I am describing that would take place on January 20th. I would suggest he do this by secretly sequestering himself with congressional leaders for sufficient time for the above to be discussed in a Camp David type atmosphere until just before his presentation to Congress and the American people on January 20th. Should all of these congressional leaders not be willing to publicly support the Plan, a last ditch effort to convince them should be made by George Bush respectfully stating he would ask the American people to make their wishes known to Congress at the close of the presentation.
5. It would also be appropriate to solicit Ronald Reagan's support for the Plan, and perhaps not only involve him

in the discussions with congressional leaders above, but also in followup speeches around the U.S.A. that would unite all of the American people behind the leadership of George Bush and the Plan.

6. Support of key media, business, labor, entertainment, sports, and other respected individuals should also be solicited in follow through to unite the American people for something I can only liken to a "war effort", which it is and must be to succeed.

I know that the kind of plan I am talking about is workable.

First of all, it is a necessity, and I believe the American people would quickly see that because they already know in their hearts that something drastic needs to be done.

Second of all, it is equitable. No major budget category would get any preference over any other.

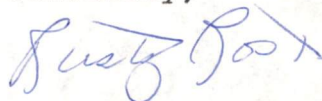
Finally, it really is do-able in a federal budget that has expanded unceasingly for decades. I think it is do-able even if implemented down to the smallest budget category because 10% is really not that much of a reduction; and with only a little bit of "private enterprise" type of imagination, even that wouldn't be necessary as flexibility in minor budget categories would be retained by cabinet level officials.

I believe the above action would be the greatest leadership step in this country since Lincoln freed the slaves. And it would do as much to change the future course of economic history in the U.S. as Lincoln's action did to relieve human misery.

I have no delusions that I have all of the answers above, but I think I have said enough that others can take it from here and make it even more workable.

I did have two reasons for writing. Besides the above, I would also welcome the opportunity to serve in some area of the Bush Administration. I am enclosing my resume for your information.

Sincerely,

A handwritten signature in blue ink, appearing to read "Francis Rost", with a stylized flourish at the end.

Francis L. Rost



200 NORWEST BANK BUILDING / P.O. BOX 1403
La CROSSE, WISCONSIN 54601 / (608) 784-2235

PROFESSIONAL EXPERIENCE

ROST ASSOCIATES, La Crosse, Wisconsin. 1972 - Present. Services as an independent CONSULTANT in such areas as:

- o STARTUP of new companies, ventures, products and licenses in the U.S.A., Australia, China, and the rest of the world.
- o PURCHASE or SALE of various MANUFACTURING, SERVICE and CONSTRUCTION industry firms in all capacities.
- o INVESTMENTS for growth, income and tax advantaged purposes.
- o FINANCING, related and unrelated to all of the above, including renegotiating seven figure financing nearing default with three parties and four financial institutions.
- o TAX PLANNING to defer, reduce or recover taxes. One client, as a new business, deferred indefinitely \$166,000 in taxes.
- o PROFIT/COST IMPROVEMENT studies and systems with major impact on municipalities (8.5% budget savings) and private firms (up to 20% of division performance), that included directing projects involving up to 50 management personnel.
- o ARBITRATION and MEDIATION in the above areas of experience.
- o Complex NEGOTIATIONS, STRATEGIC PLANNING, VALUATIONS, ANALYSIS and sophisticated MODELING in support of the above.
- o COUNSELING as a second opinion in client decisions.

THE TRANE COMPANY, La Crosse, Wisconsin. 1966 - 1972. This international air conditioning manufacturer had then annual sales in excess of \$400 million (now over \$1.5 billion).

- o MANAGER OF INTERNAL AUDITING, 1968 - 1972. Responsible for corporate-wide operational and financial reviews of divisions, plants and major systems.
- o ADVANCED SYSTEMS ANALYSIS, 1966 - 1968. Initiated and implemented forecasting, production, material and distribution planning systems.

IBM, EASTMAN KODAK, SHELL OIL, Summers of 1965, 1964, 1963. Meaningful experience in systems design, production/sales liaison and analysis, and production engineering at these firms.

EDUCATION

STANFORD UNIVERSITY, 1964 - 1966. M.B.A. with depth study in finance and management science.

UNIVERSITY OF WISCONSIN (MADISON), 1960 - 1964. B.S.M.E. with industrial engineering and management emphasis.

HONORS (Both Schools). Stanford MBA Fellowship, University of Wisconsin Senior Scholarship, Tau Beta Pi (Engineering), Phi Kappa Phi (All University), Phi Eta Sigma (Freshman), Honors and Sophomore High Honors.

OFFICE OF THE PRESIDENT-ELECT
WASHINGTON, D.C. 20270

December 13, 1988

Dear Avi:

Thanks for your recent letter on behalf of E.J. Thomas. I have forwarded your comments along to our Office of Presidential Personnel. I will ask them to keep me apprised of his status.

Thanks for your input, Avi. I hope you have a wonderful holiday season.

Sincerely,

A handwritten signature in dark ink, appearing to read "John", with a large, stylized loop at the end.

John H. Sununu

Mr. Avi Nelson
One Parker Street
Lawrence, Massachusetts 01843

OFFICE OF THE PRESIDENT-ELECT
WASHINGTON, D.C. 20270

December 13, 1988

Dear Dick:

Thank you for your kind words on my appointment.
Thank you also for your offer to help in the new
administration.

I will make sure you are given serious
consideration as the Department of Defense candidates
are reviewed.

I will forward you material to our staff in
Presidential Personnel and ask them to keep me apprised
of your status. They will contact you when they need
more information

Best wishes to you and your family this holiday
season, Dick. It was good to hear from you.

Sincerely,



John H. Sununu

Mr. Richard R. Fidler
Elbow Pond Road
Post Office Box 180
Andover, New Hampshire 03216

OFFICE OF THE PRESIDENT-ELECT
WASHINGTON, D.C. 20270

December 13, 1988

Dear Zel:

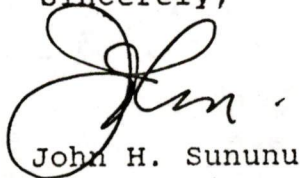
Thank you for forwarding your recommendation of Larry Garrett to me.

I will make sure he is given serious consideration as the positions in the Department of Defense are reviewed.

I have forwarded his resume, along with your comments, to our personnel staff. They will contact him directly when they need more information. I have also asked them to keep me apprised of his status.

Best wishes to you and your family this holiday season, Zel. It was good to hear from you.

Sincerely,



John H. Sununu

Mr. Zel E. Lipsen
Lipsen, Hamberger & Whitten
1725 DeSales Street, N.W.
Eighth Floor
Washington, D.C. 20036

OFFICE OF THE PRESIDENT-ELECT
WASHINGTON, D.C. 20270

December 13, 1988

Dear Al:

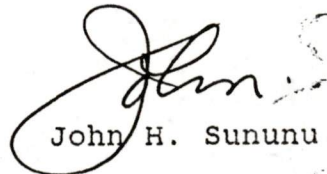
Thank you for forwarding your recommendation of Mike Deland to me.

I will make sure he is given serious consideration as the positions in the Environmental Protection Agency are reviewed.

I have forwarded his resume, along with your comments, to our personnel staff. They will contact him directly when they need more information. I have also asked them to keep me apprised of his status.

Best wishes to you and your family this holiday season, Al. It was good to hear from you.

Sincerely,



John H. Sununu

Mr. Albert H. Gordon
10 Hanover Square
New York, New York 10005

OFFICE OF THE PRESIDENT-ELECT
WASHINGTON, D.C. 20270

December 13, 1988

Dear Garrey:

Thanks for forwarding your recommendation of Colin McMillan to me. I will make sure his request to work in the administration is seriously considered.

I look forward to working with you during the challenging months ahead. I need your advice and counsel and I hope you will call on me after the new year.

I hope you and your family have a wonderful holiday season!

Sincerely,

A handwritten signature in dark ink, appearing to read "John H. Sununu", with a stylized flourish at the end.

John H. Sununu

The Honorable Garrey Carruthers
Governor of New Mexico
Santa Fe, New Mexico 87503

OFFICE OF THE PRESIDENT-ELECT
WASHINGTON, D.C. 20270

December 13, 1988

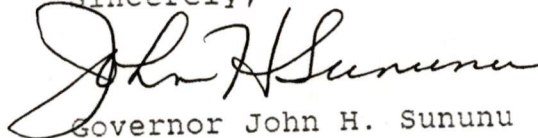
Dear Steve:

Many thanks for your letter of December 1. It was good to hear from you! I do remember our years at MIT with fondness. Thanks, also, for sharing your thoughts on the budget deficit, "program aggrandizement" by the federal bureaucracy, and other issues.

Rest assured that George Bush remains strongly committed to reducing the deficit within the framework of the commitments he made during the campaign. In addition, the President-elect wants to press ahead vigorously with reforms in the Pentagon's program, procurement, and budgeting system to bring about a more efficient and effective defense for our country.

Once again, thanks for writing. Best wishes to you and your family this holiday season.

Sincerely,



Governor John H. Sununu

Mr. Steven I. Freedman
410 Carlisle Avenue
Deerfield, IL 60015

Steven I. Freedman
410 Carlisle Avenue
Deerfield, IL 60015

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December 1, 1988

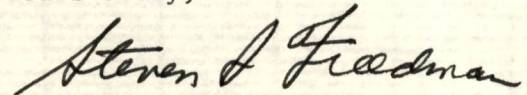
TO: Mail-screener for Governor Sununu

Dear Sir:

I was Governor Sununu's advisor and friend during his senior year and through his master's degree program at M.I.T., and I also worked with him in his first engineering job. While we haven't had contact since he left engineering for politics, I believe he still holds me in respect.

I have tried to keep my enclosed letter brief and I hope that he will receive it in the friendly spirit with which I have written it.

Yours truly,



Steven I. Freedman

Enclosure (letter)

Steven I. Freedman
410 Carlisle Avenue
Deerfield, IL 60015

December 1, 1988

The Honorable John Sununu
Chief-of-Staff Designee
Presidential Transition Office
1825 Connecticut Avenue, N.W.
Suite 1010
Washington, D.C. 20270

Dear John:

Congratulations.

You must be as good a politician as you were (and probably still are) a heat transfer engineer. I have remained an engineer of some repute in the energy field. So many friends asked if I knew you from M.I.T. that my mind overflowed with things which I felt I had to say to you. I have tried to keep this letter brief.

Your concerns now are most likely on a level above where my focus is, but permit me a few thoughts from my viewpoint which I hope will be of some benefit to the nation and to you in your leadership role.

The most important issue is defeating the deficit. Actually it would be better to see the debt attacked as the interest on it now runs \$140 billion, but debt reduction is too much to hope for for quite a while. While defense and social security are the biggest individual budget items, can luxuries and patronages be reduced, such as a stretchout in the SSC until the cost of superconducting magnets is reduced? The recent rise in interest rates is a continuing sign that we consume more than we produce. While the consequences can be postponed, they cannot be avoided for too long. As the economy and tax revenue grow, the debt will be manageable, however, the balance-of-trade deficit must be controlled or foreigners will own too much of America. Any advice that I might offer would be an affirmation of what Paul Volcker has just said; please listen to him as his record of success is excellent, his logic correct, and his delivery effective.

It would be nice if budget dollars could be related to the value of purchased goods and services, rather than as symbols for positions on political issues. Is the government exempt from the practise of value engineering? (Taxpayers should get value for their dollars but no one seems to care to deliver value. Can anyone stand up and say that America is not that rich that we can afford to waste money?)

The Honorable John Sununu
December 1, 1988
Page Two

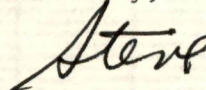
Eisenhower's classical warning about the military-industrial complex needs to be expanded to include two additional conspirators for power through government spending: (Congress and the career bureaucrats.) The devotion of Congress to power through a dependent constituency is known. What is less known is the role which the bureaucrats play in enhancing their own careers by program aggrandizement. A "fly-before-you-buy" policy on all technology programs would reduce much of the waste resulting from overlapping development and deployment. There are few programs, if any, for which time is so important that we can afford to waste money. I urge you to choose your junior appointees, assistant secretaries, with a strong concern for their dedication to achieve White House goals which, I presume, is for a balance between accomplishment and economy.. (Remember in choosing people for executive positions that Washington is traditionally an island of rhetoric surrounded by a sea of reality.)

Among the institutions which have become power bases are the National Labs. While much of the work done by the labs is unquestionably valuable, they also consume billions of dollars engaging in scientific research as if it were an art form. Can we afford this? We give away much of the taxpayer's paid-for knowledge as most scientists are of the belief that knowledge is the property of mankind, not the sponsor. This benevolence of liberal scientists with taxpayer property is not consistent with the realities of 1988 global economic competition.

You seem to have handled the American-Israeli lobby quite well. Should the need arise, you can include me in a group which you may wish to refer to in the context of "some of my best friends are Jewish." I can only suggest humor, appropriate food and appropriate music to handle the Jewish lobby. For your information, I am proud that I am an American who happens to be affiliated with a modern branch of the Jewish religion, as differentiated from many Jews in America whose Jewish identity comes first. Unfortunately, centuries of persecution have left Jews with what I call understandable paranoias. I hope for peace everywhere--Beirut and Northern Ireland included--but see the combination of a divided Israeli political system in the presence of zealots as not favoring the ability to negotiate and compromise.

Excuse me for not being as brief as I had intended. Should my thoughts on any of the above, or on energy, be of interest, I would be honored to make them available to you.

Sincerely,



Steven I. Freedman

OFFICE OF THE PRESIDENT-ELECT
WASHINGTON, D.C. 20270

December 13, 1988

Dear Dr. Nasem:

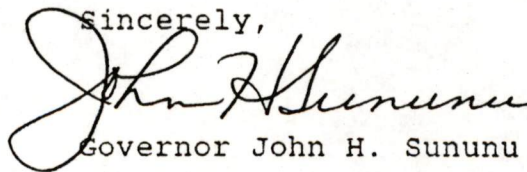
Many thanks for your letter of November 30. I appreciate your warm words of congratulations, and hope to prove worthy of the trust that the President-elect has conferred upon me. Thanks, also, for sending me a copy of your report, Beyond the Conflict. I have passed it along to our staff at the Office of National Security Affairs for their review. They will contact you if they need further assistance.

Dr. Nasem, we appreciate your desire to serve the President-elect. I will pass your credentials to our Office of Presidential Personnel for their review. They will contact you when they need more information.

As you can well imagine, my schedule is very hectic these days. But, as soon as things settle down we may be able to schedule a time to get together.

Once again, thanks for writing. Best wishes to you and your family this holiday season.

Sincerely,



Governor John H. Sununu

Dr. Charles Nasem
Chairman
United States-Pakistan
Alliance
4164 Elizabeth Lane
Annandale, VA 22003



New Address:

4164 Elizabeth Lane
Annandale, Virginia
22003

The United States - Pakistan Alliance

Washington, D.C.

November 30, 1988

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GENERAL DYNAMICS CORPORATION
Dr. Armand Hammer
OCCIDENTAL PETROLEUM CORPORATION

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Honorable John H. Sununu
Governor, New Hampshire
White House Chief Of Staff-Elect
Transition Headquarters
Suite - 1016
1825 - Connecticut Avenue, NW.,
WASHINGTON, D.C. 20270

DEC 1 1988

Dear Governor Sununu:

It is most gratifying that you accepted the awesome responsibilities to advise the President and help guide his policies through the Cabinet. Unfortunately, during the Heritage Foundation watch, we somehow lost the confidence of a number of U.S. allies including almost all of the Islamic bloc nations.

As chairman of the U.S. Pakistan Alliance, I worked hard and steadfastly apprised Pakistan to work with the Reagan administration despite the many serious complaints received from Pakistan with regards to the position Heritage Foundation took against the Islamic population the world over.

If it would meet the pleasure of your approval. I would like to submit my in-depth report on the Islamic perception of what the Bush administration's foreign policy should be. This report is a result of years of research in the Islamic bloc nations and about the Soviet "perestroika" the mainstay of Soviet domestic and foreign policy for 1988-92 era.

I sincerely believe, Bush administration must make some room for some of us American-Muslims to serve him in his administration. Something that did not happen under President Reagan. I assure you that this gesture will send a very comforting and healing

signal to the Islamic administrations. The U.S. cannot be held hostage to any one single group's special interest and yet survive the litmus test of even-handed foreign policy.

As I have indicated, my report entitled "Beyond the Conflict" is a true account of what is happening in the Islamic nations and the role the Soviets have elected to play. Azarbijan crisis are indicating to the Soviet Union that Muslims are becoming very restless and incessantly aware of their numbers on the planet. It is unfortunate that we have not build on a foreign policy of American fairness and justice for all, an original theme of the Republican Party of Ike's era and face some serious choices.

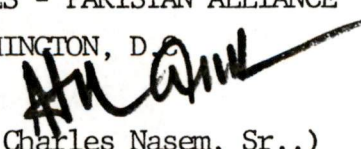
Finally, I would like to apprise you that I am seeking a job of some responsibility in President Bush's administration. I am an American Muslim and have valuable experience in foreign affairs. I hope to present a much needed knowledge of Islamic Affairs as they will continue to present new challenges. My services as the founder and the first chairman of the Alliance have afforded me many opportunities to meet and discuss foreign affairs as they related to private sector endeavor to ameliorate empathy between the people of Pakistan and the United States.

I would like the honor to meet with you Governor Sununu, if at all possible during the holidays season. I have some very constructive suggestions for an American role in the Middle East and in Asia. I am confident that you will find my presentation of interest to you and your staff. My resume and some background data on the Alliance's activities. They are formally addressed to President Bush.

Please feel welcome to contact me and I shall be in touch. With warm personal regards.

Sincerely,

THE UNITED STATES - PAKISTAN ALLIANCE
WASHINGTON, D.C.


(Dr. Charles Nasem, Sr.,)

Encl. Resume & Report

OFFICE OF THE PRESIDENT-ELECT
WASHINGTON, D.C. 20270

December 13, 1988

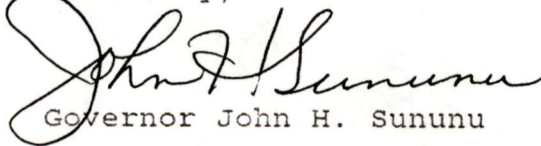
Dear Mr. Auten:

Many thanks for your letter of November 29. I appreciate your concern about the budget deficit and health care costs. I enjoyed looking over your proposals for "solving the health insurance crisis," and will pass them along to our staff at the Office of Policy Development for their review. I found your emphasis on state and local action to address this problem especially appealing.

Rest assured that George Bush remains strongly committed to reducing the budget deficit without raising taxes. In addition, the President-elect plans to support efforts to keep medical costs down while maintaining quality health care. To that end, he wants to cut waste and inefficiency out of government health programs, and promote innovative and cost-effective health plans by encouraging more competition among health care providers.

Once again, thanks for writing. Best wishes to you and your family this holiday season.

Sincerely,



Governor John H. Sununu

Mr. Dean G. Auten
6122 Altama Ave., S5
Brunswick, GA 31520-1807

DEC REC'D

Dean G. Auten
E. R. Jennings, M.D.
6122 Altama Avenue, SE
Brunswick, Ga. 31520-1807

341-0122

Mr. John Sununu
President Elect's Office
825 Connecticut Avenue, NW
Washington, D. C. 20270

Dear Mr. Sununu:

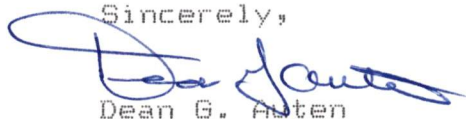
Re: Solving the Health Insurance Crisis and Reducing
the Federal Deficit

As President Elect Bush's newly appointed Chief of Staff, we know one of your first concerns will be the reduction of the Federal Deficit. While Governor of New Hampshire, you were a proponent of returning more responsibility to the states. We feel that health care costs and the federal deficit can be decreased by returning to the states more responsibility for health care.

Enclosed is a copy of a new release we recently sent to the Atlanta Journal/Constitution. As you can see, we have quoted you. We hope you will read the news release and the report.

If we can furnish more information, Please let us know.

Sincerely,



Dean G. Auten

Enclosures-2

November 29, 1988

TO: EDITORS
THE ATLANTA JOURNAL AND THE ATLANTA CONSTITUTION
72 MARIETTA STREET, N. W.
ATLANTA, GEORGIA 30303

N E W S R E L E A S E

FOR INFORMATION CALL:

E. R. JENNINGS, M.D. 912-265-2439
DEAN AUTEN, CIC, CPIA 912-264-3326

RE: ENCLOSED REPORT ON SOLVING THE HEALTH INSURANCE CRISIS
BY E.R. JENNINGS, M.D., AND DEAN G. AUTEN, CIC, CPIA

Health Care Costs is now close to 12% of GNP--\$500 Billion dollars! The Federal and State governments pick-up the larger share of the costs. During the last Presidential campaign, we heard a lot about the "uninsured populous"--now estimated at 37 million. To hear candidate Dukakis talk, these 37 million were going without medical care. Wrong, Wrong, Wrong! Health care providers have for many years treated people regardless of ability to pay.

Of course, we recognize that the non-paying patient costs are transferred to paying patients and we have some recommendations in our report. Primarily, we feel it should be as issue for the States to resolve and not the Federal government. Massachusetts's answer is not the answer for Georgia.

① Physicians are fed-up with the bureaucracy. Many, if not most, would rather take a tax deduction for medicaid patients and indigents. If Federal legislation were passed allowing a tax deduction, you would have more Physicians accepting these patients and you would have better patient care. They would accept as a tax deduction no more than they would have been paid under medicaid reimbursement. The plan would need to be voluntary. For those Physicians who accept the plan, they would not only get the tax deduction but would be freed from all the paperwork and harrassment they now receive from the bureaucracy.

② Our second recommendation is to freeze the Federal participation in medicaid at current levels. Give the money to the States to administer. States could make the funds go further. In addition, they could do more experimentation in ways to cut costs.

To quote Governor John Sununu of New Hampshire (newly appointed Chief of Staff For President-Elect Bush) from Intergovernmental Perspective Fall 88, "The Spirit of Federalism: Restoring the Balance" Mr. Sununu said "Americans

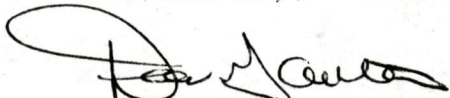
Page 2

need governments that respond to their needs and concerns, governments that make good decisions about what to do and then implement those decisions with fairness and efficiency. Americans need governments that can and will build partnerships with the private sector, governments that can adjust to a changing world"

We have allowed our Federal Government to become too big. The States need to defend their rights under the Constitution, provide more leadership, and assume more responsibility. The health care issue is a good place for them to start.

We hope you will read all the report. If we can provide additional information, please let us know. We feel our recommendations would go a long way on providing better health care and decreasing the Federal deficit.

Sincerely,

A handwritten signature in dark ink, appearing to read 'Dean G. Auten', with a large, stylized initial 'D'.

Dean G. Auten

Enclosure: "Solving the Health Insurance Crisis"

November 29, 1988

Mail address: 6122 Altama Avenue, Brunswick, Ga. 31520-1807

SOLVING THE HEALTH INSURANCE CRISIS

BY

E. R. JENNINGS, M.D. AND DEAN G. AUTEN, CIC, CPIA

The Authors

The Authors of this report have had a combined experience of 60 years in the business of providing health care and in the insuring of health care. Dr. Jennings, now retired, was a practicing physician for 35 years; A Diplomate of The American Board of Surgery, Past President of Georgia Chapter of the American College of Surgeons, and Past President of the Georgia Surgical Society. Dean Auten has been in the insurance business for 25 years. For 10 years he served in the General Assembly and served an equal number of years on the House Insurance Committee. In 1979 he co-authored the first bill to cover uninsurables in Georgia. The bill passed the Georgia House but failed in the Senate after the House removed an important mechanism for funding.

Solving The Health Insurance Crisis

When we started our study, we could only find one answer coming from government and insurance health care providers: **Additional bureaucracy**. They all want to involve more bureaucrats between the health care providers and their patients. We do not feel that this is the answer.

Today over 50% of health care payments come from either the State or Federal Government. Since it consumes so much of our tax dollars, we feel some experimentation is needed to find new answers.

To begin, we recommend a freeze on all Federal participation. Take the money now appropriated and give it to the states to administer. The freeze would assist greatly the Federal deficit and assist states in their growing sharing of medicaid costs. Under that arrangement we hope that some states would choose to do some experimentation. For example, we would like to see a state consider the following:

A. PHYSICIAN PLAN - (Current Cost Is \$90 BILLION DOLLARS)

- 1) Treat Medicaid work as a charitable contribution.

Medicaid is a charity run by the government, nothing more, nothing less, since by definition it is a health-care delivery program for those who can't otherwise afford to provide for their own care. So physicians who treat Medicaid patients are actually contributing their services to charity-but receiving in return some minimal reimbursement for their work.

Wouldn't we be better off if a fee schedule specifying customary fees in each state or area were established and we were credited with a tax-deductible contribution every time we submitted a claim? The

schedule could be updated as necessary, and no money would actually change hands. Doctors could be sent monthly or quarterly reports on the status of their accounts, followed by annual statements documenting their contributions, which could be filed by them with their income tax returns.

Look at what such a system would do:

1. Each participating doctor would benefit through a tax deduction in direct proportion to the services he rendered.
2. The tax advantage would encourage many more physicians to participate in the Medicaid program. This wider availability of care would substantially reduce or eliminate the so-called Medicaid mills.
3. Even allowing for the loss of tax revenues, state and federal governments would save millions of dollars they now have to provide for fee payments.
4. The discriminatory practice of paying doctors a percentage of an already inequitable fee schedule would be eliminated.
5. With claims work greatly simplified, the administrative agency overseeing the program would have more funds and more time for the evaluation and surveillance of recipients.
6. Medicaid patient-physician relations would be improved both by allowing patients a wider choice of doctors and by eliminating physician reluctance to treat them.
7. Patient self-image would be improved by ending their segregation, and the chances that they'd seek preventive care would be enhanced.
8. The administrative agency would be able to streamline its operations and concentrate more on quality.

The overall program would undoubtedly be upgraded by its financial independence - and even more financial support could easily be attracted by opening Medicaid to charitable contributions from the public. Donations could be given the same tax-deductible status as contributions to any recognized church or charity. That way contributors could be helping the medically underserved in their own communities while reducing their own tax burden.

Nor would the donation-of-service aspect have to be limited to doctors. Allied health professionals could take the same course and get the same deduction, while improving care of the poor. (Information for this proposal taken from Medical Economics June 8, 1981 by James R. Tyler, D.O.)

2) Abolish utilization review and professional review organizations as presently constituted and substitute employee-business-medical monitoring.

3) Restructure medical liability laws to "no-fault" insurance status and use existing worker's compensation guidelines for injuries. Allow doctors to countersue plaintiff or attorney for provable libel or slander.

4) Cooperate with physicians and patients by using standard forms for

insurance and government. Let each citizen accept responsibility for his own financial arrangements.

5) Establish a local community-based business-medical society coalition to: a. Monitor the consumers who abuse the system; by auditing the insurance and government payments.
b. Monitor doctor and hospital charges to avoid gouging.

6) Stop cost shifting. When one patient (Insurance provider) gets a discount, another has to pick up additional costs. You are either a shifter or a shiftee. Rates should be established by the provider, not the third party payor. Local peer review would replace Federal and State review. In Georgia alone the cost of utilization and professional review is estimated at eighteen million dollars. Add to that the cost to health care providers who must take time from patient care to deal with review people and the additional cost of staff to complete forms.

One office manager for a doctor wrote the following:

"I need your help. All the doctors of Georgia need your help. Daily we are being bombarded by the endless rules and regulations of medicare. Our time is taken trying to meet the unending medicare demands. Our staffs are unable to cope with the paperwork of the medicare bureaucracy. In order for our doctors to practice medicine, the staffs are constantly getting "BENEFICIARY WAS INFORMED IN ADVANCE" releases signed. Then these are not worth the paper they are written on. Medicare harasses us constantly. If they are not telling us how we failed to follow proper procedures for hospital care, they are telling us when and if we can see the patient in the office, what the patient can have, how much lab work is necessary. To top it all off, after we have tried our very best to meet their rules, we have to contend with the Dear Doctor letters.....Under Section 1042 (1).....you must refund these amounts to his/her within 30 days.....physician who fails to make a required refund within the 30-day period may be subject to civil money penalties or not more than \$2000.....

Our patient is our first consideration, but we do our level best to comply with the rules of medicare. Yet we are being overwhelmed by the bureaucracy, the endless paperwork, the constant harassment. We are being buried in a system that supposedly has the aged American at heart, but the patient is getting lost in the shuffle. Our patients' want and need more than one visit a month when they are sick, they want and need vitamin B12 for diagnosis other than pernicious anemia, they are sick and tired of endless papers for them to sign each time they ask to be seen. They do not understand why they can not be seen each time they request without having to sign a release. They are afraid of the releases. They do not understand why they are necessary and to be frank, neither do I.

I do not have the answers to the Medicare crisis, but I can tell you more rules and regulations are not the answer. Government needs to get off our backs, literally the load is too heavy to carry.

Your help will be gratefully appreciated."

All this unnecessary harassment and yet the elderly are spending the same proportion of their incomes for health care-15%-as they did before Medicare and Medicaid were enacted in 1966. And yet Medicaid and Medicare payments have not been increased for inflation forcing health care providers to get what they want from other patients.

B. HOSPITAL COSTS - \$200 BILLION DOLLARS

- 1) The Georgia Hospital Association shows hospital revenues have uncompensated care at 24.6%. The Georgia General Assembly is currently considering a plan for uninsurables. However the funding is done with the creation of a pool. Under the pool concept, only Insurance companies would be paying for the poor risks. Self-insureds, a major market share, are exempt and unregulated by the state. Today we have only 22 companies left that actively solicit individual health insurance rated by A.M. BEST. A pool that only taxes Insurance companies will drive away more companies. All poor risks, whether now covered by self insurance or a company, would be transferred to the pool. **The Federal ERISA should be changed to allow States to regulate and tax self insureds.** The states should be allowed to establish a pool for uninsurables under a plan that spreads the excess cost to all insurance providers.
- 2) Encourage a charitable trust fund in each hospital and coordinate with the voluntary health organizations. Abolish the Certificate of Need system and work with each hospital for improvement of facilities.
- 3) Give government surplus foods to hospitals in proportion to the indigent census.
- 4) Patients who receive food stamps should be allowed to pay hospital food costs with food stamps.
- 5) Allow hospitals to rent empty space to physicians and allied health professionals.
- 6) Rural hospitals have different practice patterns than urban medical centers. A communications and transportation plan can tie in the small hospitals to larger hospitals and provide a complete complement of care. The hospitals can entice doctors by offering office space and personnel. States should consider providing rural physicians more immunity from malpractice (rural physicians do not have the same availability for testing, etc.)

7) Charges for hospital care and professional care should be publicized; and publish the amounts of insurance and government coverage.

8) In each state, the professional organizations such as the The American College of Surgeons, and the American College of Physicians should be consulted to set standards of care.

9) Attack tobacco, alcohol, drug abuse, and violent crime.

a. Tax cigarettes and alcohol at increased rates; fine drugs possession at \$1,000 per incident plus dollar value of the substance. Apply proceeds to medical equipment and indigent care.

b) Apply a dollar value on violent injuries payable to the victim and the state.

10) Attack trauma (The number one user of hospital beds)

a. Establish a nationwide 911 emergency telephone number.

b. Initiate "Trauma Stoppers" prevention program.

c. Establish a state patrol helicopter program in each state with a coordinated transportation, communication, and treatment plan; as is now practiced in Maryland and Virginia.

11) Establish a physician sponsored educational program in every hospital.

12) Require all patients to share in cost of health care. Over-utilization is the number one reason for increasing costs. Today it would be possible for ten families to take all of the time of one physician. When the patient has no concern for the cost, there will be over utilization. Most group plans have found that less than 20% of the people use over 80% of their funds. **Everyone should pay something, so as to protect all!**

13) Subrogation. Too many people make money when sick or involved in an accident. One primary carrier should be designated and they should be allowed to recover their expenses from any other insurance.

Example: A group insurance carrier should be able to recover money paid to the patient under an automobile insurance policy. To collect more than 100% only encourages over utilization and prolongs the return to work.

14) Education: We need to do more in making the public aware of the problems facing health care. They must learn to understand and co-operate with providers - to reduce costs and enhance quality.

There will, of course, continue to be increases in some costs of good health. Health care is part of our "high tech" environment. However, none of us want to return to the days before high-tech care. For example: Gall stones can now be crushed by a Lithotripsy Machine. Formerly we would have had a surgical operation and a 4 to 6 week recovery period. Today, a person can return to work in three days. A \$20,000 coronary bypass may return a person to full usefulness or close

to it. In 1930, a person may have received \$1 worth of pills and became chairbound, if not bedfast, a lifetime cardiac cripple. Frequently, a million-dollar CAT Scanner locates tumors while they're still safe enough to cure. A CAT Scan is safe, painless and rapid. It often reveals more in 20 minutes than we found in several days of uncomfortable and expensive testing. We have the best health care in the world and it is improving each day. We doubt that any of us want to see medical research come to an end.

We think that it is time for more experimentation by the states and the professionals. State governments are closer to the people. State governments, like the health care provider, must deal with the Federal Bureaucrats. Take a hospital bill: The physician has to complete a full report for hospital admission. Then he has to clear the admission with the review company and then he has to complete another report for the insurance company. Most of the time these same reports have to be repeated. Questions arise that have already been answered on the hospital's discharge report. A lot of money could be saved if the hospital discharge report were accepted by all parties. The health care industry is big business which is currently hampered by unnecessary paper work demanded by bureaucrats. The state could better administer the medicaid funds and make the money go further. The state could eliminate a lot of the unnecessary paper work. In addition, all states do not have the same problems. In Texas, Tenneco is charged \$13,000 per heart bypass at the Texas Health Institute, compared to as much as \$30,000 for the same services in California. However, Georgia is 13th in the Nation in cost of having a baby-Georgia Doctors charge an average of \$1,200 for a normal birth-ninth highest in the country, Georgia hospital fees averaged \$1,720-13th highest.

A fair estimate of the savings in health care costs if our recommendations are implemented is \$10 Billion Dollars a year! Immediate action can give comfort to our people, improve quality and lower costs.

OFFICE OF THE PRESIDENT-ELECT
WASHINGTON, D.C. 20270

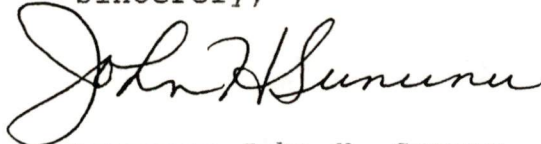
December 13, 1988

Dear Dr. Hamer,

Thank you for taking the time to send along that interesting compilation of letters, through which my current schedule only allows me a quick review. I hope that my future schedule will permit me enough time to give them all the attention that they obviously deserve, but my remaining duties as Governor and my responsibilities as Chief of Staff Designate are demanding every bit of my attention.

Please accept my warmest holiday wishes to you and your wife Lou, and I hope that the new year brings you both health and happiness.

Sincerely,

A handwritten signature in dark ink, appearing to read "John H. Sununu". The signature is fluid and cursive, with the first name "John" being the most prominent.

Governor John H. Sununu

Dr. Ronald N. Hamer D.D.S.
303 Josephine Street, Suite 202
Denver, Colorado 80206

OFFICE OF THE PRESIDENT-ELECT
WASHINGTON, D.C. 20270

December 13, 1988

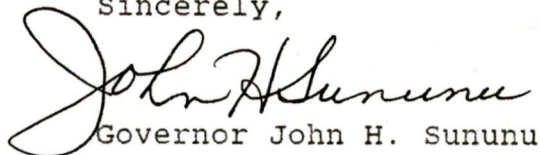
Dear Mr. Ohmen:

Many thanks for your kind letter of November 18. We appreciate your views on the economic challenges that confront the country. They are thoughtful and provocative.

Rest assured that George Bush remains strongly committed to reducing the budget deficit without raising taxes. In addition, the President-elect plans to expand America's economic prosperity by spreading economic growth, bringing economic empowerment to more Americans, and strengthening America's leadership in the world economy.

Once again, thanks for writing. Best wishes to you and your family this holiday season.

Sincerely,

A handwritten signature in dark ink, appearing to read "John H. Sununu". The signature is fluid and cursive, with the first name "John" being the most prominent.

Governor John H. Sununu

Mr. Douglas J. Ohmen
1220 Greenbrook Drive
Danville, CA 94526

1220 Greenbrook Drive
Danville, Calif. 94526
November 18, 1988

341-0034

Chief of Staff-Designate John Sununu
The White House
1600 Pennsylvania Avenue
Washington, D.C.

03DEC1988

Dear Governor Sununu:

I would like to urge you to advise President Bush to completely eliminate the Federal Budget deficit in the fiscal year starting October 1989 instead of trying to do it piecemeal. This elimination would be based on three precepts:

- The Budget would be an honest break-even budget with absolutely no increase in taxes. This would mean an across-the-board reduction of about 10% in all departmental expenditures except for the IRS, Social Security and retirement payments which would be held at current levels. Governmental salaries would also remain at their current level with no increases even for time in grade. Interest payments on the national debt would rise and would have to be paid. The Country would be with the President in this even though Congress and the Federal bureaucracy would fight like scalded cats.
- It would be a bureaucratic firing offense to try to make the most popular programs (the "Fire Department" and the "Police Department") the first priority for elimination assuming that the full budget would be restored to keep them on. Every department can find 10% of minimally-useful programs.
- Every Federal department would have to reduce actual head count at every grade level by 10% from the November 1988 level by September 30, 1989. This would include the Armed Forces. Again, there are at least 10% marginally-useful people in the system. Reduction would be mainly by attrition with some Reduction-In-Force. There should be no advancements in grade to fill empty billets and the billets should be permanently eliminated. There should be absolutely NO Golden Parachutes no matter how senior the person.

Benefits:

1. Doing this in one year would get it all over with promptly while the President is most popular with the people and the Congress has not fully assessed his strength. He would not have an equivalent fight each year. Cutting off the dog's tail an inch at a time hurts more and you may be bitten.
2. If the Budget is balanced, the interest payments on the national debt would stop rising. This annual increase, as we have now, continuously reduces the funds available to the other departments making it ever-harder to get a balanced budget.

3. The International Balance of Payments would go to zero. It is no accident that the Budget deficit and the Balance of Payments deficit are about the same size. Balance the Federal Budget and the trade deficit will be approximately balanced in a short time. (Ref: Federal Reserve Bank of San Francisco)

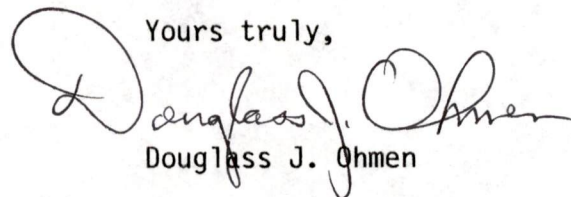
4. Currently, unemployment is low and business levels are high. The Country's economy could accept a reduction in Federal employment and a reduction in Federal contracts and handouts. It would not send the economy into a decline because sales overseas would go up: The overseas funds that currently are invested in Government securities would be used to purchase civilian products and invested in non-Governmental securities. The Country would increase in prosperity.

The gradual approach to reducing the Federal deficit has not worked for the last six years. It is time to do something different while times are fairly good and the President has his election popularity. Those ever-growing interest payments on the national debt will make it harder and harder to balance the budget since the departments will keep getting less and less even though Government revenues increase.

Sometime soon there will be a downturn in the economy. It is inevitable and even now overdue. When that happens, revenues will drop and payouts will increase. This can truly cause a condition where disaster will be the only outcome--probably rampant inflation, incredible unemployment and genuine starvation. Now is the only window where a dramatic balancing of the Budget will work. Otherwise, conditions can only get worse.

I voted for President Bush and am pulling for his success. He is at a nexus where all paths are painful, but trying to spread out the pain will only make it significantly worse. Provide the leadership in this and the Country will follow.

Yours truly,

A handwritten signature in dark ink, appearing to read "Douglass J. Ohmen". The signature is fluid and cursive, with a large initial "D" and "O".

Douglass J. Ohmen

OFFICE OF THE PRESIDENT-ELECT
WASHINGTON, D.C. 20270

December 13, 1988

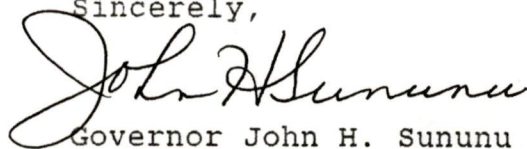
Dear Peter:

Many thanks for your kind letter of November 29. It was good to hear from you. I appreciate your warm words of congratulations, and hope to prove worthy of the trust that the President-elect has conferred upon me.

Peter, I do remember our conversations at Tufts with fondness. You have done very well for yourself, and I am proud of you. Keep up the good work!

Best wishes to you and your family this holiday season.

Sincerely,

A handwritten signature in dark ink, appearing to read "John H. Sununu", written in a cursive style.

Governor John H. Sununu

Mr. Peter H. Rothschild
Managing Director
Drexel Burnham Lambert, Inc.
60 Broad Street
New York, NY 10004

Drexel Burnham Lambert

05DEC REC

Peter H. Rothschild
Managing Director

341-0029

November 29, 1988

The Honorable John Sununu
Governor of New Hampshire
The White House
Washington, D.C. 20500

Dear Governor Sununu:

I want to congratulate you on your recent appointment as Chief of Staff. I am very excited for you and your family.

I hope you remember me. I graduated from Tufts University in 1977 and you served as my academic advisor. The White House is quite a distance from the modest office you had in the basement of Anderson Hall, where I recall frequently meeting with you. Although my major at Tufts was mechanical engineering, I also have capitalized on my engineering background outside of the traditional career direction by becoming an investment banker after graduating from the Harvard Business School.

I wish you the best of luck in your new position.

Very truly yours,



/lap

OFFICE OF THE PRESIDENT-ELECT
WASHINGTON, D.C. 20270

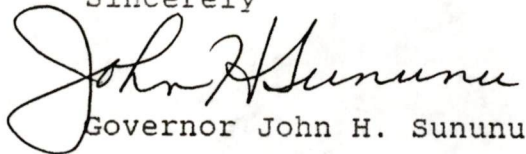
December 13, 1988

Dear Dan:

Many thanks for your kind letter of November 16. It was good to hear from you. I appreciate your warm words of congratulations, and hope to prove worthy of the trust that the President-elect has conferred upon me. Thanks, also, for your generous offer of help.

Best wishes to you and your family this holiday season.

Sincerely

A handwritten signature in dark ink, appearing to read "John H. Sununu". The signature is fluid and cursive, with the first name "John" being more prominent and the last name "Sununu" written in a continuous script.

Governor John H. Sununu

Daniel J. Popeo, Esq.
1705 N Street, NW
Washington, D.C. 20036

Personal

DANIEL J. POPEO, ESQUIRE

1705 N STREET, N. W.
WASHINGTON, D. C. 20036

341-0030
O 5 DEC 1988

November 16, 1988

Dear John,

Congratulations are
in order !!!

President Bush can
rest a lot easier with you
in charge.

Let me know if there
is anything I or WLF can
ever do to help out.

Continued success
and much deserved recognition
in all you do !!!

Warm regards,
Dan

OFFICE OF THE PRESIDENT-ELECT
WASHINGTON, D.C. 20270

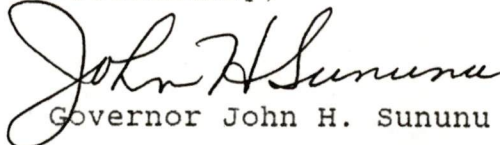
December 13, 1988

Dear Mr. Trie:

Many thanks for your recent note. I appreciate your warm words of congratulations and hope to prove worthy of the trust that the President-elect has conferred upon me.

Best wishes to you and the other Phi Sig's at USC this holiday season.

Fraternally,


Governor John H. Sununu

Mr. David K. Trie
Secretary
Phi Sigma Kappa
938 West 28th St.
Los Angeles, CA 90007

Dear Governor Sumner,

341-
0037

On behalf of the brothers of
Phi Sigma Kappa at the
University of Southern California,
we would like to congratulate
you on your appointment
as White House Chief of

Staff. We wish you the
best of luck in your
term.

Sincerely yours,
DAVID K. IRLE
Secretary.

Omega Neutron Chapter



Phi Sigma Kappa
University of Southern California

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OFFICE OF THE PRESIDENT-ELECT
WASHINGTON, D.C. 20270

December 13, 1988

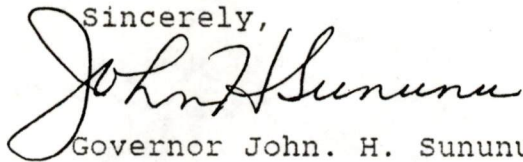
Dear Mr. Kerrigan,

Thank you very much for your warm congratulatory letter and for sending me a copy of your Kellogg Institute Working paper, which will unfortunately have to wait for a more thorough reading until after I am settled into my new job. In the meantime I am forwarding a copy to our policy development office for their review.

I am most anxious to learn more about the intellectual climate in Cuba today, and I appreciate your having taken the time to bring me up to date.

Thank you once again for taking the time to write, and please accept my best wishes to you and your family during the holiday season.

Sincerely,

A handwritten signature in dark ink, appearing to read "John H. Sununu". The signature is fluid and cursive, with the first name "John" being the most prominent.

Governor John. H. Sununu

Mr. Anthony Kerrigan
The Helen Kellogg Institute
for International Studies
University of Notre Dame
Notre Dame, IN 46556

343-0004

December 2, 1988

DEC 2 1988

Dr. John Sununu
Chief of Staff
The White House
Washington, DC

Dear Dr. Sununu:

As a fellow "Cuban" (cf. enclosed), I take the liberty of sending my latest piece on that island. If you ever find the time, given your new duties, to read it, I would hope it would interest you.

I hail your appointment and wish you the best. I also venture to salute your intelligence. It comes as a grand relief to me personally.

If I can ever be of help in Cuban affairs (I am bilingual), please feel free to count on me, however minor the task, or however tangential the need.

Respectfully,



Anthony Kerrigan
Senior Guest Scholar

AK/ds

Enclosure

Colson?
my Spanish isn't what it once was

But frankly, my current schedule ⁴/₂ just does not allow me the time for ^{reading, writing more than} leisurely
but I do hope to be able to dive into the book

Also, thank you for your letter

And I just may give you a call.

OFFICE OF THE PRESIDENT-ELECT
WASHINGTON, D.C. 20270

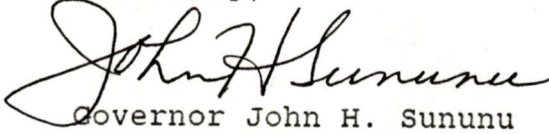
December 13, 1988

Dear Mr. Leavey:

Many thanks for your recent card. It was a kind gesture. I appreciate your warm words of congratulations, and hope to prove worthy of the trust that the President-elect has conferred upon me. Thanks, also, for the news clip from your local paper. I enjoyed it.

Best wishes to you and your family this holiday season.

Sincerely,



Governor John H. Sununu

Mr. Thomas Leavey
#829 22nd Ave., SE
Minneapolis, Minn. 55414

341-0032

DEC 23 1997

Happy
Holidays



PX 557-6
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Governor John Suran.

Sir.

I thought you may like see the local news report concerning your appointment.

If it means anything for the local Lebanese Community is most proud of you and extend their very best for you.

Please keep advised if you plan to fly out to Minneapolis as I expressed to your Press secretary Mr. Tim Pedley I am another member of Public Relations Society of America I am a Public Relations Professional.

It would really be wonderful if we could meet sometime in the new year and if I can help with local Community simply contact me and Senator Daniel Suran he is a good man in my estimation.

I wish you and your family the very best in 89 and wonderful holy holiday season.

Greetings of the season
and best wishes
for the new year.

Thomas Leamy

OFFICE OF THE PRESIDENT-ELECT
WASHINGTON, D.C. 20270

December 13, 1988

Dear Mr. Poberezny:

Many thanks for your recent letter to Governor Sununu on behalf of Mr. T. Allan McArtor. The Governor has asked me to pass your candidate's name to our staff at the Office of Presidential Personnel.

We appreciate Mr. McArtor's desire to serve George Bush, and you can rest assured that he will receive serious consideration during the Cabinet selection process. However, keep in mind the President-elect's pledge to staff his administration with new people.

Once again, thanks for writing. Best wishes to you and your family this holiday season.

Sincerely,



Ed Rogers

Mr. Paul H. Poberezny
President
Experimental Aircraft Assn.
Whitman Airfield
Oshkosh, WI 54903-3086



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experimental aircraft association

WITTMAN AIRFIELD, OSHKOSH, WI 54903-3086 • PHONE: 414/426-4800

December 2, 1988

341-0132

The Honorable John H. Sununu
Governor
1825 Connecticut Avenue N.W.
Washington, DC 20270

Dear Governor Sununu:

The Experimental Aircraft Association (EAA) represents some 125,000 aviation enthusiasts, pilots and aircraft owners. The organization was founded by me some 35 years ago and was built and developed on the premise of working with aviation enthusiasts throughout the world interested in aviation and to help support them in their desires to become more proficient in flying, piloting and in many cases, building their own aircraft. Because of this involvement and my personal involvement with aviation through the many years, we have watched with some concern at the substantial decline of general and sport aviation and the demise of a very great industry. America lead the world in aviation technology and general and sport aviation until recently and it is with great regret that we recognize the challenges which are currently being faced by general and sport aviation. Fortunately, we have seen a turnaround over the past several years in this dramatic decline and part of this, we feel, has been brought about by the fresh leadership of Mr. T. Allan McArtor. We feel that Mr. McArtor has brought to the administration of the FAA new fresh ideas but, more importantly, he is both a pilot and involved in the total aviation picture; not only the commercial airlines but also the challenges faced by general and sport aviation pilots and aircraft owners.

Because of his involvement and the importance to the nation of the complete aviation system, we are asking for your consideration in supporting a nomination of Mr. McArtor of an individual for the position of Secretary of Transportation, which heads up the Department of Transportation. Aviation continues to provide one of the greatest opportunities for growth and expansion and continued leadership by this country. It can be a major force in a revitalized aviation industry providing new jobs and employment opportunities. These things can be developed through the guidance and leadership of the Department of Transportation. This leadership then needs to have someone who has a background and first hand experience in aviation and who knows and understands the complexities involved with aviation

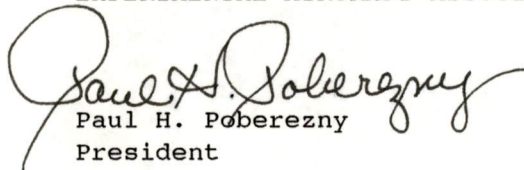
The Honorable John H. Sununu
December 2, 1988
Page 2

today, who will not try to govern by regulation but, rather, from experience and knowledge.

We feel that Mr. McArtor has demonstrated the qualities necessary to provide that type of leadership and we would respectfully request your assistance in considering him as part of the Bush cabinet team. Thank you so much for your consideration and an opportunity to bring this matter to your attention.

Sincerely,

EXPERIMENTAL AIRCRAFT ASSOCIATION


Paul H. Poberezny
President

PHP:rjm