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THE WHITE HOUSE

WASHINGTON

January 31, 1990

MEMORANDUM FOR THE CABINET AND AGENCY HEADS

FROM: DAVID Q. BATES
ASSISTANT TO THE PRESIDENT
AND SECRETARY TO THE CABINET

SUBJECT: The President's State of the Union Address

Enclosed are three items: (a) the President's State of the Union address; (b) a fact sheet on Administration initiatives mentioned in the address; and (c) a three-page set of talking points that you may find helpful in summarizing the broad sweep of the President's 1990 agenda.

Be aware that **the speech, the fact sheet and the talking points are strictly embargoed until 9:00 pm tonight**. Please maintain them as extremely close hold documents during the day.

David Demarest will provide a briefing at today's Cabinet meeting on our communications plan for the State of the Union address. I know the President is grateful for your help in the coming weeks to speak to the Congress, the press and the public about initiatives discussed in the State of the Union address.

Attachments

THE WHITE HOUSE

Office of the Press Secretary

EMBARGOED FOR RELEASE
UNTIL 9:00 P.M. EST
WEDNESDAY, JANUARY 31, 1990

TEXT OF REMARKS BY THE PRESIDENT
ON THE STATE OF THE UNION

The Capitol

January 31, 1990

Mr. President, Mr. Speaker, members of the United States Congress: I return as a former President of the Senate, and former member of this great House. Now, as President, it is my privilege to report to you on the State of the Union.

Tonight, I come not to speak about the "state of the government" -- not to detail every new initiative we plan for the coming year, nor to describe every line item in the budget. I'm here to speak to you and to the American people about the State of the Union -- about our world -- the changes we've seen, the challenges we face. And what that means for America. There are singular moments in history: dates that divide all that goes before from all that comes after. Many of us in this chamber have lived much of our lives in a world whose fundamental features were defined in 1945. The events of that year decreed the shape of nations. The pace of progress. Freedom or oppression for millions of people around the world.

1945 provided the common frame of reference -- the compass points of the post-war era we've relied upon to understand ourselves. That was our world. Until now. The events of the year just ended -- the revolution of '89 -- have been a chain reaction -- change so striking that it marks the beginning of a new era in the world's affairs.

Think back -- just twelve short months ago -- to the world we knew -- as 1989 began.

One year ago, the people of Panama lived in fear, under the thumb of a dictator. Today, democracy is restored -- Panama is free.

Operation "JUST CAUSE" has achieved its objective. The number of military personnel in Panama is now close to what it was before the operation began. And tonight, I am announcing that -- well before the end of February -- the additional numbers of American troops -- the brave men and women of our Armed Forces who made this mission a success -- will be back home.

A year ago in Poland, Lech Walesa declared that he was ready to open a dialogue with the communist rulers of that country. Today, with the future of a free Poland in their own hands, members of Solidarity lead the Polish Government.

A year ago, freedom's playwright, Vaclav Havel, languished as a prisoner in Prague. Today, it's Vaclav Havel -- President of Czechoslovakia.

And one year ago, Erich Honecker of East Germany claimed history as his guide. He predicted the Berlin Wall would last another hundred years. Today -- less than one year later -- it's the Wall that's history.

- more -

Remarkable events -- events that fulfill the long-held hopes of the American people. Events that validate the long-standing goals of American policy -- a policy based on a single, shining principle: the cause of freedom.

America -- not just the nation -- but an idea, alive in the minds of people everywhere. As this new world takes shape, America stands at the center of a widening circle of freedom -- today, tomorrow and into the next century.

Our nation is the enduring dream of every immigrant who ever set foot on these shores -- and the millions still struggling to be free. This nation -- this idea called America -- was and always will be -- a new world. Our new world.

At a workers' rally -- in a place called Branik on the outskirts of Prague -- the idea called America is alive. A worker, dressed in grimy overalls, rises to speak at the factory gates. He begins his speech to his fellow citizens with these words -- words of a distant revolution:

"We hold these truths to be self-evident. That all men are created equal, that they are endowed by their Creator with certain unalienable rights, [and] that among these are life, liberty and the pursuit of happiness."

It's no secret that, here at home, freedom's door opened long ago. The cornerstones of this free society have already been set in place: Democracy. Competition. Opportunity. Private investment. Stewardship. And of course, leadership.

Our challenge today is to take this democratic system of ours -- a system second to none -- and make it better.

A better America, where there's a job for everyone who wants one.

Where women working outside the home can be confident their children are in safe and loving care -- and where government works to expand child care alternatives for parents.

Where we reconcile the needs of a clean environment and a strong economy.

Where "Made in the U.S.A." is recognized around the world as the symbol of quality and progress.

Where every one of us enjoys the same opportunities to live, to work, and to contribute to society. And where, for the first time, the American mainstream includes all of our disabled citizens.

Where everyone has a roof over his head -- and where the homeless get the help they need to live in dignity.

Where our schools challenge and support our kids and our teachers -- and where all of them make the grade.

Where every street, every city, every school and every child is drug-free.

And finally, where no American is forgotten. Our hearts go out to our hostages -- our hostages who are ceaselessly on our minds and in our efforts.

That's part of the future we want to see -- the future we can make for ourselves. But dreams alone won't get us there. We need to extend our horizon -- commit to the long-view. Our plans for the future start today.

In the tough competitive markets around, America faces great challenges and great opportunities. We know that we can succeed in the global economic arena of the 90's, but to meet that challenge we must make some fundamental changes -- some crucial investments in ourselves.

Yes -- we are going to invest in America. This Administration is determined to encourage the creation of capital -- capital of all kinds. Physical capital: Everything, from our farms and factories to our workshops and production lines, all that is needed to produce and deliver quality goods and quality services. Intellectual capital: The source of ideas that spark tomorrow's products. And of course, our human capital: The talented workforce we'll need to compete in the global market.

And let me tell you: If we ignore human capital -- we lose the spirit of American ingenuity -- the spirit that is the hallmark of the American worker. And the American worker is the most productive worker in the world.

We need to save more -- expand the pool of capital for the new investments that mean more jobs, more growth. That's the idea behind a new initiative I call the Family Savings Plan, which I will send to the Congress tomorrow.

We need to cut the tax on capital gains -- encourage risk-takers -- especially those in our small businesses -- to take those steps that translate into economic reward, jobs, and a better life for all of us.

We'll do what it takes to invest in America's future. The budget commitment is there. The money is there. It's there for Research and Development, R&D -- a record high. It's there for our housing initiative -- HOPE, to help everyone from first-time homebuyers to the homeless. The money's there to keep our kids drug-free: 70 percent more than when I took office in 1989. It's there for space exploration -- and it's there for education: another record high.

And one more thing: Last fall at the Education Summit, the Governors and I agreed to look for ways to help make sure kids are ready to learn -- the very first day they walk into that classroom. I've made good on that commitment -- by proposing a record increase in funds -- an extra half a billion dollars -- for something near and dear to all of us: Head Start.

Education is the one investment that means more for our future because it means the most for our children. Real improvement in our schools is not simply a matter of spending more. It is a matter of asking more -- expecting more -- of our schools, our teachers, of our kids, and our parents and ourselves. That's why tonight I am announcing America's education goals -- goals developed with the nation's Governors:

-- By the year 2000, every child must start school ready to learn.

-- The United States must increase the high school graduation rate to no less than 90 percent.

-- And we're going to make sure our schools' diplomas mean something: In critical subjects -- at the 4th, 8th and 12th grades -- we must assess our students' performance.

-- By the year 2000, U.S. students must be first in the world in math and science achievement.

-- Every American adult must be a literate worker and citizen.

-- Every school must offer the kind of disciplined environment that makes it possible for our kids to learn -- and every school in America must be drug-free.

Ambitious aims? Of course. Easy to do? Far from it. But the future's at stake. This nation will not accept anything less than excellence in education.

These investments will keep America competitive. And I know this about the American people: We welcome competition. We'll match our ingenuity and energy -- our experience and technology -- our spirit and enterprise -- against anyone. Let the competition be free -- but let it be fair. America is ready.

Since we really mean it -- and since we are serious about being ready to meet that challenge -- we're getting our own house in order. We've made real progress. Seven years ago, the Federal deficit was 6 percent of our Gross National Product. In the new budget I sent up two days ago -- the deficit is down to 1 percent of GNP.

That budget brings Federal spending under control. It meets the Gramm-Rudman target, brings that deficit down further, and balances the budget by 1993 -- with no new taxes.

And let me tell you, there's still more than enough Federal spending. For most of us, $1.2 trillion is a lot of money.

And once the budget is balanced, we can operate the way every family must when it has bills to pay. We won't leave it to our children and grandchildren. We will start paying off the national debt.

And there's something more we owe the generations of the future: Stewardship -- the safekeeping of America's precious environmental inheritance.

As just one sign of how serious we are, we will elevate the Environmental Protection Agency to cabinet rank. Not more bureaucracy, not more red tape -- but the certainty that here at home, and in our dealings with other nations, environmental issues have the status they deserve.

This year's budget provides over $2 billion in new spending to protect our environment, with over $1 billion for global change research. And a new initiative I call "America the Beautiful" -- to expand our national parks and wildlife preserves and improve recreational facilities on public lands.

And something else: Something that will help keep this country clean, from our forestland to our inner cities, and keep America beautiful for generations to come -- the money to plant a billion trees a year.

And tonight, let me say again to all the members of Congress: The American people did not send us here to bicker. There's work to do -- and they sent us here to get it done. And once again, I offer my hand to all of you. Let's work together to do the will of the people. Clean Air. Child Care. The Educational Excellence Act. Crime and Drugs. It's time to act. The Farm Bill. Transportation policy. Product liability reform. Enterprise Zones. It's time to act together.

And there's one thing I hope we'll all be able to agree on. It's about our commitments. I'm talking about Social Security.

To every American out there on Social Security, to every American supporting that system today, and to everyone counting on it when they retire: We made a promise to you -- and we are going to keep it.

We rescued the system in 1983 -- and it's sound again. Our budget fully funds today's benefits -- and it assures that future benefits will be funded as well. The last thing we need to do is mess around with Social Security.

There's one more problem we need to address. We must give careful consideration to the recommendations of the health care studies now underway. That's why tonight, I am instructing Dr. Louis Sullivan -- Secretary of Health and Human Services -- to lead a Domestic Policy Council review of recommendations on the quality, accessibility and cost of our nation's health care system. I am committed to bring the staggering costs of health care under control.

The "state of the government" does indeed depend on many of us in this very chamber. But the State of the Union depends on all Americans. We must maintain the democratic decency that makes a nation out of millions of individuals. I have been appalled at the recent mail bombings across this country. Every one of us must confront and condemn racism, anti-semitism, bigotry and hate. Not next week, not tomorrow, but right now.

The State of the Union depends on whether we help our neighbor -- claim the problems of our community as our own. We've got to step forward when there's trouble -- lend a hand, be what I call a point of light to a stranger in need. We've got to take the time after a busy day to sit down and read with our kids, help them with their homework, and pass along the values we learned as children. That's how we sustain the State of the Union.

Every effort is important. It all adds up -- it's doing the things that give democracy meaning. It all adds up to who we are -- and who we will be.

And let me say, that so long as we remember the American idea -- so long as we live up to the American ideal -- the State of the Union will remain sound and strong.

And to those who worry we have lost our way -- well, I want you to listen to parts of a letter written by James Markwell -- PFC James Markwell, a 20-year-old Army medic of the 1st Battalion, 75th Rangers. It's dated December 18th -- the night before our Armed Forces went into action in Panama. It's a letter servicemen write -- and hope will never be sent. Sadly, Private Markwell's mother did receive this letter. And she passed it on to me.

Here is some of what he wrote: "I have never been afraid of death, but now he is waiting at the corner.... I have been trained to kill and to save, so has everyone else. I am frightened of what lays beyond the fog, yet... Do not mourn for me, revel in the life that I have died to give you. ...But most of all, don't forget that the Army was my choice. Something that I wanted to do."

"Remember I joined the Army to serve my country and insure that you are free to do what you want and live your lives freely."

Private Markwell was among the first to see battle in Panama, and one of the first to fall.

He knew what he believed in. He carried the idea we call America in his heart.

I began tonight speaking about the changes we've seen this past year. There is a new world of challenges and opportunities before us. And there is a need for leadership that only America can provide.

Nearly 40 years ago, in his last address to the Congress, President Harry Truman predicted such a time would come. He said: "As our world grows stronger, more united, more attractive to men on both sides of the iron curtain, then inevitably there will come a time of change within the communist world."

Today, that change is taking place.

For more than 40 years, America and its allies held communism in check, and ensured that democracy would continue to exist. Today, with communism crumbling, our aim must be to ensure democracy's advance. To take the lead in forging peace and freedom's best hope -- a great and growing commonwealth of free nations.

To the Congress and to all Americans, I say it is time to acclaim a new consensus at home and abroad -- a common vision of the peaceful world we want to see.

Here in our own hemisphere, it's time for all the people of the Americas -- North and South -- to live in freedom.

In the Far East and Africa, it is time for the full flowering of free governments and free markets that have served as the engine of progress.

It is time to offer our hand to the emerging democracies of Eastern Europe. So that continent -- for too long a continent divided -- can see a future whole and free.

And it's time to build on our new relationship with the Soviet Union -- to endorse and encourage a peaceful process of internal change toward democracy and economic opportunity.

We are in a period of great transition, great hope, yet great uncertainty. We recognize that the Soviet military threat in Europe is diminishing, but we see little change in Soviet strategic modernization. Therefore, we must sustain our own strategic offense modernization and the Strategic Defense Initiative.

But the time is right to move forward on a conventional arms control agreement to move us to more appropriate levels of military forces in Europe -- a coherent defense program that ensures the U.S. will continue to be a catalyst for peaceful change in Europe. I've consulted with leaders of NATO -- and in fact, I spoke by phone with President Gorbachev, just today.

I agree with our European allies that an American military presence in Europe is essential -- and that it should not be tied solely to the Soviet military presence in Eastern Europe.

But troop levels can still be lower. So tonight, I am announcing a major new step -- for a further reduction in U.S. and Soviet manpower in Central and Eastern Europe to 195,000 on each side.

This number reflects the advice of our senior military advisors. It is designed to protect American and European interests -- and sustain NATO's defense strategy. A swift conclusion to our arms control talks -- conventional, chemical and strategic -- must now be our goal. That time has come.

Still, we must recognize an unfortunate fact: In many regions of the world tonight, the reality is conflict -- not peace. Enduring animosities and opposing interests remain. Thus the cause of peace must be served by an America strong enough -- and sure enough -- to defend our interests and ideals. It's this American idea that for the past four decades helped inspire the Revolution of '89.

Here at home -- and in the world -- there is history in the making -- and history to be made. Six months ago, early in this season of change, I stood at the gates of the Gdansk Shipyard in Poland at the monument to the fallen workers of Solidarity. It's a monument of simple majesty. Three tall crosses rise up from the stones. Atop each cross, an anchor -- an ancient symbol of hope.

The anchor in our world today is freedom. Holding us steady in times of change -- a symbol of hope to all the world. And freedom is at the very heart of the idea that is America.

Giving life to that idea depends on every one of us. Our anchor has always been faith and family.

In the last few days of this past momentous year, our family was blessed once more -- celebrating the joy of life when a little boy became our 12th grandchild.

When I held the little guy for the first time, the troubles at home and abroad seemed manageable -- in perspective.

Now, I know you're thinking: that's a grandfather talking.

Well, maybe you're right. But I've met a lot of children this past year -- across this country, and everywhere from the Far East to Eastern Europe. All kids are unique. Yet, all kids are alike. The budding young environmentalists I met this month, who joined me exploring the Florida Everglades. The little leaguers I played catch with in Poland -- ready to go from Warsaw to the World Series. Even the kids who are ill or alone -- God bless those boarder babies, born addicted to drugs -- coping with problems no child should have to face. But, you know, when it comes to hope and the future: Every kid is the same. Full of dreams. Ready to take on the world. All special because they are the very future of freedom. To them belongs this new world I've been speaking about.

So tonight I'm going to ask something of every one of you. Let me start with my generation -- with the grandparents out there. You are our living link to the past. Tell your grandchildren the story of struggles waged, at home and abroad. Of sacrifices freely made for freedom's sake. And tell them your own story as well -- because every American has a story to tell.

Parents: Your children look to you for direction and guidance. Tell them of faith and family. Tell them we are one nation under God. Teach them that of all the many gifts they can receive, liberty is their most precious legacy. And of all the gifts they can give, the greatest is helping others.

And to the children and young people out there tonight: With you rests our hope -- all that America will mean in the years and decades ahead. Fix your vision on a new century -- your century. On dreams we cannot see. On the destiny that is yours -- and yours alone.

And finally, let all Americans -- all of us together here in this chamber, the symbolic center of democracy -- affirm our allegiance to this idea we call America. And let us all remember that the State of the Union depends on each and every one of us.

# # #

THE WHITE HOUSE

WASHINGTON

TALKING POINTS

HIGHLIGHTS OF PRESIDENT BUSH'S 1990 AGENDA

The highlights of President Bush's agenda for 1990, as outlined in his budget released January 29, 1990, include:

1. Economy

* The President's plan calls for a balanced federal budget by fiscal year 1993, and includes a proposal then to begin paying off the national debt.

* He will push to maintain our economic strength by encouraging increased investment and productivity, and reducing the deficit with no new taxes.

* As part of his Savings and Economic Growth Act, the President will work to reduce tax rates for capital gains, create a new tax-exempt Family Savings Account to encourage individual savings, and modify the rules for IRAs to permit first-time home buyers to withdraw up to $10,000 without penalty.

2. Social Security

* The President has pledged he will maintain the integrity of the Social Security system.

3. Education

* Agreement was reached at the President's historic Education Summit with the Governors to establish national education goals. The President will announce these goals in his State of the Union address, and they will be extended and presented to the Nation's Governors at the February Governor's Conference.

* The budget request for education is the highest ever proposed. So, too, is the half billion dollar increase requested for the Head Start program.

* The President has made the enactment of his Educational Excellence Act a top priority.

4. Child Care

* The President seeks to expand parental alternatives in child care by offering tax credits designed to allow low income parents -- not the government -- to decide what sort of child care best suits their needs.

5. Drugs

* The President's $10.6 billion National Drug Control Strategy is aimed at ending the scourge of drugs through a comprehensive program of drug treatment, education, law enforcement, interdiction, research, and cooperative international initiatives.

* The second phase of his Drug Strategy calls for expansions in federal law enforcement personnel, support for 75 additional federal judgeships, increased drug treatment services and research, comprehensive community prevention programs, the creation of a national drug intelligence center, and expanding the death penalty for drug kingpins. The President has also designated five locations as high intensity drug trafficking areas.

6. Environment

* The President supports enactment this year of tough new Clean Air requirements to reduce acid rain, urban smog and air pollution in a cost effective manner. He has endorsed elevating the Environmental Protection Agency to Cabinet level status and has proposed a major increase in EPA's operating budget. This year's budget provides over two billion dollars in new spending to protect the environment and over one billion dollars for global change research.

* His "America the Beautiful" initiative would expand federal parkland, wildlife refuges, forests and other public lands, and establish a new reforestation program that calls for the planting of more than one billion new trees a year.

7. Housing

* The President has again proposed full funding for the "McKinney Act" homeless assistance programs.

* The President has proposed a special homeless initiative which is designed to develop innovative approaches to providing housing for homeless individuals and families. Additionally, his new "Shelter Plus" program would help the homeless who are mentally ill or substance abusers.

* The President's HOPE initiative sets out a comprehensive new housing and urban development agenda. It will help low income families become homeowners and increase housing opportunities for other low-income families. Enterprise zones will help revitalize distressed low-income communities.

8. Investing in the Future and Competitiveness

* Product liability reform, an expanded budget for space programs such as the space station Freedom, preparing for manned exploration of the Moon and Mars, a record high $71 billion budget proposal for research and development, and a permanent tax credit for research and experimentation are all part of the President's plan to increase America's competitiveness in the world.

9. National Defense

* In the wake of the dramatic changes that are taking place abroad, the President has proposed a defense budget that begins the transition to a restructured military.

* To meet the continuing requirements of nuclear deterrence, the President will move ahead with strategic modernization programs such as the Strategic Defense Initiative, the Stealth Bomber, and ICBM modernization.

10. The Points of Light Initiative

* Through his "Points of Light" initiative, the President aims to engage every individual, family, corporation, firm, union, school, place of worship, club, group and organization in America to help solve community problems.

11. Eastern Europe

* To support the new forces of freedom now spreading throughout Eastern Europe, the President is committing an additional $300 million in FY91, as part of a comprehensive strategy of U.S. engagement in the region.

12. Foreign Affairs

* To maintain American leadership in the world in an era of change, there is a new premium on political and economic tools - such as development, security, and humanitarian assistance - which the President has proposed to increase substantially in the new budget.

THE WHITE HOUSE

Office of the Press Secretary

EMBARGOED FOR RELEASE
AT 9:00 PM (EST)
WEDNESDAY, JANUARY 31, 1990

THE PRESIDENT'S STATE OF THE UNION ADDRESS

FACT SHEET

The President's first State of the Union address emphasized four themes:

I. Investments for a Competitive America

II. Opportunity

III. Stewardship

IV. Democracy

The President explained that he came to speak not about the state of the government with its myriad of detailed programs, but the state of the American Union: its people, its place in the world, and the challenges it faces.

I. INVESTMENTS FOR A COMPETITIVE AMERICA

The President declared his aim to invest in America, and to encourage the creation of capital of all kinds.

A. Investing in Productive Capital

The President urged action to reduce government dissaving and increase private saving. These measures will generate more job-creating productive capital investment.

Reducing Government Borrowing. The President's budget for FY 1991 involves a sharp reduction in the deficit to $63.1 billion, in full compliance with the Gramm-Rudman-Hollings deficit reduction law. The proposed deficit is down more than 70 percent from the $221 billion Federal deficit in 1986.

- o The President's budget achieves this deficit reduction with no increase in taxes.

- o The President's proposal balances the Federal budget by 1993, as required by Gramm-Rudman-Hollings, further increasing funds for domestic investment and reducing the need for U.S. foreign borrowing.

- o The President proposes to protect the long term integrity of the Social Security system. His proposal will assure that the build up of Social Security reserves in the future will not be used to mask the non-Social Security deficit and will not be used to finance non-Social Security spending.

Increasing Private Savings. The President called for enactment of a new initiative, The Savings and Economic Growth Act of 1990, to increase private savings and to create more jobs and growth in the coming decade. Its provisions include:

- o Creating Family Savings Accounts. To provide better for the future of America's families, the President put forward his plan to increase savings. Elements of this plan include the following:

  - Married couples earning under $120,000, singles earning under $60,000, and taxpayers who are Heads of Household with incomes under $100,000 are eligible, if they have earned income and are not dependents on another return.

  - Each person may contribute up to $2,500 (couples up to $5,000) or the amount of their compensation, whichever is less. Contributions to the Family Savings Account are not tax deductible.

  - Earnings are not taxable as they accumulate, but would be taxable if withdrawn before seven years have elapsed. Earnings on deposits at least seven years old may be withdrawn tax free.

  - Earnings on contributions fewer than seven years old are taxed like regular interest income if withdrawn, and earnings on deposits made fewer than three years previously are subject to an additional ten percent penalty tax upon withdrawal.

  - Contributions themselves are never subject to tax when withdrawn, only earnings.

o Reducing the Rates on Capital Gains. To encourage investment for a more competitive America, the President proposed:

- A phased-in exclusion of up to 30 percent of the capital gain on an asset. Eventually, only assets held for at least three years would receive the full exclusion.

	Years Held		
Year Sold	1	2	3
1990	30%	30%	30%
1991	20%	30%	30%
1992	10%	20%	30%

- In general, all capital assets held by individuals, except for collectibles, will be eligible for the capital gains exclusion. Corporations will not be eligible for a capital gains tax rate reduction.

o Home Ownership Initiative. To encourage saving and home ownership, the President proposed:

- Modifying current IRA laws so that first-time home buyers can withdraw up to $10,000 without penalty for early withdrawal.

B. Intellectual Capital -- New Technologies for the Future

Research and Development. The President proposed a record high $71 billion in Federal budget authority for research and development, up $4.5 billion, or seven percent.

o The President remains committed to doubling the National Science Foundation budget by 1993, and has provided a 14 percent increase in FY 1991 toward that end.

o The President's budget calls for a 26 percent increase in funding of science and engineering education.

Incentives for the Private Sector.

o The President supports making the Research and Experimentation Tax Credit permanent.

o The President also supports making permanent the rules for allocating R&D by transnational companies.

- o President Bush has proposed an initiative to reform our nation's product liability laws.

Space. The President proposed a 24 percent funding increase for NASA in FY 1991, with growth in the five elements of the space program:

- o Building space transportation infrastructure.
- o Proceeding with Space Station Freedom.
- o Exploring the space frontier through manned exploration.
- o Enhancing scientific understanding.
- o Developing the commercial potential of space.

C. Educational Excellence for All Americans

National Education Goals. The President announced six national education goals for the year 2000. This is the first phase in realizing commitments made at the President's Education Summit with Governors. Key education-related programs and initiatives include:

- o All children in America will start school ready to learn.
  - The President is proposing an increase of $500 million for Head Start to bring total funding to $1.9 billion. This provides up to 70 percent of poor children one year of Head Start before they enter school.
  - The President's FY 1991 request will double the Even Start budget to $48 million.
  - Chapter 1 Compensatory Education grants to local education agencies would be increased under the President's proposal to $4.96 billion, the highest level ever. Schools use some of these funds to serve disadvantaged pre-kindergarten and kindergarten children.
  - The President will increase support for services to handicapped pre-school children to $258 million.
- o We will increase the percentage of students graduating from high school to at least ninety percent.

- The President proposed $50 million for new research and demonstration activities to help schools learn more about how to prevent dropouts and how to help dropouts return to schooling.

- The Job Training Partnership Act (JTPA) contains $1.7 billion to target services to about 683,000 disadvantaged youths, most of whom are dropouts.

- The President's budget funds the Youth Opportunities Unlimited program at $50 million, supporting programs to help at-risk youth stay in school and develop marketable skills.

o American students will leave grades four, eight, and twelve having demonstrated competency over challenging, subject matter including English, mathematics, science, history, and geography.

- The President proposed increasing statistics funding within the Department of Education's research effort by 50 percent, from $40 million in FY 1990 to $60 million.

- The President's Educational Excellence Act proposes initiatives for magnet and merit schools, alternative certification, and other programs. The President is also proposing a $25 million initiative to improve training of principals.

- Chapter 1 Local Education and Concentration Grants fund remedial education programs for nearly five million disadvantaged students.

o U.S. students will be first in the world in science and mathematics achievement.

- The President proposes funding for the Dwight D. Eisenhower Mathematics and Science Education Grants of $230 million, a 70% increase over FY 1990.

- National Science Scholars is one of the President's initiatives in the Educational Excellence Act.

- The President will increase National Science Foundation (NSF) funding for education from $360 million to $460 million, a 28% increase.

- The President calls for increasing the number of minority students in science and engineering through Scientific Literacy for the 21st Century, a NASA program.

- The President will increase education-related funding under the Department of Energy by 47 percent.

- o Every adult American will be literate and possess the knowledge and skills necessary to compete in a global economy and exercise the rights and responsibilities of citizenship.

  - The President proposes $239 million for adult education programs in the Education Department.

  - The President proposes funding for a National Literacy Clearinghouse.

  - The President has doubled ACTION's Literacy Corps budget to $6 million.

  - The Job Opportunities and Basic Skills (JOBS) program is fully-funded at $1 billion.

- o Every school in America will be free of drugs and violence and provide a disciplined environment conducive to learning.

  - The President's National Drug Strategy establishes drug-free schools as a national priority.

  - The President proposed $593 million in funding for the Drug-Free Schools and Communities program, a $54 million increase.

Parents and Education. The President urged parents to spend time with their children -- reading to them, helping them with their homework, and sharing the values they learned as children.

D. Transportation

The President believes that the Federal government is a partner with the States and the private sector in making needed investments in our transportation infrastructure. The President's transportation-investment plan includes:

- o Increasing funds for air traffic control personnel, modernization of equipment, airport expansion, and safety- and security-related research and development.

- o Funding research and development of Intelligent Vehicle Highway Systems and magnetically levitated trains.

The President has directed the Department of Transportation to formulate a comprehensive Statement of National Transportation Policy.

E. Free and Fair Trade

The President called for a free, open, and fair international trading system, one in which markets, not governments, determine what industries and farmers produce and how nations trade. The President's priorities include:

- o Strengthening the trading system by bringing the Uruguay Round of Multilateral Trade Negotiations to a successful conclusion in December 1990. A key objective for President Bush is to end the costly government subsidies and trade restrictions that distort international agricultural markets at the expense of the American farmer. The President also seeks to expand the GATT to cover trade in services, investment, and intellectual property, which are now outside the GATT system.

- o Challenging unfair barriers to American exports by working closely with Congress and American business to pursue an open, strengthened world trading system. The President continues to implement aggressively the market-opening provisions of the Omnibus Trade and Competitiveness Act of 1988, consistent with his commitment to providing American exporters with fair and open access to foreign markets.

F. Agriculture

The President is committed to a farm program based on the following principles:

- o Farm policy tools must be market-oriented in order to minimize distortions and allow farmers the flexibility to respond to market signals.

- o Competitiveness requires an adequate investment in agricultural infrastructure and a firm response to unfair trade practices.

- o Food and fiber production must be sensitive to environmental concerns.

The President will work with the Congress to develop a 1990 farm bill based on these principles.

II. OPPORTUNITY

The President declared his belief that our challenge today is to make our democratic system even better, with greater opportunity for all.

A. Fighting Drug Abuse and Violent Crime

The President is committed to working with States, localities, and every sector of society to stop illegal drug use and its related crime, health and social problems. The President's National Drug Control Strategy and the second phase of the strategy, presented on January 25, outlines a multi-faceted, comprehensive approach to counter this scourge:

- o Drug Education and Prevention. Although the overall number of drug users is declining, the President believes we must redouble our efforts to ensure that children decide not to use drugs and that users are induced to stop.

- o Drug Treatment. Treatment should be made available for those who may benefit from its assistance and research must be encouraged to determine the most effective drug treatment modalities, particularly for segments of the population such as pregnant women and infants.

- o International Initiatives. The President will attend a Drug Summit with other Western Hemisphere leaders on February 15. He is proposing initiatives to strengthen America's efforts against the international drug trade and counter money laundering.

- o The Criminal Justice System and Interdiction. The President will propose initiatives designed to strengthen the criminal justice system's ability to counter drugs and to enhance our interdiction and other law enforcement efforts.

In addition to addressing violent crime as it relates to drug use, the President has proposed fundamental, comprehensive reforms to the entire criminal justice system. Several provisions of the President's drug and crime initiatives were enacted in the first session of the 101st Congress. The remainder are essential to a comprehensive and responsible approach to reducing violent crime.

The President called upon Congress to enact the remaining provisions of his Comprehensive Violent Crime Control Act, including provisions relating to exclusionary rule reform, death penalty reform, habeas corpus reform, and strengthening current law through tougher sentences for firearm-related crimes.

B. Health Care Reform

The President directed Secretary of Health and Human Services Sullivan to review the recommendations of the health care studies now underway that deal with health care challenges, including improving access to health care and moderating growth in health care costs. The Secretary's study will be presented to the President through the Domestic Policy Council.

C. A Commitment to Civil Rights For Every American

The President called on all citizens to confront and condemn racism, anti-semitism, bigotry, and hate.

The President is dedicated to the principle that the enjoyment of basic civil rights is the birthright of every American. Each citizen must have the opportunity to go as far as his or her abilities and ambition will allow. In 1990, the President will work for:

- o Passage of the Americans with Disabilities Act to extend to the disabled the civil rights already guaranteed to millions of Americans by existing civil rights laws.

- o Strengthening of the Civil Rights Act of 1968, as it relates to the interference by force, or threat of force, with an individual who is exercising, or encouraging others to exercise, rights protected by the Fair Housing Act.

- o Quick action by the Congress on the Hate Crimes Statistics Act.

D. Child Care

Parental choice is the core of the President's approach to child care. The President called for action on legislation to implement the child care plan he advanced last year. The President's plan includes a new child tax credit that would provide for a refundable credit of up to $1,000 per child under age four for low-income working families and make the current Dependent Care Tax Credit refundable to taxpayers who have no tax liability.

While flexible on the legislative details, acceptable legislation must reflect the President's four principles: parental choice, non-discrimination against parents who work at home, offering parents the fullest range of choices, and targeting assistance to those who need it most.

E. H.O.P.E.

The President has put forward a comprehensive agenda of Homeownership and Opportunity for People Everywhere, in order to bring basic shelter and affordable housing within the reach of millions of Americans. Elements of H.O.P.E. include:

- o Legislation allowing first-time home buyers to draw, without penalty, on IRA savings as a down payment for their first home. The President has directed Secretary Kemp of the Department of Housing and Urban Development to convene a Blue Ribbon Commission to identify and suggest ways to remove barriers to affordable housing.

- o Promoting more housing choice for low-income families. H.O.P.E. includes a new grant program, funded at $2.2 billion over three years, to help low-income families become owners. In addition, the President supports housing vouchers, as well as resident ownership and resident management of low income housing in order to empower low-income families and broaden their choice in housing.

- o Creating 50 Enterprise Zones over the next four years. Completely eliminating the capital gains tax on certain investments in these zones.

- o $412 million to help preserve the affordability of existing housing where rents may rise and create hardship for low-income tenants.

- o Operation Bootstrap designed to coordinate better housing subsidies and supportive services for low-income households in order to help them become self-sufficient.

- o $247 million for an initiative to reduce homelessness among the chronically mentally ill and recovering substance abusers through public-private partnerships.

F. Homelessness

The President called for a strong continued commitment by all Americans to end homelessness. The President has requested 23 percent higher funding for programs under the McKinney Act umbrella. His request of $819 million is $92 million more than the level needed to "fully fund" the McKinney Act.

In addition to the budget, the President's program to end homelessness seeks to link programs, increase coordination among providers, and reach out to the most isolated homeless. The Federal government will institute new procedures to coordinate Federal programs and expand efforts to make federally-owned property, especially residential property, available to assist the homeless.

G. Volunteerism

The President believes that the definition of a successful life must include service to others. He encouraged every American to adopt society's problems as his or her own and to commit themselves to serve others. Volunteerism is a necessary part of the solutions to pressing social problems such as drug abuse, illiteracy, poor educational performance, homelessness, and community disintegration.

- The President has asked Congress for $25 million annually, for four years, to implement the recommendations of the Kean Commission on the Points of Light Initiative Foundation.

- The President will use his Office to promote a new community ethic of volunteerism that requires no financial incentive and encourages participation in whatever measure the individual can provide.

III. STEWARDSHIP

The President remarked that our obligation to future generations requires us to exercise stewardship in safekeeping our precious environmental inheritance.

A. Department of the Environment

As evidence of the importance he places on environmental protection, the President proposes to elevate the Environmental Protection Agency to Cabinet status. The President proposed a $2 billion increase in overall environmental spending, including a 12 percent increase in the EPA's operating budget.

B. America the Beautiful

The President proposed a new three-part initiative to exercise responsible stewardship of America's natural resources:

- Land Acquisition. The President proposes to expand land acquisition for national parks, refuges, forests and other public lands. Over $1 billion of key land and water resources will be purchased over the next four years through the Land and Water Conservation Fund.

- Reforestation. The President proposes to create a working alliance between environmental activism and community service. The President has budgeted $175 million for the first year to plant over one billion trees a year across America, using public-private partnerships and volunteer programs.

- o Protection and Restoration. Over the next decade, the President's Legacy '99 program will improve threatened natural resources, such as wetlands and endangered species, and enhance recreational opportunities in our national parks, wildlife refuges, and other public lands. The President has called for a 40 percent increase in funds to protect and enhance our natural resources.

C. Clean Air

Last July, the President sent to Congress the most comprehensive Clean Air proposal in history. In anticipation of a new Clean Air Act, he is requesting an additional $80 million for EPA's Office of Air and Radiation Programs. The President's proposal will:

- o Combat acid rain by achieving a permanent 10 million ton reduction in sulfur dioxide emissions.
- o Bring all cities into attainment with the Clean Air Act's health standards.
- o Reduce toxic emissions by 75-90 percent from factories and plants within seven years of enactment.
- o Encourage innovative approaches to meeting these goals through clean coal technologies and alternative fuels for automobiles.
- o Achieve reductions cost-effectively through market incentives, an emissions trading program, and flexibility for the private sector and State governments to find optimal approaches toward meeting clean air requirements.

D. Global Climate Change Research

The President proposes $1 billion (a 57 percent increase over 1990 levels) to advance scientific knowledge of global climate change.

IV. DEMOCRACY

The President declared that, today, with communism crumbling, our aim must be to ensure democracy's advance. He also said that it is time to acclaim a new consensus at home and abroad -- a common vision of the peaceful world we want to see.

A. Our Democratic Allies

The President paid tribute to the steadfastness of the democratic allies of the Atlantic Community and Japan in securing peace and prosperity over four decades, which has helped bring us to this moment of opportunity.

B. Eastern Europe

The President said that we will continue to offer our hand to the emerging democracies of Eastern Europe.

Support for East European Democracy. As the force of freedom spreads throughout the region, the President is proposing a $300 million fund for assistance to Eastern European democracies, and the broadening of last year's SEED Act, as part of a comprehensive strategy for the region.

Presidential Mission. Following the President's visits to Poland and Hungary in July, an active and constructive new relationship has developed. The President will follow up vigorously on the Cabinet-level Missions he sent last year to Poland and Hungary and Secretary Baker's forthcoming visit to Prague, providing the best expertise America has to offer to support the countries of Eastern Europe as they move toward democratic change. Following Lech Walesa's visit to the United States in November, the President has invited two leading architects of Eastern Europe's democratic revolution -- President Havel of Czechoslovakia and Prime Minister Mazowiecki of Poland -- to pay official visits to Washington early this year.

C. Soviet Union

The President declared that the time is right to move beyond containment and build a new relationship with the Soviet Union -- to endorse and extend the peaceful process of internal change toward pluralism and economic opportunity.

Malta and Moscow. Secretary Baker will be in Moscow next week to follow up on the important understandings reached at Malta in early December between the President and Chairman Gorbachev. A major push will be made to resolve key issues in arms control -- START, CFE, nuclear testing, chemical weapons, and Open Skies -- and our intensive dialogue on European, regional, and global issues will continue.

D. Panama

The President declared that "Panama is free" in citing the American military action that liberated Panama from the dictator Noriega.

U.S. Troops. The President announced that Operation Just Cause has achieved its objectives, and that U.S. troops will be down to their pre-operation level by the end of February.

Reconstruction. The President last week announced an action plan to foster Panama's economic recovery, totaling $1 billion, including

- Nearly $500 million in loans, guarantees, and export opportunities to strengthen Panama's private sector and create jobs;

- o An additional $500 million in economic assistance to be provided in FY 1990; and

- o $42 million in humanitarian assistance.

E. Defense

In an era of dramatic change in the strategic environment, the President spoke of a new era in defense planning. Yet the President stressed that peace will continue to be served by an America strong enough -- and sure enough -- to defend our interests and ideals.

Restructured Military Posture. As outlined in the budget, we are beginning the transition to a restructured military, one that is leaner, more agile and flexible, geared to contingencies outside of Europe, while continuing to meet our inescapable responsibility to maintain deterrence.

F. CFE Initiative

In recognition of changes in Eastern Europe and the Soviet Union, and after consultation with the leaders of NATO, the President announced a major new step for further reduction in U.S. and Soviet manpower in Central and Eastern Europe to 195,000 on each side. This level of forces reflects the advice of his senior military advisors and is designed to protect American and European security.

G. Foreign Affairs

In a new world of unparalleled challenges and opportunities, the President said that there is a need for leadership that only America can provide.

International Affairs Budget. In such a new era, there is a greater premium than ever on political and economic, rather than military, tools of policy. Security assistance, development assistance, humanitarian assistance, and diplomacy therefore remain essential responsibilities. The President has proposed for FY 1991 a total of $20 billion in budget authority for these purposes, an increase of $1.4 billion over FY 1990. This is an investment in peace and a cost-effective way to help maintain international security and address the causes of conflict.

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THE WHITE HOUSE

Office of the Press Secretary

EMBARGOED FOR RELEASE
AT 9:00 PM (EST)
WEDNESDAY, JANUARY 31, 1990

NATIONAL EDUCATION GOALS

At the historic President's Education Summit with Governors in Charlottesville, Virginia four months ago, President Bush and the nation's Governors declared that, "the time has come, for the first time in U.S. history, to establish clear, national performance goals, goals that will make us internationally competitive." In his State of the Union message, the President announced six national goals for education:

1. By the year 2000, all children in America will start school ready to learn.

2. By the year 2000, we will increase the percentage of students graduating from high school to at least ninety percent.

3. By the year 2000, American students will leave grades four, eight, and twelve having demonstrated competency over challenging subject matter, including English, mathematics, science, history and geography.

4. By the year 2000, U.S. students will be first in the world in science and mathematics achievement.

5. By the year 2000, every adult American will be literate and possess the knowledge and skills necessary to compete in a global economy and exercise the rights and responsibilities of citizenship.

6. By the year 2000, every school in America will be free of drugs and violence and offer a disciplined environment conducive to learning.

The President and members of the Governors' Task Force on Education jointly developed these goals with the advice of scores of education associations and organizations, business and community leaders, parents, teachers, and state and local administrators. The announcement of these six national performance goals represents a first phase in carrying out the commitment made in Charlottesville. These goals will be part of a comprehensive goals and objectives statement and presented to all the Governors at their Winter meeting in late February.

Background

These goals are about excellence. They are about recognizing that every child, regardless of background or disability, can learn. They are based on a recognition that education is a life-long enterprise. They are about restructuring and revitalizing the education system of the United States. They are designed to encourage a renaissance in American education.

Meeting these goals will require that our education system boosts the performance of our highest achievers to levels that equal or exceed the performance of the best anywhere; substantially increases the performance of our lowest achievers to far higher levels than their current performance; and ensures that what our best students can achieve now, our average students be able to achieve by the turn of the century.

A strong education system is essential to maintaining a vigorous and responsible democracy and a prosperous and growing economy. The President and the Governors have developed a clear set of national education goals that they believe are worthy of our people and our times, and that will provide a measure by which our responsible leaders can be held accountable for results.

In order for national education goals to be meaningful, progress toward achieving these goals must be measured accurately and adequately, and reported to the American people on a timely basis. Present data collection efforts and activities in progress to improve assessment tools and statistics provide a solid foundation on which to build. However, more work is needed. The President and the Governors agree that this effort will require a substantial national commitment over several years to further develop and refine our national measurement capabilities.

The President's FY 1991 budget recognizes the importance of measuring how the nation progresses toward achievement of these goals. The President has requested a fifty percent increase, from $40 million to $60 million, in the federal investment for statistics for the U.S. Department of Education. In addition, the President's budget includes $20 million for follow-up activities related to the President's Education Summit with Governors. A portion of this request may provide additional funding for assessment and statistics development. In the coming months, the Administration and the Governors will work with other interested groups to develop fully the range and quality of measures needed to report on progress.

MEASURING PROGRESS TOWARD NATIONAL GOALS

Readiness for School

GOAL 1: By the year 2000, all children in America will start school ready to learn.

Assessments indicating readiness for school generally are not administered by schools. Nor do the President and the Governors recommend that such an assessment, especially one that could wrongfully be used to determine when a child should start school, be developed for purposes of measuring progress toward this goal. Other current indicators of readiness may serve as proxies, and still others need to be developed.

The National Center for Education Statistics' (NCES) National Household Education Survey will be designed to furnish as much useful data as possible on a child's early learning experiences and the extent of parental involvement. In addition, the Current Population Survey, the Administration on Children, Youth, and Families, and other units of the U.S. Department of Health and Human Services collect information on learning experiences and the social and physical status of young children that will provide essential data for measuring appropriate dimensions of readiness.

High School Completion

GOAL 2: By the year 2000, we will increase the percentage of students graduating from high school to at least ninety percent.

According to best estimates, approximately 72 percent of the nation's 18 to 19-year-olds had completed high school in 1988. Presently, national data on high school completion rates are available from the Current Population Survey. New measurement and collection efforts will be necessary to gather comparable state-level data on dropout and high school completion rates.

Student Achievement

GOAL 3: By the year 2000, American students will leave grades four, eight, and twelve having demonstrated competency over challenging subject matter, including English, mathematics, science, history and geography.

Demonstrating competency is not merely a function of successfully completing courses. It involves mastering a meaningful level of knowledge and skills. Assessment tools must not simply measure minimum competencies, but also higher levels of reading, writing, speaking, reasoning, and problem-solving skills. While the focus of this goal specifies competency in several subject areas, the list is not to be interpreted as exhaustive, nor as recommending a

national curriculum. Furthermore, in order to demonstrate a meaningful level of competency at certain points in the educational process, performance at every grade level and among all quartiles of achievement must increase substantially. Only in this manner will our entire educational system be lifted toward excellence.

Appropriate measures of achievement must be accurate, comparable and constructive. While comparable state-level data is not presently available, the National Assessment of Educational Progress (NAEP) will be a principal mechanism for measuring student achievement in grades four, eight, and twelve in reading, writing, mathematics, science, history and geography on a national, and eventually state-by-state, basis. The National Center for Education Statistics is working with NAEP and others to extend and improve appropriate national assessments in a variety of subject areas. Thirty-seven states will participate in the NAEP pilot state-level assessment this year. It is expected that all States will participate in future state-level assessments.

Science and Mathematics

GOAL 4: By the year 2000, U.S. students will be first in the world in science and mathematics achievement.

While no international comparisons of student achievement to date are considered adequate, available measures suggest that U.S. 13-year-olds perform near the bottom in science and mathematics compared to their peers in other industrialized countries. Significant work must be accomplished to ensure that international comparisons of achievement are reliable.

The National Academy of Sciences is working with the U.S. Department of Education and the National Science Foundation to develop recommendations for the creation of a permanent international framework for coordinating international assessments that compare the performance of U.S. students in mathematics and science to that of their counterparts in other industrialized countries. In 1991, twenty-two countries will participate in a comparative study in mathematics and science conducted by the International Assessment of Educational Progress. In 1993, the International Association for the Evaluation of Educational Achievement will conduct its third cross-national mathematics assessment.

In addition, several groups, including the National Council on Teachers of Mathematics, the Mathematical Sciences Education Board, the American Academy for the Advancement of Science, the National Assessment Governing Board and others, are working to improve assessments of mathematics and science achievement.

Literacy and Lifelong Learning

GOAL 5: By the year 2000, every adult American will be literate and possess the knowledge and skills necessary to compete in a global economy and exercise the rights and responsibilities of citizenship.

No good data relating to dimensions of literacy and lifelong learning currently exist. While work is required to develop meaningful measures, the National Survey of Adult Literacy now underway will provide important information on functional literacy skills by 1993. The National Center for Education Statistics also gathers data on indicators of lifelong learning such as participation in post-secondary education and degrees received. The Department of Labor is a source of survey data on employer activities and the labor force, and is leading efforts to develop measures of workforce literacy skills.

Safe, Disciplined, and Drug-free Schools

GOAL 6: By the year 2000, every school in America will be free of drugs and violence and offer a disciplined environment conducive to learning.

No single or comprehensive source of data exists to measure the extent to which our schools are safe, disciplined, and drug-free. The Justice Department collects national juvenile and crime survey data. The National Institute of Drug Abuse conducts annual surveys of student drug use and attitudes. The Department of Education's Schools and Staffing Survey provides information on school climate and environment. Further data collection efforts may be required.

A National Challenge

These national education goals are not the President's goals or the Governors' goals, they are the Nation's goals. Achieving them will require a strong commitment and concerted effort on the part of every sector and every citizen to improve dramatically our nation's education system and the performance of each and every student.

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THE WHITE HOUSE

Office of the Press Secretary

EMBARGOED FOR RELEASE
UNTIL 9:00 P.M. EST
WEDNESDAY, JANUARY 31, 1990

FACT SHEET

The President's CFE Initiative on U.S. and Soviet Manpower

After initial discussions with NATO Allies, the President concluded that changes which have taken place in Europe over the last three months have made it possible to propose lower levels in the area of greatest concentration of forces -- Central and Eastern Europe. However, the United States will maintain significant military forces in Europe as long as our Allies desire our presence as part of a common security effort.

Therefore, in his State of the Union address to Congress on January 31, President Bush proposed to revise NATO's current position in the Conventional Armed Forces in Europe (CFE) Negotiations to lower substantially the levels of U.S. and Soviet ground and air force manpower in Central and Eastern Europe to 195,000 on each side. Forces withdrawn will be demobilized. There would be approximately 225,000 U.S. ground and air force personnel in Europe after CFE reductions are completed. The proposal responds to rapid changes in Eastern Europe and is designed to help propel the CFE negotiations to an early conclusion in 1990.

The President's initiative would supersede an earlier proposal establishing a level of 275,000 each on U.S. and Soviet ground and air force manpower stationed outside of their respective national territories in the Atlantic to the Urals region.

The President has concluded that this proposal reflects the minimum level of U.S. forces needed in Europe to protect American interests and to sustain NATO's strategy of forward defense and flexible response. Even if -- as we expect -- Soviet forces in this region are reduced even further, the United States does not envision the further reduction of its forces in Europe below this new level.

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THE WHITE HOUSE

Office of the Press Secretary

EMBARGOED FOR RELEASE
AT 9:00 PM (EST)
WEDNESDAY, JANUARY 31, 1990

THE PRESIDENT'S STATE OF THE UNION ADDRESS

FACT SHEET

The President's first State of the Union address emphasized four themes:

I. Investments for a Competitive America

II. Opportunity

III. Stewardship

IV. Democracy

The President explained that he came to speak not about the state of the government with its myriad of detailed programs, but the state of the American Union: its people, its place in the world, and the challenges it faces.

I. INVESTMENTS FOR A COMPETITIVE AMERICA

The President declared his aim to invest in America, and to encourage the creation of capital of all kinds.

A. Investing in Productive Capital

The President urged action to reduce government dissaving and increase private saving. These measures will generate more job-creating productive capital investment.

Reducing Government Borrowing. The President's budget for FY 1991 involves a sharp reduction in the deficit to $63.1 billion, in full compliance with the Gramm-Rudman-Hollings deficit reduction law. The proposed deficit is down more than 70 percent from the $221 billion Federal deficit in 1986.

- o The President's budget achieves this deficit reduction with no increase in taxes.

- o The President's proposal balances the Federal budget by 1993, as required by Gramm-Rudman-Hollings, further increasing funds for domestic investment and reducing the need for U.S. foreign borrowing.

- o The President proposes to protect the long term integrity of the Social Security system. His proposal will assure that the build up of Social Security reserves in the future will not be used to mask the non-Social Security deficit and will not be used to finance non-Social Security spending.

Increasing Private Savings. The President called for enactment of a new initiative, The Savings and Economic Growth Act of 1990, to increase private savings and to create more jobs and growth in the coming decade. Its provisions include:

- o Creating Family Savings Accounts. To provide better for the future of America's families, the President put forward his plan to increase savings. Elements of this plan include the following:

  - Married couples earning under $120,000, singles earning under $60,000, and taxpayers who are Heads of Household with incomes under $100,000 are eligible, if they have earned income and are not dependents on another return.

  - Each person may contribute up to $2,500 (couples up to $5,000) or the amount of their compensation, whichever is less. Contributions to the Family Savings Account are not tax deductible.

  - Earnings are not taxable as they accumulate, but would be taxable if withdrawn before seven years have elapsed. Earnings on deposits at least seven years old may be withdrawn tax free.

  - Earnings on contributions fewer than seven years old are taxed like regular interest income if withdrawn, and earnings on deposits made fewer than three years previously are subject to an additional ten percent penalty tax upon withdrawal.

  - Contributions themselves are never subject to tax when withdrawn, only earnings.

o Reducing the Rates on Capital Gains. To encourage investment for a more competitive America, the President proposed:

- A phased-in exclusion of up to 30 percent of the capital gain on an asset. Eventually, only assets held for at least three years would receive the full exclusion.

	Years Held		
Year Sold	1	2	3
1990	30%	30%	30%
1991	20%	30%	30%
1992	10%	20%	30%

- In general, all capital assets held by individuals, except for collectibles, will be eligible for the capital gains exclusion. Corporations will not be eligible for a capital gains tax rate reduction.

o Home Ownership Initiative. To encourage saving and home ownership, the President proposed:

- Modifying current IRA laws so that first-time home buyers can withdraw up to $10,000 without penalty for early withdrawal.

B. Intellectual Capital -- New Technologies for the Future

Research and Development. The President proposed a record high $71 billion in Federal budget authority for research and development, up $4.5 billion, or seven percent.

o The President remains committed to doubling the National Science Foundation budget by 1993, and has provided a 14 percent increase in FY 1991 toward that end.

o The President's budget calls for a 26 percent increase in funding of science and engineering education.

Incentives for the Private Sector.

o The President supports making the Research and Experimentation Tax Credit permanent.

o The President also supports making permanent the rules for allocating R&D by transnational companies.

- o President Bush has proposed an initiative to reform our nation's product liability laws.

Space. The President proposed a 24 percent funding increase for NASA in FY 1991, with growth in the five elements of the space program:

- o Building space transportation infrastructure.
- o Proceeding with Space Station Freedom.
- o Exploring the space frontier through manned exploration.
- o Enhancing scientific understanding.
- o Developing the commercial potential of space.

C. Educational Excellence for All Americans

National Education Goals. The President announced six national education goals for the year 2000. This is the first phase in realizing commitments made at the President's Education Summit with Governors. Key education-related programs and initiatives include:

- o All children in America will start school ready to learn.
  - The President is proposing an increase of $500 million for Head Start to bring total funding to $1.9 billion. This provides up to 70 percent of poor children one year of Head Start before they enter school.
  - The President's FY 1991 request will double the Even Start budget to $48 million.
  - Chapter 1 Compensatory Education grants to local education agencies would be increased under the President's proposal to $4.96 billion, the highest level ever. Schools use some of these funds to serve disadvantaged pre-kindergarten and kindergarten children.
  - The President will increase support for services to handicapped pre-school children to $258 million.
- o We will increase the percentage of students graduating from high school to at least ninety percent.

- The President proposed $50 million for new research and demonstration activities to help schools learn more about how to prevent dropouts and how to help dropouts return to schooling.

- The Job Training Partnership Act (JTPA) contains $1.7 billion to target services to about 683,000 disadvantaged youths, most of whom are dropouts.

- The President's budget funds the Youth Opportunities Unlimited program at $50 million, supporting programs to help at-risk youth stay in school and develop marketable skills.

o American students will leave grades four, eight, and twelve having demonstrated competency over challenging, subject matter including English, mathematics, science, history, and geography.

- The President proposed increasing statistics funding within the Department of Education's research effort by 50 percent, from $40 million in FY 1990 to $60 million.

- The President's Educational Excellence Act proposes initiatives for magnet and merit schools, alternative certification, and other programs. The President is also proposing a $25 million initiative to improve training of principals.

- Chapter 1 Local Education and Concentration Grants fund remedial education programs for nearly five million disadvantaged students.

o U.S. students will be first in the world in science and mathematics achievement.

- The President proposes funding for the Dwight D. Eisenhower Mathematics and Science Education Grants of $230 million, a 70% increase over FY 1990.

- National Science Scholars is one of the President's initiatives in the Educational Excellence Act.

- The President will increase National Science Foundation (NSF) funding for education from $360 million to $460 million, a 28% increase.

- The President calls for increasing the number of minority students in science and engineering through Scientific Literacy for the 21st Century, a NASA program.

- The President will increase education-related funding under the Department of Energy by 47 percent.

- o Every adult American will be literate and possess the knowledge and skills necessary to compete in a global economy and exercise the rights and responsibilities of citizenship.
  - The President proposes $239 million for adult education programs in the Education Department.
  - The President proposes funding for a National Literacy Clearinghouse.
  - The President has doubled ACTION's Literacy Corps budget to $6 million.
  - The Job Opportunities and Basic Skills (JOBS) program is fully-funded at $1 billion.
- o Every school in America will be free of drugs and violence and provide a disciplined environment conducive to learning.
  - The President's National Drug Strategy establishes drug-free schools as a national priority.
  - The President proposed $593 million in funding for the Drug-Free Schools and Communities program, a $54 million increase.

Parents and Education. The President urged parents to spend time with their children -- reading to them, helping them with their homework, and sharing the values they learned as children.

D. Transportation

The President believes that the Federal government is a partner with the States and the private sector in making needed investments in our transportation infrastructure. The President's transportation-investment plan includes:

- o Increasing funds for air traffic control personnel, modernization of equipment, airport expansion, and safety- and security-related research and development.
- o Funding research and development of Intelligent Vehicle Highway Systems and magnetically levitated trains.

The President has directed the Department of Transportation to formulate a comprehensive Statement of National Transportation Policy.

E. Free and Fair Trade

The President called for a free, open, and fair international trading system, one in which markets, not governments, determine what industries and farmers produce and how nations trade. The President's priorities include:

- o Strengthening the trading system by bringing the Uruguay Round of Multilateral Trade Negotiations to a successful conclusion in December 1990. A key objective for President Bush is to end the costly government subsidies and trade restrictions that distort international agricultural markets at the expense of the American farmer. The President also seeks to expand the GATT to cover trade in services, investment, and intellectual property, which are now outside the GATT system.

- o Challenging unfair barriers to American exports by working closely with Congress and American business to pursue an open, strengthened world trading system. The President continues to implement aggressively the market-opening provisions of the Omnibus Trade and Competitiveness Act of 1988, consistent with his commitment to providing American exporters with fair and open access to foreign markets.

F. Agriculture

The President is committed to a farm program based on the following principles:

- o Farm policy tools must be market-oriented in order to minimize distortions and allow farmers the flexibility to respond to market signals.

- o Competitiveness requires an adequate investment in agricultural infrastructure and a firm response to unfair trade practices.

- o Food and fiber production must be sensitive to environmental concerns.

The President will work with the Congress to develop a 1990 farm bill based on these principles.

II. OPPORTUNITY

The President declared his belief that our challenge today is to make our democratic system even better, with greater opportunity for all.

A. Fighting Drug Abuse and Violent Crime

The President is committed to working with States, localities, and every sector of society to stop illegal drug use and its related crime, health and social problems. The President's National Drug Control Strategy and the second phase of the strategy, presented on January 25, outlines a multi-faceted, comprehensive approach to counter this scourge:

- o Drug Education and Prevention. Although the overall number of drug users is declining, the President believes we must redouble our efforts to ensure that children decide not to use drugs and that users are induced to stop.

- o Drug Treatment. Treatment should be made available for those who may benefit from its assistance and research must be encouraged to determine the most effective drug treatment modalities, particularly for segments of the population such as pregnant women and infants.

- o International Initiatives. The President will attend a Drug Summit with other Western Hemisphere leaders on February 15. He is proposing initiatives to strengthen America's efforts against the international drug trade and counter money laundering.

- o The Criminal Justice System and Interdiction. The President will propose initiatives designed to strengthen the criminal justice system's ability to counter drugs and to enhance our interdiction and other law enforcement efforts.

In addition to addressing violent crime as it relates to drug use, the President has proposed fundamental, comprehensive reforms to the entire criminal justice system. Several provisions of the President's drug and crime initiatives were enacted in the first session of the 101st Congress. The remainder are essential to a comprehensive and responsible approach to reducing violent crime.

The President called upon Congress to enact the remaining provisions of his Comprehensive Violent Crime Control Act, including provisions relating to exclusionary rule reform, death penalty reform, habeas corpus reform, and strengthening current law through tougher sentences for firearm-related crimes.

B. Health Care Reform

The President directed Secretary of Health and Human Services Sullivan to review the recommendations of the health care studies now underway that deal with health care challenges, including improving access to health care and moderating growth in health care costs. The Secretary's study will be presented to the President through the Domestic Policy Council.

C. A Commitment to Civil Rights For Every American

The President called on all citizens to confront and condemn racism, anti-semitism, bigotry, and hate.

The President is dedicated to the principle that the enjoyment of basic civil rights is the birthright of every American. Each citizen must have the opportunity to go as far as his or her abilities and ambition will allow. In 1990, the President will work for:

- o Passage of the Americans with Disabilities Act to extend to the disabled the civil rights already guaranteed to millions of Americans by existing civil rights laws.

- o Strengthening of the Civil Rights Act of 1968, as it relates to the interference by force, or threat of force, with an individual who is exercising, or encouraging others to exercise, rights protected by the Fair Housing Act.

- o Quick action by the Congress on the Hate Crimes Statistics Act.

D. Child Care

Parental choice is the core of the President's approach to child care. The President called for action on legislation to implement the child care plan he advanced last year. The President's plan includes a new child tax credit that would provide for a refundable credit of up to $1,000 per child under age four for low-income working families and make the current Dependent Care Tax Credit refundable to taxpayers who have no tax liability.

While flexible on the legislative details, acceptable legislation must reflect the President's four principles: parental choice, non-discrimination against parents who work at home, offering parents the fullest range of choices, and targeting assistance to those who need it most.

E. H.O.P.E.

The President has put forward a comprehensive agenda of Homeownership and Opportunity for People Everywhere, in order to bring basic shelter and affordable housing within the reach of millions of Americans. Elements of H.O.P.E. include:

- o Legislation allowing first-time home buyers to draw, without penalty, on IRA savings as a down payment for their first home. The President has directed Secretary Kemp of the Department of Housing and Urban Development to convene a Blue Ribbon Commission to identify and suggest ways to remove barriers to affordable housing.

- o Promoting more housing choice for low-income families. H.O.P.E. includes a new grant program, funded at $2.2 billion over three years, to help low-income families become owners. In addition, the President supports housing vouchers, as well as resident ownership and resident management of low income housing in order to empower low-income families and broaden their choice in housing.

- o Creating 50 Enterprise Zones over the next four years. Completely eliminating the capital gains tax on certain investments in these zones.

- o $412 million to help preserve the affordability of existing housing where rents may rise and create hardship for low-income tenants.

- o Operation Bootstrap designed to coordinate better housing subsidies and supportive services for low-income households in order to help them become self-sufficient.

- o $247 million for an initiative to reduce homelessness among the chronically mentally ill and recovering substance abusers through public-private partnerships.

F. Homelessness

The President called for a strong continued commitment by all Americans to end homelessness. The President has requested 23 percent higher funding for programs under the McKinney Act umbrella. His request of $819 million is $92 million more than the level needed to "fully fund" the McKinney Act.

In addition to the budget, the President's program to end homelessness seeks to link programs, increase coordination among providers, and reach out to the most isolated homeless. The Federal government will institute new procedures to coordinate Federal programs and expand efforts to make federally-owned property, especially residential property, available to assist the homeless.

G. Volunteerism

The President believes that the definition of a successful life must include service to others. He encouraged every American to adopt society's problems as his or her own and to commit themselves to serve others. Volunteerism is a necessary part of the solutions to pressing social problems such as drug abuse, illiteracy, poor educational performance, homelessness, and community disintegration.

- o The President has asked Congress for $25 million annually, for four years, to implement the recommendations of the Kean Commission on the Points of Light Initiative Foundation.

- o The President will use his Office to promote a new community ethic of volunteerism that requires no financial incentive and encourages participation in whatever measure the individual can provide.

III. STEWARDSHIP

The President remarked that our obligation to future generations requires us to exercise stewardship in safekeeping our precious environmental inheritance.

A. Department of the Environment

As evidence of the importance he places on environmental protection, the President proposes to elevate the Environmental Protection Agency to Cabinet status. The President proposed a $2 billion increase in overall environmental spending, including a 12 percent increase in the EPA's operating budget.

B. America the Beautiful

The President proposed a new three-part initiative to exercise responsible stewardship of America's natural resources:

- o Land Acquisition. The President proposes to expand land acquisition for national parks, refuges, forests and other public lands. Over $1 billion of key land and water resources will be purchased over the next four years through the Land and Water Conservation Fund.

- o Reforestation. The President proposes to create a working alliance between environmental activism and community service. The President has budgeted $175 million for the first year to plant over one billion trees a year across America, using public-private partnerships and volunteer programs.

- o Protection and Restoration. Over the next decade, the President's Legacy '99 program will improve threatened natural resources, such as wetlands and endangered species, and enhance recreational opportunities in our national parks, wildlife refuges, and other public lands. The President has called for a 40 percent increase in funds to protect and enhance our natural resources.

C. Clean Air

Last July, the President sent to Congress the most comprehensive Clean Air proposal in history. In anticipation of a new Clean Air Act, he is requesting an additional $80 million for EPA's Office of Air and Radiation Programs. The President's proposal will:

- o Combat acid rain by achieving a permanent 10 million ton reduction in sulfur dioxide emissions.
- o Bring all cities into attainment with the Clean Air Act's health standards.
- o Reduce toxic emissions by 75-90 percent from factories and plants within seven years of enactment.
- o Encourage innovative approaches to meeting these goals through clean coal technologies and alternative fuels for automobiles.
- o Achieve reductions cost-effectively through market incentives, an emissions trading program, and flexibility for the private sector and State governments to find optimal approaches toward meeting clean air requirements.

D. Global Climate Change Research

The President proposes $1 billion (a 57 percent increase over 1990 levels) to advance scientific knowledge of global climate change.

IV. DEMOCRACY

The President declared that, today, with communism crumbling, our aim must be to ensure democracy's advance. He also said that it is time to acclaim a new consensus at home and abroad -- a common vision of the peaceful world we want to see.

A. Our Democratic Allies

The President paid tribute to the steadfastness of the democratic allies of the Atlantic Community and Japan in securing peace and prosperity over four decades, which has helped bring us to this moment of opportunity.

B. Eastern Europe

The President said that we will continue to offer our hand to the emerging democracies of Eastern Europe.

Support for East European Democracy. As the force of freedom spreads throughout the region, the President is proposing a $300 million fund for assistance to Eastern European democracies, and the broadening of last year's SEED Act, as part of a comprehensive strategy for the region.

Presidential Mission. Following the President's visits to Poland and Hungary in July, an active and constructive new relationship has developed. The President will follow up vigorously on the Cabinet-level Missions he sent last year to Poland and Hungary and Secretary Baker's forthcoming visit to Prague, providing the best expertise America has to offer to support the countries of Eastern Europe as they move toward democratic change. Following Lech Walesa's visit to the United States in November, the President has invited two leading architects of Eastern Europe's democratic revolution -- President Havel of Czechoslovakia and Prime Minister Mazowiecki of Poland -- to pay official visits to Washington early this year.

C. Soviet Union

The President declared that the time is right to move beyond containment and build a new relationship with the Soviet Union -- to endorse and extend the peaceful process of internal change toward pluralism and economic opportunity.

Malta and Moscow. Secretary Baker will be in Moscow next week to follow up on the important understandings reached at Malta in early December between the President and Chairman Gorbachev. A major push will be made to resolve key issues in arms control -- START, CFE, nuclear testing, chemical weapons, and Open Skies -- and our intensive dialogue on European, regional, and global issues will continue.

D. Panama

The President declared that "Panama is free" in citing the American military action that liberated Panama from the dictator Noriega.

U.S. Troops. The President announced that Operation Just Cause has achieved its objectives, and that U.S. troops will be down to their pre-operation level by the end of February.

Reconstruction. The President last week announced an action plan to foster Panama's economic recovery, totaling $1 billion, including

- Nearly $500 million in loans, guarantees, and export opportunities to strengthen Panama's private sector and create jobs;

- o An additional $500 million in economic assistance to be provided in FY 1990; and

- o $42 million in humanitarian assistance.

E. Defense

In an era of dramatic change in the strategic environment, the President spoke of a new era in defense planning. Yet the President stressed that peace will continue to be served by an America strong enough -- and sure enough -- to defend our interests and ideals.

Restructured Military Posture. As outlined in the budget, we are beginning the transition to a restructured military, one that is leaner, more agile and flexible, geared to contingencies outside of Europe, while continuing to meet our inescapable responsibility to maintain deterrence.

F. CFE Initiative

In recognition of changes in Eastern Europe and the Soviet Union, and after consultation with the leaders of NATO, the President announced a major new step for further reduction in U.S. and Soviet manpower in Central and Eastern Europe to 195,000 on each side. This level of forces reflects the advice of his senior military advisors and is designed to protect American and European security.

G. Foreign Affairs

In a new world of unparalleled challenges and opportunities, the President said that there is a need for leadership that only America can provide.

International Affairs Budget. In such a new era, there is a greater premium than ever on political and economic, rather than military, tools of policy. Security assistance, development assistance, humanitarian assistance, and diplomacy therefore remain essential responsibilities. The President has proposed for FY 1991 a total of $20 billion in budget authority for these purposes, an increase of $1.4 billion over FY 1990. This is an investment in peace and a cost-effective way to help maintain international security and address the causes of conflict.

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THE WHITE HOUSE

Office of the Press Secretary

EMBARGOED FOR RELEASE
UNTIL 9:00 P.M. EST
WEDNESDAY, JANUARY 31, 1990

TEXT OF REMARKS BY THE PRESIDENT
ON THE STATE OF THE UNION

The Capitol

January 31, 1990

Mr. President, Mr. Speaker, members of the United States Congress: I return as a former President of the Senate, and former member of this great House. Now, as President, it is my privilege to report to you on the State of the Union.

Tonight, I come not to speak about the "state of the government" -- not to detail every new initiative we plan for the coming year, nor to describe every line item in the budget. I'm here to speak to you and to the American people about the State of the Union -- about our world -- the changes we've seen, the challenges we face. And what that means for America. There are singular moments in history: dates that divide all that goes before from all that comes after. Many of us in this chamber have lived much of our lives in a world whose fundamental features were defined in 1945. The events of that year decreed the shape of nations. The pace of progress. Freedom or oppression for millions of people around the world.

1945 provided the common frame of reference -- the compass points of the post-war era we've relied upon to understand ourselves. That was our world. Until now. The events of the year just ended -- the revolution of '89 -- have been a chain reaction -- change so striking that it marks the beginning of a new era in the world's affairs.

Think back -- just twelve short months ago -- to the world we knew -- as 1989 began.

One year ago, the people of Panama lived in fear, under the thumb of a dictator. Today, democracy is restored -- Panama is free.

Operation "JUST CAUSE" has achieved its objective. The number of military personnel in Panama is now close to what it was before the operation began. And tonight, I am announcing that -- well before the end of February -- the additional numbers of American troops -- the brave men and women of our Armed Forces who made this mission a success -- will be back home.

A year ago in Poland, Lech Walesa declared that he was ready to open a dialogue with the communist rulers of that country. Today, with the future of a free Poland in their own hands, members of Solidarity lead the Polish Government.

A year ago, freedom's playwright, Vaclav Havel, languished as a prisoner in Prague. Today, it's Vaclav Havel -- President of Czechoslovakia.

And one year ago, Erich Honecker of East Germany claimed history as his guide. He predicted the Berlin Wall would last another hundred years. Today -- less than one year later -- it's the Wall that's history.

- more -

Remarkable events -- events that fulfill the long-held hopes of the American people. Events that validate the long-standing goals of American policy -- a policy based on a single, shining principle: the cause of freedom.

America -- not just the nation -- but an idea, alive in the minds of people everywhere. As this new world takes shape, America stands at the center of a widening circle of freedom -- today, tomorrow and into the next century.

Our nation is the enduring dream of every immigrant who ever set foot on these shores -- and the millions still struggling to be free. This nation -- this idea called America -- was and always will be -- a new world. Our new world.

At a workers' rally -- in a place called Branik on the outskirts of Prague -- the idea called America is alive. A worker, dressed in grimy overalls, rises to speak at the factory gates. He begins his speech to his fellow citizens with these words -- words of a distant revolution:

"We hold these truths to be self-evident. That all men are created equal, that they are endowed by their Creator with certain unalienable rights, [and] that among these are life, liberty and the pursuit of happiness."

It's no secret that, here at home, freedom's door opened long ago. The cornerstones of this free society have already been set in place: Democracy. Competition. Opportunity. Private investment. Stewardship. And of course, leadership.

Our challenge today is to take this democratic system of ours -- a system second to none -- and make it better.

A better America, where there's a job for everyone who wants one.

Where women working outside the home can be confident their children are in safe and loving care -- and where government works to expand child care alternatives for parents.

Where we reconcile the needs of a clean environment and a strong economy.

Where "Made in the U.S.A." is recognized around the world as the symbol of quality and progress.

Where every one of us enjoys the same opportunities to live, to work, and to contribute to society. And where, for the first time, the American mainstream includes all of our disabled citizens.

Where everyone has a roof over his head -- and where the homeless get the help they need to live in dignity.

Where our schools challenge and support our kids and our teachers -- and where all of them make the grade.

Where every street, every city, every school and every child is drug-free.

And finally, where no American is forgotten. Our hearts go out to our hostages -- our hostages who are ceaselessly on our minds and in our efforts.

That's part of the future we want to see -- the future we can make for ourselves. But dreams alone won't get us there. We need to extend our horizon -- commit to the long-view. Our plans for the future start today.

In the tough competitive markets around, America faces great challenges and great opportunities. We know that we can succeed in the global economic arena of the 90's, but to meet that challenge we must make some fundamental changes -- some crucial investments in ourselves.

Yes -- we are going to invest in America. This Administration is determined to encourage the creation of capital -- capital of all kinds. Physical capital: Everything, from our farms and factories to our workshops and production lines, all that is needed to produce and deliver quality goods and quality services. Intellectual capital: The source of ideas that spark tomorrow's products. And of course, our human capital: The talented workforce we'll need to compete in the global market.

And let me tell you: If we ignore human capital -- we lose the spirit of American ingenuity -- the spirit that is the hallmark of the American worker. And the American worker is the most productive worker in the world.

We need to save more -- expand the pool of capital for the new investments that mean more jobs, more growth. That's the idea behind a new initiative I call the Family Savings Plan, which I will send to the Congress tomorrow.

We need to cut the tax on capital gains -- encourage risk-takers -- especially those in our small businesses -- to take those steps that translate into economic reward, jobs, and a better life for all of us.

We'll do what it takes to invest in America's future. The budget commitment is there. The money is there. It's there for Research and Development, R&D -- a record high. It's there for our housing initiative -- HOPE, to help everyone from first-time homebuyers to the homeless. The money's there to keep our kids drug-free: 70 percent more than when I took office in 1989. It's there for space exploration -- and it's there for education: another record high.

And one more thing: Last fall at the Education Summit, the Governors and I agreed to look for ways to help make sure kids are ready to learn -- the very first day they walk into that classroom. I've made good on that commitment -- by proposing a record increase in funds -- an extra half a billion dollars -- for something near and dear to all of us: Head Start.

Education is the one investment that means more for our future because it means the most for our children. Real improvement in our schools is not simply a matter of spending more. It is a matter of asking more -- expecting more -- of our schools, our teachers, of our kids, and our parents and ourselves. That's why tonight I am announcing America's education goals -- goals developed with the nation's Governors:

-- By the year 2000, every child must start school ready to learn.

-- The United States must increase the high school graduation rate to no less than 90 percent.

-- And we're going to make sure our schools' diplomas mean something: In critical subjects -- at the 4th, 8th and 12th grades -- we must assess our students' performance.

-- By the year 2000, U.S. students must be first in the world in math and science achievement.

-- Every American adult must be a literate worker and citizen.

-- Every school must offer the kind of disciplined environment that makes it possible for our kids to learn -- and every school in America must be drug-free.

Ambitious aims? Of course. Easy to do? Far from it. But the future's at stake. This nation will not accept anything less than excellence in education.

These investments will keep America competitive. And I know this about the American people: We welcome competition. We'll match our ingenuity and energy -- our experience and technology -- our spirit and enterprise -- against anyone. Let the competition be free -- but let it be fair. America is ready.

Since we really mean it -- and since we are serious about being ready to meet that challenge -- we're getting our own house in order. We've made real progress. Seven years ago, the Federal deficit was 6 percent of our Gross National Product. In the new budget I sent up two days ago -- the deficit is down to 1 percent of GNP.

That budget brings Federal spending under control. It meets the Gramm-Rudman target, brings that deficit down further, and balances the budget by 1993 -- with no new taxes.

And let me tell you, there's still more than enough Federal spending. For most of us, $1.2 trillion is a lot of money.

And once the budget is balanced, we can operate the way every family must when it has bills to pay. We won't leave it to our children and grandchildren. We will start paying off the national debt.

And there's something more we owe the generations of the future: Stewardship -- the safekeeping of America's precious environmental inheritance.

As just one sign of how serious we are, we will elevate the Environmental Protection Agency to cabinet rank. Not more bureaucracy, not more red tape -- but the certainty that here at home, and in our dealings with other nations, environmental issues have the status they deserve.

This year's budget provides over $2 billion in new spending to protect our environment, with over $1 billion for global change research. And a new initiative I call "America the Beautiful" -- to expand our national parks and wildlife preserves and improve recreational facilities on public lands.

And something else: Something that will help keep this country clean, from our forestland to our inner cities, and keep America beautiful for generations to come -- the money to plant a billion trees a year.

And tonight, let me say again to all the members of Congress: The American people did not send us here to bicker. There's work to do -- and they sent us here to get it done. And once again, I offer my hand to all of you. Let's work together to do the will of the people. Clean Air. Child Care. The Educational Excellence Act. Crime and Drugs. It's time to act. The Farm Bill. Transportation policy. Product liability reform. Enterprise Zones. It's time to act together.

And there's one thing I hope we'll all be able to agree on. It's about our commitments. I'm talking about Social Security.

To every American out there on Social Security, to every American supporting that system today, and to everyone counting on it when they retire: We made a promise to you -- and we are going to keep it.

We rescued the system in 1983 -- and it's sound again. Our budget fully funds today's benefits -- and it assures that future benefits will be funded as well. The last thing we need to do is mess around with Social Security.

There's one more problem we need to address. We must give careful consideration to the recommendations of the health care studies now underway. That's why tonight, I am instructing Dr. Louis Sullivan -- Secretary of Health and Human Services -- to lead a Domestic Policy Council review of recommendations on the quality, accessibility and cost of our nation's health care system. I am committed to bring the staggering costs of health care under control.

The "state of the government" does indeed depend on many of us in this very chamber. But the State of the Union depends on all Americans. We must maintain the democratic decency that makes a nation out of millions of individuals. I have been appalled at the recent mail bombings across this country. Every one of us must confront and condemn racism, anti-semitism, bigotry and hate. Not next week, not tomorrow, but right now.

The State of the Union depends on whether we help our neighbor -- claim the problems of our community as our own. We've got to step forward when there's trouble -- lend a hand, be what I call a point of light to a stranger in need. We've got to take the time after a busy day to sit down and read with our kids, help them with their homework, and pass along the values we learned as children. That's how we sustain the State of the Union.

Every effort is important. It all adds up -- it's doing the things that give democracy meaning. It all adds up to who we are -- and who we will be.

And let me say, that so long as we remember the American idea -- so long as we live up to the American ideal -- the State of the Union will remain sound and strong.

And to those who worry we have lost our way -- well, I want you to listen to parts of a letter written by James Markwell -- PFC James Markwell, a 20-year-old Army medic of the 1st Battalion, 75th Rangers. It's dated December 18th -- the night before our Armed Forces went into action in Panama. It's a letter servicemen write -- and hope will never be sent. Sadly, Private Markwell's mother did receive this letter. And she passed it on to me.

Here is some of what he wrote: "I have never been afraid of death, but now he is waiting at the corner.... I have been trained to kill and to save, so has everyone else. I am frightened of what lays beyond the fog, yet... Do not mourn for me, revel in the life that I have died to give you. ...But most of all, don't forget that the Army was my choice. Something that I wanted to do."

"Remember I joined the Army to serve my country and insure that you are free to do what you want and live your lives freely."

Private Markwell was among the first to see battle in Panama, and one of the first to fall.

He knew what he believed in. He carried the idea we call America in his heart.

I began tonight speaking about the changes we've seen this past year. There is a new world of challenges and opportunities before us. And there is a need for leadership that only America can provide.

Nearly 40 years ago, in his last address to the Congress, President Harry Truman predicted such a time would come. He said: "As our world grows stronger, more united, more attractive to men on both sides of the iron curtain, then inevitably there will come a time of change within the communist world."

Today, that change is taking place.

For more than 40 years, America and its allies held communism in check, and ensured that democracy would continue to exist. Today, with communism crumbling, our aim must be to ensure democracy's advance. To take the lead in forging peace and freedom's best hope -- a great and growing commonwealth of free nations.

To the Congress and to all Americans, I say it is time to acclaim a new consensus at home and abroad -- a common vision of the peaceful world we want to see.

Here in our own hemisphere, it's time for all the people of the Americas -- North and South -- to live in freedom.

In the Far East and Africa, it is time for the full flowering of free governments and free markets that have served as the engine of progress.

It is time to offer our hand to the emerging democracies of Eastern Europe. So that continent -- for too long a continent divided -- can see a future whole and free.

And it's time to build on our new relationship with the Soviet Union -- to endorse and encourage a peaceful process of internal change toward democracy and economic opportunity.

We are in a period of great transition, great hope, yet great uncertainty. We recognize that the Soviet military threat in Europe is diminishing, but we see little change in Soviet strategic modernization. Therefore, we must sustain our own strategic offense modernization and the Strategic Defense Initiative.

But the time is right to move forward on a conventional arms control agreement to move us to more appropriate levels of military forces in Europe -- a coherent defense program that ensures the U.S. will continue to be a catalyst for peaceful change in Europe. I've consulted with leaders of NATO -- and in fact, I spoke by phone with President Gorbachev, just today.

I agree with our European allies that an American military presence in Europe is essential -- and that it should not be tied solely to the Soviet military presence in Eastern Europe.

But troop levels can still be lower. So tonight, I am announcing a major new step -- for a further reduction in U.S. and Soviet manpower in Central and Eastern Europe to 195,000 on each side.

This number reflects the advice of our senior military advisors. It is designed to protect American and European interests -- and sustain NATO's defense strategy. A swift conclusion to our arms control talks -- conventional, chemical and strategic -- must now be our goal. That time has come.

Still, we must recognize an unfortunate fact: In many regions of the world tonight, the reality is conflict -- not peace. Enduring animosities and opposing interests remain. Thus the cause of peace must be served by an America strong enough -- and sure enough -- to defend our interests and ideals. It's this American idea that for the past four decades helped inspire the Revolution of '89.

Here at home -- and in the world -- there is history in the making -- and history to be made. Six months ago, early in this season of change, I stood at the gates of the Gdansk Shipyard in Poland at the monument to the fallen workers of Solidarity. It's a monument of simple majesty. Three tall crosses rise up from the stones. Atop each cross, an anchor -- an ancient symbol of hope.

The anchor in our world today is freedom. Holding us steady in times of change -- a symbol of hope to all the world. And freedom is at the very heart of the idea that is America.

Giving life to that idea depends on every one of us. Our anchor has always been faith and family.

In the last few days of this past momentous year, our family was blessed once more -- celebrating the joy of life when a little boy became our 12th grandchild.

When I held the little guy for the first time, the troubles at home and abroad seemed manageable -- in perspective.

Now, I know you're thinking: that's a grandfather talking.

Well, maybe you're right. But I've met a lot of children this past year -- across this country, and everywhere from the Far East to Eastern Europe. All kids are unique. Yet, all kids are alike. The budding young environmentalists I met this month, who joined me exploring the Florida Everglades. The little leaguers I played catch with in Poland -- ready to go from Warsaw to the World Series. Even the kids who are ill or alone -- God bless those boarder babies, born addicted to drugs -- coping with problems no child should have to face. But, you know, when it comes to hope and the future: Every kid is the same. Full of dreams. Ready to take on the world. All special because they are the very future of freedom. To them belongs this new world I've been speaking about.

So tonight I'm going to ask something of every one of you. Let me start with my generation -- with the grandparents out there. You are our living link to the past. Tell your grandchildren the story of struggles waged, at home and abroad. Of sacrifices freely made for freedom's sake. And tell them your own story as well -- because every American has a story to tell.

Parents: Your children look to you for direction and guidance. Tell them of faith and family. Tell them we are one nation under God. Teach them that of all the many gifts they can receive, liberty is their most precious legacy. And of all the gifts they can give, the greatest is helping others.

And to the children and young people out there tonight: With you rests our hope -- all that America will mean in the years and decades ahead. Fix your vision on a new century -- your century. On dreams we cannot see. On the destiny that is yours -- and yours alone.

And finally, let all Americans -- all of us together here in this chamber, the symbolic center of democracy -- affirm our allegiance to this idea we call America. And let us all remember that the State of the Union depends on each and every one of us.

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THE WHITE HOUSE

WASHINGTON

TALKING POINTS

HIGHLIGHTS OF PRESIDENT BUSH'S 1990 AGENDA

The highlights of President Bush's agenda for 1990, as outlined in his budget released January 29, 1990, include:

1. Economy

* The President's plan calls for a balanced federal budget by fiscal year 1993, and includes a proposal then to begin paying off the national debt.

* He will push to maintain our economic strength by encouraging increased investment and productivity, and reducing the deficit with no new taxes.

* As part of his Savings and Economic Growth Act, the President will work to reduce tax rates for capital gains, create a new tax-exempt Family Savings Account to encourage individual savings, and modify the rules for IRAs to permit first-time home buyers to withdraw up to $10,000 without penalty.

2. Social Security

* The President has pledged he will maintain the integrity of the Social Security system.

3. Education

* Agreement was reached at the President's historic Education Summit with the Governors to establish national education goals. The President will announce these goals in his State of the Union address, and they will be extended and presented to the Nation's Governors at the February Governor's Conference.

* The budget request for education is the highest ever proposed. So, too, is the half billion dollar increase requested for the Head Start program.

* The President has made the enactment of his Educational Excellence Act a top priority.

4. Child Care

* The President seeks to expand parental alternatives in child care by offering tax credits designed to allow low income parents -- not the government -- to decide what sort of child care best suits their needs.

5. Drugs

* The President's $10.6 billion National Drug Control Strategy is aimed at ending the scourge of drugs through a comprehensive program of drug treatment, education, law enforcement, interdiction, research, and cooperative international initiatives.

* The second phase of his Drug Strategy calls for expansions in federal law enforcement personnel, support for 75 additional federal judgeships, increased drug treatment services and research, comprehensive community prevention programs, the creation of a national drug intelligence center, and expanding the death penalty for drug kingpins. The President has also designated five locations as high intensity drug trafficking areas.

6. Environment

* The President supports enactment this year of tough new Clean Air requirements to reduce acid rain, urban smog and air pollution in a cost effective manner. He has endorsed elevating the Environmental Protection Agency to Cabinet level status and has proposed a major increase in EPA's operating budget. This year's budget provides over two billion dollars in new spending to protect the environment and over one billion dollars for global change research.

* His "America the Beautiful" initiative would expand federal parkland, wildlife refuges, forests and other public lands, and establish a new reforestation program that calls for the planting of more than one billion new trees a year.

7. Housing

* The President has again proposed full funding for the "McKinney Act" homeless assistance programs.

* The President has proposed a special homeless initiative which is designed to develop innovative approaches to providing housing for homeless individuals and families. Additionally, his new "Shelter Plus" program would help the homeless who are mentally ill or substance abusers.

* The President's HOPE initiative sets out a comprehensive new housing and urban development agenda. It will help low income families become homeowners and increase housing opportunities for other low-income families. Enterprise zones will help revitalize distressed low-income communities.

8. Investing in the Future and Competitiveness

* Product liability reform, an expanded budget for space programs such as the space station Freedom, preparing for manned exploration of the Moon and Mars, a record high $71 billion budget proposal for research and development, and a permanent tax credit for research and experimentation are all part of the President's plan to increase America's competitiveness in the world.

9. National Defense

* In the wake of the dramatic changes that are taking place abroad, the President has proposed a defense budget that begins the transition to a restructured military.

* To meet the continuing requirements of nuclear deterrence, the President will move ahead with strategic modernization programs such as the Strategic Defense Initiative, the Stealth Bomber, and ICBM modernization.

10. The Points of Light Initiative

* Through his "Points of Light" initiative, the President aims to engage every individual, family, corporation, firm, union, school, place of worship, club, group and organization in America to help solve community problems.

11. Eastern Europe

* To support the new forces of freedom now spreading throughout Eastern Europe, the President is committing an additional $300 million in FY91, as part of a comprehensive strategy of U.S. engagement in the region.

12. Foreign Affairs

* To maintain American leadership in the world in an era of change, there is a new premium on political and economic tools - such as development, security, and humanitarian assistance - which the President has proposed to increase substantially in the new budget.

THE WHITE HOUSE

Office of the Press Secretary

EMBARGOED FOR RELEASE
AT 9:00 PM (EST)
WEDNESDAY, JANUARY 31, 1990

THE PRESIDENT'S STATE OF THE UNION ADDRESS

FACT SHEET

The President's first State of the Union address emphasized four themes:

I. Investments for a Competitive America

II. Opportunity

III. Stewardship

IV. Democracy

The President explained that he came to speak not about the state of the government with its myriad of detailed programs, but the state of the American Union: its people, its place in the world, and the challenges it faces.

I. INVESTMENTS FOR A COMPETITIVE AMERICA

The President declared his aim to invest in America, and to encourage the creation of capital of all kinds.

A. Investing in Productive Capital

The President urged action to reduce government dissaving and increase private saving. These measures will generate more job–creating productive capital investment.

Reducing Government Borrowing. The President's budget for FY 1991 involves a sharp reduction in the deficit to $63.1 billion, in full compliance with the Gramm–Rudman–Hollings deficit reduction law. The proposed deficit is down more than 70 percent from the $221 billion Federal deficit in 1986.

- o The President's budget achieves this deficit reduction with no increase in taxes.

- o The President's proposal balances the Federal budget by 1993, as required by Gramm-Rudman-Hollings, further increasing funds for domestic investment and reducing the need for U.S. foreign borrowing.

- o The President proposes to protect the long term integrity of the Social Security system. His proposal will assure that the build up of Social Security reserves in the future will not be used to mask the non-Social Security deficit and will not be used to finance non-Social Security spending.

Increasing Private Savings. The President called for enactment of a new initiative, The Savings and Economic Growth Act of 1990, to increase private savings and to create more jobs and growth in the coming decade. Its provisions include:

- o Creating Family Savings Accounts. To provide better for the future of America's families, the President put forward his plan to increase savings. Elements of this plan include the following:

  - Married couples earning under $120,000, singles earning under $60,000, and taxpayers who are Heads of Household with incomes under $100,000 are eligible, if they have earned income and are not dependents on another return.

  - Each person may contribute up to $2,500 (couples up to $5,000) or the amount of their compensation, whichever is less. Contributions to the Family Savings Account are not tax deductible.

  - Earnings are not taxable as they accumulate, but would be taxable if withdrawn before seven years have elapsed. Earnings on deposits at least seven years old may be withdrawn tax free.

  - Earnings on contributions fewer than seven years old are taxed like regular interest income if withdrawn, and earnings on deposits made fewer than three years previously are subject to an additional ten percent penalty tax upon withdrawal.

  - Contributions themselves are never subject to tax when withdrawn, only earnings.

- o Reducing the Rates on Capital Gains. To encourage investment for a more competitive America, the President proposed:

  - A phased-in exclusion of up to 30 percent of the capital gain on an asset. Eventually, only assets held for at least three years would receive the full exclusion.

	Years Held		
Year Sold	1	2	3
1990	30%	30%	30%
1991	20%	30%	30%
1992	10%	20%	30%

  - In general, all capital assets held by individuals, except for collectibles, will be eligible for the capital gains exclusion. Corporations will not be eligible for a capital gains tax rate reduction.

- o Home Ownership Initiative. To encourage saving and home ownership, the President proposed:

  - Modifying current IRA laws so that first-time home buyers can withdraw up to $10,000 without penalty for early withdrawal.

B. Intellectual Capital -- New Technologies for the Future

Research and Development. The President proposed a record high $71 billion in Federal budget authority for research and development, up $4.5 billion, or seven percent.

- o The President remains committed to doubling the National Science Foundation budget by 1993, and has provided a 14 percent increase in FY 1991 toward that end.

- o The President's budget calls for a 26 percent increase in funding of science and engineering education.

Incentives for the Private Sector.

- o The President supports making the Research and Experimentation Tax Credit permanent.

- o The President also supports making permanent the rules for allocating R&D by transnational companies.

- o President Bush has proposed an initiative to reform our nation's product liability laws.

Space. The President proposed a 24 percent funding increase for NASA in FY 1991, with growth in the five elements of the space program:

- o Building space transportation infrastructure.
- o Proceeding with Space Station Freedom.
- o Exploring the space frontier through manned exploration.
- o Enhancing scientific understanding.
- o Developing the commercial potential of space.

C. Educational Excellence for All Americans

National Education Goals. The President announced six national education goals for the year 2000. This is the first phase in realizing commitments made at the President's Education Summit with Governors. Key education-related programs and initiatives include:

- o All children in America will start school ready to learn.
  - The President is proposing an increase of $500 million for Head Start to bring total funding to $1.9 billion. This provides up to 70 percent of poor children one year of Head Start before they enter school.
  - The President's FY 1991 request will double the Even Start budget to $48 million.
  - Chapter 1 Compensatory Education grants to local education agencies would be increased under the President's proposal to $4.96 billion, the highest level ever. Schools use some of these funds to serve disadvantaged pre-kindergarten and kindergarten children.
  - The President will increase support for services to handicapped pre-school children to $258 million.
- o We will increase the percentage of students graduating from high school to at least ninety percent.

- The President proposed $50 million for new research and demonstration activities to help schools learn more about how to prevent dropouts and how to help dropouts return to schooling.

- The Job Training Partnership Act (JTPA) contains $1.7 billion to target services to about 683,000 disadvantaged youths, most of whom are dropouts.

- The President's budget funds the Youth Opportunities Unlimited program at $50 million, supporting programs to help at-risk youth stay in school and develop marketable skills.

o American students will leave grades four, eight, and twelve having demonstrated competency over challenging, subject matter including English, mathematics, science, history, and geography.

- The President proposed increasing statistics funding within the Department of Education's research effort by 50 percent, from $40 million in FY 1990 to $60 million.

- The President's Educational Excellence Act proposes initiatives for magnet and merit schools, alternative certification, and other programs. The President is also proposing a $25 million initiative to improve training of principals.

- Chapter 1 Local Education and Concentration Grants fund remedial education programs for nearly five million disadvantaged students.

o U.S. students will be first in the world in science and mathematics achievement.

- The President proposes funding for the Dwight D. Eisenhower Mathematics and Science Education Grants of $230 million, a 70% increase over FY 1990.

- National Science Scholars is one of the President's initiatives in the Educational Excellence Act.

- The President will increase National Science Foundation (NSF) funding for education from $360 million to $460 million, a 28% increase.

- The President calls for increasing the number of minority students in science and engineering through Scientific Literacy for the 21st Century, a NASA program.

- The President will increase education-related funding under the Department of Energy by 47 percent.

- o Every adult American will be literate and possess the knowledge and skills necessary to compete in a global economy and exercise the rights and responsibilities of citizenship.

  - The President proposes $239 million for adult education programs in the Education Department.

  - The President proposes funding for a National Literacy Clearinghouse.

  - The President has doubled ACTION's Literacy Corps budget to $6 million.

  - The Job Opportunities and Basic Skills (JOBS) program is fully-funded at $1 billion.

- o Every school in America will be free of drugs and violence and provide a disciplined environment conducive to learning.

  - The President's National Drug Strategy establishes drug-free schools as a national priority.

  - The President proposed $593 million in funding for the Drug-Free Schools and Communities program, a $54 million increase.

Parents and Education. The President urged parents to spend time with their children -- reading to them, helping them with their homework, and sharing the values they learned as children.

D. Transportation

The President believes that the Federal government is a partner with the States and the private sector in making needed investments in our transportation infrastructure. The President's transportation-investment plan includes:

- o Increasing funds for air traffic control personnel, modernization of equipment, airport expansion, and safety- and security-related research and development.

- o Funding research and development of Intelligent Vehicle Highway Systems and magnetically levitated trains.

The President has directed the Department of Transportation to formulate a comprehensive Statement of National Transportation Policy.

E. Free and Fair Trade

The President called for a free, open, and fair international trading system, one in which markets, not governments, determine what industries and farmers produce and how nations trade. The President's priorities include:

- o Strengthening the trading system by bringing the Uruguay Round of Multilateral Trade Negotiations to a successful conclusion in December 1990. A key objective for President Bush is to end the costly government subsidies and trade restrictions that distort international agricultural markets at the expense of the American farmer. The President also seeks to expand the GATT to cover trade in services, investment, and intellectual property, which are now outside the GATT system.

- o Challenging unfair barriers to American exports by working closely with Congress and American business to pursue an open, strengthened world trading system. The President continues to implement aggressively the market-opening provisions of the Omnibus Trade and Competitiveness Act of 1988, consistent with his commitment to providing American exporters with fair and open access to foreign markets.

F. Agriculture

The President is committed to a farm program based on the following principles:

- o Farm policy tools must be market-oriented in order to minimize distortions and allow farmers the flexibility to respond to market signals.

- o Competitiveness requires an adequate investment in agricultural infrastructure and a firm response to unfair trade practices.

- o Food and fiber production must be sensitive to environmental concerns.

The President will work with the Congress to develop a 1990 farm bill based on these principles.

II. OPPORTUNITY

The President declared his belief that our challenge today is to make our democratic system even better, with greater opportunity for all.

A. Fighting Drug Abuse and Violent Crime

The President is committed to working with States, localities, and every sector of society to stop illegal drug use and its related crime, health and social problems. The President's National Drug Control Strategy and the second phase of the strategy, presented on January 25, outlines a multi-faceted, comprehensive approach to counter this scourge:

- o Drug Education and Prevention. Although the overall number of drug users is declining, the President believes we must redouble our efforts to ensure that children decide not to use drugs and that users are induced to stop.

- o Drug Treatment. Treatment should be made available for those who may benefit from its assistance and research must be encouraged to determine the most effective drug treatment modalities, particularly for segments of the population such as pregnant women and infants.

- o International Initiatives. The President will attend a Drug Summit with other Western Hemisphere leaders on February 15. He is proposing initiatives to strengthen America's efforts against the international drug trade and counter money laundering.

- o The Criminal Justice System and Interdiction. The President will propose initiatives designed to strengthen the criminal justice system's ability to counter drugs and to enhance our interdiction and other law enforcement efforts.

In addition to addressing violent crime as it relates to drug use, the President has proposed fundamental, comprehensive reforms to the entire criminal justice system. Several provisions of the President's drug and crime initiatives were enacted in the first session of the 101st Congress. The remainder are essential to a comprehensive and responsible approach to reducing violent crime.

The President called upon Congress to enact the remaining provisions of his Comprehensive Violent Crime Control Act, including provisions relating to exclusionary rule reform, death penalty reform, habeas corpus reform, and strengthening current law through tougher sentences for firearm-related crimes.

B. Health Care Reform

The President directed Secretary of Health and Human Services Sullivan to review the recommendations of the health care studies now underway that deal with health care challenges, including improving access to health care and moderating growth in health care costs. The Secretary's study will be presented to the President through the Domestic Policy Council.

C. A Commitment to Civil Rights For Every American

The President called on all citizens to confront and condemn racism, anti-semitism, bigotry, and hate.

The President is dedicated to the principle that the enjoyment of basic civil rights is the birthright of every American. Each citizen must have the opportunity to go as far as his or her abilities and ambition will allow. In 1990, the President will work for:

- o Passage of the Americans with Disabilities Act to extend to the disabled the civil rights already guaranteed to millions of Americans by existing civil rights laws.

- o Strengthening of the Civil Rights Act of 1968, as it relates to the interference by force, or threat of force, with an individual who is exercising, or encouraging others to exercise, rights protected by the Fair Housing Act.

- o Quick action by the Congress on the Hate Crimes Statistics Act.

D. Child Care

Parental choice is the core of the President's approach to child care. The President called for action on legislation to implement the child care plan he advanced last year. The President's plan includes a new child tax credit that would provide for a refundable credit of up to $1,000 per child under age four for low-income working families and make the current Dependent Care Tax Credit refundable to taxpayers who have no tax liability.

While flexible on the legislative details, acceptable legislation must reflect the President's four principles: parental choice, non-discrimination against parents who work at home, offering parents the fullest range of choices, and targeting assistance to those who need it most.

E. H.O.P.E.

The President has put forward a comprehensive agenda of Homeownership and Opportunity for People Everywhere, in order to bring basic shelter and affordable housing within the reach of millions of Americans. Elements of H.O.P.E. include:

- o Legislation allowing first-time home buyers to draw, without penalty, on IRA savings as a down payment for their first home. The President has directed Secretary Kemp of the Department of Housing and Urban Development to convene a Blue Ribbon Commission to identify and suggest ways to remove barriers to affordable housing.

- o Promoting more housing choice for low-income families. H.O.P.E. includes a new grant program, funded at $2.2 billion over three years, to help low-income families become owners. In addition, the President supports housing vouchers, as well as resident ownership and resident management of low income housing in order to empower low-income families and broaden their choice in housing.

- o Creating 50 Enterprise Zones over the next four years. Completely eliminating the capital gains tax on certain investments in these zones.

- o $412 million to help preserve the affordability of existing housing where rents may rise and create hardship for low-income tenants.

- o Operation Bootstrap designed to coordinate better housing subsidies and supportive services for low-income households in order to help them become self-sufficient.

- o $247 million for an initiative to reduce homelessness among the chronically mentally ill and recovering substance abusers through public-private partnerships.

F. Homelessness

The President called for a strong continued commitment by all Americans to end homelessness. The President has requested 23 percent higher funding for programs under the McKinney Act umbrella. His request of $819 million is $92 million more than the level needed to "fully fund" the McKinney Act.

In addition to the budget, the President's program to end homelessness seeks to link programs, increase coordination among providers, and reach out to the most isolated homeless. The Federal government will institute new procedures to coordinate Federal programs and expand efforts to make federally-owned property, especially residential property, available to assist the homeless.

G. Volunteerism

The President believes that the definition of a successful life must include service to others. He encouraged every American to adopt society's problems as his or her own and to commit themselves to serve others. Volunteerism is a necessary part of the solutions to pressing social problems such as drug abuse, illiteracy, poor educational performance, homelessness, and community disintegration.

- The President has asked Congress for $25 million annually, for four years, to implement the recommendations of the Kean Commission on the Points of Light Initiative Foundation.

- The President will use his Office to promote a new community ethic of volunteerism that requires no financial incentive and encourages participation in whatever measure the individual can provide.

III. STEWARDSHIP

The President remarked that our obligation to future generations requires us to exercise stewardship in safekeeping our precious environmental inheritance.

A. Department of the Environment

As evidence of the importance he places on environmental protection, the President proposes to elevate the Environmental Protection Agency to Cabinet status. The President proposed a $2 billion increase in overall environmental spending, including a 12 percent increase in the EPA's operating budget.

B. America the Beautiful

The President proposed a new three-part initiative to exercise responsible stewardship of America's natural resources:

- Land Acquisition. The President proposes to expand land acquisition for national parks, refuges, forests and other public lands. Over $1 billion of key land and water resources will be purchased over the next four years through the Land and Water Conservation Fund.

- Reforestation. The President proposes to create a working alliance between environmental activism and community service. The President has budgeted $175 million for the first year to plant over one billion trees a year across America, using public-private partnerships and volunteer programs.

- o Protection and Restoration. Over the next decade, the President's Legacy '99 program will improve threatened natural resources, such as wetlands and endangered species, and enhance recreational opportunities in our national parks, wildlife refuges, and other public lands. The President has called for a 40 percent increase in funds to protect and enhance our natural resources.

C. Clean Air

Last July, the President sent to Congress the most comprehensive Clean Air proposal in history. In anticipation of a new Clean Air Act, he is requesting an additional $80 million for EPA's Office of Air and Radiation Programs. The President's proposal will:

- o Combat acid rain by achieving a permanent 10 million ton reduction in sulfur dioxide emissions.
- o Bring all cities into attainment with the Clean Air Act's health standards.
- o Reduce toxic emissions by 75-90 percent from factories and plants within seven years of enactment.
- o Encourage innovative approaches to meeting these goals through clean coal technologies and alternative fuels for automobiles.
- o Achieve reductions cost-effectively through market incentives, an emissions trading program, and flexibility for the private sector and State governments to find optimal approaches toward meeting clean air requirements.

D. Global Climate Change Research

The President proposes $1 billion (a 57 percent increase over 1990 levels) to advance scientific knowledge of global climate change.

IV. DEMOCRACY

The President declared that, today, with communism crumbling, our aim must be to ensure democracy's advance. He also said that it is time to acclaim a new consensus at home and abroad -- a common vision of the peaceful world we want to see.

A. Our Democratic Allies

The President paid tribute to the steadfastness of the democratic allies of the Atlantic Community and Japan in securing peace and prosperity over four decades, which has helped bring us to this moment of opportunity.

B. Eastern Europe

The President said that we will continue to offer our hand to the emerging democracies of Eastern Europe.

Support for East European Democracy. As the force of freedom spreads throughout the region, the President is proposing a $300 million fund for assistance to Eastern European democracies, and the broadening of last year's SEED Act, as part of a comprehensive strategy for the region.

Presidential Mission. Following the President's visits to Poland and Hungary in July, an active and constructive new relationship has developed. The President will follow up vigorously on the Cabinet-level Missions he sent last year to Poland and Hungary and Secretary Baker's forthcoming visit to Prague, providing the best expertise America has to offer to support the countries of Eastern Europe as they move toward democratic change. Following Lech Walesa's visit to the United States in November, the President has invited two leading architects of Eastern Europe's democratic revolution -- President Havel of Czechoslovakia and Prime Minister Mazowiecki of Poland -- to pay official visits to Washington early this year.

C. Soviet Union

The President declared that the time is right to move beyond containment and build a new relationship with the Soviet Union -- to endorse and extend the peaceful process of internal change toward pluralism and economic opportunity.

Malta and Moscow. Secretary Baker will be in Moscow next week to follow up on the important understandings reached at Malta in early December between the President and Chairman Gorbachev. A major push will be made to resolve key issues in arms control -- START, CFE, nuclear testing, chemical weapons, and Open Skies -- and our intensive dialogue on European, regional, and global issues will continue.

D. Panama

The President declared that "Panama is free" in citing the American military action that liberated Panama from the dictator Noriega.

U.S. Troops. The President announced that Operation Just Cause has achieved its objectives, and that U.S. troops will be down to their pre-operation level by the end of February.

Reconstruction. The President last week announced an action plan to foster Panama's economic recovery, totaling $1 billion, including

- Nearly $500 million in loans, guarantees, and export opportunities to strengthen Panama's private sector and create jobs;

- o An additional $500 million in economic assistance to be provided in FY 1990; and

- o $42 million in humanitarian assistance.

E. Defense

In an era of dramatic change in the strategic environment, the President spoke of a new era in defense planning. Yet the President stressed that peace will continue to be served by an America strong enough -- and sure enough -- to defend our interests and ideals.

Restructured Military Posture. As outlined in the budget, we are beginning the transition to a restructured military, one that is leaner, more agile and flexible, geared to contingencies outside of Europe, while continuing to meet our inescapable responsibility to maintain deterrence.

F. CFE Initiative

In recognition of changes in Eastern Europe and the Soviet Union, and after consultation with the leaders of NATO, the President announced a major new step for further reduction in U.S. and Soviet manpower in Central and Eastern Europe to 195,000 on each side. This level of forces reflects the advice of his senior military advisors and is designed to protect American and European security.

G. Foreign Affairs

In a new world of unparalleled challenges and opportunities, the President said that there is a need for leadership that only America can provide.

International Affairs Budget. In such a new era, there is a greater premium than ever on political and economic, rather than military, tools of policy. Security assistance, development assistance, humanitarian assistance, and diplomacy therefore remain essential responsibilities. The President has proposed for FY 1991 a total of $20 billion in budget authority for these purposes, an increase of $1.4 billion over FY 1990. This is an investment in peace and a cost-effective way to help maintain international security and address the causes of conflict.

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THE WHITE HOUSE

Office of the Press Secretary

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AT 9:00 PM (EST)
WEDNESDAY, JANUARY 31, 1990

NATIONAL EDUCATION GOALS

At the historic President's Education Summit with Governors in Charlottesville, Virginia four months ago, President Bush and the nation's Governors declared that, "the time has come, for the first time in U.S. history, to establish clear, national performance goals, goals that will make us internationally competitive." In his State of the Union message, the President announced six national goals for education:

1. By the year 2000, all children in America will start school ready to learn.

2. By the year 2000, we will increase the percentage of students graduating from high school to at least ninety percent.

3. By the year 2000, American students will leave grades four, eight, and twelve having demonstrated competency over challenging subject matter, including English, mathematics, science, history and geography.

4. By the year 2000, U.S. students will be first in the world in science and mathematics achievement.

5. By the year 2000, every adult American will be literate and possess the knowledge and skills necessary to compete in a global economy and exercise the rights and responsibilities of citizenship.

6. By the year 2000, every school in America will be free of drugs and violence and offer a disciplined environment conducive to learning.

The President and members of the Governors' Task Force on Education jointly developed these goals with the advice of scores of education associations and organizations, business and community leaders, parents, teachers, and state and local administrators. The announcement of these six national performance goals represents a first phase in carrying out the commitment made in Charlottesville. These goals will be part of a comprehensive goals and objectives statement and presented to all the Governors at their Winter meeting in late February.

Background

These goals are about excellence. They are about recognizing that every child, regardless of background or disability, can learn. They are based on a recognition that education is a life-long enterprise. They are about restructuring and revitalizing the education system of the United States. They are designed to encourage a renaissance in American education.

Meeting these goals will require that our education system boosts the performance of our highest achievers to levels that equal or exceed the performance of the best anywhere; substantially increases the performance of our lowest achievers to far higher levels than their current performance; and ensures that what our best students can achieve now, our average students be able to achieve by the turn of the century.

A strong education system is essential to maintaining a vigorous and responsible democracy and a prosperous and growing economy. The President and the Governors have developed a clear set of national education goals that they believe are worthy of our people and our times, and that will provide a measure by which our responsible leaders can be held accountable for results.

In order for national education goals to be meaningful, progress toward achieving these goals must be measured accurately and adequately, and reported to the American people on a timely basis. Present data collection efforts and activities in progress to improve assessment tools and statistics provide a solid foundation on which to build. However, more work is needed. The President and the Governors agree that this effort will require a substantial national commitment over several years to further develop and refine our national measurement capabilities.

The President's FY 1991 budget recognizes the importance of measuring how the nation progresses toward achievement of these goals. The President has requested a fifty percent increase, from $40 million to $60 million, in the federal investment for statistics for the U.S. Department of Education. In addition, the President's budget includes $20 million for follow-up activities related to the President's Education Summit with Governors. A portion of this request may provide additional funding for assessment and statistics development. In the coming months, the Administration and the Governors will work with other interested groups to develop fully the range and quality of measures needed to report on progress.

MEASURING PROGRESS TOWARD NATIONAL GOALS

Readiness for School

GOAL 1: By the year 2000, all children in America will start school ready to learn.

Assessments indicating readiness for school generally are not administered by schools. Nor do the President and the Governors recommend that such an assessment, especially one that could wrongfully be used to determine when a child should start school, be developed for purposes of measuring progress toward this goal. Other current indicators of readiness may serve as proxies, and still others need to be developed.

The National Center for Education Statistics' (NCES) National Household Education Survey will be designed to furnish as much useful data as possible on a child's early learning experiences and the extent of parental involvement. In addition, the Current Population Survey, the Administration on Children, Youth, and Families, and other units of the U.S. Department of Health and Human Services collect information on learning experiences and the social and physical status of young children that will provide essential data for measuring appropriate dimensions of readiness.

High School Completion

GOAL 2: By the year 2000, we will increase the percentage of students graduating from high school to at least ninety percent.

According to best estimates, approximately 72 percent of the nation's 18 to 19-year-olds had completed high school in 1988. Presently, national data on high school completion rates are available from the Current Population Survey. New measurement and collection efforts will be necessary to gather comparable state-level data on dropout and high school completion rates.

Student Achievement

GOAL 3: By the year 2000, American students will leave grades four, eight, and twelve having demonstrated competency over challenging subject matter, including English, mathematics, science, history and geography.

Demonstrating competency is not merely a function of successfully completing courses. It involves mastering a meaningful level of knowledge and skills. Assessment tools must not simply measure minimum competencies, but also higher levels of reading, writing, speaking, reasoning, and problem-solving skills. While the focus of this goal specifies competency in several subject areas, the list is not to be interpreted as exhaustive, nor as recommending a

national curriculum. Furthermore, in order to demonstrate a meaningful level of competency at certain points in the educational process, performance at every grade level and among all quartiles of achievement must increase substantially. Only in this manner will our entire educational system be lifted toward excellence.

Appropriate measures of achievement must be accurate, comparable and constructive. While comparable state-level data is not presently available, the National Assessment of Educational Progress (NAEP) will be a principal mechanism for measuring student achievement in grades four, eight, and twelve in reading, writing, mathematics, science, history and geography on a national, and eventually state-by-state, basis. The National Center for Education Statistics is working with NAEP and others to extend and improve appropriate national assessments in a variety of subject areas. Thirty-seven states will participate in the NAEP pilot state-level assessment this year. It is expected that all States will participate in future state-level assessments.

Science and Mathematics

GOAL 4: By the year 2000, U.S. students will be first in the world in science and mathematics achievement.

While no international comparisons of student achievement to date are considered adequate, available measures suggest that U.S. 13-year-olds perform near the bottom in science and mathematics compared to their peers in other industrialized countries. Significant work must be accomplished to ensure that international comparisons of achievement are reliable.

The National Academy of Sciences is working with the U.S. Department of Education and the National Science Foundation to develop recommendations for the creation of a permanent international framework for coordinating international assessments that compare the performance of U.S. students in mathematics and science to that of their counterparts in other industrialized countries. In 1991, twenty-two countries will participate in a comparative study in mathematics and science conducted by the International Assessment of Educational Progress. In 1993, the International Association for the Evaluation of Educational Achievement will conduct its third cross-national mathematics assessment.

In addition, several groups, including the National Council on Teachers of Mathematics, the Mathematical Sciences Education Board, the American Academy for the Advancement of Science, the National Assessment Governing Board and others, are working to improve assessments of mathematics and science achievement.

Literacy and Lifelong Learning

GOAL 5: By the year 2000, every adult American will be literate and possess the knowledge and skills necessary to compete in a global economy and exercise the rights and responsibilities of citizenship.

No good data relating to dimensions of literacy and lifelong learning currently exist. While work is required to develop meaningful measures, the National Survey of Adult Literacy now underway will provide important information on functional literacy skills by 1993. The National Center for Education Statistics also gathers data on indicators of lifelong learning such as participation in post-secondary education and degrees received. The Department of Labor is a source of survey data on employer activities and the labor force, and is leading efforts to develop measures of workforce literacy skills.

Safe, Disciplined, and Drug-free Schools

GOAL 6: By the year 2000, every school in America will be free of drugs and violence and offer a disciplined environment conducive to learning.

No single or comprehensive source of data exists to measure the extent to which our schools are safe, disciplined, and drug-free. The Justice Department collects national juvenile and crime survey data. The National Institute of Drug Abuse conducts annual surveys of student drug use and attitudes. The Department of Education's Schools and Staffing Survey provides information on school climate and environment. Further data collection efforts may be required.

A National Challenge

These national education goals are not the President's goals or the Governors' goals, they are the Nation's goals. Achieving them will require a strong commitment and concerted effort on the part of every sector and every citizen to improve dramatically our nation's education system and the performance of each and every student.

###

THE WHITE HOUSE

Office of the Press Secretary

EMBARGOED FOR RELEASE
UNTIL 9:00 P.M. EST
WEDNESDAY, JANUARY 31, 1990

FACT SHEET

The President's CFE Initiative on U.S. and Soviet Manpower

After initial discussions with NATO Allies, the President concluded that changes which have taken place in Europe over the last three months have made it possible to propose lower levels in the area of greatest concentration of forces -- Central and Eastern Europe. However, the United States will maintain significant military forces in Europe as long as our Allies desire our presence as part of a common security effort.

Therefore, in his State of the Union address to Congress on January 31, President Bush proposed to revise NATO's current position in the Conventional Armed Forces in Europe (CFE) Negotiations to lower substantially the levels of U.S. and Soviet ground and air force manpower in Central and Eastern Europe to 195,000 on each side. Forces withdrawn will be demobilized. There would be approximately 225,000 U.S. ground and air force personnel in Europe after CFE reductions are completed. The proposal responds to rapid changes in Eastern Europe and is designed to help propel the CFE negotiations to an early conclusion in 1990.

The President's initiative would supersede an earlier proposal establishing a level of 275,000 each on U.S. and Soviet ground and air force manpower stationed outside of their respective national territories in the Atlantic to the Urals region.

The President has concluded that this proposal reflects the minimum level of U.S. forces needed in Europe to protect American interests and to sustain NATO's strategy of forward defense and flexible response. Even if -- as we expect -- Soviet forces in this region are reduced even further, the United States does not envision the further reduction of its forces in Europe below this new level.

* * *

THE WHITE HOUSE

WASHINGTON

Determined NOT to be
National Security Classified Marking
By MS (NLGB) on 5/3/16

January 30, 1990

~~CONFIDENTIAL~~

MEMORANDUM FOR JAMES W. CICCONI

FROM: D. ALLAN BROMLEY

SUBJECT: Suggested Insert in State of the Union Message

Following up on our discussion at this morning's Senior Staff meeting, I would very much like to have the President specifically mention science and technology in the State of the Union message. I have enclosed a suggested wording.

Thanks for your help.

Attachment

cc: David Demarest

CONFIDENTIAL

CONFIDENTIAL

Suggested insert between last and second-to-last paragraph of page 6 in the 1/29/90 draft State of the Union message:

In an increasingly technological world it is our science and technology -- and the young minds trained to use them creatively -- that provide a crucial competitive edge. Our strong support of science and technology represents an investment in our future, and that of our children and grandchildren.

~~CONFIDENTIAL~~

Determined NOT to be
National Security Classified Marking
By MS (NLGB) on 5/3/10

SENSITIVE CLOSE HOLD Document No. _____

WHITE HOUSE STAFFING MEMORANDUM

DATE: 1/29/90 ACTION/CONCURRENCE/COMMENT DUE BY: 4:00pm TODAY

SUBJECT: STATE OF THE UNION - 1/29/90 DRAFT

	ACTION	FYI		ACTION	FYI
VICE PRESIDENT	☐	☑	MCCLURE	☐	☑
SUNUNU	☐	☑	NEWMAN	☐	☑
SCOWCROFT	☑	☐	PORTER	☑	☐
DARMAN	☑	☐	ROGICH	☐	☑
BATES	☐	☑	UNTERMEYER	☐	☐
CARD	☐	☑	BOSKIN	☑	☐
CICCONI	☐	☑	BROMLEY	☐	☑
DEMAREST	☐	☑	PINKERTON	☐	☑
FITZWATER	☐	☑	WINSTON	☐	☑
GRAY	☐	☑	ROGERS	☐	☑
HAGIN	☐	☐	_____	☐	☐

REMARKS:

The attached has been forwarded to the President. Action assignees are requested to check facts and substantive statements in the draft. Please forward any comments to Chriss Winston's (x2930) with a copy to my office, by 4:00pm TODAY, Tuesday, January 30. Thank you.

RESPONSE:

SENSITIVE

CLOSE HOLD

James W. Cicconi
Assistant to the President
and Deputy to the Chief of Staff
Ext. 2702

OUTLINE: 1/29/90, 3 PM

Not state of government -- state of union

revolution of 1989

One year ago . . . (Panama)

Idea called America

Building blocks: democracy, investment, competition, opportunity, steardship, and leadership

- jobs
- child care
- safe environment
- disabled Americans
- homeless
- drug-free
- education

3 capitals

- family savings plan
- capital gains
- money is there -- R & D, HOPE, drugs, education
- Education Goals (Head Start)
- competition
- deficit control
- pay off debt
- environment (America the Beautiful)

Full agenda/work together

- Clean Air
- Child Care
- Crime & Drugs
- National Transportation Policy
- Space Exploration
- Tort Reform
- Enterprise Zones

Social Security

Health Care

State of the Union depends on <u>all</u> Americans

- racism
- lend a hand . . . read with our kids . . . pass long values

Marwell letter

Leadership

- Truman quote
- democracy's advance/commonwealth of nations
- Soviet Union
- Eastern Europe
- Far East/China
- Our hemisphere

Strong America

Solidarity monument

Children/grandparents/parents/children

McGroarty/Dooley
January 29, 1990
9:30 pm

PRESIDENTIAL REMARKS: STATE OF THE UNION ADDRESS
THE CAPITOL
JANUARY 31, 1990
9:00 P.M.

Mr. President, Mr. Speaker, members of the United States Congress: I return as a former President of the Senate, and proud member of this great House. // Now, as President, it is my privilege to report to you on the State of the Union.

Tonight, I come not to speak about the **"state of the government"** -- not to detail every new initiative we plan for the coming year, nor to describe every line item in the budget. I am here to speak to you and to the American people about **the State of the Union -- about our world -- the changes we've seen, the challenges we'll face. And what that means for America. ///**

There are singular moments in history: dates that divide all that goes before from all that comes after. Many of us in this chamber have lived much of our lives in a world whose fundamental features were defined in 1945. The events of that year decreed the shape of nations. The pace of progress. Freedom or oppression for millions of people around the world.

1945 provided the common frame of reference -- the compass points of the post-war era we've relied upon to understand ourselves. That was our world. /// **Until now.** /// The events of the year just ended -- **the revolution of '89 -- have been a**

chain reaction of change so striking that it marks the beginning of a new era in the world's affairs.

Think back -- just twelve short months ago -- to the world we knew -- as 1989 began.

One year ago, the people of Panama lived in fear, under the thumb of a dictator. **Today, democracy is restored -- Panama // is free. //**

And tonight I'm proud to announce the formal termination of Operation JUST CAUSE. [[Tonight, troop levels in Panama are just 1000 above where they stood before our operation began.]] By the last day of February, our personnel will be at the same levels as before the operation -- all of the additional American troops who made this mission a success <u>will be back home</u>. ///

A year ago in Poland, Lech Walesa declared that he was ready to open a dialogue with the communist rulers of that country. **Today, with the future of a free Poland in their hands, members of Solidarity lead the Polish Government. //**

A year ago, freedom's playwright, Vaclav Havel, languished as a prisoner in Prague. Today, it's Vaclav Havel -- **President of Czechoslovakia. //**

And one year ago, Erich Honecker of East Germany claimed history as his guide. He predicted the Berlin Wall **<u>would last another hundred years</u>. Today -- less than one year later -- it's the Wall that's history. ///**

Remarkable events -- events that fulfill the long-held hopes of the **American** people... **Events that validate the long-standing**

goals of American policy -- a policy based on a single, shining principle: the cause of freedom.

America -- not just the nation -- but an idea, alive in the minds of people everywhere. As this new world takes shape, America stands at the center of a widening circle of freedom -- today, tomorrow and into the next century. //

Our America is the shining dream of every immigrant who ever set foot on these shores -- and the millions still struggling to be free. This nation -- this idea called America -- was and always will be -- a new world. Our new world. ///

At a workers' rally -- in a place called Branik on the outskirts of Prague -- the idea called America is alive. A worker, dressed in grimy overalls, rises to speak at the factory gates. He begins his speech to his fellow citizens with these words -- words of a distant revolution: "We hold these truths to be self-evident. That all men are created equal, that they are endowed by their Creator with certain unalienable rights, [and] that among these are life, liberty and the pursuit of happiness." /////

It's no secret that, here at home, freedom's door opened long ago. The cornerstones of this free society have already been set in place: Democracy. Competition. Opportunity. Private investment. Stewardship. And of course, leadership.

Our challenge today is to take this democratic system of ours -- a system second to none -- and make it better. That's the American idea.

A better America, where there's a job for everyone who wants one.

Where women who work outside the home can be confident their children are in safe and loving care -- and where government works to **expand** child care alternatives for parents.

Where we aren't forced to make an "either-or" decision between a **clean environment and American jobs.**

Where all Americans enjoy the **same opportunities** to live, to work, and to contribute to society. And where, for the first time, the American mainstream includes **all disabled Americans.** // Where every American has a roof over his head -- and where the homeless get the help they need to **live in dignity.** //

Where every street, every city, every school and <u>every American child</u> is drug-free. //

Where our schools challenge our kids and our teachers -- and **where all of them make the grade.**

That's part of the future we want to see -- the future we can make for ourselves. But dreams alone won't get us there. We need to extend our horizon -- commit to the long-view. Our [plans] for the future start today. ///

Yes -- <u>we are</u> going to invest in America. This Administration is **determined** to encourage the creation of capital -- capital of all kinds. **Physical capital:** everything, from America's farms and factories to our workshops and production lines, all that is needed to produce and deliver quality goods and services. **Intellectual capital:** the store-house of ideas

that become tomorrow's products. And of course, America's human capital: the talented workforce we'll need to compete in the global market.

And let me tell you: if we ignore human capital -- we lose the spirit of American ingenuity -- the spirit that is the hallmark of the American worker. And the American worker is the most productive worker in the world. //

We need to save more -- expand the pool of capital for the new investments that mean more jobs, more growth. That's the idea behind a new initiative I call the Family Savings [Package], which I will send to the Congress tomorrow. //

We need to encourage risk-takers to take those steps that translate into economic reward, jobs and a better life for all of us -- that's why we've got to cut the tax on capital gains. //

We'll do what it takes to invest in America's future. The commitment is there. The money is there. // It's there for Research and Development, R&D -- a record high. It's there for our housing initiative -- HOPE, to help everyone from first-time homebuyers to the homeless. The money's there to keep our kids drug-free: a 70% increase in funds to fight drugs since last year. It's there for Space -- and it's there for education: another record high. //

And one more thing: last fall at the Education Summit, the Governors and I agreed to look for ways to help make sure kids are ready to learn the very first day they walk into that classroom. I've made good on that commitment -- by proposing a

record **increase** in funds -- an extra half a billion dollars -- for something near and dear to all of us: **Head Start.** //

Education is the one investment that means **more** for our future because it means the **most** for our children. Real improvement in our schools **is not** simply a matter of spending more. It is a matter of **asking more -- expecting more:** of our schools, our teachers, of our kids, and our parents. That's why tonight I am announcing **America's education goals** -- goals agreed upon with the nation's Governors:

By the year 2000, **every child in America** must start school ready to learn. The United States must increase the high school graduation rate to **no less than 90%.** And we're going to make sure our schools' diplomas **means something:** at the critical grades -- 4th, 8th and 12th -- we must check all our students' progress.

By the year 2000, U.S. students must be **first in the world** in math and science skills. Every American adult must be **literate**. **Every school** in America must offer the kind of disciplined environment that makes it possible for our kids to learn -- **and every school in America must be drug-free.** //

Ambitious aims? Of course. Guaranteed success? Far from it. But the future's at stake. **This nation will not accept anything less than excellence in education.** //

These investments will **keep America competitive.** And I know this about the American people: **we welcome competition.** We'll match our ingenuity and energy -- our experience and technology -

- our spirit and enterprise -- against anyone. **Let the competition be free -- but let it be fair. America is ready.** //

Since we really mean it -- and since we are serious about being ready to meet that challenge -- let's get our house in order. // We've made real progress. 5 years ago, the federal deficit was 6% of our Gross National Product. This year -- in the budget I sent up two days ago -- **the deficit's down to 1% of GNP.**

That budget brings federal spending **under control.** It meets the Gramm-Rudman target. Brings that deficit down further. And balances the budget by 1993 -- **with no new taxes.** //

And once the budget is balanced, we can operate the way every family in America has to when it has bills to pay. We won't leave it to our children and grandchildren. We **will** start **paying off the national debt.** //

And there's something more we owe the generations of the future: stewardship -- the safekeeping of **America's precious environmental inheritance.** As just one sign of how serious we are, we will elevate the Environmental Protection Agency to cabinet rank. Not **more bureaucracy, not more red tape** -- but the certainty that here at home, and in our dealings with other nations, **environmental issues have the status they deserve.** //

[[And this year's budget provides over $2 billion in new spending to protect our environment. Over $1 billion for global change research.]] And a new initiative I call the **America the Beautiful Fund** -- to **expand** our national parks and wildlife

refuges and **improve** recreational facilities on public lands. And something else: something that will help keep this country clean, from our forestland to our inner cities, and keep American beautiful for generations to come -- **the money to plant a billion trees a year.** */////*

And tonight, let me say again to all the members of Congress: The American people did not send us here to bicker. There's work to do -- and they sent us here **to get it done.** And once again, I offer my hand to all of you. Let's work together to do the will of the American people. **Clean Air. Child Care. Crime and Drugs.** **It's time to act.** *///* **The farm bill. Transportation policy. Tort reform. Enterprise Zones.** **It's time to act together.** *///*

And there's one thing I hope we'll all be able to agree on. It's about our commitments. I'm talking about Social Security.

To every American out there on Social Security, to every American supporting that system today, and to everyone counting on it when they retire: **We made a promise to you -- and we're going to keep it.** *//*

We rescued the Social Security system in 1983 -- and it's sound again. *//* **Social Security is fully funded in our budget -- and fully funded for the future. The last thing we need to do is tinker with the system.** *////*

There's one more problem we need to address. We must give careful consideration to the recommendations of the **health care** studies now underway. That's why tonight, I am requesting that

Dr. Louis Sullivan -- Secretary of Health and Human Services -- lead a Domestic Policy Council review of recommendations on the quality, accessibility and cost of our nation's health care system. ////

The "state of the government" does indeed depend on many of us in this very chamber. But the State of the Union depends on all Americans. We must maintain **the democratic decency** that makes a nation out of millions of individuals. **I have been appalled** at the recent letter bombings across this country. **Every one of us must confront and condemn racism. Anti-semitism. Bigotry and hate. /// Not tomorrow, not next week, but today.**

The **State of the Union** depends on whether we help our neighbor -- claim the problems of our community as our own. We've got to step forward when there's trouble -- lend a hand, be a point of light to a stranger in need. /// We've got to take the time after a busy day to sit down and read with our kids. Help them with their homework. Pass along the values **we** learned as children. That's how we sustain the State of the Union. //

Every effort is important. It all adds up -- it's doing the things that **give democracy meaning. It all adds up to who we are -- and who we will be.** ///

And let me say, that **so long as we remember the American idea -- so long as we live up to the American ideal -- the State of the Union will remain sound and strong.**

And to those who worry we **have** lost our way -- well, I want you to listen to a letter written by James Markwell -- PFC James

Markwell, a 20-year old Army medic. It's dated December 18th -- the night before our Armed Forces went into action in Panama. It's a letter servicemen write -- and hope will never be sent. Sadly, Private Markwell's mother did receive this letter. And she passed it on to me.

He writes: "I have never been afraid of death, but I know now he is waiting at the corner.... I have been trained to kill and to save, so has everyone else. I am frightened of what lays beyond the fog, yet... I must go through the fog -- whether the other side is a plane ride home for Christmas, or the fog never ends. Do not mourn for me. Revel in the life that I have died to give you. ...And most of all, don't forget that the Army was **my choice.** Something that I wanted to do." //

Private Markwell was among the first to see battle in Panama, and one of the first to fall. ///

He knew what he believed in. // **He carried the idea we call America in his heart.** ////

I began tonight speaking about the changes we've seen this past year. There is a new world of challenges and opportunities before us. And there is a need for **leadership that only America can provide.**

Nearly forty years ago, in his last address to the Congress, President Harry Truman predicted such a time would come. He said: "As our world grows stronger, more united, more attractive to men on both sides of the iron curtain, then inevitably there will come a time of change within the communist world."

Today, that change is taking place. //

For more than forty years, America and its allies held communism in check, and ensured that democracy would continue to exist. Today, with communism crumbling, our aim must be to ensure democracy's advance. To take the lead in forging peace and freedom's best hope -- a great and growing commonwealth of free nations. ///

I say to the Congress and to all Americans: It is time to acclaim a new consensus at home and abroad -- a common vision of the peaceful world we want to see.

It's time to reconcile a new relationship with the Soviet Union -- to endorse and extend the peaceful process of internal change toward democracy and economic opportunity. //

It is time to offer our hand to the emerging democracies of Eastern Europe. So that continent -- for too long a continent divided -- can see a future whole and free. //

In the Far East, it is time for the full flowering of free governments and free markets that have served as the engine of progress. In China, two decades ago, we opened the door, awakening a love of democracy in the Chinese people. // The key to democracy in China today is to keep that door open -- to rekindle the flame of freedom. /////

And finally, the time is right -- here in our own hemisphere for all the people of the Americas, North and South, to live in freedom.

Still, we must recognize an unfortunate fact: In many regions of the world tonight, the reality is conflict -- not peace. Enduring animosities, opposing interests remain. Thus the cause of **peace must be served by an America strong enough -- and sure enough -- to defend our interests and ideals.** /////

[[DEFENSE LINE]]

Here at home -- and in the world -- there is **history in the making -- and history to be made.** Six months ago, early in this season of change, I stood at the gates of the Gdansk Shipyard in Poland at the monument to the fallen workers of Solidarity. It's a monument of simple majesty. Three tall crosses rise up from the stones. **Atop each cross, an anchor -- an ancient symbol of hope.**

The anchor in our world today is freedom. Holding us steady in times of change -- a symbol of hope to all the world. And freedom is at the very heart of **the idea that is America.** ///

Giving life to that idea depends on every one of us. In America, our anchor has always been faith and family. And you know, in the last few days of this past momentous year, our family was blessed once more -- blessed when a little boy born back in November became our newest grandchild -- our twelfth. Charles Walker Bush. [WITH GRANDCHILDREN IN GALLERY] Those 12 are their grandparents' pride and joy. //

Now, I know you're thinking: that's a grandfather talking. // Well, I've met a lot of children this past year -- across this country, and everywhere from the Far East to Eastern Europe.

All kids are unique. Yet, all kids are alike. The budding young environmentalists I met this month, who joined me exploring the Florida Everglades. The little leaguers I played catch with in Poland -- ready to go from Warsaw to the World Series. Even the kids who are ill or alone, coping with problems no child should have to face. **When it comes to hope and the future: Every kid is the same. Full of dreams. Ready to take on the world. All special: because they are the very future of freedom. To them belongs this new world I've been speaking about.**

So tonight I'm going to ask something of every one of you. Let me start with my generation -- with the grandparents out there. You are our living link to the past. Tell your grandchildren the story of struggles waged, at home and abroad. Of sacrifices freely made for freedom's sake. And tell them **your** own story as well -- because every American has a story to tell.

Parents: your children look to you for direction and guidance. Tell them of faith and family. Teach them that of all the many gifts they can receive, **liberty** is their most precious legacy. And of all the gifts they can give, the greatest is **serving others.**

And of course, let me say to the children and young people out there tonight: with you rests our hope -- all that America **will** mean in the years and decades ahead. Fix your vision on a new century -- your century. On dreams we cannot see. On the destiny that is yours -- and yours alone. //

And finally, let all Americans -- all of us together here in this chamber, the symbolic center of American democracy -- affirm our allegiance to <u>this idea we call America.</u> And let us all remember that the <u>State of the Union</u> depends on each and every one of us.

God bless all of you. God bless every American -- and may God bless this great nation, the United States of America.

# # #

NATIONAL SCIENCE FOUNDATION
WASHINGTON, D.C. 20550

OFFICE OF THE
DIRECTOR

January 3, 1990

MEMORANDUM

TO: Honorable D. Allan Bromley
Assistant to the President
for Science and Technology
The White House

SUBJ: Material for 1990 State of the Union Message

The impending State of the Union speech and message is an opportunity to focus on the Administration's role to further the country's economic competitiveness. While I am sure that this topic is going to be addressed, I would think that an explicit mention of the President's action with regard to:

a. basic research and the doubling of the NSF budget, and

b. his championing of education are worthwhile issues.

For this reason, I am submitting to you a draft text on these subjects.

Erich Bloch
Director

Attachment: Draft NSF Text for
State of the Union Message

THE WHITE HOUSE

WASHINGTON

January 6, 90

Dr. Roger Porter:

Dear Roger:

Herewith a few paragraphs that Howard supply as grist for your mill in producing the 1990 State of the Union message.

I recognize that space will be extremely limited but hope that you may find some of this material relating to science and technology and its societal change useful.

Best regards.

Sincerely,

Alan.

Document No. _____

WHITE HOUSE STAFFING MEMORANDUM

DATE: 01/31/90 ACTION/CONCURRENCE/COMMENT DUE BY: ____

SUBJECT: ADVANCE TEXT OF REMARKS BY THE PRESIDENT ON THE STATE OF THE UNION

	ACTION	FYI		ACTION	FYI
VICE PRESIDENT	☐	☑	MCCLURE	☐	☑
SUNUNU	☐	☑	NEWMAN	☐	☑
SCOWCROFT	☐	☑	PORTER	☐	☑
DARMAN	☐	☑	ROGICH	☐	☑
BATES	☐	☑	UNTERMEYER	☐	☑
CARD	☐	☑	ROGERS	☐	☑
CICCONI	☐	☑	BROMLEY	☐	☑
DEMAREST	☐	☑	BOSKIN	☐	☑
FITZWATER	☐	☑	DELAND	☐	☑
GRAY	☐	☑	WRAY	☐	☑
HAGIN	☐	☑	ANDERSON	☐	☑
			GREEN, Shirley		☑

REMARKS:

The attached is for your information.

RESPONSE:

file

James W. Cicconi
Assistant to the President
and Deputy to the Chief of Staff
Ext. 2702

THE WHITE HOUSE

Office of the Press Secretary

EMBARGOED FOR RELEASE
UNTIL 9:00 P.M. EST
WEDNESDAY, JANUARY 31, 1990

TEXT OF REMARKS BY THE PRESIDENT
ON THE STATE OF THE UNION

The Capitol

January 31, 1990

Mr. President, Mr. Speaker, members of the United States Congress: I return as a former President of the Senate, and former member of this great House. Now, as President, it is my privilege to report to you on the State of the Union.

Tonight, I come not to speak about the "state of the government" -- not to detail every new initiative we plan for the coming year, nor to describe every line item in the budget. I'm here to speak to you and to the American people about the State of the Union -- about our world -- the changes we've seen, the challenges we face. And what that means for America. There are singular moments in history: dates that divide all that goes before from all that comes after. Many of us in this chamber have lived much of our lives in a world whose fundamental features were defined in 1945. The events of that year decreed the shape of nations. The pace of progress. Freedom or oppression for millions of people around the world.

1945 provided the common frame of reference -- the compass points of the post-war era we've relied upon to understand ourselves. That was our world. Until now. The events of the year just ended -- the revolution of '89 -- have been a chain reaction -- change so striking that it marks the beginning of a new era in the world's affairs.

Think back -- just twelve short months ago -- to the world we knew -- as 1989 began.

One year ago, the people of Panama lived in fear, under the thumb of a dictator. Today, democracy is restored -- Panama is free.

Operation "JUST CAUSE" has achieved its objective. The number of military personnel in Panama is now close to what it was before the operation began. And tonight, I am announcing that -- well before the end of February -- the additional numbers of American troops -- the brave men and women of our Armed Forces who made this mission a success -- will be back home.

A year ago in Poland, Lech Walesa declared that he was ready to open a dialogue with the communist rulers of that country. Today, with the future of a free Poland in their own hands, members of Solidarity lead the Polish Government.

A year ago, freedom's playwright, Vaclav Havel, languished as a prisoner in Prague. Today, it's Vaclav Havel -- President of Czechoslovakia.

And one year ago, Erich Honecker of East Germany claimed history as his guide. He predicted the Berlin Wall would last another hundred years. Today -- less than one year later -- it's the Wall that's history.

Remarkable events -- events that fulfill the long-held hopes of the American people. Events that validate the long-standing goals of American policy -- a policy based on a single, shining principle: the cause of freedom.

America -- not just the nation -- but an idea, alive in the minds of people everywhere. As this new world takes shape, America stands at the center of a widening circle of freedom -- today, tomorrow and into the next century.

Our nation is the enduring dream of every immigrant who ever set foot on these shores -- and the millions still struggling to be free. This nation -- this idea called America -- was and always will be -- a new world. Our new world.

At a workers' rally -- in a place called Branik on the outskirts of Prague -- the idea called America is alive. A worker, dressed in grimy overalls, rises to speak at the factory gates. He begins his speech to his fellow citizens with these words -- words of a distant revolution:

"We hold these truths to be self-evident. That all men are created equal, that they are endowed by their Creator with certain unalienable rights, [and] that among these are life, liberty and the pursuit of happiness."

It's no secret that, here at home, freedom's door opened long ago. The cornerstones of this free society have already been set in place: Democracy. Competition. Opportunity. Private investment. Stewardship. And of course, leadership.

Our challenge today is to take this democratic system of ours -- a system second to none -- and make it better.

A better America, where there's a job for everyone who wants one.

Where women working outside the home can be confident their children are in safe and loving care -- and where government works to expand child care alternatives for parents.

Where we reconcile the needs of a clean environment and a strong economy.

Where "Made in the U.S.A." is recognized around the world as the symbol of quality and progress.

Where every one of us enjoys the same opportunities to live, to work, and to contribute to society. And where, for the first time, the American mainstream includes all of our disabled citizens.

Where everyone has a roof over his head -- and where the homeless get the help they need to live in dignity.

Where our schools challenge and support our kids and our teachers -- and where all of them make the grade.

Where every street, every city, every school and every child is drug-free.

And finally, where no American is forgotten. Our hearts go out to our hostages -- our hostages who are ceaselessly on our minds and in our efforts.

That's part of the future we want to see -- the future we can make for ourselves. But dreams alone won't get us there. We need to extend our horizon -- commit to the long-view. Our plans for the future start today.

In the tough competitive markets around, America faces great challenges and great opportunities. We know that we can succeed in the global economic arena of the 90's, but to meet that challenge we must make some fundamental changes -- some crucial investments in ourselves.

Yes -- we are going to invest in America. This Administration is determined to encourage the creation of capital -- capital of all kinds. Physical capital: Everything, from our farms and factories to our workshops and production lines, all that is needed to produce and deliver quality goods and quality services. Intellectual capital: The source of ideas that spark tomorrow's products. And of course, our human capital: The talented workforce we'll need to compete in the global market.

And let me tell you: If we ignore human capital -- we lose the spirit of American ingenuity -- the spirit that is the hallmark of the American worker. And the American worker is the most productive worker in the world.

We need to save more -- expand the pool of capital for the new investments that mean more jobs, more growth. That's the idea behind a new initiative I call the Family Savings Plan, which I will send to the Congress tomorrow.

We need to cut the tax on capital gains -- encourage risk-takers -- especially those in our small businesses -- to take those steps that translate into economic reward, jobs, and a better life for all of us.

We'll do what it takes to invest in America's future. The budget commitment is there. The money is there. It's there for Research and Development, R&D -- a record high. It's there for our housing initiative -- HOPE, to help everyone from first-time homebuyers to the homeless. The money's there to keep our kids drug-free: 70 percent more than when I took office in 1989. It's there for space exploration -- and it's there for education: another record high.

And one more thing: Last fall at the Education Summit, the Governors and I agreed to look for ways to help make sure kids are ready to learn -- the very first day they walk into that classroom. I've made good on that commitment -- by proposing a record increase in funds -- an extra half a billion dollars -- for something near and dear to all of us: Head Start.

Education is the one investment that means more for our future because it means the most for our children. Real improvement in our schools is not simply a matter of spending more. It is a matter of asking more -- expecting more -- of our schools, our teachers, of our kids, and our parents and ourselves. That's why tonight I am announcing America's education goals -- goals developed with the nation's Governors:

-- By the year 2000, every child must start school ready to learn.

-- The United States must increase the high school graduation rate to no less than 90 percent.

-- And we're going to make sure our schools' diplomas mean something: In critical subjects -- at the 4th, 8th and 12th grades -- we must assess our students' performance.

-- By the year 2000, U.S. students must be first in the world in math and science achievement.

-- Every American adult must be a literate worker and citizen.

-- Every school must offer the kind of disciplined environment that makes it possible for our kids to learn -- and every school in America must be drug-free.

Ambitious aims? Of course. Easy to do? Far from it. But the future's at stake. This nation will not accept anything less than excellence in education.

These investments will keep America competitive. And I know this about the American people: We welcome competition. We'll match our ingenuity and energy -- our experience and technology -- our spirit and enterprise -- against anyone. Let the competition be free -- but let it be fair. America is ready.

Since we really mean it -- and since we are serious about being ready to meet that challenge -- we're getting our own house in order. We've made real progress. Seven years ago, the Federal deficit was 6 percent of our Gross National Product. In the new budget I sent up two days ago -- the deficit is down to 1 percent of GNP.

That budget brings Federal spending under control. It meets the Gramm-Rudman target, brings that deficit down further, and balances the budget by 1993 -- with no new taxes.

And let me tell you, there's still more than enough Federal spending. For most of us, $1.2 trillion is a lot of money.

And once the budget is balanced, we can operate the way every family must when it has bills to pay. We won't leave it to our children and grandchildren. We will start paying off the national debt.

And there's something more we owe the generations of the future: Stewardship -- the safekeeping of America's precious environmental inheritance.

As just one sign of how serious we are, we will elevate the Environmental Protection Agency to cabinet rank. Not more bureaucracy, not more red tape -- but the certainty that here at home, and in our dealings with other nations, environmental issues have the status they deserve.

This year's budget provides over $2 billion in new spending to protect our environment, with over $1 billion for global change research. And a new initiative I call "America the Beautiful" -- to expand our national parks and wildlife preserves and improve recreational facilities on public lands.

And something else: Something that will help keep this country clean, from our forestland to our inner cities, and keep America beautiful for generations to come -- the money to plant a billion trees a year.

And tonight, let me say again to all the members of Congress: The American people did not send us here to bicker. There's work to do -- and they sent us here to get it done. And once again, I offer my hand to all of you. Let's work together to do the will of the people. Clean Air. Child Care. The Educational Excellence Act. Crime and Drugs. It's time to act. The Farm Bill. Transportation policy. Product liability reform. Enterprise Zones. It's time to act together.

And there's one thing I hope we'll all be able to agree on. It's about our commitments. I'm talking about Social Security.

To every American out there on Social Security, to every American supporting that system today, and to everyone counting on it when they retire: We made a promise to you -- and we are going to keep it.

We rescued the system in 1983 -- and it's sound again. Our budget fully funds today's benefits -- and it assures that future benefits will be funded as well. The last thing we need to do is mess around with Social Security.

There's one more problem we need to address. We must give careful consideration to the recommendations of the health care studies now underway. That's why tonight, I am instructing Dr. Louis Sullivan -- Secretary of Health and Human Services -- to lead a Domestic Policy Council review of recommendations on the quality, accessibility and cost of our nation's health care system. I am committed to bring the staggering costs of health care under control.

The "state of the government" does indeed depend on many of us in this very chamber. But the State of the Union depends on all Americans. We must maintain the democratic decency that makes a nation out of millions of individuals. I have been appalled at the recent mail bombings across this country. Every one of us must confront and condemn racism, anti-semitism, bigotry and hate. Not next week, not tomorrow, but right now.

The State of the Union depends on whether we help our neighbor -- claim the problems of our community as our own. We've got to step forward when there's trouble -- lend a hand, be what I call a point of light to a stranger in need. We've got to take the time after a busy day to sit down and read with our kids, help them with their homework, and pass along the values we learned as children. That's how we sustain the State of the Union.

Every effort is important. It all adds up -- it's doing the things that give democracy meaning. It all adds up to who we are -- and who we will be.

And let me say, that so long as we remember the American idea -- so long as we live up to the American ideal -- the State of the Union will remain sound and strong.

And to those who worry we have lost our way -- well, I want you to listen to parts of a letter written by James Markwell -- PFC James Markwell, a 20-year-old Army medic of the 1st Battalion, 75th Rangers. It's dated December 18th -- the night before our Armed Forces went into action in Panama. It's a letter servicemen write -- and hope will never be sent. Sadly, Private Markwell's mother did receive this letter. And she passed it on to me.

Here is some of what he wrote: "I have never been afraid of death, but now he is waiting at the corner.... I have been trained to kill and to save, so has everyone else. I am frightened of what lays beyond the fog, yet... Do not mourn for me, revel in the life that I have died to give you. ...But most of all, don't forget that the Army was my choice. Something that I wanted to do."

"Remember I joined the Army to serve my country and insure that you are free to do what you want and live your lives freely."

Private Markwell was among the first to see battle in Panama, and one of the first to fall.

He knew what he believed in. He carried the idea we call America in his heart.

I began tonight speaking about the changes we've seen this past year. There is a new world of challenges and opportunities before us. And there is a need for leadership that only America can provide.

Nearly 40 years ago, in his last address to the Congress, President Harry Truman predicted such a time would come. He said: "As our world grows stronger, more united, more attractive to men on both sides of the iron curtain, then inevitably there will come a time of change within the communist world."

Today, that change is taking place.

For more than 40 years, America and its allies held communism in check, and ensured that democracy would continue to exist. Today, with communism crumbling, our aim must be to ensure democracy's advance. To take the lead in forging peace and freedom's best hope -- a great and growing commonwealth of free nations.

To the Congress and to all Americans, I say it is time to acclaim a new consensus at home and abroad -- a common vision of the peaceful world we want to see.

Here in our own hemisphere, it's time for all the people of the Americas -- North and South -- to live in freedom.

In the Far East and Africa, it is time for the full flowering of free governments and free markets that have served as the engine of progress.

It is time to offer our hand to the emerging democracies of Eastern Europe. So that continent -- for too long a continent divided -- can see a future whole and free.

And it's time to build on our new relationship with the Soviet Union -- to endorse and encourage a peaceful process of internal change toward democracy and economic opportunity.

We are in a period of great transition, great hope, yet great uncertainty. We recognize that the Soviet military threat in Europe is diminishing, but we see little change in Soviet strategic modernization. Therefore, we must sustain our own strategic offense modernization and the Strategic Defense Initiative.

But the time is right to move forward on a conventional arms control agreement to move us to more appropriate levels of military forces in Europe -- a coherent defense program that ensures the U.S. will continue to be a catalyst for peaceful change in Europe. I've consulted with leaders of NATO -- and in fact, I spoke by phone with President Gorbachev, just today.

I agree with our European allies that an American military presence in Europe is essential -- and that it should not be tied solely to the Soviet military presence in Eastern Europe.

But troop levels can still be lower. So tonight, I am announcing a major new step -- for a further reduction in U.S. and Soviet manpower in Central and Eastern Europe to 195,000 on each side.

This number reflects the advice of our senior military advisors. It is designed to protect American and European interests -- and sustain NATO's defense strategy. A swift conclusion to our arms control talks -- conventional, chemical and strategic -- must now be our goal. That time has come.

Still, we must recognize an unfortunate fact: In many regions of the world tonight, the reality is conflict -- not peace. Enduring animosities and opposing interests remain. Thus the cause of peace must be served by an America strong enough -- and sure enough -- to defend our interests and ideals. It's this American idea that for the past four decades helped inspire the Revolution of '89.

Here at home -- and in the world -- there is history in the making -- and history to be made. Six months ago, early in this season of change, I stood at the gates of the Gdansk Shipyard in Poland at the monument to the fallen workers of Solidarity. It's a monument of simple majesty. Three tall crosses rise up from the stones. Atop each cross, an anchor -- an ancient symbol of hope.

The anchor in our world today is freedom. Holding us steady in times of change -- a symbol of hope to all the world. And freedom is at the very heart of the idea that is America.

Giving life to that idea depends on every one of us. Our anchor has always been faith and family.

In the last few days of this past momentous year, our family was blessed once more -- celebrating the joy of life when a little boy became our 12th grandchild.

When I held the little guy for the first time, the troubles at home and abroad seemed manageable -- in perspective.

Now, I know you're thinking: that's a grandfather talking.

Well, maybe you're right. But I've met a lot of children this past year -- across this country, and everywhere from the Far East to Eastern Europe. All kids are unique. Yet, all kids are alike. The budding young environmentalists I met this month, who joined me exploring the Florida Everglades. The little leaguers I played catch with in Poland -- ready to go from Warsaw to the World Series. Even the kids who are ill or alone -- God bless those boarder babies, born addicted to drugs -- coping with problems no child should have to face. But, you know, when it comes to hope and the future: Every kid is the same. Full of dreams. Ready to take on the world. All special because they are the very future of freedom. To them belongs this new world I've been speaking about.

So tonight I'm going to ask something of every one of you. Let me start with my generation -- with the grandparents out there. You are our living link to the past. Tell your grandchildren the story of struggles waged, at home and abroad. Of sacrifices freely made for freedom's sake. And tell them your own story as well -- because every American has a story to tell.

Parents: Your children look to you for direction and guidance. Tell them of faith and family. Tell them we are one nation under God. Teach them that of all the many gifts they can receive, liberty is their most precious legacy. And of all the gifts they can give, the greatest is helping others.

And to the children and young people out there tonight: With you rests our hope -- all that America will mean in the years and decades ahead. Fix your vision on a new century -- your century. On dreams we cannot see. On the destiny that is yours -- and yours alone.

And finally, let all Americans -- all of us together here in this chamber, the symbolic center of democracy -- affirm our allegiance to this idea we call America. And let us all remember that the State of the Union depends on each and every one of us.

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