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# FOIA MARKER

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**Record Group/Collection:** George H.W. Bush Presidential Records  
**Collection/Office of Origin:** Speechwriting, White House Office of  
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**OA/ID Number:** 13703  
**Folder ID Number:** 13703-001

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**Folder Title:**  
State of the Union 1/31/90 [OA 8310] [1]

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<b>G</b>	<b>26</b>	<b>19</b>	<b>6</b>	<b>2</b>

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AS I SIT HERE listening to the  
 radio & have mixed emotions  
 I have never been afraid of  
 death, but I know he is  
 waiting at the corner. For  
 me I don't know, & may  
 walk by, he may stop me  
 & have been trained to kill  
 and to save, so has everyone  
 else. I am ~~not~~ frightened  
 of what lays beyond the fog,  
 yet intrigue and curiosity have  
 brought me through my training  
 this far, & must go through the  
 fog whether the other side is  
 a plane ride home for Christmas  
 or the fog never ends. Do  
 not ~~mean~~ mourn for me,  
 never in the life that I have

ILL BE  
 -ATTING  
 BEING THE  
 SILENT PARTNER  
 \* LUCIA-KNOFF - I LOVE YOU  
 \* SUECY JAFFEL - WE ALREADY HAD OUR  
 TALK

\* BRIAN - HAVE THAT PARTY FOR ME (THE  
 BIG ONE IVE BEEN WANTING) & INVITE  
 EVERYONE. I JUST DONT FORGET THE  
 FOUR WEVE HAD

\* FAMILY - REMEMBER, I JOINED THE ARMY  
 TO SERVE MY COUNTRY AND INSURE  
 THAT YOU ARE FREED TO DO WHAT YOU  
 WANT & LIVE YOUR LIVES FREELY BUT  
 MOST OF ALL, DONT FORGET THAT  
 THE ARMY WAS MY CHOICE & SOMETHING  
 THAT I WANTED TO DO.

\* MOM - MAKE SURE THAT DAD KNOWS &  
 IS ABLE TO COME.  
 \* BRANDON (OR) DAWN - TAKE CARE OF MY  
 CAR & STUFF

did to give you.

RFC James W. Mackwell  
 19:00 18 DEC 1989

\* MOM - IF ANYONE WANTS SOMETHING  
 SPECIFICALLY OF MINE, MAKE SURE  
 THEY GET IT, MAKE SURE PAUL  
 WILLIAMS KNOWS & TELLS THE REST  
 OF MY COLLEGE FRIENDS & HAVE TIME  
 TO GET THERE PLEASE MAKE SURE  
 THAT EVERYONE IN MY ADDRESS BOOK  
 GETS CALLED.  
 \* EVERYONE - HAVE A BEER WITH I FOR ME.  
 I LOVE YOU ALL

written by PFC Markwell at age 15, long before he joined the Rangers.

## A Soldier's Remembrance.

Jim  
Markwell

The day the letter came  
Was the ~~beginning~~<sup>beginning</sup> of the end.  
He knew it.

They taught him to be rough and tough,  
A real man.

They taught him everything he needed to know,  
except how to say "goodbye."

They sent him to a foreign land,  
To help the people suppress <sup>Communism</sup> communism.

They sent him there whole and  
clean.

We got ~~back~~ back only his  
body.

His mind is still there, there  
in that Hell.

Now here he lies.

He received a letter of greetings  
We received a letter of condolence.

Quite good!

A

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

12'15  
*Seni final*

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 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.

///

*red over black*

~~1:45~~

*pre 1:45 pm*

*DS*

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 -- HAS 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 -- ~~ALL~~ <sup>NUMBERS OF</sup> THE ADDITIONAL 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  
[VAHTS-LAHV HA-VEL], 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 [BRAH-NEEK] 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. \* //

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

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. \* //

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 <sup>MISSION</sup> ~~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. \* //

0?

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% 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%.

AND WE'RE GOING TO MAKE SURE OUR SCHOOLS' DIPLOMAS MEAN SOMETHING: <sup>IN</sup> ~~AT THE~~ CRITICAL <sup>SUBJECTS</sup> ~~GRADES~~ -- <sup>AT THE</sup> 4TH, 8TH AND 12TH <sup>GRADES</sup> -- WE MUST <sup>ASSESS</sup> ~~CHECK~~ ALL OUR STUDENTS' ~~PROGRESS~~. <sup>PERFORMANCE</sup>.

BY THE YEAR 2000, U.S. STUDENTS MUST BE FIRST IN THE WORLD IN MATH AND SCIENCE ~~SKILLS~~. <sup>ACHIEVEMENT</sup>.

EVERY AMERICAN ADULT MUST BE <sup>SKILLED,</sup> LITERATE. <sup>WORKER & CITIZEN.</sup>

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. 7 YEARS AGO, THE FEDERAL DEFICIT WAS 6% OF OUR GROSS NATIONAL PRODUCT. IN THE NEW BUDGET I SENT UP TWO DAYS AGO -- THE DEFICIT IS 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 LET ME TELL YOU, THERE'S STILL MORE THAN  
ENOUGH FEDERAL SPENDING. <sup>FOR MOST ~~OF~~ OF US,</sup> 1.2 TRILLION DOLLARS 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 EXCELLENCE IN~~ <sup>EDUCATIONAL EXCELLENCE</sup> ACT. ~~EDUCATION BILL~~. 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. 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 <sup>1st Battalion, 75th Rangers,</sup> ~~75TH RANGER BATTALION~~. 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 ~~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... 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." //

"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 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. ///

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, <sup>and AFrica</sup> IT IS TIME FOR THE FULL FLOWERING OF FREE GOVERNMENTS AND FREE MARKETS THAT HAVE SERVED AS THE ENGINE OF PROGRESS. // ~~THE KEY TO DEMOCRACY IN THE FAR EAST TODAY IS TO KEEP THE DOOR OPEN -- TO REKINDLE THE FLAME OF FREEDOM. /////~~

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. // .

<sup>HONG KONG</sup>  
IT'S TIME TO ~~FORGE~~ <sup>A</sup> NEW RELATIONSHIP WITH THE  
SOVIET UNION -- TO ENDORSE AND ENCOURAGE A PEACEFUL  
PROCESS OF INTERNAL CHANGE TOWARD DEMOCRACY AND  
ECONOMIC OPPORTUNITY. //

~~YET~~ WE ARE IN A PERIOD OF GREAT TRANSITION, GREAT HOPE  
~~AND~~ GREAT UNCERTAINTY. <sup>WE RECOGNIZE THAT</sup> THE SOVIET MILITARY THREAT IN  
EUROPE IS DIMINISHING, BUT WE SEE LITTLE CHANGE IN  
SOVIET STRATEGIC ~~MODERNIZATION~~ <sup>MODERNIZATION</sup>. THEREFORE, WE MUST SUSTAIN  
~~OUR~~ <sup>OUR</sup> OWN ~~MODERNIZATION PROGRAM~~ <sup>MODERNIZATION</sup> STRATEGIC  
OFFENSE ~~AND~~ <sup>AND</sup> STRATEGIC DEFENSE INITIATIVE.

<sup>BUT THE TIME IS RIGHT TO MOVE FORWARD ON A</sup>  
~~CONVENTIONAL~~ <sup>CONVENTIONAL</sup> ARMS CONTROL AGREEMENT <sup>TO MOVE US TO MORE APPROPRIATE</sup>  
-- A COHERENT DEFENSE PROGRAM <sup>ENSURES</sup> ~~THE~~ <sup>THE</sup> U.S. <sup>LEVELS OF MILITARY PRESENCE IN EUROPE</sup>  
WILL CONTINUE TO BE A CATALYST FOR PEACEFUL CHANGE IN  
EUROPE. I'VE CONSULTED WITH ~~THE~~ <sup>BY PITENCO</sup> LEADERS OF NATO -- AND  
IN FACT I SPOKE WITH PRESIDENT GORBACHEV, JUST TODAY.

<sup>EUROPEAN</sup> I AGREE WITH OUR ALLIES THAT <sup>AMERICAN</sup> ~~OUR~~ MILITARY PRESENCE  
IN EUROPE IS ESSENTIAL -- AND THAT ~~IT~~ SHOULD NOT BE  
TIED SOLELY TO THE SOVIET MILITARY PRESENCE IN EASTERN  
EUROPE. <sup>OUR</sup> BUT TROOP LEVELS CAN STILL BE LOWER.

SO TONIGHT, I AM ANNOUNCING A MAJOR NEW STEP

~~PROPOSAL~~ -- FOR A FURTHER REDUCTION IN U.S. AND SOVIET  
MANPOWER IN CENTRAL AND EASTERN EUROPE [ TO 195,000 ON  
EACH SIDE. ]

Keep  
this  
language

THIS NUMBER REFLECTS THE ADVICE OF OUR SENIOR MILITARY ADVISORS

~~THE ADVICE RECOMMENDATIONS OF OUR SENIOR MILITARY ADVISORS~~

AND IT IS SUFFICIENT TO ~~WE CAN~~ PROTECT AMERICAN AND EUROPEAN INTERESTS -- AND  
SUSTAIN NATO'S DEFENSE STRATEGY -- ~~WITH THIS LEVEL OF~~  
~~U.S. FORCES.~~ A SWIFT CONCLUSION TO OUR ARMS CONTROL  
TALKS, CONVENTIONAL, <sup>CHEMICAL</sup> AND STRATEGIC, MUST NOW BE OUR  
GOAL. /// THAT TIME HAS COME //

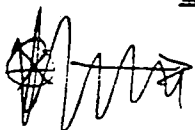
Peace  
bridge

✓

STILL, WE MUST RECOGNIZE AN UNFORTUNATE FACT: IN  
MANY REGIONS OF THE WORLD TONIGHT, THE REALITY IS  
CONFLICT -- NOT PEACE. ENDURING ANIMOSITIES <sup>AND</sup> 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 . . . 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.

GOD BLESS ALL OF YOU. AND MAY GOD BLESS THIS  
GREAT NATION, THE UNITED STATES OF AMERICA.

# # #

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 FORMER MEMBER OF THIS GREAT HOUSE. \* // NOW, AS PRESIDENT, IT IS MY PRIVILEGE TO REPORT TO YOU ON THE STATE OF THE UNION. \*

*Bold*  
*X*  
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 <sup>/TO</sup> 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.  
///

*hatest*

90 JAN 31 P2:25

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 -- HAS 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 WALESZA 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 [VAHTS-LAHV HA-VEL], 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 [BRAH-NEEK] 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~~ <sup>MISSION</sup> FOR THE FUTURE STARTS 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.

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the world

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% 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%.

2 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 SKILLED, 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. 7 YEARS AGO, THE FEDERAL DEFICIT WAS 6% OF OUR GROSS NATIONAL PRODUCT. IN THE NEW BUDGET I SENT UP TWO DAYS AGO -- THE DEFICIT IS 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. \* //

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AND LET ME TELL YOU, THERE'S STILL MORE THAN  
ENOUGH FEDERAL SPENDING. FOR MOST OF US, 1.2 TRILLION  
DOLLARS 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 EXCELLENCE IN~~ *THE EDUCATIONAL EXCELLENCE ACT.* ~~EDUCATION BILL.~~ 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. 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 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. ///

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.

X  
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. //

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.

*302D*  
*X* BUT THE TIME IS RIGHT TO MOVE FORWARD ON A *CON*VENTIONAL 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 OUR 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 <sup>DESIGNED</sup> ~~SUFFICIENT~~ 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. **///**

**O**  
**X**  
STILL, WE MUST RECOGNIZE AN UNFORTUNATE FACT: IN  
MANY REGIONS OF THE WORLD TONIGHT, THE REALITY IS  
CONFLICT -- NOT PEACE. ENDURING ANIMOSITIES OPPOSING **AND**  
INTERESTS REMAIN. THUS THE CAUSE OF PEACE MUST BE  
SERVED BY AN AMERICA STRONG ENOUGH -- AND SURE  
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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 . . . 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.

GOD BLESS ALL OF YOU. AND MAY GOD BLESS THIS  
GREAT NATION, THE UNITED STATES OF AMERICA.

# # #

10:30

JAN 31.

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 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 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.

*done*

///

(pp. 2, 3, 17)

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 -- HAS BEEN A CHAIN-REACTION OF ~~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. \* //

OPERATION "JUST CAUSE" HAS ACHIEVED ITS OBJECTIVE.

The ~~number~~ <sup>number</sup> of ~~military~~ <sup>military</sup> 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 --

THEREFORE, I AM ANNOUNCING TONIGHT THAT BY PRESIDENT'S DAY -- LESS THAN THREE WEEKS FROM NOW -- OUR PERSONNEL WILL BE AT THE SAME LEVELS AS BEFORE THE OPERATION. ALL OF THE ADDITIONAL 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 WALESIA 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 [VAHTS-LAHV HA-VEL], 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 [BRAH-NEEK] 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 USA" is recognized  
around the world as the symbol of quality  
and progress. \**

*done*  
✓

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. \* //

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  
America faces great challenges and  
we know that we can succeed  
arena of the 90's, but to make  
make some fundamental changes  
in ourselves.

FOR THE FUTURE

done

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% 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%.

AND WE'RE GOING TO MAKE SURE OUR SCHOOLS' DIPLOMAS MEAN 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 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. 7 YEARS AGO, THE FEDERAL DEFICIT WAS 6% OF OUR GROSS NATIONAL PRODUCT. IN THE NEW BUDGET I SENT UP TWO DAYS AGO -- THE DEFICIT IS 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 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 ~~THE~~ "AMERICA THE BEAUTIFUL" -- TO EXPAND OUR NATIONAL PARKS AND WILDLIFE PRESERVES AND IMPROVE RECREATIONAL FACILITIES ON PUBLIC LANDS.

*done*

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 ~~AMERICAN~~ PEOPLE. CLEAN AIR. CHILD CARE. CRIME AND DRUGS. // IT'S TIME TO ACT. /// THE FARM BILL. ~~TRANSPORTATION POLICY.~~ *P* PRODUCT LIABILITY REFORM. *done* ENTERPRISE ZONES. IT'S TIME TO ACT TOGETHER. /// *done*

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 <sup>MESS AROUND</sup> ~~TAMPER WITH~~ SOCIAL SECURITY. \* ////

*done*  
✓

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 ~~LETTER~~ <sup>MAIL</sup> 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. \*

*done*

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. 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 <sup>PARTS OF</sup> A LETTER WRITTEN BY JAMES MARKWELL -- PFC JAMES MARKWELL, A 20-YEAR OLD ARMY MEDIC. <sup>OF THE 75th RANGER BATTALION.</sup> 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.

<sup>HERE IS SOME OF WHAT</sup> HE WROTE: "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." //

"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. ////

EXTRA  
LINE SPACE

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. ///

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, IT IS TIME FOR THE FULL FLOWERING OF FREE GOVERNMENTS AND FREE MARKETS THAT HAVE SERVED AS THE ENGINE OF PROGRESS. // THE KEY TO DEMOCRACY IN THE FAR EAST TODAY IS TO KEEP THE DOOR OPEN -- TO REKINDLE THE FLAME OF FREEDOM. /////

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. //

IT'S TIME TO FORGE A NEW RELATIONSHIP WITH THE SOVIET UNION -- TO ENDORSE AND ENCOURAGE A PEACEFUL PROCESS OF INTERNAL CHANGE TOWARD DEMOCRACY AND ECONOMIC OPPORTUNITY. //

IT'S TIME TO REACH A STRATEGIC ARMS TREATY WITH THE SOVIETS THIS YEAR -- TO MAKE THE FREER WORLD WE SEE A SAFER WORLD. IT'S TIME -- PAST TIME -- TO ACT ON THE PROPOSAL I LAID OUT AT THE UNITED NATIONS TO BAN CHEMICAL WEAPONS FROM THE FACE OF THE EARTH. AND FINALLY, IT'S TIME TO REACH AGREEMENT ON A CONVENTIONAL ARMS TREATY -- THIS YEAR. A TREATY THAT WILL TRANSFORM EUROPE...

*done*  
✓

→ [INSC INSERT]

STET.

*done*

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. /////  
*done ✓*

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. ~~OUR FUTURE -- VESTED IN OUR CHILDREN AND GRANDCHILDREN.~~

~~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 KING.~~

done ✓

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.

*done*

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 . . . . THE GREATEST IS ~~SERVING~~ *helping* OTHERS.

*done*  
✓

*done*  
✓

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.

GOD BLESS ALL OF YOU. AND MAY GOD BLESS THIS  
GREAT NATION, THE UNITED STATES OF AMERICA.

# # #

manent cap on sulfur dioxide emissions and allowing utilities freedom of choice in how to achieve reductions required to meet the capped level—provides a strong incentive for energy conservation that estimates suggest will yield a reduction of several percent in the annual emissions of carbon dioxide from the American electric utility sector. Reductions in volatile organic compounds (VOCs), carbon monoxide, and nitrogen oxides (NOX) will also be beneficial since these compounds are chemically involved in producing greenhouse gases in the atmosphere.

In the past year, the President announced American support for a worldwide phaseout of chloroflourocarbon (CFC) production to the extent safe substitutes are available. And he took the American commitment to reducing CFCs a step further by signing into law legislation first proposed in the 1990 budget which will place a fee on CFC production and will have the effect, according to some estimates, of reducing American CFC emissions even below the levels allowed by international protocols.

The Department of Energy this year issued new appliance standards which will help to conserve energy, and is now preparing a National Energy Strategy (NES) which will also

address the role of energy conservation in America's future.

The Administration approved an increase in the corporate average fuel economy (CAFE) standard for automobiles which, while improving America's energy security, will have the added benefit of reducing CO<sub>2</sub> emissions.

And this budget includes a major new reforestation initiative, described above, which has the potential to sequester significant amounts of U.S. CO<sub>2</sub> emissions.

The area in which U.S. leadership in addressing global climate change questions is perhaps most evident, however, is in advancing the state of scientific knowledge of Earth processes.

The budget contains over \$1 billion, an increase of 57 percent over 1990 levels, for the U.S. Global Change Research Program, an interagency research effort designed to improve scientific understanding and predictive capability on global change issues. This increase will allow NASA to proceed with its "Mission to Planet Earth", and provides for the launch of the first U.S. Earth Observing System (EOS) platform in 1998 as part of that mission.

## THE BUDGET INVESTS \$1 BILLION IN GLOBAL CHANGE RESEARCH

(Budget authority dollar amounts in millions)

	1990	1991	Dollar change	Percent change
U.S. Global Change Research Program .....	659	1,034	+375	+57%
By Agency:				
National Aeronautics and Space Administration .....	489	661	+172	+35%
National Science Foundation .....	55	103	+48	+87%
Department of Energy .....	50	66	+16	+32%
Department of Agriculture .....	21	47	+26	+124%
Department of Commerce (NOAA) .....	18	87	+69	+383%
Department of the Interior .....	13	44	+31	+238%
Environmental Protection Agency .....	13	26	+13	+100%
Total .....	659	1,034	+375	+57%

- *The Effect of Alternative Economic Scenarios*—In considering the deficit—by whatever definition—it is important to consider its sensitivity to economic variables. For a discussion of these sensitivities, see Section Two, Part I: “Note on Economic Assumptions and Sensitivities.” The single most important variable affecting the size of the deficit is probably the real economic growth rate. As a practical matter, the net deficit-reducing effects of economic growth (or its absence) are likely to be far greater than the effects of a so-called peace dividend.

As a general rule of thumb, a sustained one percent additional increase in real GNP growth—with all else equal—would reduce the deficit by an additional \$18 billion in 1991 and an additional \$98 billion in 1995. (A sustained one percent lesser increase in real GNP growth—all else equal—would have roughly the equivalent numerical effect, but with the sign changed.) For those seriously interested in either achieving greater deficit reduction or freeing up resources for greater spending, this underlines the importance of pursuing policies likely to maximize the *growth dividend*.

The economic assumptions used by the Administration are toward the optimistic end

of the credible range. But the Administration’s assumptions are plausible and achievable.

The Administration first presented its own economic assumptions in July 1989—at which point they were also judged to be at the optimistic end of the credible range. Intervening performance has, in fact, been highly consistent with the Administration’s forecast. But that does not mean either that macroeconomic science has improved substantially, or that the Administration will always be so fortunate as to be correct.

In developing the budget, the Administration formally considered several alternative economic scenarios. Two of these are discussed in the “Note” in Section Two, Part I. Both of these are also plausible. One is slightly more optimistic, and one more pessimistic, than the scenario actually adopted. These alternative scenarios are specifically described in the Note. If the President’s Policy deficit were presented with either the higher growth or the lower growth assumptions, the deficit (or surplus) would appear as follows (after adjusting to assure Social Security integrity).

**DEFICIT (-)/SURPLUS (+) UNDER ALTERNATIVE  
ASSUMPTIONS**  
(In billions of dollars)

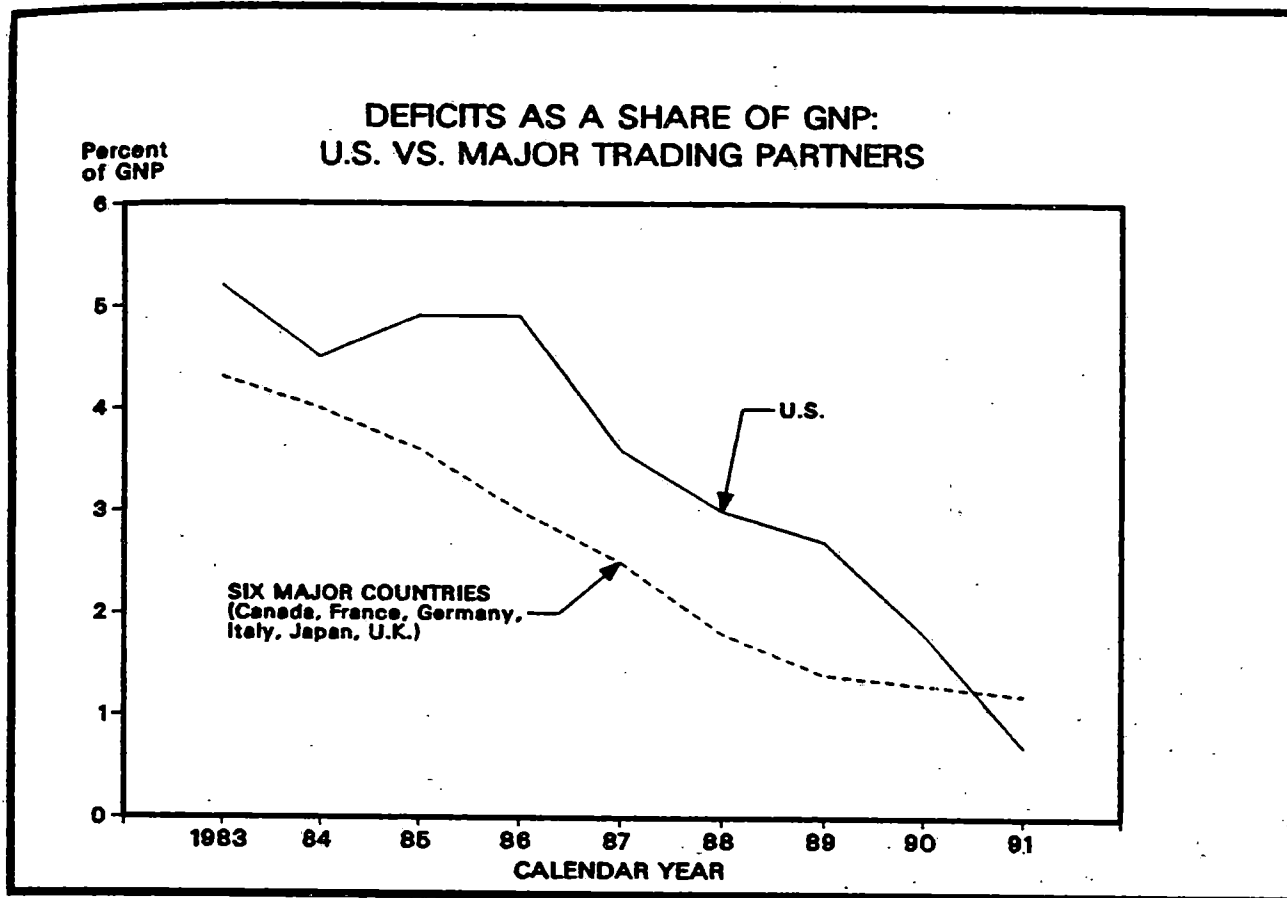
	1991	1992	1993	1994	1995
Higher growth scenario.....	-54.6	-16.9	+15.1	+24.7	+31.6
Lower growth scenario.....	-77.5	-48.4	-27.2	-32.9	-42.4

- *Deficits as a Share of GNP*—Meeting the G-R-H deficit target for 1991, as proposed by the President, would reduce the consoli-

dated deficit to about 1 percent of GNP. The deficit would thus fall clearly within the “normal” range for most of America’s

major trading partners. In any case, it would mark a significant improvement from the 5.2 percent level of 1983 (6.3 percent for the fiscal year). The pattern is suggested by the chart, "Deficits as a Share of GNP: U.S. vs. Major Trading Partners." While the trend is favorable, however, it should not be given excessive

weight. The United Kingdom and Japan are both running surpluses—but with very different real growth rates. *As with all measures of the deficit, it is necessary to get beyond this somewhat superficial measure, to an examination of the underlying economic policies and their relation to the future.*



• **Deficit Effects of Capital Budgets**—The current budget concept—essentially a “cash” budget—was developed to conform with the President’s Commission on Budget Concepts (1967). The “cash” perspective is especially useful for determining needs for financing in the public debt market. Indeed, it is essential. That is why, regardless of whether trust funds are treated as “on” or “off” budget, there must be some consolidated accounting that shows the total governmental cash position. *But if one is seriously interested in the effects of budget policy on the future,*

*one must get beyond the cash budget frame of reference represented by the G-R-H and consolidated deficit calculations. One needs a better sense of future liabilities and of the extent to which current income and borrowing are financing investment for the future (as opposed to current consumption and transfers).*

With this perspective in view, many have criticized the Federal Government’s “cash” budget. Some have argued that the Federal Government should adopt one form or another of capital budget and/or a budget that better distinguishes between

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

12:15  
*Seni final*

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 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 -- HAS 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 -- ~~ALL OF~~ THE ADDITIONAL <sup>NUMBERS OF</sup> 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 WALESZA 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  
[VAHTS-LAHV HA-VEL], 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 [BRAH-NEEK] 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. \* //

 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 <sup>Mission</sup> ~~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% 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%.

AND WE'RE GOING TO MAKE SURE OUR SCHOOLS' DIPLOMAS MEAN 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 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. 7 YEARS AGO, THE FEDERAL DEFICIT WAS 6% OF OUR GROSS NATIONAL PRODUCT. IN THE NEW BUDGET I SENT UP TWO DAYS AGO -- THE DEFICIT IS 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 LET ME TELL YOU, THERE'S STILL MORE THAN  
ENOUGH FEDERAL SPENDING. <sup>FOR MOST ~~OF~~ OF US,</sup> 1.2 TRILLION DOLLARS 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 EXCELLENCE IN EDUCATION BILL. 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. 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 75TH RANGER BATTALION. 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 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... 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." //

"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 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. ///

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.

*and AFRICA*  
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. // THE KEY TO DEMOCRACY IN THE FAR EAST TODAY IS TO KEEP THE DOOR OPEN -- TO REKINDLE THE FLAME OF FREEDOM. /////

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. //

IT'S TIME TO <sup>HONOR OUR</sup> FORGE ~~A~~ 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 <sup>WE RECOGNIZE THAT</sup> AND GREAT UNCERTAINTY. THE SOVIET MILITARY THREAT IN EUROPE IS DIMINISHING, BUT WE SEE LITTLE CHANGE IN SOVIET STRATEGIC ~~MODERNIZATION~~ <sup>FORCES. MODERNIZATION.</sup> THEREFORE, WE MUST <sup>SUSTAIN</sup> ~~CONTINUE~~ OUR OWN ~~MODERNIZATION PROGRAM~~ <sup>MODERNIZATION THE</sup> STRATEGIC OFFENSES AND ~~THE~~ STRATEGIC DEFENSE INITIATIVE.

BUT THE TIME IS RIGHT TO MOVE FORWARD ON A <sup>CONVENTIONAL ARMS CONTROL AGREEMENT</sup> ~~TO~~ <sup>US TO</sup> ~~MOVE~~ <sup>A MORE APPROPRIATE</sup> ~~LEVELS OF~~ <sup>MILITARY FORCE</sup> ~~IN EUROPE.~~ -- A COHERENT DEFENSE PROGRAM <sup>THAT</sup> ENSURES ~~THAT~~ THE U.S. WILL CONTINUE TO BE A CATALYST FOR PEACEFUL CHANGE IN EUROPE. I'VE CONSULTED WITH ~~THE~~ <sup>BY PITOU</sup> LEADERS OF NATO -- AND IN FACT I SPOKE WITH PRESIDENT GORBACHEV, JUST TODAY.

I AGREE WITH OUR <sup>EUROPEAN</sup> ALLIES THAT <sup>AMERICAN</sup> ~~OUR~~ MILITARY PRESENCE IN EUROPE IS ESSENTIAL -- AND THAT ~~IT~~ SHOULD NOT BE TIED SOLELY TO THE SOVIET MILITARY PRESENCE IN EASTERN EUROPE. <sup>OUR</sup> BUT TROOP LEVELS CAN STILL BE LOWER.

SO TONIGHT, I AM ANNOUNCING A MAJOR NEW STEP:

~~PROPOSAL~~ -- 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.  
~~THE ADVICE & RECOMMENDATIONS OF OUR SENIOR MILITARY ADVISORS MARKS CLEARLY~~

AND IT IS SUFFICIENT TO

~~WE CAN~~ PROTECT AMERICAN AND EUROPEAN INTERESTS -- AND ✓

SUSTAIN NATO'S DEFENSE STRATEGY -- ~~WITH THIS LEVEL OF~~

~~U.S. FORCES~~. A SWIFT CONCLUSION TO ~~THE~~ OUR ARMS CONTROL

TALKS, CONVENTIONAL, <sup>CHEMICAL</sup> 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 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 . . . 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.

GOD BLESS ALL OF YOU. AND MAY GOD BLESS THIS  
GREAT NATION, THE UNITED STATES OF AMERICA.

# # #

CLOSE HOLD

SENSITIVE

Document No. \_\_\_\_\_

WHITE HOUSE STAFFING MEMORANDUM

DATE: 1/30/90

ACTION/CONCURRENCE/COMMENT DUE BY: 1/30/90 6:00 PM

SUBJECT: STATE OF THE UNION FACT SHEET

	ACTION FYI			ACTION FYI	
VICE PRESIDENT	<input type="checkbox"/>	<input checked="" type="checkbox"/>	MCCLURE	<input type="checkbox"/>	<input checked="" type="checkbox"/>
SUNUNU	<input checked="" type="checkbox"/>	<input type="checkbox"/>	NEWMAN	<input type="checkbox"/>	<input type="checkbox"/>
SCOWCROFT	<input checked="" type="checkbox"/>	<input type="checkbox"/>	PORTER	<input type="checkbox"/>	<input checked="" type="checkbox"/>
DARMAN	<input checked="" type="checkbox"/>	<input type="checkbox"/>	ROGICH	<input type="checkbox"/>	<input type="checkbox"/>
BATES	<input checked="" type="checkbox"/>	<input type="checkbox"/>	UNTERMEYER	<input type="checkbox"/>	<input type="checkbox"/>
CARD	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<u>BOSKIN</u>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
CICCONI	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<u>ROGERS</u>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
DEMAREST	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<u>WINSTON</u>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
FITZWATER	<input type="checkbox"/>	<input checked="" type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>
GRAY	<input type="checkbox"/>	<input checked="" type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>
HAGIN	<input type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>

REMARKS:

Please forward any comments directly to Roger Porter, 2FL, WW, x2705, no later than 6:00 PM TODAY, Tuesday, January 30, with a copy to my office. Thank you.

RESPONSE:

CLOSE HOLD

SENSITIVE

96 : 24 06 JAN 30 90

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

THE WHITE HOUSE  
WASHINGTON

January 30, 1990

1990 JAN 30 PM 1:12

MEMORANDUM FOR JAMES W. CICCONI

FROM: ROGER B. PORTER *RBP*

SUBJECT: State of the Union Fact Sheet

A draft State of the Union Fact Sheet, prepared in cooperation with the National Security Council staff, is attached for your circulation. Every effort was made to have this draft consistent with the White House Fact Sheet on the FY 1991 budget. The portions dealing with the Savings and Economic Growth Act have been developed in coordination with the Treasury.

If you have any questions, please let me know.

Attachment

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 said, "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."

I. INVESTMENTS FOR A COMPETITIVE AMERICA

The President declared, "we are going to invest in America. This Administration is determined to encourage the creation of capital -- 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, below the level required by the Gramm-Rudman-Hollings deficit reduction law. The proposed deficit is down more than 70 percent from the \$221 billion Federal deficit in 1986.

S.O.U


Quote  
S.O.U

X  
S.O.U  
Quote

S.O.U

Budget

- o The President's budget achieves this deficit reduction with no increase in taxes. Budget
- 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. Budget
- o The President proposes to protect the long term integrity of the Social Security system and to reduce the national debt by 1993. His proposal will assure that the build up of Social Security reserves will not be used to mask the non-Social Security deficit and will not be used to finance non-Social Security spending. Budget

 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: Savings ↓ Economic Growth Act or Budget

- o Creating Family Savings Accounts. To better provide 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 may be taxable when withdrawn. 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.

Budget

- 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.

<u>Year Sold</u>	<u>Years Held</u>		
	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:

HOPE Budget

- Modifying current IRA laws so that first time home buyers can withdraw up to \$10,000 without penalty for early withdrawal.
- Allowing homeowners to pay regular taxes on withdrawals, but waiving the ten percent excise tax would be waived. To be eligible, the home purchased must cost less than 110 percent of the median price of a home in the geographic area.

B. Intellectual Capital -- New Technologies for the Future

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

Budget

- o The President remains committed to doubling the National Science Foundation Budget by 1993.
- 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 endorses efforts to reform our Nation's product liability laws.

Porter

Space. The President proposed a 24 percent funding increase for NASA in FY 1991. The President's plan calls for:

Budget

- o Building space transportation infrastructure.
- 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:

500

- 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 disadvantaged 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 programs that serve pre-kindergarten and kindergarten children would be increased under the President's proposal to \$4.96 billion, the highest level ever.
  - The President will increase support for services to handicapped pre-school children to \$258 million.

500  
500

2 o

We will increase the percentage of students graduating from high school to at least ninety percent.

50  
Budget

- The President proposed \$50 million for new research and demonstration programs in the Department of Education that target dropouts.
- 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.

3 o

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

Budget

- 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.

4 o

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

Budget

- 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 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. *Budget (Space)*
- The President will increase education-related funding under the Department of Energy by 47 percent. *Budget (Energy)*

5 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. *Budget (Education)*

- The President proposes \$238 million for adult education programs in the Education Department.
- The President proposed funding for a multi-agency National Literacy Clearinghouse.
- The President's proposed programs in the JTPA amendments include about \$100 million for workplace literacy. The Department of Labor spends \$11 million annually for workplace literacy research and demonstration projects. *Labor Dept*
- 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.

6 o Every school in America will be free of drugs and violence and provide a disciplined environment conducive to learning. *Budget (Drugs)*

- The President's National Drug Strategy establishes drug-free schools as a national priority.
- The President proposed \$595 million in funding for the Drug-Free Schools and Communities program, a \$54 million increase.

Parents and Education. The President urged parents "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." *Quote 500*

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. Key components of the President's transportation-investment plan include:

- o Increasing funds for air traffic control personnel and equipment, airport expansion, and safety- and security-related research and development.
- o Eliminating a Federal restriction on local fundraising for increasing airport capacity.
- o Funding research and development of Intelligent Vehicle Highway Systems and magnetically levitated trains.

Budget  
Transportation  
Transportation

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 aggressively implement 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.

Quote  
500

NSC  
(GATT)

NSC  
(GATT)

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.

Cooper  
Evans  
1983

II. OPPORTUNITY

The President said, "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. 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 II) 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 urged 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.

+

Drug Strategy

Drug Summit

- 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 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 package 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 remarked, "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 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. The President will transmit this measure to the Congress.
- 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 credit of up to \$1,000 per child under age four for low-income 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 of Housing and Urban Development Kemp to convene a Blue Ribbon Commission to identify and suggest ways to remove barriers to affordable housing.
- o Renewing the Low-Income Housing Tax Credit. 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. In the hardest-hit urban areas, a complete elimination of the capital gains tax on certain investments in enterprise zones.
- o Major reforms to ensure that FHA is true to its primary mission of making housing affordable for low and moderate income families. The President directed Secretary Kemp to move FHA foreclosures into the hands of non-profit groups in order to help reduce homelessness and fight inner city poverty.
- o \$236 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, "there's something more we owe the generations of the future: stewardship -- the safekeeping of America's 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 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 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.
- 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 optimum solutions toward meeting clean air requirements.

D. Global Climate Change

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, "Today, with communism crumbling, our aim must be to ensure democracy's advance." He also said, "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 containing aggression and deterring war over four decades, which has helped bring us to this moment of opportunity.

B. Eastern Europe

The President said, "It's time to offer our hand to the emerging democracies of Eastern Europe."

Support for East European Democracy (SEED) Act. As the force of freedom spreads throughout the region, the President is proposing a \$300 million contingency fund to support change in Eastern Europe and the broadening of last year's SEED Act, as part of a comprehensive strategy for the region.

Presidential Mission. The President will follow up vigorously on the Cabinet-level mission he sent last year to Poland and Hungary, pledging the best expertise and know-how America has to offer to assist those countries in their courageous effort to create a market economy. The Mission, headed by Secretary Yeutter, has already provided the President with preliminary conclusions that will help frame and guide our assistance programs and our cooperation with our allies.

C. Soviet Union

The President declared that the time is right to build a new relationship with the Soviet Union -- "to endorse and extend the peaceful process of internal change toward democracy and economic opportunity." D  
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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 reduction -- START, CFE, and Chemical Weapons -- and our intensive dialogue on European, regional, and global issues will continue.

D. Panama

"Panama is free," the President declared, citing the American military action that liberated Panama from the dictator Noriega. D  
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U.S. Troops. The President announced that Operation Just Cause is formally terminated 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.

- o Nearly \$500 million will be provided in loans, guarantees, and export opportunities to strengthen Panama's private sector and create jobs.
- o An additional \$500 million in economic assistance will be provided in FY 1990.
- o The package also includes \$42 million in humanitarian assistance.

E. Defense

In an era of dramatic change in the strategic environment, the President spoke of beginning the transition to a new era in defense planning. Yet, "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 mobile and flexible, more geared to contingencies outside of Europe, while continuing to meet our inescapable responsibility to maintain deterrence.

F. Foreign Affairs

In a "new world of unparalleled challenges and opportunities before us," the President said, "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, and humanitarian assistance therefore remain essential. 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.