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Grant
Draft 4
December 4, 1989

BUILDING A BETTER AMERICA

ACCOMPLISHMENTS OF THE BUSH ADMINISTRATION

SUMMARY

As the Bush Administration finishes its first year, changes are taking place rapidly in the international arena. The President successfully worked to encourage peaceful progress toward democracy in Eastern Europe. Relations with the allies remain strong, after both the NATO Summit and the Paris Economic Summit. In the fall, the President unveiled his National Drug Control Strategy in a televised address to the Nation, and called the Nation's Governors together for the Education Summit. The Administration proposed initiatives in a number of areas, from child care to protecting the environment to ethics reforms. The economy is strong, with the current economic expansion continuing to set new records and create new jobs.

KEEPING THE ECONOMY STRONG

- o **Record expansion:** During the current economic expansion -- in its 84th month as of November -- over 20.5 million jobs have been created and the unemployment rate has fallen to levels not seen in 15 years. Income levels have risen

sharply and growth in industrial output is over one-and-a-half times that of Western Europe. Real per capita income, output and business fixed investment are at record levels. Yet, consumer price inflation has remained under five percent for the past seven years.

- o **Savings and Loans:** In August the President signed the **Financial Institution Reform, Recovery and Enforcement Act of 1989** to begin resolving the savings and loan situation. The President's plan introduced in the first days of the Administration, tackles the enormous fiscal crisis that existed and calls for tough standards to help ensure such a crisis never happens again.

- o **Third World debt:** The Administration has taken the lead in finding a way to reduce the debt burden and encourage economic growth in developing countries. At the Administration's urging, the IMF and World Bank have set aside funds to support debt reduction programs for developing countries. Three countries have successfully negotiated final debt agreements in principle under the Administration's debt plan.

- o **International Trade:** Leading efforts to promote free and fair trade, the Bush Administration successfully advanced

the Uruguay Round of multilateral trade negotiations and its proposal to correct and prevent trade distortions in agriculture. It is engaged in bilateral trade talks with Japan to discuss impediments to expanding trade and encourage it to open its markets to our exports.

- o **Budget policy:** After extensive negotiations by the ^{Administration} with Congress and ~~agreement~~ was reached on a budget plan for FY 1990. The plan meets the Gramm-Rudman-Hollings deficit target for the fiscal year with no new taxes.
- o **Minimum wage:** The President signed legislation which will raise the minimum wage in increments ^{to} of \$4.25 an hour by 1991 and will create an historic training wage. A higher minimum wage will help the working poor, and the new training wage will allow businesses to provide young, less experienced workers with job opportunities.

SEIZING INTERNATIONAL OPPORTUNITIES FOR PEACE

- o **A Resurgence of Democracy:** At the outset of the Administration, the President developed a strategy to encourage and help sustain the historic processes taking place, especially in Eastern Europe. In April, the President spoke in Hamtramck, Michigan, and called for self-

determination in Eastern Europe and an end to the division of the continent. In May, President Bush called for the Berlin Wall to come down, and set forth his vision of a Europe "whole and free" during his visit to Mainz, Germany. Though events moved faster than anyone anticipated, the United States remains on the course set by the President last spring. Similarly, in the Western Hemisphere, democracy continues to advance. In October, the President attended a meeting of hemispheric President's in ~~San Jose~~ San Jose to celebrate 100 years of ~~Costa Rican~~ Costa Rican democracy.

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- o **Poland and Hungary:** The President's strong support for political pluralism and economic reform in Poland and Hungary was highlighted by his visits to those nations and by the international leadership he has exercised to mobilize major international backing for these reforms. The President offered a major U.S. package of economic assistance and trade and investment incentives to assist in the economic restructuring of Poland and Hungary which became the framework for the "support for East Europe Democracy Act," passed by Congress and signed by the President.
- o **"Beyond Containment":** The President has welcomed the extraordinary political and economic changes underway in the Soviet Union. In a major speech at Texas A&M, he

established a new American policy, "Beyond Containment," that seeks to integrate Eastern Europe and the Soviet Union into the community of nations. Major progress has been made in arms reduction including strategic arms reduction, a global ban on chemical weapons, and a new "open skies" initiative. The bilateral agenda has been broadened to include transnational issues such as the environment and the struggle against drug abuse.

[Malta to come.]

- o **Economic Summit:** Under President Bush's leadership, the Paris Economic Summit in July agreed to launch concerted international action to support Polish and Hungarian economic reforms and to coordinate efforts for the maximum effectiveness of Western assistance. The Economic Summit also made further progress on key U.S. economic and political objectives such as a strengthened debt strategy, economic policy coordination, completion of the Uruguay Round by December 1990 and international cooperation on protection of the environment.

- o **NATO Summit:** The President seized the arms control initiative and won the strong support of our allies with a bold proposal to reduce conventional forces in Europe. The Alliance also agreed on rapid^a pace of negotiations aimed at reaching an agreement within a year. The U.S. proposal

would involve deep cuts in Warsaw Pact manpower and equipment, and moderate cuts on the NATO side to achieve a stable balance in Europe.

- o **China:** Visiting China soon after taking office, the President underscored the long-term strategic importance of the Sino-U.S. relationship and his support for the process of reform. In response to the subsequent suppression of the democratic movement in China, the President took strong actions to make clear that we condemn repression even while we work in the U.S. interest to preserve the basic elements of this important relationship. The President also acted swiftly to ensure that no Chinese nationals in the U.S. would be deported against their will -- action that has since been extended and broadened.

- o **Central American Accord:** The President and Congressional leaders agreed on March 24 on a bipartisan strategy for peace and democracy in Central America. With the agreement, for the first time in years, the U.S. has a broadly supported strategy aimed at bringing about free and fair elections and establishment of democracy in Nicaragua. The Administration also remains committed to the support of democracy in El Salvador and the rest of the region.

- o **Strengthening our Strategic Deterrent:** After a thorough review of U.S. defense strategy, the President submitted to the Congress a defense budget that will modernize our deterrent capability including, after more than a decade of debate, specific proposals for two mobile ICBMs. The strategic modernization program also includes the revolutionary B-2 bomber, the D-5 missile for our submarine force, and funding to support an informed development and deployment decision on the Strategic Defense Initiative within the next four years. Although Congress made some reductions ^{in the Administration's} requests for these and other programs, its actions generally support the Presidents objectives.

INVESTING IN OUR FUTURE

- o **Education Summit:** The President called the Nation's ^Ggovernors together for an historic Education Summit. The Administration and the Governors committed to facilitate education reform in America by: establishing national education goals; ~~working for greater flexibility in the use of Federal funds in exchange for increased accountability;~~ ^{in exchange for increased accountability} working for greater flexibility in the use of Federal funds in exchange for increased accountability; implementing state-by-state restructuring of the education system; and adopting ways of measuring progress. oops!
- o **Educational Excellence:** The President submitted to Congress a comprehensive set of education initiatives, **The**

Educational Excellence Act of 1989. The Act includes proposals for merit and magnet schools, alternative certification of teachers, excellence awards for teachers, emergency grants to help urban schools to fight drugs, increased funding for endowments at Historically Black Colleges, and a National Science Scholars program.

- o **National Drug Control Strategy:** In his first Address to the Nation, the President unveiled a comprehensive, coordinated strategy for fighting illegal drug use. The President has five priority areas: the criminal justice system; drug treatment; education, community action, and the workplace; international initiatives; and interdiction efforts.
- o **Combatting Violent Crime:** President Bush transmitted to Congress **The Comprehensive Violent Crime Control Act of 1989** proposing measures to augment enforcement and prosecution, strengthen current law, restrict certain semi-automatic weapons, and expand prison capacity.
- o **Clean Air Act revisions:** On July 21, President Bush transmitted to the Congress the first proposed revisions to the **Clean Air Act** since 1977. His legislation is designed to harness the power of the marketplace to drastically reduce three major threats to the nation's environment: acid rain, urban air pollution, and toxic air emissions.

- o **Natural Gas Deregulation:** On July 26, the President signed into law the **Wellhead Decontrol Act of 1989**, which ends all remaining price controls on natural gas. This will phase out all federal price controls on natural gas by January 1, 1993 ^r making the first time since 1954 that energy markets will be completely deregulated.

- o **Clean water and coastlines:** On March 10, the Department of Justice and the EPA implemented a medical waste tracking program to track medical wastes to ensure proper disposal and prevent ocean pollution -- the first step in a comprehensive program to help keep our beaches clean. The President is committed to end ocean dumping of sewage sludge by 1991.

- o **Hazardous waste:** The President announced that he will seek new legislation to ban all exports of hazardous waste unless an agreement exists with the receiving country to provide for its safe handling.

- o **Global Climate Issues:** The U.S. is chairing one of the three working groups of the Intergovernmental Panel on Climate Change (IPCC). From this leadership position, the U.S. has called for initial discussions concerning a convention on global climate change.

Also, the President proposed a 21% increase in global environmental research for FY 1990. The \$628 million, total budget, the largest amount spent by any nation on global environmental research, will continue the United States' international leadership in this field.

- o **Ozone depletion:** In order to prevent further damage to the earth's protective ozone layer, the President has called for a total worldwide phaseout of CFCs by the year 2000, provided safe substitutes are available.)?
- o **Wetlands:** The President is committed to "no net loss" of wetlands and is directing his executive branch agencies, through an interagency task force, to make recommendations to achieve that goal. He has also proposed a major increase in funding to expand and improve parks, wildlife refuges, forests, and recreational land.
- o **Space:** The President established the National Space Council under the leadership of Vice President Quayle and announced a three-step commitment to maintain America's preeminence in space -- Space Station Freedom, a permanent presence on the Moon, and a manned mission to Mars.

WORKING FOR A KINDER, GENTLER AMERICA

- o **Affordable Housing:** The President unveiled **HOPE**, a comprehensive agenda of **Homeownership and Opportunity for People Everywhere**. Major elements include provisions to help first-time home buyers, low-income housing residents, and the homeless, and to create up to fifty enterprise zones over the next four years. The President signed legislation that substantially increases funding under the McKinney Homeless Assistance Act. Secretary Kemp has been charged with finding new ways to put more FHA foreclosures into the hands of non-profit groups that serve the homeless.

- o **The Homeless:** The President requested full funding of the McKinney Homeless Assistance Act in FY 1990 and proposed an additional \$50 million to encourage public-private partnerships to reduce homelessness. The President recently signed legislation that substantially increases funding for the McKinney Act.

- o **Child Care:** The President transmitted to the Congress a child care proposal, the **Working Family Child Care Assistance Act of 1989** which provides a new refundable child care tax credit of up to \$1000 per child under age four, for low income working families. This legislation will also make the existing Child and Dependent Care Tax Credit refundable, and does not discriminate against religious or

family-based child care or a parent who chooses not to work outside the home.

- o **Head Start:** The President also challenged Congress to increase Head Start ~~by \$250 million~~ ^{oper} in FY 1990 to enable more four-year-olds to participate in the program. As a result, Congress appropriated \$170 million which will provide for 37,500 ~~more~~ ^{re} four-year-olds to participate.
- o **Experimental AIDS Drugs:** Through the promotion of wider availability of experimental and therapeutic drugs such as AZT, the President has demonstrated his commitment to the eradication of the HIV virus and AIDS.
- o **Adoption:** In September, the President sent two legislative proposals to Congress designed to encourage adoption of special needs children, through tax incentives and expense reimbursements for adoptive parents. In addition, the President has directed all Federal agencies to develop plans for supporting and promoting adoption of special needs children.
- o **National Service:** The President is spearheading a movement to call on all individuals and institutions in America to engage in community service. He announced the formation of a foundation known as "The **Points of Light Initiative**" to:

cause all Americans to claim social problems as their own; identify, enlarge and multiply successful community service initiatives; and discover, encourage, and develop new community leaders.

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- o **Civil Rights:** The President has signed legislation reauthorizing the Commission on Civil Rights through FY 1991. The Administration has endorsed the Hate Crimes Bill, which provides for the collection of data about crimes motivated by race, religion, or ethnicity. The Civil Rights Division of the Department of Justice has vigorously pursued the enforcement of the Fair Housing Amendments Act of 1988 which became effective in March.

 - o **Disabled Americans:** The President is committed to legislation that would extend civil rights protections to disabled Americans. This legislation, called the **Americans with Disabilities Act**, would represent the most significant expansion of federal civil rights laws in the past two decades. With the support of the Administration, a version of the Act passed the Senate on September 7, and has been under consideration in the House since then.

 - o **Whistleblower Protection:** On April 10, the President signed S. 20, the "**Whistleblower Protection Act of 1989.**" This law will strengthen the protections and procedural rights

available to those federal employees who report misdeeds and mismanagement.

- o **Medicaid:** To address the all-too-high infant mortality rate, the Administration forwarded to Congress legislation to improve federal Medicaid assistance to pregnant women, infants, and children. Congress raised the mandatory Medicaid eligibility to 133% of the poverty level consistent with what President Bush suggested.

- o **Campaign Finance Reform:** The President introduced comprehensive campaign finance legislation designed to lessen the power of special economic interests and restore real competition to American Congressional elections.

- o **Ethics:** Numerous ethics reforms proposed in President Bush's ethics legislation were enacted by Congress in the "Government Ethics Reform Act of 1989" shortly before it adjourned. Key reforms include the extension of post-employment "revolving door" restrictions to the Legislative Branch, a ban on receipt of honoraria by all Federal employees (except Senators and employees of the Senate), and tax deferral for Federal employees required to sell assets to avoid conflicts of interest. President Bush also issued an ethics Executive Order in April setting forth strict principles for the conduct of Executive Branch employees.

- o **Welfare Reform:** The Administration issued final rules on October 13 to implement the Job Opportunities and Basic Skills Training programs of the Family Support Act of 1988, as the next step in welfare reform. The Administration is proposing to spend \$3.6 billion over the next five years to implement the JOBS program. The Act will help reduce the number of individuals who need welfare.

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KRISTEN
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Draft Four
December 4, 1989

BUILDING A BETTER AMERICA
ACCOMPLISHMENTS OF THE BUSH ADMINISTRATION

KEEPING THE ECONOMY STRONG

Maintaining the current expansion with low inflation is the key to improving standards of living, increasing job opportunities for all Americans, and increasing investment in productive capacity. Economic performance during this expansion has been exceptionally good with extraordinary job growth. The policies of the Bush Administration are designed to preserve this strong record.

- o **Record peacetime expansion:** The current expansion reached 84 months in November. This is the second longest economic expansion in U.S. history and the longest peacetime expansion.

- o **Job creation:** Over 20 million new jobs have been created during this expansion, and this year the unemployment rate has reached levels not seen in over 15 years. The benefits of robust economic growth have been shared by all demographic groups as indicated by historically low unemployment rates for women and minorities. During this decade, America has created more new jobs than Japan and the nations of Western Europe combined. A higher percentage

American adults is at work than at any other time in our history.

- o **Record income:** Real per capita disposable personal income -- personal income after taxes and inflation -- has risen 20 percent during this expansion.

- o **Higher national saving and investment:** Partly due to the discipline of the Gramm-Rudman-Hollings process, the Federal deficit has declined from 6.3 percent of GNP in fiscal year 1983 to 3.0 percent in FY 1989. The personal saving rate averaged 5.4 percent over the first three quarters of 1989, well above its recent low of 3.2 percent in 1987.

- o **Improved International Trade Position:** The international trade position of the United States has improved substantially. U.S. exports are at an all-time high and the trade deficit (as measured by exports minus imports) has been cut in half from its level in 1987.

- o **Inflation under control:** Consumer price inflation has remained under 5 percent in each of the seven years from 1982 to 1988, and the recent slowing in economic growth to a sustainable rate will lessen price pressures in the near future. In the last twelve months, the CPI has increased

only 4.5 percent and, in the last three months, the index has risen at an annual rate of only 2.6 percent.

ACTION BY THE ADMINISTRATION:

- o **Implementing fiscal restraint:** Throughout the year, the Administration negotiated with Congress to pass a fiscally responsible budget agreement that met the requirements of the Gramm-Rudman-Hollings law. As a result of the negotiations, a series of appropriations bills and a budget reconciliation bill were finally enacted which meet the deficit reduction targets with no new taxes.

- o **Addressing the international debt problem:** The Administration has taken the lead in encouraging commercial banks to reduce the debt and debt service burdens of developing countries. Recently, three countries -- Mexico, the Philippines, and Costa Rica -- have reached final agreements or agreements in principle with commercial banks under the Administration's debt plan. The differences in these agreements appropriately reflect differing circumstances in the three countries and illustrate the flexibility of the Administration's approach.

- o **Minimum wage agreement:** The Administration and Congressional leaders reached agreement on a plan, now

signed into law, to raise the minimum wage to \$4.25 per hour and to permit businesses to pay a training wage to young, entry-level workers. The higher minimum wage will help the working poor while preserving jobs and the training wage will allow businesses to hire inexperienced workers and give them the start they need in a working career.

- o **Disaster assistance:** The Administration and Congress have worked together to provide necessary supplemental funding to assist victims of Hurricane Hugo and the California earthquake. This funding is helping to provide those who lost their homes with temporary shelter, is assisting uninsured, needy families and business owners rebuild their homes and business establishments, and is helping governments in the affected areas rebuild highways and other public facilities. Federal funding to rebuild transportation systems will exceed \$1 billion.

- o **Savings and Loan reform:** The President signed the **Financial Institution Reform, Recovery and Enforcement Act of 1989** on August 9. This legislation came to grips with the serious fiscal problems facing our savings and loan industry, and has safeguarded and stabilized America's financial system. The Act assures that the long developing problems in our savings industry will never happen again. It significantly reforms the regulation of the thrift industry and separates

the chartering of the institutions from the insurance of deposits. It establishes strict new guidelines to assure the solvency of thrift institutions in the future, including new capital requirements, and sets stiff penalties for wrongdoing by the officers of insured institutions. Further, the act provides \$50 billion to finance the restructuring of insolvent institutions.

- o **International Trade:** The Administration is forcefully promoting the opening of world markets through bilateral negotiations and the Uruguay Round of multilateral negotiations under the General Agreement on Tariffs and Trade. It successfully broke a stalemate in the Uruguay Round's mid-term review and put in place a framework, agreed to by the 96 member nations, to correct and prevent trade distortions in agriculture. It is engaged in bilateral trade talks with Japan to identify and eliminate structural factors that may impede efficient patterns of world trade. The approaches being pursued in these discussions will provide long-term benefits for both countries. The Administration has also created a high level interagency group to assure that U.S. trade and investment interests are addressed as the European Community works to create a single market in 1992. To further meet the global economic challenges of the 1990's, the President named Vice President Quayle chairman of a newly established Council on

Competitiveness. Under the leadership of the Vice President, the council has developed a strategy for reform of the existing maze of product liability laws in order to maintain American competitiveness.

- o **Steel imports:** The President initiated and the Administration successfully implemented a two-and-a-half year Steel Trade Liberalization Program. The program is designed to phase out, in a responsible and orderly manner, the Voluntary Restraint Arrangements (VRAs) that currently limit steel imports into the U.S. and to negotiate an international consensus to address trade-distorting practices.

- o **Agricultural initiatives:** The Administration has placed its comprehensive agricultural proposals before the Uruguay Round of multilateral trade negotiations. These proposals would harmonize domestic agricultural programs of producing countries and reduce distortions to patterns of international production and trade. In addition, the Administration has formed a task force to develop a farm bill for 1990.

- o **National Energy Strategy:** The President directed the Secretary of Energy to develop a comprehensive national energy strategy for the nation. The strategy will help the

nation meet our energy security and environmental responsibilities and, at the same time, ensure that markets will provide a sensible mix of energy sources and energy conservation measures to protect America's economic competitiveness.

SEIZING INTERNATIONAL OPPORTUNITIES FOR PEACE

In his Inaugural Address, the President said, "The day of the dictator is over. The totalitarian era is passing, its old ideas blown away like leaves from an ancient lifeless tree." Indeed, this year has seen dramatic and promising changes. From the Third World to the Communist World, the resurgence of the ideals of political and economic freedom has shaken Marxist and other authoritarian regimes to their foundations. The President is determined to continue moving on a broad front to seize this unique opportunity to strengthen world peace and the cause of freedom.

ACTION BY THE ADMINISTRATION:

- o **A Resurgence of Democracy:** Maintaining America's leadership role in the world, the President developed a strategy to encourage and help sustain the historic processes taking place, especially in Eastern Europe. Early in his Administration, the President expressed his hope for the success of perestroika in the Soviet Union. In April, he spoke in Hamtramck, Michigan, calling for self-determination in Eastern Europe and an end to the division of the continent. In May, President Bush called for the Berlin Wall to come down, and he set forth his vision of a Europe "whole and free" during his visit to Mainz, Germany. In the

Western Hemisphere, the President strongly supported the extension of democracy especially in Nicaragua and Panama where the United States has worked with the O.A.S.

to encourage free and fair elections -- and to condemn efforts to thwart the express will of the people. In October, the President underscored the U.S. commitment to hemispheric democracy by attending the 100th anniversary celebration of Costa Rican democracy.

- o **Western Europe:** The President proposed new mechanisms for U.S. consultation and cooperation with the EC Commission and member states as the European Community works toward creating a single market in 1992. Seeing the resurgence of Western Europe as a triumph of democratic values and principles, the President has welcomed its success, confident that a mature U.S.-E.C. partnership will serve our mutual interests and serve as a beacon for the East.
- o **NATO Summit:** At the successful NATO Summit in May, the President's vision of Europe as well as agreement on a new conventional arms reduction initiative helped build Alliance unity and confidence and define the Alliance's future agenda.
- o **Eastern Europe:** As Poland and Hungary have taken unprecedented steps toward pluralism, democracy, and market

economic policies, the United States has encouraged each step and signaled its strong support. The President has also encouraged more recent movement towards change in East Germany, Bulgaria, and Czechoslovakia. The President's strong support for political pluralism and economic reform in Hungary and Poland was highlighted by his visits to those nations, and by the international leadership he exercised in mobilizing major international backing for these reforms. The President offered a major U.S. package of economic assistance and trade and investment incentives to assist in the economic restructuring of Poland and Hungary. ~~A~~ All elements of the President's package were adopted by Congress and become the framework for the "Support for East European Democracy Act."

- o **Poland:** Following up on the program he announced on April 17 in Hamtramck, Michigan, the President called upon Congress to declare Poland a beneficiary country under the U.S. Generalized System of Preferences and to authorize the Overseas Private Investment Corporation to operate in Poland. The U.S. proposed a business and economic agreement that will promote trade, investment and other contacts between the private sectors of both countries. The President also asked Congress to approve a \$200 million grant for stabilization purposes, which would be the U.S. contribution to the \$1 billion in Western assistance the

✓ Poles have requested. In November, he sent a Presidential Mission ^{of experts} to Warsaw, headed by Agriculture Secretary Yeutter, to discuss with the Polish Government its economic plans and evaluate its needs. This mission also includes Secretaries Dole and Mosbacher, and Michael Boskin, Chairman of the Council of Economic Advisors, along with business and labor leaders. It will make recommendations to the President based on their findings and deliberations with experts from the twenty-four nation "Group for Economic Assistance to Poland and Hungary" as to the most effective use of the \$1 billion stabilization fund. The President has also asked Congress to provide a \$100 million Enterprise Fund to help capitalize and invigorate the Polish private sector and has encouraged the World Bank to move ahead with new loans to help Polish agriculture and industry.

- o **Hungary:** The President also asked Congress to authorize a \$25 million Enterprise Fund as a source of new capital to invigorate the Hungarian private sector. The President informed Congress that Hungary is now receiving Most-Favored-Nation tariff treatment for the maximum period allowable under the law. The President also declared Hungary a beneficiary country under our Generalized System of Preferences which will allow duty free entry of Hungarian products into the U.S. market. He also called for legislation to allow OPIC to operate in Hungary, and for

greater scientific, technical, educational, and cultural exchanges between the U.S. and Hungary. The U.S. will negotiate a comprehensive business and economic agreement with Hungary to improve the business environment there while the President will seek to establish an International Environmental Center for Central and Eastern Europe in Budapest. Finally, he announced that the Peace Corps would operate in Hungary to enhance English language training -- the first time in a European country.

- o **The Economic Summit in Paris:** Immediately after the President's historic visit to Poland and Hungary, he proposed to the other world leaders gathered at the Paris Economic Summit that the industrial democracies join together to assist economic and political reform in Hungary and Poland. This led to creation of the "Group for Economic Assistance to Poland and Hungary." The industrial democracies also demonstrated their unity, by dealing with a variety of issues on the international economic agenda, as well as the problem of drugs and the environment.

- o **"Beyond Containment":** Seeing an historic process of change in the Soviet Union, the President has declared his intention to move beyond the successful policy of containment of Soviet power to a new policy whose goal is

integrating the Soviet Union into the world community as a constructive partner. Positive changes so far in Soviet policies -- in human rights, economic reforms, and settlement of some international conflicts -- need to be encouraged and broadened. The United States will be ready to respond to such further developments. Already:

-- The US-Soviet dialogue on conflicts in regions of the Third World has resumed intensively, and discussions have begun on a new range of global problems that require global cooperation, such as terrorism, the environment, and narcotics.

-- In arms control, the President has accelerated the pace of negotiations, with a new American initiative on reducing conventional forces in Europe, endorsed by the NATO Summit. At the Wyoming Ministerial, the U.S. and U.S.S.R. resolved major disagreements about the verification protocols to the Threshold Test Ban and Peaceful Nuclear Explosions Treaties, opening the way to completion of the treaties in 1990. The President also proposed an "Open Skies" initiative to improve the openness of military activities in NATO and Warsaw pact countries; it will be the subject of a Canadian-sponsored international conference early in 1990. Finally, in his speech to the U.N. General Assembly, the President proposed a new initiative to further a ban on chemical weapons, challenging the Soviets to

early destruction of the majority of the stocks of these weapons even while a multilateral treaty is being negotiated.

- o **China:** On his visit to China in February, the President emphasized the long-term strategic importance of the U.S.-China relationship and his support for the process of reform. In response to the subsequent tragic suppression of the democratic movement in China, the President ordered the suspension of all government-to-government sales and commercial exports of weapons, suspension of visits between US and Chinese military leaders, and review of other aspects of US-PRC bilateral relations. The President also acted swiftly to ensure that no Chinese nationals in the U.S. would be deported against their will, action that has since been extended and broadened. The President's policy makes clear that repression cannot be condoned. But it also seeks to preserve the basic elements of a strategically important relationship that has, itself, played a major part in China's recent policy of reform and openness -- and can do so again in the future.

- o **Latin America:** The President has established a close, working relationship with Latin American neighbors to foster a new partnership on hemisphere problems like democracy, debt, and drugs. Relations with Mexico are closer than at

any time in recent memory. The U.S. has also worked with the Organization of American States to develop a hemispheric consensus that Manuel Noriega should leave power and permit restoration of democratic rule. In early February, Vice President Quayle traveled to El Salvador to support free and fair elections and to deliver a warning to the Salvadoran military over human rights violations. In late June, the Vice President again visited El Salvador, as well as Costa Rica, Guatemala, and Honduras, advancing the Administration's policy on Panama and Nicaragua. He succeeded in having Costa Rican President Oscar Arias join in pressuring the Sandinista regime in Nicaragua to hold fair elections there. In October, the President attended a meeting of hemispheric leaders in San Jose, Costa Rica, where he stressed the importance of democracy to the Hemisphere and confirmed Nicaragua's isolation.

- o **Bipartisan Accord on Central America:** On March 24, the President and Congress agreed on a bipartisan plan for peace and democracy in Central America:
 - **Regional peace:** The President and Congress agreed that the region's democracies deserve our support, that Nicaragua's subversion of its neighbors must end, and that Soviet and Cuban support for violence and subversion in the hemisphere must also end.

- Humanitarian aid: Congress agreed to support the Administration's request for continued humanitarian assistance for the Nicaraguan Resistance at current levels through the elections in Nicaragua scheduled for February, 1990.
- Democracy: The Marxist Sandinistas are being put to the test to permit a real democratic electoral contest for political power, fulfilling the promises of democratic pluralism that they have made and broken so often before. Aid to the Nicaraguan opposition to help bring about a free and fair election was approved with bipartisan Congressional support. On November 14, a Presidential Commission on Election Monitoring in Nicaragua was formed, including Senators and Representatives from both sides of the aisle.
- o **Middle East:** The Administration is ~~devoted~~ to promoting progress toward peace in the Middle East by supporting the Government of Israel's May 14 initiative calling for Palestinian elections in the occupied territories. A five point framework advanced by the United States is central to these efforts. These elections can be a step toward a comprehensive peace settlement that assures Israel's security and the legitimate political rights of the Palestinians. The Administration also is actively

supporting the efforts of the Arab League and others to end the internecine warfare and to bring peace in Lebanon.

o **Asian initiatives:**

- Japan: The U.S. relationship with Japan has grown stronger under the Bush Administration. In security matters, Japan's contribution to the maintenance of U.S. forces stationed there increased by 12 percent, to \$2.8 billion per year, making it the most generous host nation support program enjoyed by the U.S. anywhere in the world. A major project also moved forward to co-develop an advanced fighter, based on the F-16, ^{increasing} as well as providing \$2.5 billion in contracts for American companies and the first significant technology flow-back from Japan. As part of an emerging global partnership with the U.S., Japan will provide significant financial contributions to Poland ⁱⁿ development assistance. On trade matters, the Structural Impediments Initiative talks have begun to clarify the long term sources of U.S.-Japan trade friction. In addition, the Administration began talks aimed at opening markets for U.S. satellites, super-computers, and forest products.
- Asia Pacific Economic Cooperation Conference: The Administration succeeded in launching -- through joint leadership with Japan, ^Korea, Australia and the ASEAN

The Security of both Japan and the U.S.

states -- the first conference on Asia Pacific Economic Cooperation in Canberra, Australia, in November. This was the first region-wide ministerial meeting to address collective responses to the great economic changes underway in the world. The APEC group will seek to present a united position in the Uruguay Round of GATT negotiations, establish working groups to study infrastructural needs of great importance to U.S. service industries in the region, and improve data sharing. Although modest at the outset -- by design -- these accomplishments are a solid beginning to fundamental trade liberalization in Asia and the Pacific.

-- Cambodia: In September 1989, the U.S. insistence on the right of self-determination for the Cambodian people occupied by Vietnamese forces since 1978, was rewarded by the withdrawal of Vietnamese main-force military units. The United States will continue to press for a comprehensive solution based on the Cambodian people's right to choose its own government in free and fair elections. Internationally-supervised elections, under an interim government led by Prince Sihanouk, hold the best prospect for denying dominance to either the murderous Khmer Rouge or the Hun Sen regime that was installed by the Vietnamese army.

Vice President Quayle, in two separate trips to the Pacific rim countries and Asian nations, has played a key role in the formulation of policy. In his spring trip to Australia, Indonesia, Singapore and Thailand, he worked to coordinate U.S. policy on Cambodia with that of our allies after the pullout of Vietnamese forces, and promoted U.S. trade interests. This fall, in a trip to South Korea, Japan, the Philippines, and Malaysia, the Vice President began delicate base negotiations with the Philippines government. He also restated U.S. commitment to Korea; signed an agreement on space cooperation with Japan; and advanced U.S. Cambodian policy in the region.

- o **A Strong Defense:** The President proposed to Congress and it adopted an integrated package on strategic modernization that modernizes the entire strategic triad. Although Congress made some reductions in amounts requested, its actions generally support the President's objectives.
 - The President proposed to Congress a two-missile plan to maintain a strong, modernized strategic deterrent. The bipartisan consensus to deploy the rail-mobile Peacekeeper and the road-mobile Small ICBM will also give the U.S. momentum in strategic arms control negotiations.
 - The modernization plan capitalizes on the revolutionary potential of the B-2, and modernizes the third leg of

the triad, our strategic submarine force. These programs are all essential to our arms control positions.

- The President requested a funding level of ~~\$4.6 billion~~ for the Strategic Defense Initiative to support an informed development and deployment decision within the next four years.
- The President also directed a Defense Management Review to develop a plan to implement fully the Packard Commission's blueprint to strengthen and streamline the defense acquisition system and to manage defense resources more effectively. The Review has been completed and its recommendations now being implemented promise to save billions of dollars annually.
- o **Air Transportation Security:** The Administration has taken several measures to enhance security and efficiency in the air transportation system. These efforts include:
 - New requirements for installation of explosive detection devices in high-risk airports.
 - Intense international negotiations to enhance security abroad.
 - Establishment of the President's Commission on Aviation Security and Terrorism.
 - A proposed 17% increase in the budget for the Federal Aviation Administration.

INVESTING IN OUR FUTURE

Record economic growth has provided Americans with the opportunity to invest in a brighter future. But, because the Nation's available resources are limited, the President's programs are designed to focus our efforts on those initiatives most likely to continue to create growth in the years ahead.

EDUCATION

The President pledged to provide national leadership in education reform. His actions to improve education are guided by **four principles**: encouraging excellence; targeting need; promoting flexibility and choice; and ensuring accountability.

ACTION BY THE ADMINISTRATION:

- o President Bush convened "**The President's Education Summit with Governors**" on September 27 and 28 in Charlottesville, Virginia. This event marked only the third time in our Nation's history that a President has called on the Governors to address a single issue of national importance. The Summit brought together the President, his Cabinet and the Governors in working groups and plenary sessions to focus on issues of choice and restructuring, teaching, the learning environment, governance, a competitive workforce and life-long learning, and postsecondary education.

- The President and the Governors issued a Joint Statement -- a "Jeffersonian compact" -- committing to four objectives for education reform in America: establish national education goals; increase flexibility in the use of Federal funds; implement state-by-state restructuring of the education system in exchange for enhanced accountability for results; and measure progress. A commitment was made to develop national goals and initiatives increase flexibility and accountability by early 1990.
- o On June 5, the President announced his intention to form the **President's Education Policy Advisory Committee**. Chaired by Paul O'Neill, Chief Executive Officer of Alcoa, the committee's membership includes representatives from education, business, labor and the media. The committee, which met for the first time in November, will advise the President directly on issues related to education policy.
- o On April 5, the President submitted to Congress a comprehensive set of education initiatives, **The Educational Excellence Act of 1989**. The Act proposes:
- **The Presidential Merit Schools program** -- to reward schools that are making substantial progress in raising students' educational achievement, creating a safe and

drug-free school environment, and reducing the drop-out rate.

- **A new Magnet Schools of Excellence program** -- to support the establishment, expansion or enhancement of magnet schools, increasing parental choice and improving quality education.
- **The Alternative Certification of Teachers and Principals program** -- to assist States interested in broadening the pool of talent from which to recruit teachers and principals.
- **President's Awards for Excellence in Education** -- to be recognize public and private school teachers in every state who meet the highest standards of excellence.
- **Drug-free Schools Urban Emergency Grants** -- to provide special assistance to selected urban school districts that are disproportionately affected by drug trafficking and abuse.
- **A National Science Scholars program** -- to provide college scholarships to high school seniors who have excelled in the sciences and mathematics.
- **Additional Funding Authorization for Endowment Matching Grants at Historically Black Colleges and Universities** -- to strengthen HBCUs by building endowments, an especially effective way to create financial strength and long-term security.

- o On April 24, the President issued a new **Executive Order on Historically Black Colleges and Universities (HBCUs)**.

Highlights of the order include:

- Establishing the President's Board of Advisors on Historically Black Colleges and Universities in the Department of Education.
 - Directing Federal agencies to increase opportunities for HBCU involvement in Federal programs and directing the Secretary of Education to develop an Annual Federal Plan for Assistance.
 - Calling for the White House Office of National Service, along with other Federal offices to work to encourage private sector support of HBCUs.
-
- o **Job training:** The Administration has sent to the Congress a proposal to improve the Job Training Partnership Act by targeting its resources on the poor and at risk youth and adults who most need job training to get jobs and become economically self sufficient.

FIGHTING DRUG ABUSE

A new assault in the war on drugs began with the announcement of the President's National Drug Control Strategy. The President set major new priorities in five principal areas: **the criminal justice system; drug treatment; education, community**

action, and the workplace; international initiatives; and interdiction efforts. Throughout, the strategy emphasizes the principle of user accountability.

ACTION BY THE ADMINISTRATION:

- o In his first televised Address to the Nation, the President unveiled the National Drug Strategy in September, describing a coordinated and comprehensive plan of attack under the leadership of the Director of National Drug Control Policy, William Bennett.
- o The National Drug Control Strategy recommends the largest dollar increase in the history of the drug war -- nearly \$2.2 billion, 39 percent above the FY 1989 level. Elements of the Strategy include:
 - Expanding the criminal justice system by providing funds for more police, jails, prosecutors, and courts; exploring alternatives for incarceration such as boot camps to free up jail and prison space; and requiring drug testing of prisoners, parolees, and arrestees.
 - Improving drug treatment by holding Federally-funded treatment programs accountable for their effectiveness through performance criteria; requiring drug testing in treatment programs receiving Federal funds; exploring the expanded use of "civil commitment," whereby addicts are sent by the courts to residential treatment

facilities; and improving drug treatment services for pregnant women.

- **Promoting education, community action, and the workplace** through emphasizing community-level prevention of drug use ~~before it starts~~; requiring schools and colleges to implement firm drug-free policies as a condition of receiving Federal funds; working for safe and drug-free public housing; promoting drug-free workplace policies in the private sector and implementing drug-free workplace policies within the Federal government; and by recommending testing for job applicants and employees in safety and sensitive positions.
- **Increasing emphasis on international initiatives**, such as dismantling drug trafficking organizations, targeting international efforts closer to production and trafficking sources; and reducing trafficking profits by focusing increased efforts on money laundering. The President responded to the drug-related crime and devastation in Columbia by providing technical assistance, weapons and other materials.
- **Taking a fresh approach to interdiction efforts** by creating interagency and interdisciplinary teams to analyze and target smuggling patterns, methods, and routes; targeting key individuals and high-value shipments; and enhancing the border interdiction

systems, operations, and activities of the U.S. Coast Guard, Customs Service and the Department of Defense.

COMBATTING VIOLENT CRIME

The President is working to strengthen the nation's criminal justice system and the Federal, state, and local law enforcement partnership.

Four principles underlie the goals of our criminal justice system and the means for accomplishing them: First, to protect citizens and their property; to hold those who commit violent crimes accountable for their actions; to have as the objective of our criminal justice system the swift and certain apprehension, prosecution and incarceration of those who break the law; and finally, to ensure a sustained, cooperative effort by Federal, state and local law enforcement authorities.

ACTION BY THE ADMINISTRATION:

- o On June 15, President Bush sent to Congress **The Comprehensive Violent Crime Control Act of 1989** to combat violent crime. The President's initiative includes:
 - **Strengthening Current Laws:** The President is calling on Congress to double the mandatory minimum penalties
 - from five years to ten years in Federal prison -- for the use of semi-automatic weapons in violent or drug-related crimes.

In addition, the Attorney General has been directed to advise federal prosecutors to end plea bargaining with persons accused of violent firearms offenses.

President Bush called on Congress to enact the legislation necessary to implement the death penalty for the most serious Federal crimes, and urged state Governors to match these Federal initiatives -- new mandatory sentencing, tougher rules on plea bargaining, and implementing the death penalty -- in the States.

-- **Controlling Certain Semi-Automatic Weapons:** In July, the Administration took action to ban permanently the importation of these semi-automatic weapons which fail to meet the criteria specified in the Gun Control Act of 1968. The President also called for the closing of loopholes which allow access to such guns by certain classes of criminals, and he proposed prohibiting the importation, and manufacture, of gun magazines of more than 15 rounds.

-- **Augmenting Enforcement:** The President has directed the Attorney General and the Treasury Secretary, working together with state and local authorities, to launch a comprehensive, coordinated offensive against America's most violent criminals.

President Bush requested funding for the hiring of 825 new Federal agents and staff -- 375 at the Bureau

of Alcohol, Tobacco and Firearms; 300 at the FBI; and 150 Deputy U.S. Marshals. This offensive, which also counts on the cooperation of state and local enforcement authorities, will target violent criminals and repeat offenders.

- **Enhancing Prosecution:** The President proposed increased funds for the U.S. Attorneys Offices to support 1,600 new prosecutors and staff, and increased funds for the Justice Department Criminal Division to support 168 new positions, to handle drug cases, weapons offenses, and other priority matters.
- **Expanding Prison Capacity:** The President proposed an additional \$1 billion for Federal prison construction, bringing the total FY 1990 budget to over \$1.5 billion. This will add 24,000 new Federal prison beds to the current 31,000 beds, an increase of nearly 80%.

Each of the above proposals for increased funding to fight violent crime was incorporated into the appropriations bills for drug-related activities passed by Congress at the close of the 1st Session and signed by the President on November 21.

- **Anti-Drug Treaty:** The Vienna Convention on Illicit Drugs and Psychotropic Substances was strongly endorsed by the President and forwarded to the Congress for ratification. This is the most significant and far-reaching treaty on international cooperation on drug

trafficking, chemical precursor control, and money laundering ever to be signed.

THE ENVIRONMENT

President Bush, a life-long environmentalist, has taken strong action to protect the environment. He believes that environmental protection, conservation, and wise management of our national resources must have a high priority on our national agenda.

ACTION BY THE ADMINISTRATION:

- o **Clean Air legislation:** On June 12, the President announced proposals that will take advantage of the power of the marketplace to reduce emissions which cause acid rain, urban ozone and toxic air pollution. The proposals, the first major overhaul of the Clean Air Act to be proposed by an Administration in over a decade, call for a 10 million ton reduction in SO₂ emissions by the year 2000, a 2 million ton reduction in NO_x from projected levels, a 40 percent reduction in emission of volatile organic compounds, and a reduction of 75 to 90 percent in air toxic emissions. [These reductions will also help curb any increase in global warming resulting from fossil fuel combustion.] The proposal also calls for the use of alternative fuels in one million

vehicles by 1997. Alternative fuels, while reducing ozone precursors, will also reduce the toxic aromatics which come from conventional gasoline. The President submitted a comprehensive Clean Air bill to the Congress on July 21 embodying the proposals announced on June 12. Earlier in the year, the statutory level corporable average fuel economy parenthetical standard was reinstated to 27.5 in gallons for for 1990 model years cars.

- o **Natural Gas Decontrol:** On July 26, the President signed into law the **Wellhead Decontrol Act of 1989**, which ends all remaining price controls on natural gas.
- o **Clean Coal Technologies:** The President proposed \$710 million in FY 1990 for the Clean Coal Technology program.
- o **Clean water and coastlines:** On March 10, the Department of Justice and the EPA implemented a medical waste tracking program to track medical wastes to ensure proper disposal and prevent ocean pollution -- the first step in a comprehensive program to help keep our beaches clean.
- o **Ocean dumping:** To meet the President's commitment to end ocean dumping, the EPA negotiated agreements with the states to stop dumping of sewage sludge by the end of 1991. This initiative also resulted in civil judicial or administrative penalty actions against 61 cities in 1989.

Space

- o **Cleaning up hazardous wastes:** On March 10, The President announced he will be seeking new legislation to amend the Resource Conservation and Recovery Act in order to give the United States Government authority to ban all exports of hazardous waste unless an agreement exists with the receiving country providing for the safe handling and management of those wastes.

- o **Alaskan oil spill:** The President sent a Cabinet-level team to assess the Alaskan oil spill, and a joint federal-state resource recovery team was convened. The National Transportation Safety Board is investigating the accident. Exxon has accepted the responsibility of paying for the cleanup, and for employing local civilian personnel necessary to control further damage.


The Departments of Transportation and Interior, as well as the EPA, are coordinating the long-range planning to restore the environment of Prince William Sound, and the President has ordered a review of existing contingency plans for accidents such as this.

The President also proposed, and the Paris Summit leaders accepted, a call for increased international efforts on oil spill prevention and clean-up.

- o **Oil Spill Legislation:** On May 11, the Administration transmitted to Congress comprehensive oil pollution

Spore

liability and compensation legislation that broadens and strengthens our existing patchwork of laws. The bill provides swift and assured compensation for cleanup costs and damages through a liability system based on strict financial responsibility requirements for shipowners backed up by an oil-industry financed fund.

- o **Offshore Oil Drilling:** The President postponed lease sales and offshore oil and gas development in environmentally sensitive areas off the coasts of California and Florida. The President set up a task force to examine the issues and report back to him in January of 1990.
- o **Department of Energy Facilities Cleanup:** The Administration has substantially increased spending for waste cleanup at Department of Energy facilities.
- o  [[Also, Secretary of Energy Watkins has put forth a plan of action to identify and ~~prioritize~~ cleanup projects while meeting the Nation's security needs; and ensuring compliance with environmental safety and health laws.]]
- o **Superfund:** The President's budget proposed \$175 billion to pursue an aggressive cleanup schedule of toxic waste sites; the Administration opposed Congressional efforts to cut the Superfund budget to \$1.5 billion. On June 14, EPA

Administrator Reilly, following the President's direction, concluded a Management Review of the Superfund Program. To implement reforms, E.P.A. is adding five hundred people to take aggressive enforcement action and ensure that sites are cleaned up.

- o **Global Climate Issues:** Through its chairmanship of the Response Strategies Working Group of the Intergovernmental Panel on Climate Change (IPCC), the U.S. has called for initial discussions ~~potentially~~ leading toward a framework convention on global climate change. Also, the President increased global environmental research for FY 1990 by 21 percent, to over \$628 million. The President endorsed NASA's Mission to Planet Earth as a key element in this research effort to ensure that critical global data sets are established.

- o **Stratospheric Ozone Depletion:** The President called for a worldwide phaseout of ozone-depleting CFCs and halons by the year 2000 if safe substitutes are available. In addition, the U.S. has instituted a unilateral _____ on CFC production to further discourage CFC emissions. The President's Clean Air initiative also will play a significant role in controlling greenhouse gas emissions.

- o **Wetlands, National Parks, and Reforestation:** The President is also committed to a national goal of "no net loss" of wetlands and an interagency task force has been convened to develop recommendations to achieve that goal.

He included \$206 million in new money in the FY 1990 budget to expand and improve America's parks and wildlife refuges, preserving them for generations to come. Congress accepted this proposal.

Finally, the President supports increased lending by the development banks for reforestation programs and the implementation of the Tropical Forest Action Plan. He also endorsed the call by the Paris Economic Summit for an end to world deforestation.

- o **Asbestos Ban:** On July 7, EPA announced an almost total phase-out of nearly all uses of asbestos by 1997. The ban will prohibit importation, manufacture, and processing of asbestos, a carcinogen linked to lung cancer and mesothelioma (lung and chest cancer).

- o **Improved Forecasting:** The Commerce Department announced that beginning in Fiscal Year 1990, the National Weather Service will modernize and restructure its operations to provide improved forecasting and weather warning systems. The new system will include advanced weather radar, observation automation, and a new communications system.

- o **Ban on African Elephant Ivory:** On June 5, the Administration announced ban on imports of African elephant ivory into the United States, making importation from any country illegal. The ban covers both commercial and non-commercial shipments. Since announcement of the ban, world trade in ivory has fallen sharply.

- o **Driftnet Fishing Agreements:** The Administration successfully persuaded Japan, Taiwan, and Korea to enter into driftnet fishing agreements to monitor driftnet practices and enforce laws prohibiting the taking of U.S. origin salmon.

EXPLORING SPACE

The President has committed this nation to an aggressive program to explore and use space in support of our national well being. U.S. leadership in space continues to be a fundamental objective guiding U.S. space activities .

ACTION BY THE ADMINISTRATION:

- o During the past year, the U.S. space program has returned an improved Space Shuttle Fleet to flight operations and successfully completed five demanding missions. In the space science area, a major revival of the planetary

exploration program has included launches of unmanned missions to Venus and Jupiter in May and October, and the August encounter of the planet Neptune by the Voyager 2 spacecraft.

- o On April 20, the President demonstrated the importance he attaches to the U.S. space program by signing an Executive Order establishing the National Space Council. President Bush named Vice President Quayle Chairman of the Council which is charged with bringing "coherence, continuity, and commitment to our efforts to explore, study, and develop space."
- o On July 20, the president announced a three-pronged program for the manned exploration of outer space. In the 1990's the U.S. will construct the permanently manned orbiting space station, Freedom; for the future a return to the Moon, this time to stay; and then ^{travel} to the planet Mars. The National Space Council is studying resource requirements and the feasibility of international cooperation in the President's human exploration initiative.
- o On November 2, the President approved a new national space policy updating and reaffirming U.S. goals and activities in space. Areas affected include space exploration, remote sensing, space transportation, space debris, commercial space activities, and Space Station Freedom.

WORKING FOR A KINDER, GENTLER AMERICAAFFORDABLE HOUSING

The President is committed to bringing basic shelter and affordable housing within reach of millions of Americans. His HOPE initiative addresses the full range of housing concerns: shelter for the homeless, affordable housing for low-income families, open access to expanded job opportunities, and help for first-time home buyers.

ACTION BY THE ADMINISTRATION:

- o On November 10, the President unveiled HOPE, a comprehensive agenda of **Homeownership and Opportunity for People Everywhere**. Major elements include:
 - **First-time home buyers:** The President will ask Congress to enact legislation allowing first-time buyers to draw, without penalty, on IRA savings as a downpayment for their first home.
 - **Low-income housing:** The President called on Congress to renew the Low-Income Housing Tax Credit as part of a package that also includes a reduction in the capital gains tax. He has also called on Congress to create up to **50 Enterprise Zones** over the next four years, using labor and capital-based incentives to create jobs and entrepreneurial activity in our most distressed

communities. In the hardest-hit urban areas, he has called for an elimination of the capital gains tax altogether. President Bush also supports housing vouchers that empower low-income families to choose where they want to live; and resident ownership and resident management of low income housing ~~areas.~~

- **FHA reforms:** The Administration has announced major reforms to ensure that FHA is true to its primary mission of making housing affordable for low and moderate income families. The President has asked HUD Secretary Jack Kemp to convene a Blue Ribbon Commission to identify barriers to affordable housing, and to make recommendations on how these barriers can be removed. The President charged Secretary Kemp with finding new ways to move FHA foreclosures into the hands of non-profit groups to help reduce homelessness to fight inner city poverty.
- **Homelessness:** The President requested full funding of the McKinney Homeless Assistance Act; and, on November 9, signed a bill that substantially increased funding for housing programs under the Act. As part of the HOPE initiative, the President will request \$236 million for an initiative to reduce homelessness among the chronically mentally ill and recovering substance abusers through public-private partnerships.

CHILD CARE

The changing nature of American society heightens the need for ~~quality, affordable, accessible~~ child care that suits both children's needs and families' circumstances. President Bush wants to put **choice** in the hands of parents so that they -- not government -- have the power to select the best and safest environment for their children.

ACTION BY THE ADMINISTRATION:

- o **Child care:** The President transmitted to Congress a child care package, the **Working Family Child Care Assistance Act of 1989** which:
 - Provides a new refundable child care tax credit of up to \$1000 per child under age four, for low income working families.
 - Makes the existing Child and Dependent Care Tax Credit refundable.
 - Does not discriminate against religious- or family-based child care, or against two-parent families in which a parent works in the home caring for the children.

- o The President has directed Secretary of Labor Dole to examine the role played by liability insurance in employer decisions on employer-provided child care.

- o **Head Start:** The President also challenged Congress to increase funding for Head Start by \$250 million in FY 1990. This expansion will enable up to 95,000 more four-year-olds to participate in the program -- 50,000 more than under the proposed Congressional appropriation.

AIDS INITIATIVES

The President has made combatting AIDS a national priority. The Administration is moving on a number of fronts to combat the spread of AIDS.

ACTION BY THE ADMINISTRATION:

- o **AIDS Clinical Trials Information Service:** The Administration developed a toll-free information service through which AIDS patients and their doctors can get up-to-date information on clinical trials of AIDS therapies --
✓ whether Federally or privately sponsored.

- o **New Drugs Approved:** The Administration approved three new therapies for treating persons infected with HIV, which for

the first time gives doctors approved treatments to use with HIV-infected people **before** they become sick with AIDS.

- o **Additional Clinical Trials:** The Administration initiated clinical trials for 38 promising new therapies for HIV-infected individuals.
- o **Experimental Drugs:** The Administration allowed an expansion in the availability of experimental therapeutic drugs used to treat people with AIDS and HIV infection.
- o **Wider Use of Existing Treatment:** The Administration announced in August that AZT, the only drug currently approved for treating persons with AIDS, has proven to help HIV-infected persons who have not yet developed AIDS.
- o **AIDS Prevention Guide:** The Administration worked with the National Parent Teachers Association to develop and distribute 500,000 copies of the "AIDS Prevention Guide" for use by parents and teachers nationwide.

ADOPTION

The President is committed to promoting adoption, especially of special needs children.

ACTION BY THE ADMINISTRATION:

- o **Legislation:** In September, the President sent two legislative proposals to Congress designed to encourage adoption of special needs children:
 - The first permits adoptive parents to deduct \$3000 from taxable income for adoption-related expenses.
 - The second reimburses Federal employees who adopt up to \$2000 for expenses.
- o In addition, the President has directed all Federal agencies to develop plans for supporting and promoting adoption of special needs children (e.g., flexible leave.)

NATIONAL SERVICE

The President's vision to help overcome the disintegration of communities and build a better America -- not through a federal government program, but through a nationwide community service movement -- has three facets: First, to issue a call to all individuals and institutions to claim society's problems as their own; second, to identify, enlarge, and multiply what is working; and third, to discover and encourage new leaders.

ACTION BY THE ADMINISTRATION:

- o In a series of speeches, President Bush called on all Americans and all American institutions, large and small, to

make community service of central to their daily life and work.

- o The President announced the formation of a foundation called the **Points of Light Initiative**, of which he will serve as Honorary Chairman. Formed to identify and build upon what is working, the Foundation will act as a magnet for the best ideas and brightest programs in community service and then serve as a catalyst to project these ideas into every corner of the nation. The Administration will ask Congress for \$25 million annually to support this initiative and will, in turn, seek matching funds from the private sector. The President has encouraged all communities nationwide to join the movement by forming local "Points of Light Action Groups" composed of outstanding leaders.

-- Through a Foundation initiative called the **ServNet Project**, professional firms, corporations, unions, schools, religious, civic and not-for-profit groups will be asked to donate the services of some of their most talented and promising people for a period of time. Peer-to-peer working groups will be formed to implement examples of successful initiatives and provide training, technical assistance and other support to enable other institutions to devise similar initiatives.



- Another Foundation initiative, the **ServLink Project**, will help improve existing methods of matching would-be volunteers with purposeful service opportunities. ServLink will stimulate the development, through private sector resources, of "technology links" like telephone hotlines, interactive computer programs, electronic bulletin boards and other mechanisms between those who wish to serve and those needing service in the inquirer's own community.
- The President has named a Presidential Commission to advise him on the legal structure of the Points of Light Initiative Foundation and the legislation needed to accomplish the Foundation's goals. The Commission is scheduled to report to the President in early December.
- The Foundation will also discover and encourage and develop new leaders in the field of community service by sponsoring workshops, forums, and symposia on community service leadership development, and by recognizing new leaders through at least two new Presidential Awards:
 - The **National Service Youth Leadership Awards** will be given each year to individuals.
 - The **President's Build A Community Awards** will honor those people and institutions who have

worked together to rebuild families or to revitalize communities.

CIVIL RIGHTS

The Bush Administration is committed to reaching out to minorities, and to striking down barriers to free and open access. The President has made it clear that this Administration will not tolerate discrimination, bigotry, or bias of any kind.

ACTION BY THE ADMINISTRATION:

- o **Civil rights:** The Administration has taken a number of actions to protect the civil rights of all Americans, including several court actions in key civil rights cases.
 - The President called upon Congress to reauthorize the Commission on Civil Rights. Following Congressional action, the President signed legislation reauthorizing the Commission through 1994.  
 - The Administration endorsed the Hate Crimes Bill, which provides for the collection of data about crimes motivated by race, religion, or ethnicity.
 - On March 13, Attorney General Thornburgh announced the filing of Federal housing discrimination lawsuits seeking monetary damages and civil penalties under the

expanded enforcement authority of the Fair Housing Amendments Act of 1988.

- o **Disabled Americans:** The President is committed to legislation that would extend civil rights protections to disabled Americans. This legislation, called the **Americans with Disabilities Act**, would represent the most significant expansion of federal civil rights laws in the past two decades. A version of the Act passed the Senate on September 7, and has been awaiting consideration in the House since then.
 - The legislation would provide unprecedented protections against discrimination in the area of employment, requiring reasonable accommodation be made by employers for disabled potential employees.
 - Most new buildings would be required to be accessible to the disabled.
 - Stores, providers of services, restaurants, and other public accommodations in existing buildings would be required to serve disabled Americans to the same extent they serve able Americans.

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- o **Whistleblower protection:** On April 10, the President signed S. 20, the **Whistleblower Protection Act of 1989**. This law will strengthen the protections and procedural rights

available to those federal employees who report misdeeds and mismanagement.

- This new law will enhance the authority of the Office of Special Counsel, and whistleblowers will also now be allowed to take their cases to the Merit Systems Protection Board.
- The statute alters the legal burdens of proof, making it easier for employees to be vindicated when they are wrongfully penalized by their supervisors for whistleblowing activities.

WELFARE REFORM

The Administration has implemented a major new education and job training program to help recipients of Aid to Families with Dependent Children move off welfare and become economically self-sufficient.

ACTION BY THE ADMINISTRATION:

- o **Welfare reform:** The Administration issued final rules on October 13 to implement the Job Opportunities and Basic Skills Training Program (JOBS) of the Family Support Act of 1988. The rules are designed to:

- Assist welfare recipients to become self-sufficient by providing needed employment-related activities and support services.
 - Provide maximum level of flexibility to AFDC parents in obtaining the type of child care that best suits their needs, consistent with the principle of parental choice embodied in the Administration's legislative proposals on child care.
 - The Administration is proposing to spend \$3.6 billion over the next five years implementing the JOBS Program. The changes will pay benefits in the future by reducing the number of individuals on welfare. It is estimated that there will be 138,000 fewer families on the welfare rolls over five years as a result of this program.
- o **Low Income Opportunity Board:** To continue progress in the area of welfare reform, the President reinstated this welfare policy coordinating unit established under President Reagan as the Interagency Low Income Opportunity Advisory Board. The Board enhances interagency coordination of Executive Branch activities designed to lift low-income Americans up from dependency, and assists States that seek to demonstrate more effective approaches for using Federal dollars to serve the low-income population.

EXPANSION OF MEDICAID

The President is committed to ensuring ^{quality} health care for disadvantaged mothers and children, the disabled, and poor, aged Americans. To help achieve this goal, federal spending on Medicaid will be \$39.1 billion for FY 1990, an increase of \$4.8 billion, or 12.2 percent over the FY 1989 level.

ACTION BY THE ADMINISTRATION:

- o **Expanding Medicaid:** President Bush has taken concrete steps toward improving health care for at-risk populations and decreasing infant mortality. This year, he asked Congress to raise mandatory Medicaid eligibility for pregnant women, infants and children to 130 percent of the poverty level. Congress took action to raise the eligibility to 133% -- consistent with the President's proposal. In addition, he requested an expansion of Medicaid coverage of immunizations for all children under age 6 who are eligible for Food Stamps.

ETHICS

President Bush is committed to high ethical standards for his Administration and will enforce these standards strictly,

comprehensively, and fairly. The Administration also remains committed to an overhaul of the existing campaign finance system.

ACTION BY THE ADMINISTRATION:

- o **Ethics Law Reform:** The President issued an Executive Order creating the President's Commission on Federal Ethics Law Reform, which submitted its recommendations on March 9. Responding to the Commission's work, the President, on April 12, sent to Congress a sweeping ethics bill and simultaneously issued an Executive Order announcing ethical principles for the conduct of executive branch employees.

Recently, Congress, in consultation with the President, passed an ethics reform measure which included a pay raise for members of Congress and certain federal officers and employees. Many of the provisions of that package mirror the President's original proposals.

- o **Ethics Reform:** Numerous reforms proposed in President Bush's ethics legislation were enacted by Congress shortly before it adjourned sine die. The President sent his bill to the Congress in April, and simultaneously issued an ethics Executive Order establishing standards for the Executive Branch. The measures in the new legislation and the Executive Order include:

- Strengthened post-employment restrictions -- applicable for the first time to the Congress -- that protect against individuals abusing the revolving door for private gain.
- A ban on receipt of honoraria by all Federal employees for speeches and articles, and a cap on outside earned income for higher salaried non-career employees in all three branches. (As enacted, neither these limits nor the concomitant salary increase applies to Senators or Senate employees.) Full-time noncareer Presidential appointees in the Executive Branch are prohibited from receiving any outside earned income.
- Deferral of tax liability when individuals are required by the Office of Government Ethics to divest assets in order to avoid conflicts of interest. The President's Commission on Federal Ethics Law Reform endorsed this reform and identified divestiture as "the single most important device" to eliminate conflicts of interest.
- Establishment of consistent financial disclosure rules across the three branches of government.
- Creation of uniform conflict-of-interest rules for high-level House and Senate staff that prohibit contact with Executive Branch agencies about matters in which staff members have personal financial interests.
- Development of a single Executive-Branch-wide set of standards of conduct regulations.

o **Campaign Finance Reform:** The President's comprehensive campaign finance reform proposal is designed to lessen the undue power of monied special interests and enhance the role of individuals and the political parties in elections. It also seeks to ~~undue~~ restore real competition to American Congressional elections. Below are proposal highlights:

- **Eliminating political action committees (PACs)** funded by corporations, unions, or trade associations, and prohibiting such entities from paying for the overhead or administrative costs of any independent PAC.
- **Strengthening political parties by increasing the support they are permitted to provide congressional candidates.** Heightened party involvement would enhance our political system, further neutralize the power and influence of monied special interests and permit candidates to spend less time on fundraising and more time addressing the issues.
- Addressing the problem of the "permanent Congress" by **reforms designed to reduce the unfair advantages of incumbency.** Specifically, the proposals would drastically **reduce Congressional mailings under the frank, ban the rollover of campaign funds** from one election cycle to the next, and **legislate fair neutral criteria for the redistricting** of Congressional and legislative lines that will follow the 1990 census.

-- **Requiring full disclosure all soft money** spent by the political parties and all labor unions, corporations, and trade associations to influence a federal election.]]

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Grant
Draft Four
December 4, 1989

BUILDING A BETTER AMERICA
ACCOMPLISHMENTS OF THE BUSH ADMINISTRATION

KEEPING THE ECONOMY STRONG

Maintaining the current expansion with low inflation is the key to improving standards of living, increasing job opportunities for all Americans, and increasing investment in productive capacity. Economic performance during this expansion has been exceptionally good with extraordinary job growth. The policies of the Bush Administration are designed to preserve this strong record.

- o **Record peacetime expansion**: The current expansion reached 84 months in November. This is the second longest economic expansion in U.S. history and the longest peacetime expansion.

- o **Job creation**: Over 20,⁷ million new jobs have been created during this expansion, and this year the unemployment rate has reached levels not seen in over 15⁶ years. The benefits of robust economic growth have been shared by all demographic groups as indicated by historically low unemployment rates for women and minorities. During this decade, America has created more new jobs than Japan and the nations of Western Europe combined. A higher percentage of

American adults is at work than at any other time in our history.

- o **Record income:** Real per capita disposable personal income -- personal income after taxes and inflation -- has risen 20 percent during this expansion.
- o **Higher national saving and investment:** Partly due to the discipline of the Gramm-Rudman-Hollings process, the Federal deficit has declined from 6.3 percent of GNP in fiscal year 1983 to 3.0 percent in FY 1989. The personal saving rate averaged 5.³~~4~~ percent over the first three quarters of 1989, well above its recent low of 3.2 percent in 1987.
- o **New Business Incorporations:** During the first nine months of 1989, 520,108 new corporations were formed. Ninety-eight percent of these new corporations are small businesses. At the same time, business failures numbered just 37,⁸⁷⁰~~380~~ -- a decline of ^{15.6}~~15.9~~ percent from the first nine months of 1988. ✓
- o **Improved International Trade Position:** The international trade position of the United States has improved substantially. U.S. exports are at an all-time high and the trade deficit (as measured by exports minus imports) has been cut ^{by 30%} ~~in half~~ from its level in 1987.

- o **Inflation under control:** Consumer price inflation has remained under 5 percent in each of the seven years from 1980 and the recent slowing in economic growth to a

THE WHITE HOUSE

WASHINGTON

Insert bullet on page 3 of the "Keeping the Economy Strong" section:

DOMESTIC POLICY COUNCIL COMMENTS

- Insert C*
- o **Enhanced Rescission Authority:** On August 4, the President endorsed the Legislative Line-Item Act of 1989 (S.1553), providing the President with the enhanced rescission authority. Such authority will help the President reduce the federal deficit by allowing him to eliminate wasteful and unnecessary spending in appropriations bills.

reconciliation bill were ~~likely~~

deficit reduction targets with no new taxes.

- o *Enhanced Rescission Authority: insert C*

- o **Addressing the international debt problem:** The Administration has taken the lead in encouraging commercial banks to reduce the debt and debt service burdens of developing countries. Recently, three countries -- Mexico, the Philippines, and Costa Rica -- have reached ~~final~~ *deals* agreements ~~or agreements in principle~~ with commercial banks under the Administration's debt plan. The differences in these agreements appropriately reflect differing

circumstances in ^{each} ~~the three~~ countries and illustrate the flexibility of the Administration's approach.

- o **Minimum wage agreement:** The Administration and Congressional leaders reached agreement on a plan, now signed into law, ^{by the President} ~~to raise~~ ^{increase basic} the minimum wage to \$4.25 per hour ^{by 1991} and to ~~permit businesses to pay a training wage to young, entry-level workers.~~ ^{will create an historic} ~~The higher minimum wage will help the working poor while preserving jobs and the training wage.~~ ^{training insisted upon by the Administration} ~~will allow businesses to hire inexperienced workers and give them the start they need in a working career.~~ ^{Save thousands of jobs for the and younger, less experienced workers.}
- o **Disaster assistance:** The Administration and Congress have worked together to provide necessary supplemental funding to assist victims of Hurricane Hugo and the California earthquake. This funding is helping to provide those who lost their homes with temporary shelter, is assisting uninsured, needy families and business owners rebuild their homes and business establishments, and is helping governments in the affected areas rebuild highways and other public facilities. ~~Federal funding to rebuild transportation systems will exceed \$1 billion.~~
- o **Savings and Loan reform:** The President signed the **Financial Institutions Reform, Recovery and Enforcement Act of 1989** on August 9. This legislation came to grips with the serious

Financial of *the* fiscal problems facing *our* savings and loan industry, and *has helped* has safeguarded and stabilized America's ~~financial~~ system *of thrift institutions.*

The Act assures that the long developing problems in our *thrift* savings industry will never happen again. It significantly reforms the regulation of the thrift industry and separates the chartering of the institutions from the insurance of deposits. It establishes strict *standards including new capital requirements* new guidelines to assure the solvency of thrift institutions in the future, ~~including~~ ~~new capital requirements,~~ and sets stiff penalties for wrongdoing by the officers of insured institutions. Further, the act provides \$50 billion to finance the *resolution* restructuring of insolvent *thrift* institutions.

- o **International Trade:** The Administration is forcefully promoting the opening of world markets through bilateral negotiations, *and* the Uruguay Round of multilateral negotiations under the General Agreement on Tariffs and Trade, *and* It successfully broke a stalemate in the Uruguay Round's mid-term review and put in place a framework *for negotiations,* agreed to by the 96 member nations, to *open markets and create rules for* correct and prevent trade distortions *fair play in international trade in goods and services.* in agriculture. It is engaged in bilateral ~~trade~~ talks with Japan to identify and eliminate structural factors that may impede *balance of payments adjustment and* efficient patterns of world trade. The approaches being pursued in these discussions will provide long-term benefits for both countries. The Administration has also created a high level interagency

group to assure that U.S. trade and investment interests are addressed as the European Community works to create a single market in 1992. To further meet the global economic challenges of the 1990's, the President named Vice President Quayle chairman of a newly established Council on Competitiveness. Under the leadership of the Vice President, the council has developed a strategy for reform of the existing maze of product liability laws in order to maintain American competitiveness.

- o **Steel imports:** The President initiated, and the Administration successfully implemented, a two-and-a-half year Steel Trade Liberalization Program. The program is designed to phase out, in a responsible and orderly manner, the Voluntary Restraint Arrangements (VRAs) that currently limit steel imports into the U.S. and to negotiate an international consensus to ~~address~~ *eliminate subsidies and other* trade-distorting practices.
- o **Agricultural initiatives:** The Administration has placed its comprehensive agricultural proposals before the Uruguay Round of multilateral trade negotiations. These proposals would harmonize domestic agricultural programs of producing countries and reduce distortions to patterns of international production and trade. In addition, the

o *International Competitiveness:* ↘

Administration has formed a task force to develop a farm bill for 1990.

- o **National Energy Strategy:** The President directed the Secretary of Energy to develop a comprehensive national energy strategy for the nation. The strategy will layout short, mid and long-term options to help the nation meet our energy security and environmental responsibilities and, at the same time, ensure that markets will provide a sensible mix of energy sources to protect America's economic competitiveness. In the meantime, the Administration has moved to enhance energy security and conserve our natural resources by accelerating the filling of the Strategic Petroleum Reserve to 750 million barrels, ~~increasing automobile fuel efficiency standards, and requiring new appliances built after 1992 to use 25 percent less energy than today's models.~~ ^{refrig}

- o **Women and Minority Business Ownership:** The President has called for the promotion of women's business ownership through a series of procurement and credit conferences conducted by the Small Business Administration. The SBA has also implemented a new small loan program beneficial to women entrepreneurs. To advise the Administration on ways to promote the growth of minority business ownership, the President announced the formation of the Minority Business

Development Commission. The S.B.A. has also implemented new regulations to strengthen the Minority Small Business and Capital Ownership Development program and further promote minority business development. *In addition, the President Bush has called for the reinvigoration of the Minority Business Development Agency in the Department of Commerce.*

SEIZING INTERNATIONAL OPPORTUNITIES FOR PEACE

Went □
 In his Inaugural Address, the President said, "The day of the dictator is over. The totalitarian era is passing, its old ideas blown away like leaves from an ancient lifeless tree." Indeed, this year has seen dramatic and promising changes. From the Third World to the Communist World, the resurgence of the ideals of political and economic freedom has shaken Marxist and other authoritarian regimes to their foundations. The President is determined to continue moving on a broad front to seize this unique opportunity to strengthen world peace and the cause of freedom.

ACTION BY THE ADMINISTRATION:

- o **A Resurgence of Democracy:** Maintaining America's leadership role in the world, the President developed a strategy to encourage and help sustain the historic processes taking place, especially in Eastern Europe. Early in his Administration, the President expressed his hope for the success of perestroika in the Soviet Union. In April, he

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SEIZING INTERNATIONAL OPPORTUNITIES FOR PEACE

In his Inaugural Address, the President heralded the historic new era of freedom that was dawning: "The day of the dictator is over. The totalitarian era is passing, its old ideas blown away like leaves from an ancient lifeless tree." Four decades of strength and solidarity among the Western democracies, reinforced by the new vigor of American leadership in the 1980's, had borne fruit. From the Third World to the Communist World -- including ~~in~~ Europe -- the resurgence of the ideals of political and economic freedom has shaken Marxist-Leninist and other dictatorial regimes to their foundations. ~~Our adversaries were forced finally to confront the failures of their past policies at home and abroad =>~~ leading to dramatic and promising changes. The President has seized the initiative and seized the opportunity, taking the lead in Western efforts to join with the Soviet Union to build a new structure of peace and freedom.

spoke in Hamtramck, Michigan, calling for self-determination in Eastern Europe and an end to the division of the continent. In May, President Bush called for the Berlin Wall to come down, and he set forth his vision of a Europe "whole and free" during his visit to Mainz, Germany. In the Western Hemisphere, the President strongly supported the extension of democracy, especially in Nicaragua and Panama where the United States has worked with the ~~O.A.S.~~ ^{Organization of American States} to encourage free and fair elections -- and to condemn efforts to thwart the express will of the people. In October, the President underscored the U.S. commitment to hemispheric democracy by attending the 100th anniversary celebration of Costa Rican democracy.

- o **Western Europe:** The President proposed new mechanisms for U.S. consultation and cooperation with the EC Commission and member states as the European Community works toward creating a single market in 1992. Seeing the resurgence of Western Europe as a triumph of democratic values and principles, the President has welcomed its success, confident that a mature U.S.-E.C. partnership will serve our mutual interests and serve as a beacon for the East.
- o **NATO Summit:** At the successful NATO Summit in May, the President's vision of Europe as well as agreement on a new conventional arms reduction initiative helped build Alliance

unity and confidence and define the Alliance's future agenda.

- o **Eastern Europe:** As Poland and Hungary have taken unprecedented steps toward pluralism, democracy, and market economic policies, the United States has encouraged each step and signaled its strong support. The President has also encouraged more recent movement towards change in East Germany, Bulgaria, and Czechoslovakia. The President's strong support for political pluralism and economic reform in Hungary and Poland was highlighted by ^{July} his visits to those nations, and by the international leadership he ^{has} exercised in mobilizing major international backing for these reforms. The President ^{proposed} offered a major U.S. package of economic assistance and trade and investment incentives to assist in the economic restructuring of Poland and Hungary. All elements of the President's package were adopted by Congress and ^{have} become the framework for the "Support for East European Democracy Act." ~~He~~ The President also offered technical assistance to both countries to help their efforts to address ~~the~~ ^{the} ~~alternate~~ ~~pollution~~ ~~problems~~ of pollution.
- o **Poland:** Following up on the program he announced on April 17 in Hamtramck, Michigan, the President called upon Congress to declare Poland a beneficiary country under the U.S. Generalized System of Preferences and to authorize the Overseas Private Investment Corporation to operate in Poland. The U.S. proposed a business and economic agreement

that he signed into law in November.

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Finally,

The U.S. subsequently concluded a new science and technology agreement with Hungary in which both sides will contribute funds to encourage joint research endeavors in basic and applied sciences.

that will promote trade, investment and other contacts between the private sectors of both countries. ✓ The President also asked ^{for and} Congress to approve a \$200 million grant ~~for stabilization purposes~~ which would be the U.S. contribution to the \$1 billion in Western ^{stabilization fund} assistance the Poles have requested. In November, he sent a Presidential Mission of experts to Warsaw, headed by Agriculture Secretary Yeutter, to discuss with the Polish Government its economic plans and ^{to} evaluate ^{them.} its needs. The Mission also included Secretaries Dole and Mosbacher, and Michael Boskin, Chairman of the Council of Economic Advisors, along with ^{20 prominent} business, ^{and academic} and labor ^{IS} leaders. It will make ¹¹⁹ recommendations to the President based on their findings and deliberations with ^{The Mission's} experts from the twenty-four nation "Group for Economic Assistance to Poland and Hungary". ^{will also be shared with} as to the most effective use of the \$1 billion stabilization fund. The President has also asked Congress ^{has also} to provide ^{for 240} a \$100 million Enterprise Fund ^{plus \$125 million in emergency food aid and additional funds for environmental} to help capitalize and invigorate the Polish private sector and ^{for labor and other reform projects.} has encouraged the World Bank to move ahead with new loans to help Polish agriculture and industry. The Administration signed a cultural agreement with Poland which will result in the opening of a U.S. cultural center in Warsaw. ^{It also} and launched a telecommunications ~~infrastructure development there.~~ ~~for~~ ~~infrastructure~~

- o **Hungary:** The President also asked Congress to authorize an ~~\$25~~ million Enterprise Fund as a source of new capital to

As to the most effective use of the nearly \$1 billion in US assistance already authorized by Congress

invigorate the Hungarian private sector. The President informed Congress that Hungary is now receiving Most-Favored-Nation tariff treatment for the maximum period allowable under the law. The President also declared Hungary a beneficiary country under our Generalized System of Preferences which will allow duty free entry of Hungarian products into the U.S. market. He also ~~called for~~ *proposed and Congress passed* legislation to allow OPIC to operate in Hungary, and for greater scientific, technical, educational, and cultural exchanges between the U.S. and Hungary. The U.S. will negotiate a comprehensive business and economic agreement with Hungary to improve the business environment ~~there while~~ *and will* ~~the President will seek to~~ establish an International Environmental Center for Central and Eastern Europe in Budapest. Finally, he announced that the Peace Corps would operate in Hungary to enhance English language training -- the first time in a European country. *(insert H)*

- o **The Economic Summit in Paris:** Immediately after the President's historic visit to Poland and Hungary, he proposed to the other world leaders gathered at the Paris Economic Summit that the industrial democracies join together to assist economic and political reform in Hungary and Poland. This led to creation of the "Group for Economic Assistance to Poland and Hungary." The industrial democracies also demonstrated their unity, by dealing with a

which has raised several billion dollars in financial assistance for these two countries and is working to assure effective aid coordination.

variety of ^{other} issues on the international economic agenda, as well as the problem of drugs and the environment.

- o **"Beyond Containment":** Seeing an historic process of change in the Soviet Union, the President has declared his intention to move beyond the successful policy of containment of Soviet power to a new policy whose goal is integrating the Soviet Union into the world community as a constructive partner. Positive changes so far in Soviet policies -- in human rights, economic reforms, and settlement of some international conflicts -- ^{are being} need to be encouraged and broadened. ^{As demonstrated at Malta, 15} The United States ~~will be~~ ready to respond to such further developments. Already:
 - The U.S.-Soviet dialogue on conflicts in regions of the Third World has resumed intensively, and discussions have begun on a new range of global problems that require global cooperation, such as terrorism, the environment, and narcotics.
 - In arms control, the President has accelerated the pace of negotiations, with a new American initiative on reducing conventional forces in Europe, endorsed by the NATO Summit. At the Wyoming Ministerial, the U.S. and U.S.S.R. resolved major disagreements about the verification protocols to the Threshold Test Ban and Peaceful Nuclear Explosions Treaties, opening the way to completion of the treaties in 1990. The President

THE WHITE HOUSE

Office of the Press Secretary
(Brussels, Belgium)

For Immediate Release

December 4, 1989

FACT SHEET

The President's Initiatives During the Malta Meeting

December 2 - 3, 1989

The President and Chairman Gorbachev exchanged views on a variety of issues during their meetings in Malta, including the remarkable events leading to peaceful and democratic change in Eastern and Central Europe.

The President noted his strong support for perestroika and suggested that the two leaders work to give major new impetus to the U.S.-Soviet relationship. The President conveyed his strong personal commitment to this goal.

In this spirit, the President put forward the following ideas:

Next Steps

- ~~1. Holding the Summit in the United States during the last two weeks in June.~~
- ~~2. Having the next meeting of Foreign Ministers next month in the Soviet Union to prepare for the Summit.~~

Economics and Commercial Relations

1. Targeting the 1990 Summit for completion of a trade agreement granting Most Favored Nation status to the Soviet Union, so that the President can grant a Jackson-Vanik waiver at that time. To reach that goal, the President proposed beginning negotiations on a trade agreement now and urged the Supreme Soviet to complete action on its emigration legislation early next year.
2. Supporting observer status for the Soviet Union in GATT after the Uruguay Round is completed next year. The President urged the Soviet Union to use the intervening time to move toward market prices at the wholesale level so its economy will become more compatible with the GATT system.
3. Expanding U.S.-Soviet technical economic cooperation. The President presented a paper proposing specific economic projects, covering topics such as finance, agriculture, statistics, small business development, budgetary and tax policy, a stock exchange, and anti-monopoly policy.
- ~~4. Exploring with Congress the lifting of statutory restrictions on export credits and guarantees after a Jackson-Vanik waiver.~~
- ~~5. Beginning discussions of a bilateral investment treaty that would provide protections for American business people who want to invest in the Soviet Union.~~
6. Improving ties between the Soviets and the OECD, and East-West economic cooperation through the economic basket of the CSCE process.

Human Rights

Resolving all divided family issues by the time of the 1990 Summit. In this regard, the President handed over a list of people wishing to emigrate.

*Insert
on Malta*

insert

Regional Issues

Expressed disappointment with Soviet policy on Central America, noting it was out of step with the new Soviet direction domestically in Eastern Europe and in arms control. Nicaragua/Cuba remains the single most disruptive factor in the relationship.

Arms Control

1. Speeding achievement of a chemical weapons ban by offering to end U.S. production of binary weapons when the multilateral convention on chemical weapons enters into force, in return for Soviet acceptance of the terms of our UN proposal to ban chemical weapons.
2. Proposing to sign an agreement at the 1990 Summit to destroy U.S. and Soviet chemical weapons down to 20 percent of the current U.S. level.
3. Suggesting joint U.S.-Soviet support for a CFE Summit to sign a CFE treaty in 1990.
4. Accelerating the START process in order to resolve all substantive issues and to conclude a treaty, if possible, by the 1990 Summit. ~~To this end, the President suggested that Secretary Baker and Foreign Minister Shevardnadze concentrate on resolving at their January meeting three of the outstanding START issues: ALCMs, non-deployed missiles, and telemetry encryption.~~
5. Completing work on the Threshold Test Ban Treaty (TTBT) and the Peaceful Nuclear Explosions Treaty (PNET) for signature at the 1990 Summit.
6. Proposing that the Soviet Union join efforts to constrain missile proliferation more effectively by observing the limits developed by the U.S. and its allies in the Missile Technology Control Regime.

Military Openness

Making public more information on military programs. The President suggested that the Soviet Union make public the details of its military budget, force posture and weapons production figures, just as the United States now does.

Olympics

Suggesting joint U.S.-Soviet support for Berlin as the site of the 2004 Olympic Games.

Environment

1. Hosting a conference next fall to negotiate a framework treaty on global climate change, after the working groups of the UN-sponsored Intergovernmental Panel on Climate Change submit their final report.
2. Convening an international meeting at the White House next spring for top level scientific, environmental, and economic officials to discuss global climate change issues. The President expressed hope that the Soviets will join us by sending their top officials in the field.

Student Exchanges

Increasing significantly university exchanges so that an additional 1,000 American and 1,000 Soviet college students are studying in each other's country by the beginning of the 1991 school year.

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- In science and technology, the Administration concluded a new basic sciences agreement with the Soviet Union which will bring together researchers of both nations to cooperate in areas as diverse as physics, life sciences, and science policy.

also proposed an "Open Skies" initiative to improve the openness of military activities in NATO and Warsaw pact countries; it will be the subject of a Canadian-sponsored international conference early in 1990.

Finally, in his speech to the U.N. General Assembly, the President proposed a new initiative to further a ban on chemical weapons, challenging the Soviets to early destruction of the majority of the stocks of these weapons even while a multilateral treaty is being negotiated.

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- o **China:** On his visit to China in February, the President emphasized the long-term strategic importance of the U.S.-China relationship and his support for the process of reform. In response to the ~~subsequent~~ *in June,* tragic suppression of the democratic movement in China, ^{Students or} the President ordered the suspension of all government-to-government sales and commercial exports of weapons, suspension of visits between U.S. and Chinese military leaders, and review of other aspects of U.S.-PRC bilateral relations. The President also acted swiftly to ensure that no Chinese ^{Succeed to return to China} nationals in the U.S. would be ~~deported~~ against their will, action that has since been extended and broadened. The President's policy makes clear that repression cannot be condoned. But it also seeks to preserve the basic elements of a strategically important relationship that has, itself, played a major part

in China's recent policy of reform and openness -- and can do so again in the future.

o **Asian initiatives:**

- Japan: The U.S. relationship with Japan has grown stronger under the Bush Administration. In security matters, Japan's contribution to the maintenance of U.S. forces stationed there increased by 12 percent, to \$2.8 billion per year, making it the most generous host nation support program enjoyed by the U.S. anywhere in the world. A major project also moved forward to co-develop an advanced fighter, based on the F-16, ^{American companies} ~~the project will be provided~~ ^{with} increasing the security of both Japan and the U.S. ~~\$2.5~~ ^{receive} billion in contracts ~~for American companies~~ and the first significant technology flow-back from Japan. As part of an emerging global partnership with the U.S., Japan will provide significant ~~financial contributions~~ ^{development assistance} to Poland ~~in development assistance~~. On trade matters, the Structural Impediments Initiative talks have begun to clarify the long term sources of U.S.-Japan trade friction. In addition, the Administration began talks aimed at opening markets for U.S. satellites, super-computers, and forest products.
- Asia Pacific Economic Cooperation Conference: The Administration succeeded in launching -- through joint leadership with Japan, Korea, Australia and the ASEAN

states -- the first conference on Asia Pacific Economic Cooperation in Canberra, Australia, in November. This was the first region-wide ministerial meeting to address collective responses to the great economic changes underway in the world. The APEC group will seek to present a united position in the Uruguay Round of GATT negotiations, establish working groups to study infrastructural needs of great importance to U.S. service industries in the region, and improve data sharing. Although modest at the outset -- by design -- these accomplishments are a solid beginning to fundamental trade liberalization in Asia and the Pacific.

-- Cambodia: In September 1989, the U.S. insistence on the right of self-determination for the ~~Cambodian~~ ^{People of} ~~people~~ occupied by Vietnamese forces since 1978, was rewarded by the withdrawal of Vietnamese main-force military units. The United States will continue to press for a comprehensive solution based on the Cambodian people's right to choose its own government in free and fair elections. Internationally-supervised elections, under an interim government led by Prince Sihanouk, hold the best prospect for denying dominance to either the murderous Khmer Rouge or the Hun Sen regime that was installed by the Vietnamese army.

Vice President Quayle, in two separate trips to the Pacific rim countries and Asian nations, has played a key role in the formulation of policy. In his spring trip to Australia, Indonesia, Singapore and Thailand, he worked to coordinate U.S. policy on Cambodia with that of our allies ^{in anticipation of} after the pullout of Vietnamese forces, and promoted U.S. trade interests. This fall, in a trip to South Korea, Japan, the Philippines, and Malaysia, the Vice President began delicate base negotiations with the Philippines government. He also restated U.S. commitment to Korea; signed an agreement on space cooperation with Japan; and advanced U.S. Cambodian policy in the region.

- o **Latin America:** The President has established a close, working relationship with Latin American neighbors to foster a new partnership on hemisphere ^{IC ISSUES} problems like democracy, debt, and drugs. Relations with Mexico are closer than at any time in recent memory. ~~In October, the U.S. and Mexico signed a~~ In October, the President attended a meeting of hemispheric leaders in San Jose, Costa Rica, where he stressed the importance of democracy to the Hemisphere and confirmed Nicaragua's isolation.
- **Panama:** The U.S. has also worked with the Organization of American States to develop a hemispheric consensus that Manuel Noriega should leave power and permit restoration of democratic rule. On November 30, the President denied Panamanian flag vessels access to U.S.

The Administration is currently negotiating a new agreement with Mexico to expand trade and investment opportunities.

~~new framework for negotiating specific markets opening trade agreements.~~

ports after January 31, 1990. This measure will deprive Noreiga's illegal regime of tens of millions of dollars in revenue.

- El Salvador: The President remains committed to supporting the democratically elected government of El Salvador *against extremists of both right and left.* In Malta, the President insisted that the Soviets take more effective action to stop Nicaragua and Cuba from sending arms to the Marxist FMLN guerrillas. The United States regards the preservation of fundamental human rights as an integral part of its effort to help build democratic institutions in El Salvador and will work with the government to bring human rights violators to justice.

In early February, Vice President Quayle traveled to El Salvador to support free and fair elections and to deliver a warning to the Salvadoran military over human rights violations. In late June, the Vice President again visited El Salvador, as well as Costa Rica, Guatemala, and Honduras, advancing the Administration's policy on Panama and Nicaragua. ~~He succeeded in having~~ Costa Rican President Oscar Arias ^{ed} join in pressuring the Sandinista regime in Nicaragua to hold fair elections there.

- o **Bipartisan Accord on Central America:** On March 24, the President and Congress agreed on a bipartisan plan for peace and democracy in Central America:
 - **Regional peace:** The President and Congress agreed that the region's democracies deserve our support, that Nicaragua's subversion of its neighbors must end, and that Soviet and Cuban support for violence and subversion in the hemisphere must also end.
 - **Humanitarian aid:** Congress agreed to support the Administration's request for continued humanitarian assistance for the Nicaraguan Resistance at current levels through the elections in Nicaragua scheduled for February, 1990.
 - **Democracy:** The Marxist Sandinistas are being put to the test to permit a real democratic electoral contest for political power, fulfilling the promises of democratic pluralism that they have made and broken so often before. Aid to the Nicaraguan opposition to help bring about a free and fair election was approved with bipartisan Congressional support. On November 14, a Presidential Commission on Election Monitoring in Nicaragua was formed, including Senators and Representatives from both sides of the aisle.

- o **Middle East:** The Administration is promoting progress toward peace in the Middle East by supporting the Government

of Israel's May 14 initiative calling for Palestinian elections in the occupied territories. A five-point framework advanced by the United States is central to these efforts. These elections can be a step toward a comprehensive peace settlement that assures Israel's security and the legitimate political rights of the Palestinians. The Administration also is actively supporting the efforts of the Arab League and others to end the internecine warfare, and to bring peace in Lebanon.

- Promote internal reconciliation, to a united state that is free of all foreign forces.*
- o *Canada: The Administration began an immediate reduction of tariffs as a first step in a multi-year phase out of trade barriers - the result of the U.S.-Canadian Free Trade Agreement that took effect January 1, 1989.*
 - o **African Initiatives:** ~~The Administration has worked with Congress to achieve a bipartisan policy supporting the goal of dismantling apartheid and establishing a non-racial democratic society in South Africa.~~ *The Administration* It has also played a significant role in supporting the free and fair elections in Namibia, which have opened the door to independence and democracy in that country, *and in promoting diplomatic solutions to regional conflicts in Angola, Mozambique and elsewhere. Our debt forgiveness initiatives of about \$500 million in debt and associated interest payments provide important assistance to*
 - o **A Strong Defense:** Congress adopted an integrated package proposed by the President on strategic modernization that modernizes the entire strategic triad. Although Congress made some reductions in amounts requested, its actions generally support the President's objectives.
 - The President proposed to Congress a two-missile plan to maintain a strong, modernized strategic deterrent.
 - The bipartisan consensus to deploy the rail-mobile

African countries implementing market-oriented reforms.

Peacekeeper and the road-mobile Small ICBM will also give the U.S. momentum in strategic arms control negotiations.

- The modernization plan capitalizes on the revolutionary potential of the B-2, and ^{also} modernizes ~~the third leg of the triad,~~ our strategic submarine force. These programs are ~~all~~ essential to our arms control positions.
 - The President requested funding for the Strategic Defense Initiative to support an informed development and deployment decision within the next four years.
 - The President also directed a Defense Management Review to develop a plan to implement fully the Packard Commission's blueprint to strengthen and streamline the defense acquisition system and to manage defense resources more effectively. The Review has been completed and its recommendations now being implemented promise to save billions of dollars annually.
- o **Air Transportation Security:** The Administration has taken several measures to enhance security and efficiency in the air transportation system. These efforts include:
- New requirements for installation of explosive detection devices in high-risk airports.
 - Intense international negotiations to enhance security abroad.

- Establishment of the President's Commission on Aviation Security and Terrorism.
- A proposed 17% increase in the budget for the Federal Aviation Administration.

INVESTING IN OUR FUTURE

Record economic growth has provided Americans with the opportunity to invest in a brighter future. ~~But, because the Nation's available resources are limited,~~ the President's programs are designed to focus our efforts on those initiatives most likely to continue to create growth in the years ahead.

EDUCATION

The President pledged to provide national leadership in education reform, *and mobilize society to achieve literacy for all Americans.* His actions to improve education are guided by *federal assistance to those most* four principles: encouraging excellence; targeting need; *in* promoting flexibility and choice; and ensuring accountability.

ACTION BY THE ADMINISTRATION:

- o President Bush convened "The President's Education Summit with Governors" on September 27 and 28 in Charlottesville, Virginia. This event marked only the third time in our Nation's history that a President has *convened* ~~called on~~ the *Nation's* Governors to address a single issue of national importance.

The Summit brought together the President, his Cabinet and the Governors in working groups and plenary sessions to focus on issues of choice and restructuring, teaching, the learning environment, governance, a competitive workforce and life-long learning, and postsecondary education.

-- The President and the Governors issued a Joint Statement -- a "Jeffersonian compact" -- committing to four objectives for education reform in America: *check?* ^{establishing identity} establish national education goals; increase ^{ing} flexibility in the use of Federal funds; implement state-by-state restructuring of the education system ⁱⁿ exchange for enhanced accountability, ~~for results~~; and measure ^{ing performance} progress. A commitment was made to develop national goals and initiatives ^{to} increase flexibility and accountability by early 1990.

- o On June 5, the President announced his intention to ^{create} ~~form~~ the **President's Education Policy Advisory Committee**. Chaired by Paul O'Neill, ^{Chairman and} Chief Executive Officer of Alcoa, the committee's membership includes representatives from education, business, labor and the media. The committee, which met for the first time in November, ~~will~~ ^{advise} the President ~~directly~~ on issues related to education policy.

o On April 5, the President submitted to Congress a comprehensive set of education initiatives, **The Educational Excellence Act of 1989**. The Act proposes:

- **The Presidential Merit Schools program** -- to reward schools that are making substantial progress in raising students' educational achievement, creating a safe and drug-free school environment, and reducing the drop-out rate.
- **A new Magnet Schools of Excellence program** -- to support the establishment, expansion or enhancement of magnet schools, ^{focusing on disciplines important to the Nation's economic competitiveness such as math and science,} increasing parental choice and improving quality education.
- **The Alternative Certification of Teachers and Principals program** -- to assist States interested in broadening the pool of talent from which to recruit teachers and principals.
- **President's Awards for Excellence in Education** -- to recognize public and private school teachers in every state who meet the highest standards of excellence.
- **Drug-free Schools Urban Emergency Grants** -- to provide special assistance to selected urban school districts that are disproportionately affected by drug trafficking and abuse.
- **A National Science Scholars program** -- to provide college scholarships to high school seniors who have excelled in the sciences and mathematics.

-- **Additional Funding Authorization for Endowment Matching Grants at Historically Black Colleges and Universities**

-- to strengthen HBCUs by building endowments, an especially effective way to create financial strength and long-term security.

- o On April 24, the President issued a new **Executive Order on Historically Black Colleges and Universities (HBCUs)**.

Highlights of the order include:

- Establishing the President's Board of Advisors on Historically Black Colleges and Universities in the Department of Education.
- Directing Federal agencies to increase opportunities for HBCU involvement in Federal programs and directing the Secretary of Education to develop an Annual Federal Plan for Assistance.
- Calling for the White House Office of National Service, along with other Federal offices to work to encourage private sector support of HBCUs.

~~o Vocational Education Reauthorization:~~

- o ~~**National American Initiative:** The Departments of Education and Interior have committed to a major initiative to ensure Native American students receive a quality education.~~

- o **Hispanic Initiative:** The President has directed the Secretary of Education to form a Task Force on Hispanic

The President submitted legislation to reauthorize the Carl D. Perkins Vocational Education Act.

Education to assess how well federal education programs serve Hispanics and recommend ways to enhance the federal role.

- o Job training: The Administration has sent to Congress a proposal to improve the Job Training Partnership Act by targeting its resources on the poor and at risk youth and adults who most need job training to get jobs and become economically self sufficient.

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Job Training Partnership Act Amendments: As part of an overall effort to prepare those least skilled and most disadvantaged young Americans for the workforce of the future, the Administration has proposed amendments to the Job Training Partnership Act. The revisions to this nation's most successful job training program would provide a total support system for our at-risk youth -- job training plus remedial education, basic skills training, literacy, counseling and financial assistance.

Research and Development section add. -

INSERT NEW SECTION ON PAGE 22

RESEARCH AND DEVELOPMENT

The President promised to strengthen Federal Science and Technology Policy and Oversight to ensure that national security and economic programs are based on sound scientific and technological principles. Seven major areas have been targeted ~~to be of increasingly~~ ^{as} critically ⁺ importance to the Nation's economic health: the physical sciences and engineering, life sciences and medical issues, education, information policy, international R&D affairs, industrial technology, and industrial competitiveness. ~~In addition, mechanisms for enhancing private sector advice and guidance in these and other areas should be established to interact with existing and new Federal policy coordinating efforts.~~

ACTION BY THE ADMINISTRATION

0 President Bush has designated the Director of the Office of Science and Technology Policy to be Assistant to the President for Science and Technology and to be a member of Domestic Policy Council, the Economic Policy Council, the Space Council, and to work closely with the National

Security Council and the Council on Competitiveness on matters involving science and technology.

0 The President has restructured the Office of Science and Technology Policy (OSTP) ^{which} ~~and is proposing to the Congress confirmation of four Associate Directors, reflecting the importance that the President attaches to the advice and council provided by this agency. This new structure will allow OSTP to collaborate~~ with the Office of Management and Budget in analyzing and preparing federal R&D budgets and to play a central role in developing and coordinating Federal science and technology strategies.

0 The President has ~~directed that~~ the Federal Coordinating Council for Science, Engineering, and Technology (FCCSET) ~~be revitalized and upgraded and that new committees, including the Human Resources Committee, be formed to coordinate and integrate R&D planning among agencies government-wide.~~

✓ 0 The President has established a Council of Advisors on Science and Technology (PCAST), composed of twelve distinguished scientists, mathematicians, and engineers from the private sector, to advise him directly on science and technology, ~~and, through panels of experts paralleling intra-governmental FCCSET committees, to provide private sector input into the higher levels of federal decision-making.~~

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FIGHTING DRUG ABUSE

A new assault in the war on drugs began with the announcement of the President's National Drug Control Strategy. The President set major new priorities in five principal areas: the criminal justice system; drug treatment; education, community action, and the workplace; international initiatives; and interdiction efforts. Throughout, the strategy emphasizes the principle of user accountability.

ACTION BY THE ADMINISTRATION:

- o In his first televised Address to the Nation, the President unveiled the National Drug Strategy in September, describing a coordinated and comprehensive plan of attack under the leadership of the Director of National Drug Control Policy, William Bennett.

- o The National Drug Control Strategy recommends the largest dollar increase in the history of the drug war -- nearly \$2.2 billion, 39 percent above the FY 1989 level. Elements of the Strategy include:
 - Expanding the criminal justice system by providing funds for more police, jails, prosecutors, and courts; exploring alternatives for incarceration such as boot

camps to free up jail and prison space; and requiring drug testing of prisoners, parolees, and arrestees.

- **Improving drug treatment** by holding Federally-funded treatment programs accountable for their effectiveness through performance criteria; requiring drug testing in treatment programs receiving Federal funds; exploring the expanded use of "civil commitment," whereby addicts are sent by the courts to residential treatment facilities; and improving drug treatment services for pregnant women.
- **Promoting education, community action, and the workplace** through emphasizing community-level prevention of drug use; requiring schools and colleges to implement firm drug-free policies as a condition of receiving Federal funds; working for safe and drug-free public housing; promoting drug-free workplace policies in the private sector and implementing drug-free workplace policies within the Federal government; and by recommending testing for job applicants and employees in safety and sensitive positions.
- **Increasing emphasis on international initiatives**, such as dismantling drug trafficking organizations, targeting international efforts closer to production and trafficking sources; and reducing trafficking profits by focusing increased efforts on money laundering.) The President has engaged our foreign

The Treasury Department has initiated the Financial Crime Enforcement Network (FINCEN), a multi-source money laundering intelligence, analysis and targeting bureau.

and to provide trade benefits ~~to these~~
~~countries~~ Andean nations in support
of their ~~war~~ ^{in support of their efforts in the}
war on drugs.

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policy in the international war against drugs. He approved an Andean strategy involving a \$2.2 billion five-year program to help the Andean nations attack production, processing and trafficking in drugs, ~~insert A~~ called for increased cooperation and coordination of anti-drug programs with our allies, the Soviets and international bodies, and raised drugs as a priority in U.S. foreign policy.

- **Taking a fresh approach to interdiction efforts** by creating interagency and interdisciplinary teams to analyze and target smuggling patterns, methods, and routes; targeting key individuals and high-value shipments; and enhancing the border interdiction systems, operations, and activities of the U.S. Coast Guard, Customs Service and the Department of Defense.

o *Anti-drug Treaty: move from p. 32*

COMBATTING VIOLENT CRIME

The President is working to strengthen the nation's criminal justice system and the Federal, state, and local law enforcement partnership.

Four principles underlie the goals of our criminal justice system and the means for accomplishing them: First, to protect citizens and their property; to hold those who commit violent crimes accountable for their actions; to have as the objective of our criminal justice system the swift and certain apprehension,

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December 4, 1989

BUILDING A BETTER AMERICA
ACCOMPLISHMENTS OF THE BUSH ADMINISTRATION

KEEPING THE ECONOMY STRONG

Maintaining the current expansion with low inflation is the key to improving standards of living, increasing job opportunities for all Americans, and increasing investment in productive capacity. Economic performance during this expansion has been exceptionally good with extraordinary job growth. The policies of the Bush Administration are designed to preserve this strong record.

- o **Record peacetime expansion:** The current expansion reached 84 months in November. This is the second longest economic expansion in U.S. history and the longest peacetime expansion.

- o **Job creation:** Over 20,⁷ million new jobs have been created during this expansion, and this year the unemployment rate has reached levels not seen in over 15⁶ years. The benefits of robust economic growth have been shared by all demographic groups as indicated by historically low unemployment rates for women and minorities. During this decade, America has created more new jobs than Japan and the nations of Western Europe combined. A higher percentage of

American adults is at work than at any other time in our history.

- o **Record income:** Real per capita disposable personal income -- personal income after taxes and inflation -- has risen 20 percent during this expansion.
- o **Higher national saving and investment:** Partly due to the discipline of the Gramm-Rudman-Hollings process, the Federal deficit has declined from 6.3 percent of GNP in fiscal year 1983 to 3.0 percent in FY 1989. The personal saving rate averaged 5.4³ percent over the first three quarters of 1989, well above its recent low of 3.2 percent in 1987.
- o **New Business Incorporations:** During the first nine months of 1989, 520,108 new corporations were formed. Ninety-eight percent of these new corporations are small businesses. At the same time, business failures numbered just 37,380⁸⁷⁰ -- a decline of 15.6^{15.6} percent from the first nine months of 1988. ✓
- o **Improved International Trade Position:** The international trade position of the United States has improved substantially. U.S. exports are at an all-time high and the trade deficit (as measured by exports minus imports) has been cut ^{by 30%} in half from its level in 1987.

THE WHITE HOUSE

WASHINGTON

Insert bullet on page 3 of the "Keeping the Economy Strong" section:

DOMESTIC POLICY COUNCIL COMMENTS

- o Enhanced Rescission Authority: On August 4, the President endorsed the Legislative Line-Item Act of 1989 (S.1553), providing the President with the enhanced rescission authority. Such authority will help the President reduce the federal deficit by allowing him to eliminate wasteful and unnecessary spending in appropriations bills.

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- o **Inflation under control:** Consumer price inflation has remained under 5 percent in each of the seven years from 1982 to 1988, and the recent slowing in economic growth to a sustainable rate will lessen price pressures in the near future. In the last twelve months, the CPI has increased only 4.5 percent and, in the last three months, the index has risen at an annual rate of only 2.6 percent.

ACTION BY THE ADMINISTRATION:

- o **Implementing fiscal restraint:** Throughout the year, the Administration negotiated with Congress to pass a fiscally responsible budget agreement that met the requirements of the Gramm-Rudman-Hollings law. As a result of the negotiations, a series of appropriations bills and a budget reconciliation bill were finally enacted which meet the deficit reduction targets with no new taxes.
- o *Enhanced Recession Authority: want C*
- o **Addressing the international debt problem:** The Administration has taken the lead in encouraging commercial banks to reduce the debt and debt service burdens of developing countries. Recently, three countries -- Mexico, the Philippines, and Costa Rica -- have reached ~~final~~ *agreements* ~~or agreements in principle~~ with commercial banks under the Administration's debt plan. The differences in these agreements appropriately reflect differing

circumstances in ~~the three~~ ^{each} countries and illustrate the flexibility of the Administration's approach.

- o **Minimum wage agreement:** The Administration and Congressional leaders reached agreement on a plan, now signed into law, ^{by the President} ~~to raise~~ ^{increase} the ~~minimum~~ ^{basic} wage to \$4.25 per hour ^{by 1991} and to ~~permit businesses to pay a training wage to young, entry-level workers.~~ ^{will create an historic} ~~The higher minimum wage will help the working poor while preserving jobs and the training wage, will allow businesses to hire inexperienced workers and give them the start they need in a working career.~~ ^{training insisted upon by the Administration}
Save thousands of jobs for the and younger, less experienced workers.
- o **Disaster assistance:** The Administration and Congress have worked together to provide necessary supplemental funding to assist victims of Hurricane Hugo and the California earthquake. This funding is helping to provide those who lost their homes with temporary shelter, is assisting uninsured, needy families and business owners rebuild their homes and business establishments, and is helping governments in the affected areas rebuild highways and other public facilities. ~~Federal funding to rebuild transportation systems will exceed \$1 billion.~~
- o **Savings and Loan reform:** The President signed the **Financial Institution Reform, Recovery and Enforcement Act of 1989** on August 9. This legislation came to grips with the serious

Financial of *the* fiscal problems facing our savings and loan industry, and *has helped* has safeguarded and stabilized America's ~~financial~~ system *of thrift institutions*.

The Act assures that the long developing problems in our *thrift* savings industry will never happen again. It significantly reforms the regulation of the thrift industry and separates the chartering of the institutions from the insurance of deposits. It establishes strict new *standards including new capital requirements* guidelines to assure the solvency of thrift institutions in the future, ~~including~~ ~~new capital requirements~~, and sets stiff penalties for wrongdoing by the officers of insured institutions.

Further, the act provides \$50 billion to finance the *resolution* restructuring of insolvent *thrift* institutions.

- o **International Trade:** The Administration is forcefully promoting the opening of world markets through bilateral negotiations, *and* the Uruguay Round of multilateral negotiations under the General Agreement on Tariffs and Trade, *and* It successfully broke a stalemate in the Uruguay Round's mid-term review and put in place a framework *for negotiations,* agreed to by the 96 member nations, to *open markets and create rules for* correct and prevent trade distortions *fair play in international trade in goods and services.* in agriculture. It is engaged in bilateral trade talks with Japan to identify and eliminate structural factors that may impede *balance of payments adjustment and* efficient patterns of world trade. The approaches being pursued in these discussions will provide long-term benefits for both countries. The Administration has also created a high level interagency

group to assure that U.S. trade and investment interests are addressed as the European Community works to create a single market in 1992. To further meet the global economic challenges of the 1990's, the President named Vice President Quayle chairman of a newly established Council on Competitiveness. Under the leadership of the Vice President, the council has developed a strategy for reform of the existing maze of product liability laws in order to maintain American competitiveness.

- o **Steel imports:** The President initiated, and the Administration successfully implemented, a two-and-a-half year Steel Trade Liberalization Program. The program is designed to phase out, in a responsible and orderly manner, the Voluntary Restraint Arrangements (VRAs) that currently limit steel imports into the U.S. and to negotiate an international consensus to ~~address~~ *eliminate subsidies and other* trade-distorting practices.
- o **Agricultural initiatives:** The Administration has placed its comprehensive agricultural proposals before the Uruguay Round of multilateral trade negotiations. These proposals would harmonize domestic agricultural programs of producing countries and reduce distortions to patterns of international production and trade. In addition, the

o *International Competitiveness:* ✓

Administration has formed a task force to develop a farm bill for 1990.

- o **National Energy Strategy:** The President directed the Secretary of Energy to develop a comprehensive national energy strategy for the nation. The strategy will layout short, mid and long-term options to help the nation meet our energy security and environmental responsibilities and, at the same time, ensure that markets will provide a sensible mix of energy sources to protect America's economic competitiveness. In the meantime, the Administration has moved to enhance energy security and conserve our natural resources by accelerating the filling of the Strategic Petroleum Reserve to 750 million barrels, ~~increasing automobile fuel efficiency standards, and requiring new appliances built after 1992 to use 25 percent less energy than today's models.~~ ^{refrig}

- o **Women and Minority Business Ownership:** The President has called for the promotion of women's business ownership through a series of procurement and credit conferences conducted by the Small Business Administration. The SBA has also implemented a new small loan program beneficial to women entrepreneurs. To advise the Administration on ways to promote the growth of minority business ownership, the President announced the formation of the Minority Business

Development Commission. The S.B.A. has also implemented new regulations to strengthen the Minority Small Business and Capital Ownership Development program and further promote minority business development. *In addition, the President Bush has called for the reinvigoration of the Minority Business Development Agency in the Department of Commerce.*

SEIZING INTERNATIONAL OPPORTUNITIES FOR PEACE

Insert □
 In his Inaugural Address, the President said, "The day of the dictator is over. The totalitarian era is passing, its old ideas blown away like leaves from an ancient lifeless tree." Indeed, this year has seen dramatic and promising changes. From the Third World to the Communist World, the resurgence of the ideals of political and economic freedom has shaken Marxist and other authoritarian regimes to their foundations. The President is determined to continue moving on a broad front to seize this unique opportunity to strengthen world peace and the cause of freedom.

ACTION BY THE ADMINISTRATION:

- o **A Resurgence of Democracy:** Maintaining America's leadership role in the world, the President developed a strategy to encourage and help sustain the historic processes taking place, especially in Eastern Europe. Early in his Administration, the President expressed his hope for the success of perestroika in the Soviet Union. In April, he

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SEIZING INTERNATIONAL OPPORTUNITIES FOR PEACE

In his Inaugural Address, the President heralded the historic new era of freedom that was dawning: "The day of the dictator is over. The totalitarian era is passing, its old ideas blown away like leaves from an ancient lifeless tree." Four decades of strength and solidarity among the Western democracies, reinforced by the new vigor of American leadership in the 1980's, had borne fruit. From the Third World to the Communist World -- including ~~in~~ Europe -- the resurgence of the ideals of political and economic freedom has shaken Marxist-Leninist and other dictatorial regimes to their foundations. ~~Our adversaries were forced finally to confront the failures of their past policies at home and abroad =>~~ leading to dramatic and promising changes. The President has seized the initiative and seized the opportunity, taking the lead in Western efforts to join with the Soviet Union to build a new structure of peace and freedom.

spoke in Hamtramck, Michigan, calling for self-determination in Eastern Europe and an end to the division of the continent. In May, President Bush called for the Berlin Wall to come down, and he set forth his vision of a Europe "whole and free" during his visit to Mainz, Germany. In the Western Hemisphere, the President strongly supported the extension of democracy, especially in Nicaragua and Panama where the United States has worked with the ~~O.A.S.~~ *Organization of American States* to encourage free and fair elections -- and to condemn efforts to thwart the express will of the people. In October, the President underscored the U.S. commitment to hemispheric democracy by attending the 100th anniversary celebration of Costa Rican democracy.

- o **Western Europe:** The President proposed new mechanisms for U.S. consultation and cooperation with the EC Commission and member states as the European Community works toward creating a single market in 1992. Seeing the resurgence of Western Europe as a triumph of democratic values and principles, the President has welcomed its success, confident that a mature U.S.-E.C. partnership will serve our mutual interests and serve as a beacon for the East.
- o **NATO Summit:** At the successful NATO Summit in May, the President's vision of Europe as well as agreement on a new conventional arms reduction initiative helped build Alliance

unity and confidence and define the Alliance's future agenda.

- o **Eastern Europe:** As Poland and Hungary have taken unprecedented steps toward pluralism, democracy, and market economic policies, the United States has encouraged each step and signaled its strong support. The President has also encouraged more recent movement towards change in East Germany, Bulgaria, and Czechoslovakia. The President's strong support for political pluralism and economic reform in Hungary and Poland was highlighted by ^{July} his visits to those nations, and by the international leadership he ^{has} exercised in mobilizing major international backing for these reforms. The President ^{proposed} offered a major U.S. package of economic assistance and trade and investment incentives to assist in the economic restructuring of Poland and Hungary. All elements of the President's package were adopted by Congress and ^{have} become the framework for the "Support for East European

Democracy Act." ~~He~~ The President also offered technical assistance to both countries to help their efforts to address ~~the~~ ~~pollution~~ ~~problems~~ of pollution.

- o **Poland:** Following up on the program he announced on April 17 in Hamtramck, Michigan, the President called upon Congress to declare Poland a beneficiary country under the U.S. Generalized System of Preferences and to authorize the Overseas Private Investment Corporation to operate in Poland. The U.S. proposed a business and economic agreement

that he signed into law in November.