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Grant
Draft Five
December 9, 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 16 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 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 37,820 -- a decline of 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 percent 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 **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.

- 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 agreements with commercial banks under the Administration's debt plan. The differences in these agreements appropriately reflect differing circumstances in each country 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 increase the basic minimum wage to \$4.25 per hour by 1991 and will create an historic training wage insisted upon by the Administration. The training wage will save thousands of job for the working poor 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.

- 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 problems of the savings and loan industry, and has helped safeguard and stabilize America's system of thrift institutions. The Act assures that the long developing problems in our thrift 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 to assure the solvency of thrift institutions in the future, and sets stiff penalties for wrongdoing by the officers of insured institutions. Further, the act provides \$50 billion to finance the resolution of insolvent thrift institutions.

- o **International Trade:** The Administration is forcefully promoting the opening of world markets through the Uruguay Round of multilateral negotiations under the General Agreement on Tariffs and Trade and bilateral negotiations. 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 fair play in international trade in goods and services. It is engaged in bilateral 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.

- 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 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

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

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

- 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, President Bush has called for the reinvigoration of the Minority Business Development Agency in the Department of Commerce.

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 Europe -- the resurgence of the ideals of political and economic freedom has shaken Marxist-Leninist and other doctoral regimes to their foundations 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.

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 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 his July visit to those nations, and by the international leadership he has exercised in mobilizing major international backing for these reforms. The President proposed a major U.S. package

of economic assistance and trade and investment incentives to assist in the economic restructuring of Poland and Hungary. The President also offered technical assistance to both countries to the address problems of pollution. All elements of the President's package were adopted by Congress and became the framework for the "Support for East European Democracy Act" that he signed into law in November.

- 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. Congress has also provided for a \$240 million Enterprise Fund to help capitalize and invigorate the Polish private sector, plus \$125 million in emergency food aid and additional funds for environmental, labor and other reform projects. The U.S. has also 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 launched a telecommunications infrastructure development there. The President also asked

for and Congress approved a \$200 million grant which would be the U.S. contribution to the \$1 billion Western stabilization fund 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. The Mission also included Secretaries Dole and Mosbacher, and Michael Boskin, Chairman of the Council of Economic Advisers, along with 20 prominent business, labor, and academic leaders. It is making recommendations to the President as to the most effective use of the nearly \$1 billion in U.S. assistance already authorized by Congress. The Mission's findings will also be shared with the twenty-four nation "Group for Economic Assistance to Poland and Hungary."

- o **Hungary:** The President also asked Congress to authorize an 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 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 and will 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. 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.

- 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 the creation of the "Group for Economic Assistance to Poland and Hungary" which has raised several billion dollars in financial assistance for these two countries and is working to assure effective aid coordination. The industrial democracies also demonstrated their unity, by dealing with a 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 encouraged and broadened. As demonstrated at Malta, the United States is 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 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. 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.

- o **Malta:** 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. Among the ideas that the President proposed were:

- 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.

- 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.
- 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.

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.

Arms Control

- 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.

- 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.
- Suggesting joint U.S.-Soviet support for a CFE Summit to sign a CFE treaty in 1990.
- Accelerating the START process in order to resolve all substantive issues and to conclude a treaty, if possible, by the 1990 Summit.

Environment

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.

Student Exchanges

Significantly increasing 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.

- 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 tragic suppression of the democratic movement in China in June, 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 students or nationals in the U.S. would be forced to return to China 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, increasing the security of both Japan and the U.S. American companies will receive \$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 development assistance to Poland. 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 (APEC) 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 people of Cambodia 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 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 hemispheric issues like democracy, debt, and drugs. Relations with Mexico are closer than at any time in recent memory. The Administration is currently negotiating a new agreement with Mexico to expand trade and investment opportunities. 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. ports after January 31, 1990. This measure will deprive Noriega'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. Costa Rican President Oscar Arias joined 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 President also is actively supporting the efforts of the Arab League and others to promote internal reconciliation, end the internecine warfare, and bring peace to a united Lebanon 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:** A balanced approach of pressure and incentives may well be achieving progress toward the goal of dismantling apartheid and establishing a non-racial

democratic society in South Africa. The Administration 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 \$800 million in debt and associated interest payments provides important assistance to African countries implementing market-oriented reforms.

- 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 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 our strategic submarine force. These programs are 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. 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 four principles: encouraging excellence; targeting federal assistance to those most in 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 history that a President has convened 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: establishing national education goals; increasing flexibility in the use of Federal funds in exchange for enhanced accountability; implementing state-by-state restructuring of the education system; and measuring performance. 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 **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, advises the President 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 (HBCUs)** -- to strengthen HBCUs by building endowments,

an especially effective way to create financial strength and long-term security.

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

- **Hispanic Initiative:** The President has directed the Secretary of Education to form a Task Force on Hispanic Education to assess how well federal education programs serve Hispanics and recommend ways to enhance the federal role.

- **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.

- o **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 as critically important 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.

ACTION BY THE ADMINISTRATION:

- o The President has restructured the Office of Science and Technology Policy (OSTP) which will work with the Office of Management and Budget in analyzing and preparing federal R&D budgets and will play a central role in developing and coordinating Federal science and technology strategies.

- o The President has revitalized and upgraded the Federal Coordinating Council for Science, Engineering, and Technology (FCCSET) to coordinate and integrate R&D planning among agencies government-wide.

- o 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 on science and technology.

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 principle 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 agents, jails, prosecutors, and courts; 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 Treasury Department has mediated the Financial Crime Enforcement Network (FINCEN), a multi-source money laundering intelligence, analysis and targeting bureau. The President has engaged our foreign 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 and to provide trade benefits support of their efforts in the war on drugs 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:** The Vienna Convention on Illicit Drugs and Psychotropic Substances was strongly endorsed by the President and forwarded to 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.

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 advised 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.
- o **Controlling Certain Semi-Automatic Weapons:** In July, the Bureau of Alcohol, Tobacco and Firearms took action to ban permanently the importation of those semi-automatic weapons which fail to meet the criteria specified in the Gun Control Act of 1968. The President also called for enhanced penalties and the closing of loopholes related to the sale and transfer of 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 interagency effort, 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 1990 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 32,000 beds currently available.

Each of the above proposals for increased funding to fight violent crime was addressed in 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.

THE ENVIRONMENT

President Bush, a life-long environmentalist, has taken strong action to protect the environment. He has placed environmental protection, conservation, and wise management of our natural resources as high priorities 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 smog 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. The proposal also calls for the use of alternative fuels in one million vehicles by 1997. Alternative fuels, while reducing emissions that cause smog, 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.

- o **Natural Gas Decontrol:** On July 26, the President signed into law the **Wellhead Decontrol Act of 1989**, which, by 1993, will end all remaining price controls on natural gas, a clean-burning, domestically abundant fuel.
- 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, EPA implemented a medical waste tracking program to track medical wastes to ensure proper disposal and prevent ocean pollution -- a major step forward 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.
- o **Cleaningup of Hazardous Wastes:** On March 10, The President announced he will be seeking 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. Vice President Quayle twice visited the cleanup site and met with local officials and affected businessmen. 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 Department of Transportation is heading the Administration's cleanup efforts while the EPA is coordinating the Departments of Agriculture and Interior and the National Atmospheric and Oceanic Administration on 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 Administration has also called for Exxon to pay the full cost of environmental damages resulting from the spill. The President also proposed, and the Paris Summit leaders accepted, a call for increased international efforts on oil spill prevention and clean-up.

- **Oil Spill Legislation:** On May 11, the Administration transmitted to Congress comprehensive oil pollution 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. The Interior Department also initiated a \$6 million, 3-year project with the American Petroleum Institute to conduct research and development on all spill cleanup technology.

- **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.

- **Department of Energy Facilities Cleanup:** Spending has been increased by \$500 million for waste cleanup at Department of Energy facilities. On August 31, the Energy Department published an aggressive, five-year cleanup plan which identifies site-by-site Departmental environmental restoration and waste management initiatives. In addition, the Department published a five-year Environmental Restoration and Waste Management Research and Development

Plan which will exclusively focus its attention on addressing the contamination problems the Energy Department faces at its facilities. The Research and Development Plan will be the major effort to reduce outyear costs of cleanup of DOE facilities and should have major implications for private technology transfer.

- o **Superfund:** The President's budget proposed \$1.75 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 **Strategic Petroleum Reserve:** In August, the Department of Energy initiated a study of ways to increase strategic petroleum stocks to protect the country in the event of an oil disruption.

- o **Global Climate Issues:** The President has accelerated the Administration's activities on global change. Following the conclusion of the work of the Intergovernmental Panel on Climate Change sponsored by the United Nations, which the

Administration strongly supports and is participating in, the President has offered to host a conference next fall to negotiate a framework treaty on global change.

Also, the President increased global environmental research for FY 1990 by 28 percent, to over \$663 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. The President has announced a White House International Environmental Research Conference for the spring of 1990 to be attended by national delegations of science, environment, and economic ministers. The President also endorsed NASA's Mission to Planet Earth, which will provide critical global data sets to support global change research efforts.

- 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 imposed fees on CFC production to reduce CFC emissions. The President's Clean Air initiative would also reduce pollution, cap emissions and create a powerful incentive for conservation thereby reducing 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 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. He included \$206 million in new money in the FY 1990 budget which was accepted by Congress, to expand and improve America's parks and wildlife refuges, preserving them for generations to come. Finally, the President supports increased lending by the development banks for reforestation programs. He also endorsed the call by the Paris Economic Summit for an end to deforestation worldwide. The Department of Agriculture has initiated a number of reforestation programs both domestically and abroad and the President has focused national attention on the importance of trees in his speeches and appearances around the country.

- 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 **Council on Environmental Quality:** The President has begun revitalizing his Council on Environmental Quality in the Executive Office of the President. The Administration

proposed doubling CEQ's budget in order for it to adequately serve its environmental advisory function within the White House.

- **Ban on African Elephant Ivory:** On June 5, the Administration announced a 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.
- **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.
- **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.
- **Food Safety:** In order to improve the federal government's ability to protect American consumers and the environment from potential dangers posed by the use of pesticides,

President Bush proposed a comprehensive program to enhance food safety. The President's plan calls for major revisions to two key laws to streamline EPA's ability to remove potentially hazardous pesticides from the market. The President's proposal also strengthens enforcement, establishes scientifically sound threshold tolerance levels for pesticides in or on food, and provides for national uniformity in tolerance levels following a review of the latest scientific evidence.

- o **National Energy Strategy:** The President directed the Secretary of Energy to develop a comprehensive national energy strategy for the Nation. The strategy will lay out short, mid- and long-term options to help the Nation meet its 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.

- o **National Transportation Policy:** The Department of Transportation is developing a National Transportation Policy to facilitate the allocation of public and private resources so that transportation systems -- highway, aviation, mass transit, rail and maritime -- enhance national economic growth, global competitiveness, national security, environmental quality, and personal mobility.

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 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 the solar system. 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. The policy was set forth in the National Space Policy Directive #1, a new Presidential directive system which gives space a unique policy status in the Bush Administration. Areas affected include space exploration, remote sensing, space transportation, space debris, commercial space activities, and Space Station Freedom.

- 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.

WORKING FOR A KINDER, GENTLER AMERICA

AFFORDABLE 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 and homeownership 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. 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.
 - **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.
 - **Job Creation:** 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 a complete elimination of the capital gains

tax on certain investments in enterprise zones. 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.

- **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. In record time, Congress responded to the Administration's reform initiative and passed legislation incorporating most of the Administration's proposals. 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 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 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 and moderate income working families.
 - Makes the existing 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 and cares 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 would have enabled up to 95,000 more four-year-olds to participate in the program. Congressional action provided only \$151 million of that request which will allow the Program to serve up to 37,500 more eligible 4-years-olds.

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.

- **Additional Clinical Trials:** The Administration initiated clinical trials for promising new therapies for HIV-infected individuals.
- **Experimental Drugs:** The Administration allowed an expansion in the availability of experimental therapeutic drugs used to treat people with AIDS and HIV infection.
- **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.
- **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.
- **Waivers for Medical Treatment:** The Administration adopted an immigration policy which would grant waivers to foreigners, with AIDS, who wish to enter the US in order to obtain medical treatment or to participate in activity which advances efforts to find a cure.

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 would permit adoptive parents to deduct \$3000 from taxable income for adoption-related expenses.
 - The second would reimburse up to \$2000 for expenses, Federal employees who adopt.
- 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 elements: First, to call all individuals and institutions to take steps to address society's problems; 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 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, encourage and develop new community service leaders by sponsoring workshops, forums, and symposia on community service leadership development, and by recognizing new leaders and exemplary initiatives through at least three new Presidential forms of recognition:
 - **The National Service Youth Leadership Awards** will be given each year to individuals.

- The "Daily Points of Light Program" which each day recognizes individuals or initiatives that are making a positive difference in the lives of their communities.
- 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 FY 1991.

- The Administration endorsed the Hate Crimes Bill, which provides for the collection of data about crimes motivated by racial, religious, or ethnic animosity.
 - 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. As passed by the Senate:
- The legislation would provide new protections against discrimination in the area of employment, requiring reasonable accommodation be made by employers for disabled employees and job applicants unless undue burdens are imposed.
 - Most new buildings would be required to be accessible to the disabled.
 - In most cases, stores, providers of services, restaurants, and other establishments in existing

buildings would be required to permit access and provide services to disabled Americans and remove barriers where that is readily achievable.

- New public buses would have to be accessible to persons with mobility impairment.
- Telephone companies would be required to provide equivalent telephone service for those with speech and hearing impairments.

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 over three-and-a-half billion dollars 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 \$4.3 billion, or 12.3 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 toward 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, enacted the Ethics Reform Act of 1989, which carries out many of the President's original proposals and also includes a pay raise for members of Congress, federal judges, and

certain other federal officers and employees. Together, the measures in the new Act and the President's ethics Executive Order include:

- Strengthened post-employment restrictions -- applicable for the first time to 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 non-career 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 power of monied special interests and enhance the role of individuals and the political parties in elections. It also seeks to 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, and further neutralize the power and influence of monied special interests.
- **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 of 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
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BUILDING A BETTER AMERICA
ACCOMPLISHMENTS OF THE BUSH ADMINISTRATION

KEEPING THE ECONOMY STRONG

Maintaining the current ^{economic} 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 16 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 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 37,820 -- a decline of 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 percent 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 **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.

- **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 agreements with commercial banks under the Administration's debt plan. The differences in these agreements appropriately reflect differing circumstances in each country and illustrate the flexibility of the Administration's approach.

- **Minimum Wage Agreement:** The Administration and Congressional leaders reached agreement on a plan, now signed into law by the President, to increase the basic minimum wage to \$4.25 per hour by 1991 and will create an historic training wage, insisted upon by the Administration. The training wage will save thousands of jobs for the working poor and younger, less experienced workers.

- **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 ^{to} rebuild their homes and business establishments, and is helping

governments in the affected areas rebuild highways and other public facilities.

- **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 problems of the savings and loan industry, and has helped safeguard and stabilize America's system of thrift institutions. *The President's plan, introduced in the first days of his Administration* ~~The Act~~ assures that the long developing problems in our thrift 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 to assure the solvency of thrift institutions in the future, and sets stiff penalties for wrongdoing by the officers of insured institutions. Further, the act provides \$50 billion to finance the resolution of insolvent thrift institutions.
- **International Trade:** The Administration is forcefully promoting the opening of world markets through the Uruguay Round of multilateral negotiations under the General Agreement on Tariffs and Trade and ^{through} bilateral negotiations. 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 fair play in international trade in goods and services. It is engaged in bilateral 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.

- 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 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

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

- **International Competitiveness:** 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.

- **National Energy Strategy:** The President directed the Secretary of Energy to develop a comprehensive national energy strategy for the Nation. The strategy will lay out 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.

- **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, President Bush has called for the reinvigoration of the Minority Business Development Agency in the Department of Commerce.

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 Europe -- the resurgence of the ideals of political and economic freedom has shaken Marxist-Leninist and other doctoral regimes to their foundations 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.

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 ^{has worked to} supported the extension of democracy, especially in Nicaragua and Panama where the United States has worked with the 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.-^{space}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 July visit to those nations, and by the international leadership he has exercised in mobilizing major international backing for these reforms. The President proposed a major U.S. package

of economic assistance and trade and investment incentives to assist in the economic restructuring of Poland and Hungary. The President also offered technical assistance to both countries to the address problems of pollution. All elements of the President's package were adopted by Congress and became the framework for the "Support for East European Democracy Act" that he signed into law in November.

- 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. Congress has also provided for a \$240 million Enterprise Fund to help capitalize and invigorate the Polish private sector, plus \$125 million in emergency food aid and additional funds for environmental, labor and other reform projects. The U.S. has also 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, ^{and} ~~It also~~ launched a telecommunications infrastructure development there. The President also asked

for and Congress approved a \$200 million grant which would be the U.S. contribution to the \$1 billion Western stabilization fund 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. The Mission also included Secretaries Dole and Mosbacher, and Michael Boskin, Chairman of the Council of Economic Advisers, along with 20 prominent business, labor, and academic leaders. It is making recommendations to the President as to the most effective use of the nearly \$1 billion in U.S. assistance already authorized by Congress. The Mission's findings will also be shared with the twenty-four nation "Group for Economic Assistance to Poland and Hungary."

- o **Hungary:** The President also asked Congress to authorize an 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 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 ^{its} ~~the~~ business environment and will establish an International Environmental Center for Central and Eastern Europe in Budapest. ~~Finally, he~~ ^{The President also} announced that the Peace Corps would operate in Hungary to enhance English language training -- the first time in a European country. 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.

- 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 the creation of the "Group for Economic Assistance to Poland and Hungary" which has raised several billion dollars in financial assistance for these two countries and is working to assure effective aid coordination. The industrial democracies also demonstrated their unity, by dealing with a 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 encouraged and broadened. As demonstrated at Malta, the United States is ready to respond to such further developments. Already:
 - The U.S. ^{space}-Soviet dialogue on conflicts in regions of the Third World has resumed intensively~~x~~ 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~~x~~ 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,~~ ^{also} in his speech to the U.N. General Assembly, the President ^{also} proposed a new initiative to further a ban on chemical weapons ^{also} challenging the Soviets to ^{also} early destruction of the majority of the stocks of these weapons even while a multilateral treaty is being negotiated. ^{finally,} 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.

- o **Malta:** ^{also} The President and Chairman Gorbachev exchanged views on a variety of issues during their meetings in Malta ^{also} 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. ^{also} Soviet relationship. The President conveyed his strong personal commitment to this goal. Among the ideas that the President proposed were:

- 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.

- 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.
- Expanding U.S. ^{space} Soviet technical economic cooperation. The President presented a paper proposing specific economic projects ~~x~~ covering topics such as finance, agriculture, statistics, small business development, budgetary and tax policy, a stock exchange, and anti-monopoly policy.

Human Rights

~~AAAA~~ 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.

Arms Control

- 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.

- 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.
- Suggesting joint U.S.-^{Soviet} support for a CFE Summit to sign a CFE treaty in 1990.
- Accelerating the START process in order to resolve all substantive issues and to conclude a treaty, if possible, by the 1990 Summit.

Environment

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.

Student Exchanges

Significantly increasing 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.

- 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 tragic suppression of the democratic movement in China in June, 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.-^{ppac}PRC bilateral relations. The President also acted swiftly to ensure that no Chinese students or nationals in the U.S. would be forced to return to China 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, increasing the security of both ^{the U.S.} ~~Japan~~ and ^{Japan.} ~~the~~ ~~U.S.~~ American companies will receive \$2.5 billion in contracts ~~for American companies~~ and the first significant technology flow-back from Japan. As part of an emerging