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Folder Title:
Bush Accomplishments 1990 [OA 6028] [2]

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WHITE HOUSE STAFFING MEMORANDUM

DATE: 01/11/91 ACTION/CONCURRENCE/COMMENT DUE BY: 01/15 4:00 p.m. Tuesday

ACCOMPLISHMENTS OF THE BUSH ADMINISTRATION:
SEIZING INTERNATIONAL OPPORTUNITIES FOR PEACE

SUBJECT: _____

| | ACTION | FYI | | ACTION | FYI |
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REMARKS:

WINSTON

Please provide any comments/recommendations directly to Chriss Winston by 4:00 p.m., Tuesday, 01/15, with a copy to my office. Thanks.

RESPONSE:

PHILLIP D. BRADY
Assistant to the President
and Staff Secretary
Ext. 2702

91 JAN 11 PM 7:21

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. Through peaceful democratic revolutions, the countries of Central and Eastern Europe regained control over their national destinies, and Germany achieved its long-deferred goal of unity and peace and freedom. 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 dictatorial 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, 1989, he spoke in Hamtramck, Michigan, calling for self-determination in Eastern Europe and an end to the division of the continent. In May, of that year, 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. Though the pace of change was even faster than ~~anticipated~~, the United States remains on a course set by the President last spring. In July, 1990, at the NATO Summit, President Bush invited the Soviets and Eastern Europeans to establish regular diplomatic liaison with NATO. In the Western Hemisphere, the President has worked vigorously to promote democracy with important successes in a number of countries. In Panama, Operation Just Cause rid that country of a notoriously repressive regime and restored it to democracy. In Nicaragua, under carefully monitored elections, the people of Nicaragua voted overwhelmingly to oust the repressive Sandinista regime and replace it with a democratic coalition led by Violeta Chamorro. Responding to the victories of democracy in Nicaragua and Panama, the United States provided to both countries a generous aid package designed to rebuild their economies and heal the

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wounds of war. The United States also played an important role in the peaceful demobilization of the Nicaraguan Resistance and the reintegration of the combatants and their families into Nicaraguan life.

- 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. *This common determination was affirmed in the U.S.-EC Declaration of Principles, issued in November 1990.*
 - o **NATO Summit:** The President seized the initiative in redefining future European security arrangements by setting in motion a major transformation of the North Atlantic Alliance at the London Summit in July. The Alliance adopted nineteen initiatives in four broad categories: reaching out to old adversaries; changing the character of conventional defense; transforming NATO's nuclear strategy; and transforming the Alliance's vision for the CSCE and the structure for building a Europe whole and free. These proposals were heralded as a historic turning point, and showed immediate results as a central element in gaining Soviet acceptance of the unification of Germany. President Gorbachev received an unprecedented invitation to visit NATO and the East Europeans and Soviets were invited to establish regular diplomatic liaison with NATO. NATO also proposed further conventional arms control talks to begin after the completion of the first CFE treaty and launched a complete review of NATO'S military strategy which would include making nuclear forces truly weapons of ~~the~~ last resort. NATO leaders also proposed a summit in Paris of the 35 members of the Conference on Security and Cooperation in Europe (CSCE) at which a CFE treaty would be ^{signed} set and new standards for the building and preserving ^{of} free societies would be set. *Insert attached*
- CFE*
- o **Eastern Europe:** As the countries of Central and Eastern Europe ~~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's strong support for political pluralism and economic reform in Hungary and Poland was highlighted by his July 1989 visit to those nations, and by the international leadership he has exercised in mobilizing major international backing of those 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 address problems of pollution. All elements of the President's package were adopted by the Congress and became the framework for the "Support for East European Democracy Act"
- (new bullet & Paris Summit)*

that he signed into law in November 1989. Following the "revolution of '89" the President met with new, democratically-elected leaders in the region and proposed an expanded set of measures for economic assistance and democratic institution-building for all of Eastern Europe.

Insert Attached.

- 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 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."~~

Needs Shortening

- 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 United States will begin negotiations this year on a comprehensive business and economic agreement with Hungary to improve its business environment. In

merge assistance efforts into one paragraph

September, 1990, the United States opened an international Regional Environmental Center for Central and Eastern Europe in Budapest. The first group of Peace Corps volunteers began work in Hungary in 1990 to enhance English language training -- the first time in a European country. In addition, the Hungarian-American Enterprise Fund began operations in Hungary. In total, in 1990 the U.S. provided \$90 million in private sector, environment, and technical assistance grants to Hungary, and \$100 million in export guarantees.

needs cutting

Add points from insert for pp. 3-4

- o **The Revolution of '89:** U.S. assistance to Poland and Hungary provided an incentive and framework for the democratic changes that swept central and eastern Europe in the fall of 1989. In his meetings with the new, democratic leaders of Eastern Europe -- President Havel of Czechoslovakia, Prime Minister Mazowiecki of Poland, Prime Minister de Maiziere of East Germany, and President Goncez and Prime Minister Antall of Hungary -- the President proposed a new set of measures to support economic recovery and democratic consolidation throughout the region. To assure strong and sustained leadership, the President appointed Deputy Secretary of State Eagleburger as Coordinator for U.S. Assistance to Eastern Europe, with Treasury Deputy Secretary John Robson and Council of Economic Advisors Chairman Michael Boskin as Deputy Coordinators. In May of 1990, the President also announced creation of a Citizens Democracy Corps to serve as a center and clearinghouse for private voluntary assistance to Eastern Europe. In his commencement address at Oklahoma State University in May and through his initiative at the London Summit in July, the President also proposed new measures to ensure that the rising democracies of Eastern Europe would have a strong voice and secure place in new Europe.

- o **German Unification:** In October 1989, before the dramatic opening of the Berlin Wall, ~~on November 9,~~ the President expressed his strong support for German unification and his full confidence in Germany's commitment to the Western Alliance. He played a leading role in supporting the aspirations we shared with the German people for a Germany united in peace and freedom. Last February, the United States proposed that negotiations to resolve the external aspects of German unification be held among the "Two Plus Four"-- the two German states together with the United States, Great Britain, France, and the Soviet Union. In close consultation with Chancellor Kohl and the other leaders of the Alliance, as well as in his meetings with Soviet President Gorbachev, the President took the lead in developing the international consensus required at "Two Plus Four." Those negotiations were successfully completed in ~~September 1989,~~ paving the way for the creation of a united Germany on October 3, 1990, enjoying full sovereignty and remaining a full member of the North Atlantic Alliance and the Western community of nations.

1990

Add insert

a turbulent and

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:~~ *but we will also remain alert to the potential strategic consequences of any return to authoritarian policies at home and abroad.*

-- **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 November 1990, The President and 21 other heads of state and government signed the landmark treaty Reducing Conventional Armed Forces in Europe (CFE). A treaty on Strategic Offensive Arms (SOA) was completed ...

In arms control, the President has continued to accelerate the pace of negotiations across the board. In May, in a speech at Oklahoma State University, he announced cancellation of any further modernization of U.S. nuclear artillery shells deployed in Europe and termination of the program to develop more modern short-range nuclear missiles to replace the Lance system now in Europe. At their Washington summit in June, Presidents Bush and Gorbachev signed verification protocols for the Threshold Test Ban Treaty and the Peaceful Nuclear Explosions Treaty. In fulfillment of President Bush's September 1989 initiative at the United Nations, they also signed an agreement to destroy the vast bulk of U.S. and Soviet chemical weapons. ~~President Bush remains committed to accelerating work in order to complete a treaty reducing Conventional Armed Forces in Europe (CFE) and a Treaty on Strategic Offensive Arms (SOA) in 1990.~~ At the NATO summit in London in July, Allied leaders endorsed President Bush's initiative to continue the CFE negotiations after the completion of the first treaty to seek further far-reaching measures in the 1990s to limit the offensive capability of conventional armed forces in Europe. NATO leaders also endorsed the President's proposal ~~to begin U.S.-Soviet negotiations on the reduction of short-range nuclear forces shortly after a CFE agreement is signed.~~

is nearing completion

SOA

for follow-on

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 the two leaders work to give major new impetus to

deplorable

~~the U.S.-Soviet relationship. The President conveyed his strong personal commitment to this goal.~~

- o **China:** On his visit to China in February, ¹⁹⁸⁹ 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~~ ¹⁹⁸⁹ 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~~ ^{former} 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 totals about \$3 billion annually representing about 40 percent of the total cost, and making it the most generous host nation support program enjoyed by the U.S. anywhere in the world. It is expected that in the near future Japan's contribution will rise to about 50 percent of the total cost. 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. and Japan. American companies will receive \$2.5 billion in contracts 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 were concluded successfully and are expected to reduce U.S.-Japan trade friction in the long term. In addition, the Administration concluded negotiations which will open markets for U.S. satellites, super-computers, and forest products.

-- **Asia Pacific Economic Cooperation Conference:** The Administration succeeded in promoting -- through joint leadership with Japan, Korea, Australia and the ASEAN states -- conferences on Asia Pacific Economic Cooperation (APEC) in Canberra, Australia, in November 1989 and August 1990. This region-wide ministerial

Replace with typed para. (attached).

meetings address collective responses to the great economic changes underway in the world. The APEC group is presenting a united position in the Uruguay Round of GATT negotiations, has established working groups to study infrastructural needs of great importance to U.S. service industries in the region, and will seek to improve data sharing. The success of APEC's second meeting in Singapore has improved the prospects for next year's third meeting in Seoul.

- **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 has continued to press for a comprehensive solution based on the Cambodian people's right to choose its own government in free and fair elections. In August 1990, the five permanent members of the United Nations Security Council agreed to a framework for a peaceful settlement featuring internationally-supervised elections and a peacekeeping force designed to free the Cambodian people from dominance by either the murderous Khmer Rouge or the Hun Sen regime that was installed by the Vietnamese army.

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- **Vice Presidential Asian Initiatives:** 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 1989 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. In his Fall 1989 trip to South Korea, Japan, the Philippines, and Malaysia, the Vice President reinforced the U.S.-Japan security arrangements and 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. relations with the region.

Relations with our hemisphere have grown in intensity and warmth

Latin America: The President has further developed close, working relations with most of the leaders of this hemisphere, meeting with nineteen of them during the first ten months of 1990. ~~He has also maintained important telephone contacts and written correspondence with these and other hemispheric leaders.~~ Relations with our neighbor Mexico are excellent, and each of our countries has committed itself to make them even better through the conclusion of a free trade agreement. The President has demonstrated his support for democracy in additional ways, for example, sending the Vice President to make four trips to the region during 1990.

He made three trips to the area in 1990 - the Cartagena Summit against drugs in February, a state visit to Mexico in November, and a week-long trip to South America in December.

- **Panama:** Operation Just Cause ousted dictator Manuel Noriega and allowed the people of Panama to install their freely-elected President and legislature. With the passage of the special aid bill for Panama and Nicaragua, the Panamanian economy has already begun the process of rebounding from the years of the Noriega dictatorship. Noriega surrendered to U.S. authorities in early January, and now awaits trial in the U.S. on drug-related charges.
- **El Salvador:** Peace in this troubled country remains elusive, but we have redoubled our efforts to help it end the civil war that has raged for more than a decade. Our contacts have included close consultations with the Soviet Union, the United Nations, and others, seeking ways to ^{support} advance the negotiations between the government and the guerrillas and help them bridge the differences that divide them. We have also been forthright in our determination to see the killers of the six Jesuit priests brought to justice, and to enhance the country's overall human right record.
- **Nicaragua:** The victory of democracy in Nicaragua is one of the most important developments in this hemisphere in 1990. In a carefully monitored international election, the people of Nicaragua voted overwhelmingly to oust the repressive Sandinista regime and replace it with a democratic coalition led by Violeta Chamorro. The United States responded to this development by providing a generous aid package to both Nicaragua and Panama, designed to assist these two countries to rebuild their battered economies and bind up the wounds of war. The President played a major direct role in both securing the free elections in Nicaragua and obtaining congressional approval for his fund for reconstruction and reconciliation. The United States also played an important role in the peaceful demobilization of the Nicaraguan Resistance and the reintegration of the fighters and their families into Nicaraguan life.
- **Enterprise for the Americas:** On June 27, the President announced a major new initiative in our relations with this hemisphere. It was the result of an intensive three-month inter-agency study, which concluded that we need to focus our approach on "trade, not aid." The initiative addressed three key topics: trade, investment, and debt. On trade, the President announced that our long-range objective in this hemisphere is a hemisphere-wide free trade zone. He offered to negotiate framework agreements as a step in that direction. The

Give pride of place

Costa Rica. Others are being negotiated as well:

reaction to this proposal was enthusiastic; framework agreements have been concluded with Colombia, and Ecuador, and others are in the process of negotiation with Chile, Costa Rica, Honduras, and Venezuela. When Argentina, Brazil, and Uruguay put forward the idea of a multi-country framework agreement, our reaction was equally positive. Negotiations on this agreement are currently well advanced. underway.

In furtherance of the trade and investment portions of the initiative, the President has submitted enabling legislation to the Congress, and will work closely and intensively to secure its passage. Legislation has also been introduced to give the drug-producing Andean countries greater access to the American market, as a way to encourage them away from dependence on illegal drugs and toward legal exports. The Administration is also working for enactment of this legislation.

Production of

Following up on the Cartagena Summit on drugs

Replace this part with rewrite (attached).

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 leading to negotiations. 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 based on principles of territory for peace, security and recognition for Israel, and the legitimate political rights of the Palestinians. The President also is actively supporting the efforts of the Arab League and others to promote national reconciliation, end the internecine warfare, and bring peace to a united Lebanon that is free of all foreign forces.

Persian Gulf: In response to Iraq's unprovoked invasion of Kuwait on August 2 and the serious threat it poses to vital U.S. interests in the region, the Administration has set in train one of the most comprehensive and dynamic diplomatic, economic and military strategies in history to thwart further Iraqi aggression. The components of the strategy include:

- an immediate and complete freeze on Iraqi and Kuwaiti assets both here and abroad;
- the unprecedented passage of twelve U.N. Security Council resolutions condemning Iraq's invasion and annexation of Kuwait, demanding Iraq's withdrawal and the restoration of Kuwait's legitimate government, imposing and enforcing mandatory economic sanctions against Iraq and Kuwait,

Securing the successful

and ~~demanding the immediate~~ release of all foreign nationals being held hostage;

- the deployment of multinational ground, air and naval forces to defend Saudi Arabia and ensure the security and stability of the Persian Gulf region;
- the organization of an international consortium of donor nations to provide financial support to those countries hurt most by sanctions compliance and to offset some of the costs of U.S. military operations in the Gulf; and
- a multinational effort to increase oil production and reduce oil consumption to offset the loss of Kuwait and Iraqi oil resources.

The level of international support, cooperation, and participation received thus far, particularly from Arab and Muslim states, in implementing this strategy are pivotal to the success of the Administration's -- and the world's -- ultimate objectives: to attain the goals set forth in the United Nations Security Council resolutions related to the conflict. The Administration continues to support a peaceful resolution of the crisis, ~~hoping this can be achieved through international pressure and isolation of Iraq through global compliance with mandatory sanctions designed to force Iraq to relinquish Kuwait.~~

~~More importantly, the level of domestic -- both congressional and public -- support for the President's policy, including the deployment of U. S military force has been unprecedented.]~~

The Administration intends that U.S. forces committed to the Persian Gulf region in response to invitations from our friends in the area, remain in the region until their mission is completed and they are no longer needed or wanted.

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.- Upper Canadian Free Trade Agreement that took effect January 1, 1989.

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

but is resolved to see full compliance with all Security Council resolutions on Kuwait.

To that end, The President asked for, and on January 12, 1991, obtained, formal Congressional support for implementing the U. N. Security Council's resolutions by the use of military force if necessary.

We have been intensively involved in efforts to end the civil war in Liberia and to alleviate the suffering of the Liberian people.

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:** Responding to dramatic changes in the international security environment, the President outlined major new directions in U.S. defense policy on August 2 in a speech to the Aspen Institute. Welcoming positive developments, he nonetheless emphasized that America must remain strong and engaged if it is to meet continuing dangers, particularly those posed by renegade regimes and unpredictable rulers. The President said:

- The United States will continue to be a leader in preserving the peace. A forward presence and strong alliance^s will remain indispensable elements of our strategy.
- The United States will not repeat the historical error of massive demobilization, nor take comfort in a false sense of insularity.
- The military capability of the Soviet Union to destroy Western society has not diminished and Soviet strategic modernization is continuing briskly.
- Deterrence demands that the United States modernize its strategic forces ~~to include: 75 B-2s, 18 Tridents, and development of both Rail Garrison and Small ICBM. The United States will pursue strategic defenses and deploy SDI when it is ready.~~ *and pursue the promise of SDI.*
- Even with the conventional reductions we are now negotiating, the Soviet Union will remain a world class military power with 2-3 million men under arms.
- Nonetheless, given recent political developments in Central and Eastern Europe, the threat of a Soviet attack in Europe is lower than at any previous time in the post-war era, and this reality allows us to adjust our forces in dramatic ways.
- To meet changing strategic circumstances with smaller forces, the United States needs a new defense strategy to guide not merely reductions, but restructuring,

- mid-decade*
- Plans have been made to cut active forces by 25 percent by 1995 -- provided the ability is retained to reconstitute new forces should the need arise.
 - The concept of reconstitution adds a new dimension to U.S. defense planning, permitting generation of wholly new forces. The ability and willingness to rebuild will be an important deterrent.
 - Freed from the burden of preparing for a short-notice global conflict with the Soviets, the United States can shape its forces, in both size and character, to the requirements of a peacetime presence and regional contingencies -- contingencies made even more dangerous by the proliferation of modern weaponry.
 - The spread of chemical, nuclear, ballistic missile and ~~other~~ *related* technologies will give ~~future local conflicts~~ *must be stemmed or* ~~far-reaching~~ *consequences.* Our forces must be prepared for such challenges should efforts to prevent proliferation fail. *will have*
 - This means very ready and very competent active forces that can operate in austere environments independent of the kind of infrastructure we have prepared in Europe. It means a sea and airlift capacity to get U.S. forces where they are needed, when they are needed. It means forces that can win decisively and quickly, and with minimum casualties, in the complex political environment in which they must operate. It means forces well-suited to the continuing technological revolution. We must continue to invest *in* R&D, field promising new systems, and develop appropriate doctrine. *The Gulf Crisis has dramatically demonstrated these requirements.*
 - We can also creatively approach the contributions made by our reserve forces. ~~now freed from the burden of constant readiness for full mobilization.~~ This means changes in size, structure and readiness.
 - Our military will be not only smaller, but different, responding to the opportunities and challenges of the future. It will be able to provide a peacetime presence, respond to regional crises, and provide a foundation for

reconstituting larger forces should the need arise.

~~Five years will be required to restructure in an orderly way.~~

- 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.

91 JAN 16 A10: 21

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WHITE HOUSE STAFFING MEMORANDUM

DATE: 01/11/91 ACTION/CONCURRENCE/COMMENT DUE BY: 01/15 4:00 p.m. Tuesday

ACCOMPLISHMENTS OF THE BUSH ADMINISTRATION:
SUBJECT: SEIZING INTERNATIONAL OPPORTUNITIES FOR PEACE

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REMARKS:

WINSTON

Please provide any comments/recommendations directly to Chriss Winston by 4:00 p.m., Tuesday, 01/15, with a copy to my office. Thanks.

RESPONSE: *See comments.*

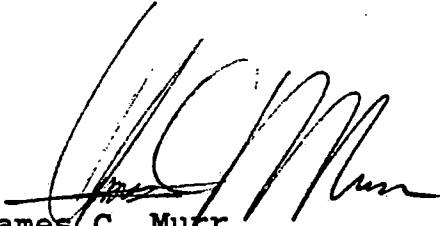
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Ext. 2702



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

NOTICE:

Enclosed are comments from staff members of the Office of Management and Budget (OMB). Such comments do not necessarily represent the official position of the Director of OMB or of the Office of Management and Budget. If you wish to have the Director's personal comments, please let me know -- and contact me if you have any questions.



James C. Murr
Associate Director for
Legislative Reference
and Administration

91 JAN 11 PM 7:21

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. Through peaceful democratic revolutions, the countries of Central and Eastern Europe regained control over their national destinies, and Germany achieved its long-deferred goal of unity and peace and freedom. 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 dictatorial 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, 1989, he spoke in Hamtramck, Michigan, calling for self-determination in Eastern Europe and an end to the division of the continent. In May, of that year, 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. Though the pace of change was even faster than anticipated, the United States remains on a course set by the President last spring. In July, 1990, at the NATO Summit, President Bush invited the Soviets and Eastern Europeans to establish regular diplomatic liaison with NATO. In the Western Hemisphere, the President has worked vigorously to promote democracy with important successes in a number of countries. In Panama, Operation Just Cause rid that country of a notoriously repressive regime and restored it to democracy. In Nicaragua, under carefully monitored elections, the people of Nicaragua voted overwhelmingly to oust the repressive Sandinista regime and replace it with a democratic coalition led by Violeta Chamorro. Responding to the victories of democracy in Nicaragua and Panama, the United States provided to both countries a generous aid package designed to rebuild their economies and heal the

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wounds of war. The United States also played an important role in the peaceful demobilization of the Nicaraguan Resistance and the reintegration of the combatants and their families into Nicaraguan life.

- 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:** The President seized the initiative in redefining future European security arrangements by setting in motion a major transformation of the North Atlantic Alliance at the London Summit in July. The Alliance adopted nineteen initiatives in four broad categories: reaching out to old adversaries; changing the character of conventional defense; transforming NATO's nuclear strategy; and transforming the Alliance's vision for the ~~(CSCE)~~ and the structure for building a Europe whole and free. These proposals were heralded as a historic turning point, and showed immediate results as a central element in gaining Soviet acceptance of the unification of Germany. President Gorbachev received an unprecedented invitation visit Nato to and the East Europeans and Soviets were invited to establish regular diplomatic liaison with NATO. NATO also proposed further conventional arms control talks to begin after the completion of the first ~~CFR~~ CFE treaty, and launched a complete review of NATO'S military strategy, which would include making nuclear ~~forces~~ weapons truly weapons of the last resort. NATO leaders also proposed a summit in Paris of the 35 members of the Conference on Security and Cooperation in Europe ~~(CSCE)~~ at which a CFE treaty would be set and new standards for the building and preserving free societies would be set.

- o **Eastern Europe:** As the countries of Central and Eastern Europe 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's strong support for political pluralism and economic reform in Hungary and Poland was highlighted by his July 1989 visit to those nations, and by the international leadership he has exercised in mobilizing major international backing of those 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 address problems of pollution. All elements of the President's package were adopted by the Congress and became the framework for the "Support for East European Democracy Act"

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that he signed into law in November 1989. Following the "revolution of '89" the President met with new, democratically-elected leaders in the region and proposed an expanded set of measures for economic assistance and democratic institution-building for all of Eastern Europe.

- 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 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 United States will begin negotiations this year on a comprehensive business and economic agreement with Hungary to improve its business environment. In

September, 1990, the United States opened an international Regional Environmental Center for Central and Eastern Europe in Budapest. The first group of Peace Corps volunteers began work in Hungary in 1990 to enhance English language training -- the first time in a European country. In addition, the Hungarian-American Enterprise Fund began operations in Hungary. In total, in 1990 the U.S. provided \$90 million in private sector, environment, and technical assistance grants to Hungary, and \$100 million in export guarantees.

- o **The Revolution of '89:** U.S. assistance to Poland and Hungary provided an incentive and framework for the democratic changes that swept central and eastern Europe in the fall of 1989. In his meetings with the new, democratic leaders of Eastern Europe -- President Havel of Czechoslovakia, Prime Minister Mazowiecki of Poland, Prime Minister de Maiziere of East Germany, and President Goncz and Prime Minister Antall of Hungary -- the President proposed a new set of measures to support economic recovery and democratic consolidation throughout the region. To assure strong and sustained leadership, the President appointed Deputy Secretary of State Eagleburger as Coordinator for U.S. Assistance to Eastern Europe, with Treasury Deputy Secretary John Robson and Council of Economic Advisors Chairman Michael Boskin as Deputy Coordinators. In May of 1990, the President also announced creation of a Citizens Democracy Corps to serve as a center and clearinghouse for private voluntary assistance to Eastern Europe. In his commencement address at Oklahoma State University in May and through his initiative at the London Summit in July, the President also proposed new measures to ensure that the rising democracies of Eastern Europe would have a strong voice and secure place in new Europe. (Scully X517P)

- o **German Unification:** In October 1989, before the dramatic opening of the Berlin Wall on November 9, the President expressed his strong support for German unification and his full confidence in Germany's commitment to the Western Alliance. He played a leading role in supporting the aspirations we shared with the German people for a Germany united in peace and freedom. Last February, the United States proposed that negotiations to resolve the external aspects of German unification be held among the "Two Plus Four"-- the two German states together with the United States, Great Britain, France, and the Soviet Union. In close consultation with Chancellor Kohl and the other leaders of the Alliance, as well as in his meetings with Soviet President Gorbachev, the President took the lead in developing the international consensus required at "Two Plus Four." Those negotiations were successfully completed in September 1989, paving the way for the creation of a united Germany on October 3, 1990, enjoying full sovereignty and remaining a full member of the North Atlantic Alliance and the Western community of nations.

- 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 continued to accelerate the pace of negotiations across the board. In May, in a speech at Oklahoma State University, he announced cancellation of any further modernization of U.S. nuclear artillery shells deployed in Europe and termination of the program to develop more modern short-range nuclear missiles to replace the Lance system now in Europe. At their Washington summit in June, Presidents Bush and Gorbachev signed verification protocols for the Threshold Test Ban Treaty and the Peaceful Nuclear Explosions Treaty. In fulfillment of President Bush's September 1989 initiative at the United Nations, they also signed ~~an~~ ^{have} agreements to destroy the vast bulk of U.S. and Soviet chemical weapons. President Bush remains committed to ~~accelerating work in order to complete~~ ^{completing} a treaty ~~reducing Conventional Armed Forces in Europe (CFE) and a Treaty on Strategic Offensive Arms (START) in 1990.~~ ¹⁹⁹¹ At the NATO summit in London in July, Allied leaders endorsed President Bush's initiative to continue the CFE negotiations after the completion of the first treaty to seek further far-reaching measures in the 1990s to limit the offensive capability of conventional armed forces in Europe. NATO leaders also endorsed the President's proposal to begin U.S.-Soviet negotiations on the reduction of short-range nuclear forces shortly after a CFE agreement is signed.

(Howard X4657)
and to limit conventional arms in Europe -- the historic CFE treaty

[arms control experts should look at this carefully] (Howard X4657)

- 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 the two leaders work to give major new impetus to

[dates on these activities?] (Howard X4657)

the U.S.-Soviet relationship. The President conveyed his strong personal commitment to this goal.

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o **China:** On his visit to China in February, the President emphasized the long-term strategic importance of the U.S.-China relationship and his support for the process of reform. In response to the 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:**

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-- **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 totals about \$3 billion annually representing about 40 percent of the total cost, and making it the most generous host nation support program enjoyed by the U.S. anywhere in the world. ~~It is expected that~~ in the near future Japan's contribution will rise to about 50 percent of the total cost. 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. and Japan. American companies will receive \$2.5 billion in contracts 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 were concluded successfully and are expected to reduce U.S.-Japan trade friction in the long term. In addition, the Administration concluded negotiations which will open markets for U.S. satellites, super-computers, and forest products.

-- **Asia Pacific Economic Cooperation Conference:** The Administration succeeded in promoting -- through joint leadership with Japan, Korea, Australia and the ASEAN states -- conferences on Asia Pacific Economic Cooperation (APEC) in Canberra, Australia, in November 1989 and August 1990. ~~This~~ region-wide ministerial

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meetings address collective responses to the great economic changes underway in the world. The APEC group is presenting a united position in the Uruguay Round of GATT negotiations, has established working groups to study infrastructural needs of great importance to U.S. service industries in the region, and will seek to improve data sharing. The success of APEC's second meeting in Singapore has improved the prospects for next year's third meeting in Seoul.

-- **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 has continued to press for a comprehensive solution based on the Cambodian people's right to choose its own government in free and fair elections. In August 1990, the five permanent members of the United Nations Security Council agreed to a framework for a peaceful settlement featuring internationally-supervised elections and a peacekeeping force designed to free the Cambodian people from dominance by either the murderous Khmer Rouge or the Hun Sen regime that was installed by the Vietnamese army.

-- **Vice Presidential Asian Initiatives:** 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 1989 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. In his Fall 1989 trip to South Korea, Japan, the Philippines, and Malaysia, the Vice President reinforced ~~the~~ U.S.-Japan security arrangements and 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. relations with the region.

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o **Latin America:** The President has further developed close, working relations with most of the leaders of this hemisphere, meeting with nineteen of them during the first ten months of 1990. He has also maintained important telephone contacts and written correspondence with these and other hemispheric leaders. Relations with our neighbor Mexico are excellent, and each of our countries has committed itself to make them even better through the conclusion of a free trade agreement. The President has demonstrated his support for democracy in additional ways, for example, sending the Vice President to make four trips to the region during 1990.

- **Panama:** Operation Just Cause ousted dictator Manuel Noriega and allowed the people of Panama to install their freely-elected President and legislature. With the passage of the special aid bill for Panama and Nicaragua, the Panamanian economy has already begun the process of rebounding from the years of the Noriega dictatorship. Noriega surrendered to U.S. authorities in early January, and now awaits trial in the U.S. on drug-related charges.
- **El Salvador:** Peace in this troubled country remains elusive, but we have redoubled our efforts to help it end the civil war that has raged for more than a decade. Our contacts have included close consultations with the Soviet Union, the United Nations, and others, seeking ways to advance the negotiations between the government and the guerrillas and help them bridge the differences that divide them. We have also been forthright in our determination to see the killers of the six Jesuit priests brought to justice, and to enhance the country's overall human right record.
- **Nicaragua:** The victory of democracy in Nicaragua is one of the most important developments in this hemisphere in 1990. In a carefully monitored international election, the people of Nicaragua voted overwhelmingly to oust the repressive Sandinista regime and replace it with a democratic coalition led by Violeta Chamorro. The United States responded to this development by providing a generous aid package to both Nicaragua and Panama, designed to assist these two countries to rebuild their battered economies and bind up the wounds of war. The President played a major direct role in both securing the free elections in Nicaragua and obtaining congressional approval for his fund for reconstruction and reconciliation. The United States also played an important role in the peaceful demobilization of the Nicaraguan Resistance and the reintegration of the fighters and their families into Nicaraguan life.
- **Enterprise for the Americas:** On June 27, the President announced a major new initiative in our relations with this hemisphere. It was the result of an intensive three-month inter-agency study, which concluded that we need to focus our approach on "trade, not aid." The initiative addressed three key topics: trade, investment, and debt. On trade, the President announced that our long-range objective in this hemisphere is a hemisphere-wide free trade zone. He offered to negotiate framework agreements as a step in that direction. The

reaction to this proposal was enthusiastic; framework agreements have been concluded with Colombia and Ecuador, and others are in the process of negotiation with Chile, Costa Rica, Honduras, and Venezuela. When Argentina, Brazil, and Uruguay put forward the idea of a multi-country framework agreement, our reaction was equally positive. Negotiations on this agreement are currently underway.

*Certain Andean countries
(Howard X4657)*

In furtherance of the trade and investment portions of the initiative, the President has submitted enabling legislation to the Congress, and will work closely and intensively to secure its passage. Legislation has also been introduced to give ~~the drug-producing Andean countries~~ greater access to the American market, as a way to encourage them away from dependence on illegal drugs and toward legal exports. The Administration is also working for enactment of this legislation.

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(Howard X4657)*

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 leading to negotiations. 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 based on principles of territory for peace, security and recognition for Israel, and the legitimate political rights of the Palestinians. The President also is actively supporting the efforts of the Arab League and others to promote national reconciliation, end the internecine warfare, and bring peace to a united Lebanon that is free of all foreign forces.

o **Persian Gulf:** In response to Iraq's unprovoked invasion of Kuwait on August 2 and the serious threat it poses to vital U.S. interests in the region, the Administration has set in train one of the most comprehensive and dynamic diplomatic, economic and military strategies in history to thwart further Iraqi aggression. The components of the strategy include:

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under taken?
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- an immediate and complete freeze on Iraqi and Kuwaiti assets both here and abroad;
- the unprecedented passage of twelve U.N. Security Council resolutions condemning Iraq's invasion and annexation of Kuwait, demanding Iraq's withdrawal and the restoration of Kuwait's legitimate government, imposing and enforcing mandatory economic sanctions against Iraq and Kuwait,

and demanding the immediate release of all foreign nationals being held hostage;

- the deployment of multinational ground, air and naval forces to defend Saudi Arabia and ensure the security and stability of the Persian Gulf region;
- the organization of an international consortium of donor nations to provide financial support to those countries hurt most by sanctions compliance and to offset some of the costs of U.S. military operations in the Gulf; and
- a multinational effort to increase oil production and reduce oil consumption to offset the loss of Kuwait and Iraqi oil resources.

The level of international support, cooperation, and participation received thus far, particularly from Arab and Muslim states, in implementing this strategy are pivotal to the success of the Administration's -- and the world's -- ultimate objectives: to attain the goals set forth in the United Nations Security Council resolutions related to the conflict. The Administration continues to support a peaceful resolution of the crisis, hoping this can be achieved through international pressure and isolation of Iraq through global compliance with mandatory sanctions designed to force Iraq to relinquish Kuwait.

More importantly, the level of domestic -- both congressional and public -- support for the President's policy, including the deployment of U. S military force has been unprecedented.

The Administration intends that U.S. forces committed to the Persian Gulf region in response to invitations from our friends in the area, remain in the region until their mission is completed and they are no longer needed ~~or wanted~~.

(Howard x4657)

- 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.- Upper 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:** Responding to dramatic changes in the international security environment, the President outlined major new directions in U.S. defense policy on August 2 in a speech to the Aspen Institute. Welcoming positive developments, he nonetheless emphasized that America must remain strong and engaged if it is to meet continuing dangers, particularly those posed by renegade regimes and unpredictable rulers. The President said:

- The United States will continue to be a leader in preserving the peace. A forward presence and strong alliance will remain indispensable elements of our strategy.
- The United States will not repeat the historical error of massive demobilization, nor take comfort in a false sense of insularity.
- The military capability of the Soviet Union to destroy Western society has not diminished and Soviet strategic modernization is continuing briskly.
- Deterrence demands that the United States modernize its strategic forces to include: 75 B-2s, 18 Tridents, and development of both Rail Garrison and Small ICBM. The United States will pursue strategic defenses and deploy SDI when it is ready.
- Even with the conventional reductions we are now negotiating, the Soviet Union will remain a world class military power with 2-3 million men under arms.
- Nonetheless, given recent political developments in Central and Eastern Europe, the threat of a Soviet attack in Europe is lower than at any previous time in the post-war era, and this reality allows us to adjust our forces in dramatic ways.
- To meet changing strategic circumstances with smaller forces, the United States needs a new defense strategy to guide not merely reductions, but restructuring,

See INSERT
following p. 13
(Howard X4657)

- Plans have been made to cut active forces by 25 percent by 1995 -- provided the ability is retained to reconstitute new forces should the need arise.
- The concept of reconstitution adds a new dimension to U.S. defense planning, permitting generation of wholly new forces. The ability and willingness to rebuild will be an important deterrent.
- Freed from the burden of preparing for a short-notice global conflict with the Soviets, the United States can shape its forces, in both size and character, to the requirements of a peacetime presence and regional contingencies -- contingencies made even more dangerous by the proliferation of modern weaponry.
- The spread of chemical, nuclear, ballistic missile and other technologies will give future local conflicts far-reaching consequences. Our forces must be prepared for such challenges should efforts to prevent proliferation fail.
- This means very ready and very competent active forces that can operate in austere environments independent of the kind of infrastructure we have prepared in Europe. It means a sea and airlift capacity to get U.S. forces where they are needed, when they are needed. It means forces that can win decisively and quickly, and with minimum casualties, in the complex political environment in which they must operate. It means forces well-suited to the continuing technological revolution. We must continue to invest R&D, field promising new systems, and develop appropriate doctrine.
- We can also creatively approach the contributions made by our reserve forces, now freed from the burden of constant readiness for full mobilization. This means changes in size, structure and readiness.
- Our military will be not only smaller, but different, responding to the opportunities and challenges of the future. It will be able to provide a peacetime presence, respond to regional crises, and provide a foundation for

~~reconstituting larger forces should the need arise.~~

~~-- Five years will be required to restructure in an orderly way.~~

- 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.

THE WHITE HOUSE

WASHINGTON
91 JAN 18 3:07
January 17, 1991

MEMORANDUM FOR CHRISS WINSTON

FROM: ROGER B. PORTER *RBP*

SUBJECT: Accomplishments of the Bush Administration:
Seizing International Opportunities for Peace

We have reviewed the attached draft and have noted our comments on pages nine and ten of the document.

If you have any questions, please let me know.

cc: Phillip D. Brady

WHITE HOUSE STAFFING MEMORANDUM

DATE: 01/11/91 ACTION/CONCURRENCE/COMMENT DUE BY: 01/15 4:00 p.m. Tuesday

ACCOMPLISHMENTS OF THE BUSH ADMINISTRATION:
SEIZING INTERNATIONAL OPPORTUNITIES FOR PEACE

SUBJECT: _____

| | ACTION | FYI | | ACTION | FYI |
|----------------|-------------------------------------|-------------------------------------|------------|-------------------------------------|--------------------------|
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| SUNUNU | <input type="checkbox"/> | <input type="checkbox"/> | NEWMAN | <input type="checkbox"/> | <input type="checkbox"/> |
| SCOWCROFT | <input checked="" type="checkbox"/> | <input type="checkbox"/> | PORTER | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
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REMARKS:

WINSTON

Please provide any comments/recommendations directly to Chriss Winston by 4:00 p.m., Tuesday, 01/15, with a copy to my office. Thanks.

RESPONSE:

PHILLIP D. BRADY
Assistant to the President
and Staff Secretary
Ext. 2702

91 JAN 11 PM 7:21

SEIZING INTERNATIONAL OPPORTUNITIES FOR PEACE

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 - **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 continued to accelerate the pace of negotiations across the board. In May, in a speech at Oklahoma State University, he announced cancellation of any further modernization of U.S. nuclear artillery shells deployed in Europe and termination of the program to develop more modern short-range nuclear missiles to replace the Lance system now in Europe. At their Washington summit in June, Presidents Bush and Gorbachev signed verification protocols for the Threshold Test Ban Treaty and the Peaceful Nuclear Explosions Treaty. In fulfillment of President Bush's September 1989 initiative at the United Nations, they also signed an agreement to destroy the vast bulk of U.S. and Soviet chemical weapons. President Bush remains committed to accelerating work in order to complete a treaty reducing Conventional Armed Forces in Europe (CFE) and a Treaty on Strategic Offensive Arms (START) in 1990. At the NATO summit in London in July, Allied leaders endorsed President Bush's initiative to continue the CFE negotiations after the completion of the first treaty to seek further far-reaching measures in the 1990s to limit the offensive capability of conventional armed forces in Europe. NATO leaders also endorsed the President's proposal to begin U.S.-Soviet negotiations on the reduction of short-range nuclear forces shortly after a CFE agreement is signed.
- 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 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.

- 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 totals about \$3 billion annually representing about 40 percent of the total cost, and making it the most generous host nation support program enjoyed by the U.S. anywhere in the world. It is expected that in the near future Japan's contribution will rise to about 50 percent of the total cost. 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. and Japan. American companies will receive \$2.5 billion in contracts 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 were concluded successfully and are expected to reduce U.S.-Japan trade friction in the long term. In addition, the Administration concluded negotiations which will open markets for U.S. satellites, super-computers, and forest products.

 - **Asia Pacific Economic Cooperation Conference:** The Administration succeeded in promoting -- through joint leadership with Japan, Korea, Australia and the ASEAN states -- conferences on Asia Pacific Economic Cooperation (APEC) in Canberra, Australia, in November 1989 and August 1990. This region-wide ministerial

meetings address collective responses to the great economic changes underway in the world. The APEC group is presenting a united position in the Uruguay Round of GATT negotiations, has established working groups to study infrastructural needs of great importance to U.S. service industries in the region, and will seek to improve data sharing. The success of APEC's second meeting in Singapore has improved the prospects for next year's third meeting in Seoul.

- **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 has continued to press for a comprehensive solution based on the Cambodian people's right to choose its own government in free and fair elections. In August 1990, the five permanent members of the United Nations Security Council agreed to a framework for a peaceful settlement featuring internationally-supervised elections and a peacekeeping force designed to free the Cambodian people from dominance by either the murderous Khmer Rouge or the Hun Sen regime that was installed by the Vietnamese army.
- **Vice Presidential Asian Initiatives:** 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 1989 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. In his Fall 1989 trip to South Korea, Japan, the Philippines, and Malaysia, the Vice President reinforced the U.S.-Japan security arrangements and 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. relations with the region.
- o **Latin America:** The President has further developed close, working relations with most of the leaders of this hemisphere, meeting with nineteen of them during the first ten months of 1990. He has also maintained important telephone contacts and written correspondence with these and other hemispheric leaders. Relations with our neighbor Mexico are excellent, and each of our countries has committed itself to make them even better through the conclusion of a free trade agreement. The President has demonstrated his support for democracy in additional ways, for example, sending the Vice President to make four trips to the region during 1990.

- **Panama:** Operation Just Cause ousted dictator Manuel Noriega and allowed the people of Panama to install their freely-elected President and legislature. With the passage of the special aid bill for Panama and Nicaragua, the Panamanian economy has already begun the process of rebounding from the years of the Noriega dictatorship. Noriega surrendered to U.S. authorities in early January, and now awaits trial in the U.S. on drug-related charges.
- **El Salvador:** Peace in this troubled country remains elusive, but we have redoubled our efforts to help it end the civil war that has raged for more than a decade. Our contacts have included close consultations with the Soviet Union, the United Nations, and others, seeking ways to advance the negotiations between the government and the guerrillas and help them bridge the differences that divide them. We have also been forthright in our determination to see the killers of the six Jesuit priests brought to justice, and to enhance the country's overall human right record.
- **Nicaragua:** The victory of democracy in Nicaragua is one of the most important developments in this hemisphere in 1990. In a carefully monitored international election, the people of Nicaragua voted overwhelmingly to oust the repressive Sandinista regime and replace it with a democratic coalition led by Violeta Chamorro. The United States responded to this development by providing a generous aid package to both Nicaragua and Panama, designed to assist these two countries to rebuild their battered economies and bind up the wounds of war. The President played a major direct role in both securing the free elections in Nicaragua and obtaining congressional approval for his fund for reconstruction and reconciliation. The United States also played an important role in the peaceful demobilization of the Nicaraguan Resistance and the reintegration of the fighters and their families into Nicaraguan life.
- **Enterprise for the Americas:** On June 27, the President announced a major new initiative in our relations with this hemisphere. It was the result of an intensive three-month inter-agency study, which concluded that we need to focus our approach on "trade, not aid." The initiative addressed three key topics: trade, investment, and debt. On trade, the President announced that our long-range objective in this hemisphere is a hemisphere-wide free trade zone. He offered to negotiate framework agreements as a step in that direction. The

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reaction to this proposal was enthusiastic; framework agreements have been concluded with Colombia and Ecuador, and others are in the process of negotiation with Chile, Costa Rica, Honduras, and Venezuela. When Argentina, Brazil, and Uruguay put forward the idea of a multi-country framework agreement, our reaction was equally positive. Negotiations on this agreement are currently underway.

In furtherance of the ^{DEBT} ~~trade~~ and investment portions of the initiative, the President has submitted enabling legislation to the Congress, and will work ~~closely and~~ intensively to secure its passage. Legislation has also been introduced to give the drug-producing Andean countries greater access to the American market, as a way to encourage them away from dependence on illegal drugs and toward legal exports. The Administration is also working for enactment of this legislation.

- 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 leading to negotiations. 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 based on principles of territory for peace, security and recognition for Israel, and the legitimate political rights of the Palestinians. The President also is actively supporting the efforts of the Arab League and others to promote national reconciliation, end the internecine warfare, and bring peace to a united Lebanon that is free of all foreign forces.
- o **Persian Gulf:** In response to Iraq's unprovoked invasion of Kuwait on August 2 and the serious threat it poses to vital U.S. interests in the region, the Administration has set in train one of the most comprehensive and dynamic diplomatic, economic and military strategies in history to thwart further Iraqi aggression. The components of the strategy include:
 - an immediate and complete freeze on Iraqi and Kuwaiti assets both here and abroad;
 - the unprecedented passage of twelve U.N. Security Council resolutions condemning Iraq's invasion and annexation of Kuwait, demanding Iraq's withdrawal and the restoration of Kuwait's legitimate government, imposing and enforcing mandatory economic sanctions against Iraq and Kuwait,

- and demanding the immediate release of all foreign nationals being held hostage;
- the deployment of multinational ground, air and naval forces to defend Saudi Arabia and ensure the security and stability of the Persian Gulf region;
 - the organization of an international consortium of donor nations to provide financial support to those countries hurt most by sanctions compliance and to offset some of the costs of U.S. military operations in the Gulf; and
 - a multinational effort to increase oil production and reduce oil consumption to offset the loss of Kuwait and Iraqi oil resources.

The level of international support, cooperation, and participation received thus far, particularly from Arab and Muslim states, in implementing this strategy are pivotal to the success of the Administration's -- and the world's -- ultimate objectives: to attain the goals set forth in the United Nations Security Council resolutions related to the conflict. The Administration continues to support a peaceful resolution of the crisis, hoping this can be achieved through international pressure and isolation of Iraq through global compliance with mandatory sanctions designed to force Iraq to relinquish Kuwait.

More importantly, the level of domestic -- both congressional and public -- support for the President's policy, including the deployment of U. S military force has been unprecedented.

The Administration intends that U.S. forces committed to the Persian Gulf region in response to invitations from our friends in the area, remain in the region until their mission is completed and they are no longer needed or wanted.

- 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.- ~~Upper Canadian~~ Free Trade Agreement that took effect January 1, 1989. CANADA
- 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:** Responding to dramatic changes in the international security environment, the President outlined major new directions in U.S. defense policy on August 2 in a speech to the Aspen Institute. Welcoming positive developments, he nonetheless emphasized that America must remain strong and engaged if it is to meet continuing dangers, particularly those posed by renegade regimes and unpredictable rulers. The President said:

- The United States will continue to be a leader in preserving the peace. A forward presence and strong alliance will remain indispensable elements of our strategy.
- The United States will not repeat the historical error of massive demobilization, nor take comfort in a false sense of insularity.
- The military capability of the Soviet Union to destroy Western society has not diminished and Soviet strategic modernization is continuing briskly.
- Deterrence demands that the United States modernize its strategic forces to include: 75 B-2s, 18 Tridents, and development of both Rail Garrison and Small ICBM. The United States will pursue strategic defenses and deploy SDI when it is ready.
- Even with the conventional reductions we are now negotiating, the Soviet Union will remain a world class military power with 2-3 million men under arms.
- Nonetheless, given recent political developments in Central and Eastern Europe, the threat of a Soviet attack in Europe is lower than at any previous time in the post-war era, and this reality allows us to adjust our forces in dramatic ways.
- To meet changing strategic circumstances with smaller forces, the United States needs a new defense strategy to guide not merely reductions, but restructuring,

- Plans have been made to cut active forces by 25 percent by 1995 -- provided the ability is retained to reconstitute new forces should the need arise.
- The concept of reconstitution adds a new dimension to U.S. defense planning, permitting generation of wholly new forces. The ability and willingness to rebuild will be an important deterrent.
- Freed from the burden of preparing for a short-notice global conflict with the Soviets, the United States can shape its forces, in both size and character, to the requirements of a peacetime presence and regional contingencies -- contingencies made even more dangerous by the proliferation of modern weaponry.
- The spread of chemical, nuclear, ballistic missile and other technologies will give future local conflicts far-reaching consequences. Our forces must be prepared for such challenges should efforts to prevent proliferation fail.
- This means very ready and very competent active forces that can operate in austere environments independent of the kind of infrastructure we have prepared in Europe. It means a sea and airlift capacity to get U.S. forces where they are needed, when they are needed. It means forces that can win decisively and quickly, and with minimum casualties, in the complex political environment in which they must operate. It means forces well-suited to the continuing technological revolution. We must continue to invest R&D, field promising new systems, and develop appropriate doctrine.
- We can also creatively approach the contributions made by our reserve forces, now freed from the burden of constant readiness for full mobilization. This means changes in size, structure and readiness.
- Our military will be not only smaller, but different, responding to the opportunities and challenges of the future. It will be able to provide a peacetime presence, respond to regional crises, and provide a foundation for

reconstituting larger forces should the need arise.

- Five years will be required to restructure in an orderly way.
- 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.

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SEIZING INTERNATIONAL OPPORTUNITIES FOR PEACE

In his Inaugural Address, the President heralded the historic new era of freedom that was dawning: "The day of the dictator is over. The totalitarian era is passing, its old ideas blown away like leaves from an ancient, lifeless tree." Four decades of strength and solidarity among the Western democracies, reinforced by the new vigor of American leadership in the 1980's, had borne fruit. Through peaceful democratic revolutions, the countries of Central and Eastern Europe regained control over their national destinies, and Germany achieved its long-deferred goal of unity and peace and freedom. 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 dictatorial 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, 1989, he spoke in Hamtramck, Michigan, calling for self-determination in Eastern Europe and an end to the division of the continent. In May, of that year, 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. Though the pace of change was even faster than anticipated, the United States remains on a course set by the President last spring. In July, 1990, at the NATO Summit, President Bush invited the Soviets and Eastern Europeans to establish regular diplomatic liaison with NATO. In the Western Hemisphere, the President has worked vigorously to promote democracy with important successes in a number of countries. In Panama, Operation Just Cause rid that country of a notoriously repressive regime and restored it to democracy. In Nicaragua, under carefully monitored elections, the people of Nicaragua voted overwhelmingly to oust the repressive Sandinista regime and replace it with a democratic coalition led by Violeta Chamorro. Responding to the victories of democracy in Nicaragua and Panama, the United States provided to both countries ~~a~~ generous aid packages designed to rebuild their economies and heal the

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Wasn't it only 55% of vote?

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✓(USTIA)
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✓(USTIA)
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- 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:
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 - **In arms control**, the President has continued to accelerate the pace of negotiations across the board. In May, in a speech at Oklahoma State University, he announced cancellation of any further modernization of U.S. nuclear artillery shells deployed in Europe and termination of the program to develop more modern short-range nuclear missiles to replace the Lance system now in Europe. At their Washington summit in June, Presidents Bush and Gorbachev signed verification protocols for the Threshold Test Ban Treaty and the Peaceful Nuclear Explosions Treaty. In fulfillment of President Bush's September 1989 initiative at the United Nations, they also signed an agreement to destroy the vast bulk of U.S. and Soviet chemical weapons. President Bush remains committed to accelerating work in order to complete a treaty reducing Conventional Armed Forces in Europe (CFE) and a Treaty on Strategic Offensive Arms (START) in 1990. At the NATO summit in London in July, Allied leaders endorsed President Bush's initiative to continue the CFE negotiations after the completion of the first treaty to seek further far-reaching measures in the 1990s to limit the offensive capability of conventional armed forces in Europe. NATO leaders also endorsed the President's proposal to begin U.S.-Soviet negotiations on the reduction of short-range nuclear forces shortly after a CFE agreement is signed.
- 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 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.

Need stronger language!

- 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 totals about \$3 billion annually representing about 40 percent of the total cost, and making it the most generous host nation support program enjoyed by the U.S. anywhere in the world. It is expected that in the near future Japan's contribution will rise to about 50 percent of the total cost. ~~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. and Japan. American companies will receive \$2.5 billion in contracts 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 ~~were concluded successfully and are expected to reduce U.S.-Japan trade friction in the long term.~~ In addition, the Administration concluded negotiations which will open markets for U.S. satellites, super-computers, and forest products ~~and telecommunications equipment and services.~~

(Reason for USR deletion: nothing has really happened with this project -- it is also contentious)

USR

(Treasury) resulted in a joint report last June which contains concrete commitment by the government of Japan to reduce barriers to U.S. goods and investments, which are now following up to ensure that these commitments are fully undertaken.

(USR)

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(USR)

Singapore in

(USTR)
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(USTR) Negotiation

1990, Treasury ✓
 -- Panama: Operation Just Cause ousted dictator Manuel Noriega and allowed the people of Panama to install their freely-elected President and legislature. With the passage of the special aid bill for Panama and ~~Nicaragua~~, the Panamanian economy has already begun the process of rebounding from the years of the Noriega dictatorship. Noriega surrendered to U.S. authorities in early January and now awaits trial in the U.S. on drug-related charges.

-- El Salvador: Peace in this troubled country remains elusive, but we have redoubled our efforts to help it end the civil war that has raged for more than a decade. Our contacts have included close consultations with the Soviet Union, the United Nations, and others, seeking ways to advance the negotiations between the government and the guerrillas and help them bridge the differences that divide them. We have also been forthright in our determination to see the killers of the six Jesuit priests brought to justice, and to enhance the country's overall human rights record. ✓ USTR

Treasury ✓ ✓ ✓
 -- Nicaragua: The victory of democracy in Nicaragua is one of the most important developments in this hemisphere in 1990. In a carefully monitored international election, the people of Nicaragua voted overwhelmingly to oust the repressive Sandinista regime and replace it with a democratic coalition led by Violeta Chamorro. The United States responded to this development by providing a generous aid package to ~~both Nicaragua, and Panama~~, designed to assist ~~these two countries to rebuild their~~ battered economies and bind up the wounds of war. The President played a major direct role in both securing the free elections in Nicaragua and obtaining congressional approval for his fund for reconstruction and reconciliation. The United States also played an important role in the peaceful demobilization of the Nicaraguan Resistance and the reintegration of the fighters and their families into Nicaraguan life. it in rebuilding its

USTR ✓
 -- Enterprise for the Americas: On June 27, the President announced a major new initiative in our relations with this hemisphere. It was the result of an intensive three-month inter-agency study, which concluded that we need to focus our approach on "trade, not aid." The initiative addressed three key topics: trade, investment, and debt. On trade, the President announced that our long-range objective in the Western Hemisphere is a hemisphere-wide free trade zone. He offered to negotiate framework agreements as a step in that direction. ✓ USTR
 ✓ USTR
 area.
 and to identify and remove trade barriers wherever possible.

reaction to this proposal was enthusiastic; framework agreements have been concluded with Colombia, ~~and Ecuador~~, and others are in the process of negotiation with Chile, ~~Costa Rica, Honduras, and Venezuela~~. When Argentina, Brazil, ~~and Uruguay~~ put forward the idea of a multi-country framework agreement, our reaction was equally positive. Negotiations on this agreement are currently underway.

Chile, Honduras and Costa Rica

Jamaica, Peru and ~~Nicaragua~~ Nicaragua. In addition, all the other countries in Central America have expressed interest.

Treasury insert ** (bottom of page)

To advance the remaining ~~debt reduction~~ ^{and Paraguay elements} ~~of the trade and investment portions of~~ the initiative, the President ~~has~~ submitted enabling legislation to the ^{101st} Congress and will work closely and intensively to secure its passage. Legislation has also been introduced to give the ~~drug-producing~~ Andean countries greater access to the American market, as a way to encourage them away from dependence on illegal drugs and toward legal exports. The Administration is also working for enactment of this legislation.

which was passed by the House on Oct 22, 1990. The Pres. will submit similar legislation to the 102nd Congress.

✓ USTR
✓ USTR
✓ USTR
✓ USTR

- 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 leading to negotiations. 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 based on principles of territory for peace, security and recognition for Israel, and the legitimate political rights of the Palestinians. The President also is actively supporting the efforts of the Arab League and others to promote national reconciliation, end the internecine warfare, and bring peace to a united Lebanon that is free of all foreign forces.
- o Persian Gulf: In response to Iraq's unprovoked invasion of Kuwait on August 2 and the serious threat it poses to vital U.S. interests in the region, the Administration has set in train one of the most comprehensive and dynamic diplomatic, economic and military strategies in history to thwart further Iraqi aggression. The components of the strategy include:

- an immediate and complete freeze on Iraqi and Kuwaiti assets both here and abroad;
- the unprecedented passage of twelve U.N. Security Council resolutions condemning Iraq's invasion and annexation of Kuwait, demanding Iraq's withdrawal and the restoration of Kuwait's legitimate government, imposing and enforcing mandatory economic sanctions against Iraq and Kuwait,

Iraqi-occupied

** Treasury insert: At the urging of the Administration, the I.A.D.B. has taken steps to establish a new lending program aimed at helping countries attract private investment, as proposed by President Bush. The Administration has also gained authority from Congress to reduce total assistance debt of eligible countries under the initiative. + to create a mechanism to use local currency interest payments to fund environmental projects.

To advance the remaining debt + investment elements

and demanding the immediate release of all foreign nationals being held hostage;

- the deployment of multinational ground, air and naval forces to defend Saudi Arabia and ensure the security and stability of the Persian Gulf region;
- the organization of an international consortium of donor nations to provide financial support to those countries hurt most by sanctions compliance and to offset some of the costs of U.S. military operations in the Gulf; and
- a multinational effort to increase oil production and reduce oil consumption to offset the loss of Kuwait and Iraqi oil resources.

The level of international support, cooperation, and participation received thus far, particularly from Arab and Muslim states, in implementing this strategy are pivotal to the success of the Administration's -- and the world's -- ultimate objectives: to attain the goals set forth in the United Nations Security Council resolutions related to the conflict.

The Administration continues to support a peaceful resolution of the crisis, hoping this can be achieved through international pressure and isolation of Iraq through global compliance with mandatory sanctions designed to force Iraq to relinquish Kuwait.

Maybe should be updated in light that the 15th has passed.

More importantly, the level of domestic -- both congressional and public -- support for the President's policy, including the deployment of U. S military force has been unprecedented.

The Administration intends that U.S. forces committed to the Persian Gulf region in response to invitations from our friends in the area, remain in the region until their mission is completed and they are no longer needed or wanted.

(U.S.)

- o U.S. **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. ~~Upper Canadian Free Trade Agreement~~ that took effect January 1, 1989.
between the two countries *Canada*
- 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

✓ (Treasury)
\$ 850 ←

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:** Responding to dramatic changes in the international security environment, the President outlined major new directions in U.S. defense policy on August 2 in a speech to the Aspen Institute. Welcoming positive developments, he nonetheless emphasized that America must remain strong and engaged if it is to meet continuing dangers, particularly those posed by renegade regimes and unpredictable rulers. The President said:

- The United States will continue to be a leader in preserving the peace. A forward presence and strong alliance will remain indispensable elements of our strategy.
- The United States will not repeat the historical error of massive demobilization, nor take comfort in a false sense of insularity.
- The military capability of the Soviet Union to destroy Western society has not diminished and Soviet strategic modernization is continuing briskly.
- Deterrence demands that the United States modernize its strategic forces to include: 75 B-2s, 18 Tridents, and development of both Rail Garrison and Small ICBM. The United States will pursue strategic defenses and deploy SDI when it is ready.
- Even with the conventional reductions we are now negotiating, the Soviet Union will remain a world class military power with 2-3 million men under arms.
- Nonetheless, given recent political developments in Central and Eastern Europe, the threat of a Soviet attack in Europe is lower than at any previous time in the post-war era, and this reality allows us to adjust our forces in dramatic ways.
- To meet changing strategic circumstances with smaller forces, the United States needs a new defense strategy to guide not merely reductions, but restructuring,

- Plans have been made to cut active forces by 25 percent by 1995 -- provided the ability is retained to reconstitute new forces should the need arise.
- The concept of reconstitution adds a new dimension to U.S. defense planning, permitting generation of wholly new forces. The ability and willingness to rebuild will be an important deterrent.
- Freed from the burden of preparing for a short-notice global conflict with the Soviets, the United States can shape its forces, in both size and character, to the requirements of a peacetime presence and regional contingencies -- contingencies made even more dangerous by the proliferation of modern weaponry.
- The spread of chemical, nuclear, ballistic missile and other technologies will give future local conflicts far-reaching consequences. Our forces must be prepared for such challenges should efforts to prevent proliferation fail.
- This means very ready and very competent active forces that can operate in austere environments independent of the kind of infrastructure we have prepared in Europe. It means a sea and airlift capacity to get U.S. forces where they are needed, when they are needed. It means forces that can win decisively and quickly, and with minimum casualties, in the complex political environment in which they must operate. It means forces well-suited to the continuing technological revolution. We must continue to invest R&D, field promising new systems, and develop appropriate doctrine.
- We can also creatively approach the contributions made by our reserve forces, now freed from the burden of constant readiness for full mobilization. This means changes in size, structure and readiness.
- Our military will be not only smaller, but different, responding to the opportunities and challenges of the future. It will be able to provide a peacetime presence, respond to regional crises, and provide a foundation for

reconstituting larger forces should the need arise.

-- Five years will be required to restructure in an orderly way.

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.

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SEIZING INTERNATIONAL OPPORTUNITIES FOR PEACE

In his Inaugural Address, the President heralded the historic new era of freedom that was dawning: "The day of the dictator is over. The totalitarian era is passing, its old ideas blown away like leaves from an ancient, lifeless tree." Four decades of strength and solidarity among the Western democracies, reinforced by the new vigor of American leadership in the 1980's, had borne fruit. Through peaceful democratic revolutions, the countries of Central and Eastern Europe regained control over their national destinies, and Germany achieved its long-deferred goal of unity and peace and freedom. 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 dictatorial 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, 1989, he spoke in Hamtramck, Michigan, calling for self-determination in Eastern Europe and an end to the division of the continent. In May, of that year, 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. Though the pace of change was even faster than anticipated, the United States remains on a course set by the President last spring. In July, 1990, at the NATO Summit, President Bush invited the Soviets and Eastern Europeans to establish regular diplomatic liaison with NATO. In the Western Hemisphere, the President has worked vigorously to promote democracy with important successes in a number of countries. In Panama, Operation Just Cause rid that country of a notoriously repressive regime and restored it to democracy. In Nicaragua, under carefully monitored elections, the people of Nicaragua voted overwhelmingly to oust the repressive Sandinista regime and replace it with a democratic coalition led by Violeta Chamorro. Responding to the victories of democracy in Nicaragua and Panama, the United States provided to both countries a generous aid package designed to rebuild their economies and heal the

affirmed the U.S. policy wisdom of that country

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wounds of war. The United States also played an important role in the peaceful demobilization of the Nicaraguan Resistance and the reintegration of the combatants and their families into Nicaraguan life.

- 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:** The President seized the initiative in redefining future European security arrangements by setting in motion a major transformation of the North Atlantic Alliance at the London Summit in July. The Alliance adopted nineteen initiatives in four broad categories: reaching out to old adversaries; changing the character of conventional defense; transforming NATO's nuclear strategy; and transforming the Alliance's vision for the CSCE and the structure for building a Europe whole and free. These proposals were heralded as a historic turning point, and showed immediate results as a central element in gaining Soviet acceptance of the unification of Germany. President Gorbachev received an unprecedented invitation visit Nato and the East Europeans and Soviets were invited to establish regular diplomatic liaison with NATO. NATO also proposed further conventional arms control talks to begin after the completion of the first CFR treaty and launched a complete review of NATO's military strategy which would include making nuclear forces truly weapons of the last resort. NATO leaders also proposed a summit in Paris of the 35 members of the Conference on Security and Cooperation in Europe (CSCE) at which a CFE treaty would be set and new standards for the building and preserving free societies would be set.
- o **Eastern Europe:** As the countries of Central and Eastern Europe 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's strong support for political pluralism and economic reform in Hungary and Poland was highlighted by his July 1989 visit to those nations, and by the international leadership he has exercised in mobilizing major international backing of those 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 address problems of pollution. All elements of the President's package were adopted by the Congress and became the framework for the "Support for East European Democracy Act"

that he signed into law in November 1989. Following the "revolution of '89" the President met with new, democratically-elected leaders in the region and proposed an expanded set of measures for economic assistance and democratic institution-building for all of Eastern Europe.

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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 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."

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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 United States will begin negotiations this year on a comprehensive business and economic agreement with Hungary to improve its business environment. In

September, 1990, the United States opened an international Regional Environmental Center for Central and Eastern Europe in Budapest. The first group of Peace Corps volunteers began work in Hungary in 1990 to enhance English language training -- the first time in a European country. In addition, the Hungarian-American Enterprise Fund began operations in Hungary. In total, in 1990 the U.S. provided \$90 million in private sector, environment, and technical assistance grants to Hungary, and \$100 million in export guarantees.

- o The Revolution of '89: U.S. assistance to Poland and Hungary provided an incentive and framework for the democratic changes that swept central and eastern Europe in the fall of 1989. In his meetings with the new, democratic leaders of Eastern Europe -- President Havel of Czechoslovakia, Prime Minister Mazowiecki of Poland, Prime Minister de Maiziere of East Germany, and President Goncz and Prime Minister Antall of Hungary -- the President proposed a new set of measures to support economic recovery and democratic consolidation throughout the region. To assure strong and sustained leadership, the President appointed Deputy Secretary of State Eagleburger as Coordinator for U.S. Assistance to Eastern Europe, with Treasury Deputy Secretary John Robson and Council of Economic Advisors Chairman Michael Boskin as Deputy Coordinators. In May of 1990, the President also announced creation of a Citizens Democracy Corps to serve as a center and clearinghouse for private voluntary assistance to Eastern Europe. In his commencement address at Oklahoma State University in May and through his initiative at the London Summit in July, the President also proposed new measures to ensure that the rising democracies of Eastern Europe would have a strong voice and secure place in new Europe.

- o German Unification: In October 1989, before the dramatic opening of the Berlin Wall on November 9, the President expressed his strong support for German unification and his full confidence in Germany's commitment to the Western Alliance. He played a leading role in supporting the aspirations we shared with the German people for a Germany united in peace and freedom. Last February, the United States proposed that negotiations to resolve the external aspects of German unification be held among the "Two Plus Four"-- the two German states together with the United States, Great Britain, France, and the Soviet Union. In close consultation with Chancellor Kohl and the other leaders of the Alliance, as well as in his meetings with Soviet President Gorbachev, the President took the lead in developing the international consensus required at "Two Plus Four." Those negotiations were successfully completed in September 1990, paving the way for the creation of a united Germany on October 3, 1990, enjoying full sovereignty and remaining a full member of the North Atlantic Alliance and the Western community of nations.

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- 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:

*Need to
review
based on
recent
events
in Lithuania*

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NOTES
p. 7.

-- **Panama:** Operation Just Cause ousted dictator Manuel Noriega and allowed the people of Panama to install their freely-elected President and legislature. With the passage of the special aid bill for Panama and Nicaragua, the Panamanian economy has already begun the process of rebounding from the years of the Noriega dictatorship. Noriega surrendered to U.S. authorities in early January, and now awaits trial in the U.S. on drug-related charges.

-- **El Salvador:** Peace in this troubled country remains elusive, but we have redoubled our efforts to help it end the civil war that has raged for more than a decade. Our contacts have included close consultations with the Soviet Union, the United Nations, and others, seeking ways to advance the negotiations between the government and the guerrillas and help them bridge the differences that divide them. We have also been forthright in our determination to see the killers of the six Jesuit priests brought to justice, and to enhance the country's overall human right record.

-- **Nicaragua:** The victory of democracy in Nicaragua is one of the most important developments in this hemisphere in 1990. In a carefully monitored international election, the people of Nicaragua voted overwhelmingly to oust the repressive Sandinista regime and replace it with a democratic coalition led by Violeta Chamorro. The United States responded to this development by providing a generous aid package to both Nicaragua and Panama, designed to assist these two countries to rebuild their battered economies and bind up the wounds of war. The President played a major direct role in both securing the free elections in Nicaragua and obtaining congressional approval for his fund for reconstruction and reconciliation. The United States also played an important role in the peaceful demobilization of the Nicaraguan Resistance and the reintegration of the fighters and their families into Nicaraguan life.

-- **Enterprise for the Americas:** On June 27, the President announced a major new initiative in our relations with this hemisphere. It was the result of an intensive three-month inter-agency study, which concluded that we need to focus our approach on "trade, not aid." The initiative addressed three key topics: trade, investment, and debt. On trade, the President announced that our long-range objective in this hemisphere is a hemisphere-wide free trade zone. He offered to negotiate framework agreements as a step in that direction. The

Vp looked?

4

reaction to this proposal was enthusiastic; framework agreements have been concluded with Colombia and Ecuador, and others are in the process of negotiation with Chile, Costa Rica, Honduras, and Venezuela. When Argentina, Brazil, and Uruguay put forward the idea of a multi-country framework agreement, our reaction was equally positive. Negotiations on this agreement are currently underway.

✓ In furtherance of the trade and investment portions of the initiative, the President has submitted enabling legislation to the Congress, and will work closely and intensively to secure its passage. Legislation has also been introduced to give the drug-producing Andean countries greater access to the American market, as a way to encourage them away from dependence on illegal drugs and toward legal exports. The Administration is also working for enactment of this legislation.

- 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 leading to negotiations. 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 based on principles of territory for peace, security and recognition for Israel, and the legitimate political rights of the Palestinians. The President also is actively supporting the efforts of the Arab League and others to promote national reconciliation, end the internecine warfare, and bring peace to a united Lebanon that is free of all foreign forces.
- o **Persian Gulf:** In response to Iraq's unprovoked invasion of Kuwait on August 2 and the serious threat it poses to vital U.S. interests in the region, the Administration has set in train one of the most comprehensive and dynamic diplomatic, economic and military strategies in history to thwart further Iraqi aggression. The components of the strategy include:
 - an immediate and complete freeze on Iraqi and Kuwaiti assets both here and abroad;
 - the unprecedented passage of twelve U.N. Security Council resolutions condemning Iraq's invasion and annexation of Kuwait, demanding Iraq's withdrawal and the restoration of Kuwait's legitimate government, imposing and enforcing mandatory economic sanctions against Iraq and Kuwait,

- . and demanding the immediate release of all foreign nationals being held hostage;
- the deployment of multinational ground, air and naval forces to defend Saudi Arabia and ensure the security and stability of the Persian Gulf region;
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- a multinational effort to increase oil production and reduce oil consumption to offset the loss of Kuwait and Iraqi oil resources.

Update ?

The level of international support, cooperation, and participation received thus far, particularly from Arab and Muslim states, in implementing this strategy are pivotal to the success of the Administration's -- and the world's -- ultimate objectives: to attain the goals set forth in the United Nations Security Council resolutions related to the conflict. The Administration continues to support a peaceful resolution of the crisis, hoping this can be achieved through international pressure and isolation of Iraq through global compliance with mandatory sanctions designed to force Iraq to relinquish Kuwait.

More importantly, the level of domestic -- both congressional and public -- support for the President's policy, including the deployment of U. S military force has been unprecedented.

The Administration intends that U.S. forces committed to the Persian Gulf region in response to invitations from our friends in the area, remain in the region until their mission is completed and they are no longer needed or wanted.

- 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.- Upper 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:** Responding to dramatic changes in the international security environment, the President outlined major new directions in U.S. defense policy on August 2 in a speech to the Aspen Institute. Welcoming positive developments, he nonetheless emphasized that America must remain strong and engaged if it is to meet continuing dangers, particularly those posed by renegade regimes and unpredictable rulers. The President said:
 - The United States will continue to be a leader in preserving the peace. A forward presence and strong alliance will remain indispensable elements of our strategy.
 - The United States will not repeat the historical error of massive demobilization, nor take comfort in a false sense of insularity.
 - The military capability of the Soviet Union to destroy Western society has not diminished and Soviet strategic modernization is continuing briskly.
 - Deterrence demands that the United States modernize its strategic forces to include: 75 B-2s, 18 Tridents, and development of both Rail Garrison and Small ICBM. The United States will pursue strategic defenses and deploy SDI when it is ready.
 - Even with the conventional reductions we are now negotiating, the Soviet Union will remain a world class military power with 2-3 million men under arms.
 - Nonetheless, given recent political developments in Central and Eastern Europe, the threat of a Soviet attack in Europe is lower than at any previous time in the post-war era, and this reality allows us to adjust our forces in dramatic ways.
 - To meet changing strategic circumstances with smaller forces, the United States needs a new defense strategy to guide not merely reductions, but restructuring,

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- Plans have been made to cut active forces by 25 percent by 1995 -- provided the ability is retained to reconstitute new forces should the need arise.
- The concept of reconstitution adds a new dimension to U.S. defense planning, permitting generation of wholly new forces. The ability and willingness to rebuild will be an important deterrent.
- Freed from the burden of preparing for a short-notice global conflict with the Soviets, the United States can shape its forces, in both size and character, to the requirements of a peacetime presence and regional contingencies -- contingencies made even more dangerous by the proliferation of modern weaponry.
- The spread of chemical, nuclear, ballistic missile and other technologies will give future local conflicts far-reaching consequences. Our forces must be prepared for such challenges should efforts to prevent proliferation fail.
- This means very ready and very competent active forces that can operate in austere environments independent of the kind of infrastructure we have prepared in Europe. It means a sea and airlift capacity to get U.S. forces where they are needed, when they are needed. It means forces that can win decisively and quickly, and with minimum casualties, in the complex political environment in which they must operate. It means forces well-suited to the continuing technological revolution. We must continue to invest R&D, field promising new systems, and develop appropriate doctrine.
- We can also creatively approach the contributions made by our reserve forces, now freed from the burden of constant readiness for full mobilization. This means changes in size, structure and readiness.
- Our military will be not only smaller, but different, responding to the opportunities and challenges of the future. It will be able to provide a peacetime presence, respond to regional crises, and provide a foundation for

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reconstituting larger forces should the need arise.

- Five years will be required to restructure in an orderly way.
- 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.

MEMORANDUM

THE WHITE HOUSE
WASHINGTON
91 JAN 14 P 2: 47



January 14, 1991

MEMORANDUM FOR CHRISS WINSTON

FROM: John S. Gardner *JSG*

SUBJECT: "Seizing International Opportunities"

You've really packed a lot of material here. I have only three general comments, besides what I've written on the copy:

- 1) This is sometimes confusing with regard to the chronology of events; e.g., on p. 1, the Brussels NATO Summit is referenced, but on p. 2, "NATO Summit" is used to describe the London Summit.
- 2) You may want to consider having some direct Presidential quotes here -- not only does it highlight some of the good things he has said, but it would also show how early the President was in describing our policies. We have been proactive, not reactive.
- 3) Have you considered adding a section about global environmental initiatives? (Clean Air Act, debt for nature, rainforests, ivory, etc.)

Thanks.

GG

Document No. _____

WHITE HOUSE STAFFING MEMORANDUM

DATE: 01/11/91 ACTION/CONCURRENCE/COMMENT DUE BY: 01/15 4:00 p.m. Tuesday

ACCOMPLISHMENTS OF THE BUSH ADMINISTRATION:
SEIZING INTERNATIONAL OPPORTUNITIES FOR PEACE

SUBJECT: _____

| | ACTION | FYI | | ACTION | FYI |
|----------------|-------------------------------------|-------------------------------------|------------|-------------------------------------|--------------------------|
| VICE PRESIDENT | <input type="checkbox"/> | <input checked="" type="checkbox"/> | MCCLURE | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| SUNUNU | <input type="checkbox"/> | <input type="checkbox"/> | NEWMAN | <input type="checkbox"/> | <input type="checkbox"/> |
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| HOLIDAY | <input checked="" type="checkbox"/> | <input type="checkbox"/> | DELAND | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| | | | KRISTOL | <input checked="" type="checkbox"/> | <input type="checkbox"/> |

REMARKS: WINSTON ✓

Please provide any comments/recommendations directly to Chriss Winston by 4:00 p.m., Tuesday, 01/15, with a copy to my office. Thanks.

RESPONSE:



PHILLIP D. BRADY
Assistant to the President
and Staff Secretary
Ext. 2702

91 JAN 11 PM 7:21

*Why just w/ them?
Don't it joining
with all nations?*

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. Through peaceful democratic revolutions, the countries of Central and Eastern Europe regained control over their national destinies, and Germany achieved its long-deferred goal of unity and peace and freedom. 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 dictatorial 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, 1989, he spoke in Hamtramck, Michigan, calling for self-determination in Eastern Europe and an end to the division of the continent. In May, of that year, 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. Though the pace of change was even faster than anticipated, the United States remains on a course set by the President last spring. In July, 1990, at the NATO Summit, President Bush invited the Soviets and Eastern Europeans to establish regular diplomatic liaison with NATO. In the Western Hemisphere, the President has worked vigorously to promote democracy with important successes in a number of countries. In Panama, Operation Just Cause rid that country of a notoriously repressive regime and ~~restored it to democracy~~. In Nicaragua, under carefully monitored elections, the people of Nicaragua voted overwhelmingly to oust the repressive Sandinista regime and replace it with a democratic coalition led by Violeta Chamorro. Responding to the victories of democracy in Nicaragua and Panama, the United States provided to both countries a generous aid package designed to rebuild their economies and heal the

permitted the democratically-elected government to take office

wounds of war. The United States also played an important role in the peaceful demobilization of the Nicaraguan Resistance and the reintegration of the combatants and their families into Nicaraguan life.

- 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.

This is confusing, since there have been two summits.

London

- o **NATO Summit:** The President seized the initiative in redefining future European security arrangements by setting in motion a major transformation of the North Atlantic Alliance at the London Summit in July. The Alliance adopted nineteen initiatives in four broad categories: reaching out to old adversaries; changing the character of conventional defense; transforming NATO's nuclear strategy; and transforming the Alliance's vision for the CSCE and the structure for building a Europe whole and free. These proposals were heralded as a historic turning point and showed immediate results as a central element in gaining Soviet acceptance of the unification of Germany. President Gorbachev received an unprecedented invitation visit Nato and the East Europeans and Soviets were invited to establish regular diplomatic liaison with NATO. NATO also proposed further conventional arms control talks to begin after the completion of the first CFR treaty and launched a complete review of NATO'S military strategy which would include making nuclear forces truly weapons of the last resort. NATO leaders also proposed a summit in Paris of the 35 members of the Conference on Security and Cooperation in Europe (CSCE) at which a CFE treaty would be set and new standards for the building and preserving free societies would be set.

CFE?

- o **Eastern Europe:** As the countries of Central and Eastern Europe 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's strong support for political pluralism and economic reform in Hungary and Poland was highlighted by his July 1989 visit to those nations, and by the international leadership he has exercised in mobilizing major international backing of those 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 address problems of pollution. All elements of the President's package were adopted by the Congress and became the framework for the "Support for East European Democracy Act"

that he signed into law in November 1989. Following the "revolution of '89" the President met with new, democratically-elected leaders in the region and proposed an expanded set of measures for economic assistance and democratic institution-building for all of Eastern Europe.

- 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 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 United States will begin negotiations this year on a comprehensive business and economic agreement with Hungary to improve its business environment. In

Shouldn't there be a
bullet for Czechoslovakia? Bush visit, trade waiver, etc.

September, 1990, the United States opened an international Regional Environmental Center for Central and Eastern Europe in Budapest. The first group of Peace Corps volunteers began work in Hungary in 1990 to enhance English language training -- the first time in a European country. In addition, the Hungarian-American Enterprise Fund began operations in Hungary. In total, in 1990 the U.S. provided \$90 million in private sector, environment, and technical assistance grants to Hungary, and \$100 million in export guarantees.

- o **The Revolution of '89:** U.S. assistance to Poland and Hungary provided an incentive and framework for the democratic changes that swept central and eastern Europe in the fall of 1989. In his meetings with the new, democratic leaders of Eastern Europe -- President Havel of Czechoslovakia, Prime Minister Mazowiecki of Poland, Prime Minister de Maiziere of East Germany, and President Goncz and Prime Minister Antall of Hungary -- the President proposed a new set of measures to support economic recovery and democratic consolidation throughout the region. To assure strong and sustained leadership, the President appointed Deputy Secretary of State Eagleburger as Coordinator for U.S. Assistance to Eastern Europe, with Treasury Deputy Secretary John Robson and Council of Economic Advisors Chairman Michael Boskin as Deputy Coordinators. In May of 1990, the President also announced creation of a Citizens Democracy Corps to serve as a center and clearinghouse for private voluntary assistance to Eastern Europe. In his commencement address at Oklahoma State University in May and through his initiative at the London Summit in July, the President also proposed new measures to ensure that the rising democracies of Eastern Europe would have a strong voice and secure place in new Europe.
- o **German Unification:** In October 1989, before the dramatic opening of the Berlin Wall on November 9, the President expressed his strong support for German unification and his full confidence in Germany's commitment to the Western Alliance. He played a leading role in supporting the aspirations we shared with the German people for a Germany united in peace and freedom. Last February, the United States proposed that negotiations to resolve the external aspects of German unification be held among the "Two Plus Four"-- the two German states together with the United States, Great Britain, France, and the Soviet Union. In close consultation with Chancellor Kohl and the other leaders of the Alliance, as well as in his meetings with Soviet President Gorbachev, the President took the lead in developing the international consensus required at "Two Plus Four." Those negotiations were successfully completed in September 1989, paving the way for the creation of a united Germany on October 3, 1990, enjoying full sovereignty and remaining a full member of the North Atlantic Alliance and the Western community of nations.

- and Washington*
- 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 continued to accelerate the pace of negotiations across the board. In May, in a speech at Oklahoma State University, he announced cancellation of any further modernization of U.S. nuclear artillery shells deployed in Europe and termination of the program to develop more modern short-range nuclear missiles to replace the Lance system now in Europe. At their Washington summit in June, Presidents Bush and Gorbachev signed verification protocols for the Threshold Test Ban Treaty and the Peaceful Nuclear Explosions Treaty. In fulfillment of President Bush's September 1989 initiative at the United Nations, they also signed an agreement to destroy the vast bulk of U.S. and Soviet chemical weapons. President Bush remains committed to accelerating work in order to complete a treaty reducing Conventional Armed Forces in Europe (CFE) and a Treaty on Strategic Offensive Arms (START) in 1990. At the NATO summit in London in July, Allied leaders endorsed President Bush's initiative to continue the CFE negotiations after the completion of the first treaty to seek further far-reaching measures in the 1990s to limit the offensive capability of conventional armed forces in Europe. NATO leaders also endorsed the President's proposal to begin U.S.-Soviet negotiations on the reduction of short-range nuclear forces shortly after a CFE agreement is signed.
 - 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 the two leaders work to give major new impetus to

How was it broadened? I thought my position was that the Presidential Memorandum had the same force as the Exec. Order and that we only did the E.O. because of POTUS note to McCain.

the U.S.-Soviet relationship. The President conveyed his strong personal commitment to this goal. 1989

- o **China:** On his visit to China in February, 1989, 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, 1989, 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, 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 totals about \$3 billion annually representing about 40 percent of the total cost, and making it the most generous host nation support program enjoyed by the U.S. anywhere in the world. It is expected that in the near future Japan's contribution will rise to about 50 percent of the total cost. 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. and Japan. American companies will receive \$2.5 billion in contracts 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 were concluded successfully and are expected to reduce U.S.-Japan trade friction in the long term. In addition, the Administration concluded negotiations which will open markets for U.S. satellites, super-computers, and forest products.

- **Asia Pacific Economic Cooperation Conference:** The Administration succeeded in promoting -- through joint leadership with Japan, Korea, Australia and the ASEAN states -- conferences on Asia Pacific Economic Cooperation (APEC) in Canberra, Australia, in November 1989 and August 1990. This region-wide ministerial

Were both conferences in Canberra? I thought second was in Singapore.

meetings address collective responses to the great economic changes underway in the world. The APEC group is presenting a united position in the Uruguay Round of GATT negotiations, has established working groups to study infrastructural needs of great importance to U.S. service industries in the region, and will seek to improve data sharing. The success of APEC's second meeting in Singapore has improved the prospects for next year's third meeting in Seoul.

- **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 has continued to press for a comprehensive solution based on the Cambodian people's right to choose its own government in free and fair elections. In August 1990, the five permanent members of the United Nations Security Council agreed to a framework for a peaceful settlement featuring internationally-supervised elections and a peacekeeping force designed to free the Cambodian people from dominance by either the murderous Khmer Rouge or the Hun Sen regime that was installed by the Vietnamese army.
- **Vice Presidential Asian Initiatives:** 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 1989 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. In his Fall 1989 trip to South Korea, Japan, the Philippines, and Malaysia, the Vice President reinforced the U.S.-Japan security arrangements and 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. relations with the region.
- o **Latin America:** The President has further developed close, working relations with most of the leaders of this hemisphere, meeting with nineteen of them during the first ten months of 1990. He has also maintained important telephone contacts and written correspondence with these and other hemispheric leaders. Relations with our neighbor Mexico are excellent, and each of our countries has committed itself to make them even better through the conclusion of a free trade agreement. The President has demonstrated his support for democracy in additional ways, for example, sending the Vice President to make four trips to the region during 1990.

- **Panama:** Operation Just Cause ousted dictator Manuel Noriega and allowed the people of Panama to install their freely-elected President and legislature. With the passage of the special aid bill for Panama and Nicaragua, the Panamanian economy has already begun the process of rebounding from the years of the Noriega dictatorship. Noriega surrendered to U.S. authorities in early January, and now awaits trial in the U.S. on drug-related charges.
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and demanding the immediate release of all foreign nationals being held hostage;

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- the organization of an international consortium of donor nations to provide financial support to those countries hurt most by sanctions compliance and to offset some of the costs of U.S. military operations in the Gulf; and
- a multinational effort to increase oil production and reduce oil consumption to offset the loss of Kuwait and Iraqi oil resources.

The level of international support, cooperation, and participation received thus far, particularly from Arab and Muslim states, in implementing this strategy are pivotal to the success of the Administration's -- and the world's -- ultimate objectives: to attain the goals set forth in the United Nations Security Council resolutions related to the conflict. The Administration continues to support a peaceful resolution of the crisis, hoping this can be achieved through international pressure and isolation of Iraq through global compliance with mandatory sanctions designed to force Iraq to relinquish Kuwait.

More importantly, the level of domestic -- both congressional and public -- support for the President's policy, including the deployment of U. S military force has been unprecedented.

The Administration intends that U.S. forces committed to the Persian Gulf region in response to invitations from our friends in the area, remain in the region until their mission is completed and they are no longer needed or wanted.

- 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.- Upper 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

*It applies to more than just
Orients, but, perhaps generally,
Upper Canadian all is not covered!]*

Mention Clean Air Act here?

hosted Nelson Mandela and de Klerk?

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:** Responding to dramatic changes in the international security environment, the President outlined major new directions in U.S. defense policy on August 2 in a speech to the Aspen Institute. Welcoming positive developments, he nonetheless emphasized that America must remain strong and engaged if it is to meet continuing dangers, particularly those posed by renegade regimes and unpredictable rulers. The President said:
 - The United States will continue to be a leader in preserving the peace. A forward presence and strong alliance will remain indispensable elements of our strategy.
 - The United States will not repeat the historical error of massive demobilization, nor take comfort in a false sense of insularity.
 - The military capability of the Soviet Union to destroy Western society has not diminished and Soviet strategic modernization is continuing briskly.
 - Deterrence demands that the United States modernize its strategic forces to include: 75 B-2s, 18 Tridents, and development of both Rail Garrison and Small ICBM. The United States will pursue strategic defenses and deploy SDI when it is ready.
 - Even with the conventional reductions we are now negotiating, the Soviet Union will remain a world class military power with 2-3 million men under arms.
 - Nonetheless, given recent political developments in Central and Eastern Europe, the threat of a Soviet attack in Europe is lower than at any previous time in the post-war era, and this reality allows us to adjust our forces in dramatic ways.
 - To meet changing strategic circumstances with smaller forces, the United States needs a new defense strategy to guide not merely reductions, but restructuring,

- Plans have been made to cut active forces by 25 percent by 1995 -- provided the ability is retained to reconstitute new forces should the need arise.
- The concept of reconstitution adds a new dimension to U.S. defense planning, permitting generation of wholly new forces. The ability and willingness to rebuild will be an important deterrent.
- Freed from the burden of preparing for a short-notice global conflict with the Soviets, the United States can shape its forces, in both size and character, to the requirements of a peacetime presence and regional contingencies -- contingencies made even more dangerous by the proliferation of modern weaponry.
- The spread of chemical, nuclear, ballistic missile and other technologies will give future local conflicts far-reaching consequences. Our forces must be prepared for such challenges should efforts to prevent proliferation fail.
- This means very ready and very competent active forces that can operate in austere environments independent of the kind of infrastructure we have prepared in Europe. It means a sea and airlift capacity to get U.S. forces where they are needed, when they are needed. It means forces that can win decisively and quickly, and with minimum casualties, in the complex political environment in which they must operate. It means forces well-suited to the continuing technological revolution. We must continue to invest R&D, field promising new systems, and develop appropriate doctrine.
- We can also creatively approach the contributions made by our reserve forces, now freed from the burden of constant readiness for full mobilization. This means changes in size, structure and readiness.
- Our military will be not only smaller, but different, responding to the opportunities and challenges of the future. It will be able to provide a peacetime presence, respond to regional crises, and provide a foundation for

reconstituting larger forces should the need arise.

- Five years will be required to restructure in an orderly way.
- 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.