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THE WHITE HOUSE

Office of the Press Secretary

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WEDNESDAY, JANUARY 31, 1990

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

The Capitol

January 31, 1990

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

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

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

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

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

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

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

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

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

- more -

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

- By the year 2000, every child must start school ready to learn.
- The United States must increase the high school graduation rate to no less than 90 percent.
- And we're going to make sure our schools' diplomas mean something: In critical subjects -- at the 4th, 8th and 12th grades -- we must assess our students' performance.
- By the year 2000, U.S. students must be first in the world in math and science achievement.
- Every American adult must be a literate worker and citizen.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Today, that change is taking place.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

THE WHITE HOUSE
WASHINGTON

TALKING POINTS

HIGHLIGHTS OF PRESIDENT BUSH'S 1990 AGENDA

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

1. Economy

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

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

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

2. Social Security

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

3. Education

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

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

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

Highlights of the President's 1990 Agenda
Page Two

4. Child Care

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

5. Drugs

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

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

6. Environment

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

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

7. Housing

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

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

Highlights of the President's 1990 Agenda
Page Three

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

8. Investing in the Future and Competitiveness

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

9. National Defense

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

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

10. The Points of Light Initiative

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

11. Eastern Europe

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

12. Foreign Affairs

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

THE WHITE HOUSE

Office of the Press Secretary

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

THE PRESIDENT'S STATE OF THE UNION ADDRESS

FACT SHEET

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

- I. Investments for a Competitive America
- II. Opportunity
- III. Stewardship
- IV. Democracy

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

I. INVESTMENTS FOR A COMPETITIVE AMERICA

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

A. Investing in Productive Capital

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

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

- o The President's budget achieves this deficit reduction with no increase in taxes.
- o The President's proposal balances the Federal budget by 1993, as required by Gramm-Rudman-Hollings, further increasing funds for domestic investment and reducing the need for U.S. foreign borrowing.
- o The President proposes to protect the long term integrity of the Social Security system. His proposal will assure that the build up of Social Security reserves in the future will not be used to mask the non-Social Security deficit and will not be used to finance non-Social Security spending.

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

- o Creating Family Savings Accounts. To provide better for the future of America's families, the President put forward his plan to increase savings. Elements of this plan include the following:
 - Married couples earning under \$120,000, singles earning under \$60,000, and taxpayers who are Heads of Household with incomes under \$100,000 are eligible, if they have earned income and are not dependents on another return.
 - Each person may contribute up to \$2,500 (couples up to \$5,000) or the amount of their compensation, whichever is less. Contributions to the Family Savings Account are not tax deductible.
 - Earnings are not taxable as they accumulate, but would be taxable if withdrawn before seven years have elapsed. Earnings on deposits at least seven years old may be withdrawn tax free.
 - Earnings on contributions fewer than seven years old are taxed like regular interest income if withdrawn, and earnings on deposits made fewer than three years previously are subject to an additional ten percent penalty tax upon withdrawal.
 - Contributions themselves are never subject to tax when withdrawn, only earnings.

- o Reducing the Rates on Capital Gains. To encourage investment for a more competitive America, the President proposed:
 - A phased-in exclusion of up to 30 percent of the capital gain on an asset. Eventually, only assets held for at least three years would receive the full exclusion.

<u>Years Held</u>			
<u>Year Sold</u>	1	2	3
1990	30%	30%	30%
1991	20%	30%	30%
1992	10%	20%	30%

- In general, all capital assets held by individuals, except for collectibles, will be eligible for the capital gains exclusion. Corporations will not be eligible for a capital gains tax rate reduction.
- o Home Ownership Initiative. To encourage saving and home ownership, the President proposed:
 - Modifying current IRA laws so that first-time home buyers can withdraw up to \$10,000 without penalty for early withdrawal.

B. Intellectual Capital -- New Technologies for the Future

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

- o The President remains committed to doubling the National Science Foundation budget by 1993, and has provided a 14 percent increase in FY 1991 toward that end.
- o The President's budget calls for a 26 percent increase in funding of science and engineering education.

Incentives for the Private Sector.

- o The President supports making the Research and Experimentation Tax Credit permanent.
- o The President also supports making permanent the rules for allocating R&D by transnational companies.

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

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

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

C. Educational Excellence for All Americans

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

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

- The President proposed \$50 million for new research and demonstration activities to help schools learn more about how to prevent dropouts and how to help dropouts return to schooling.
 - The Job Training Partnership Act (JTPA) contains \$1.7 billion to target services to about 683,000 disadvantaged youths, most of whom are dropouts.
 - The President's budget funds the Youth Opportunities Unlimited program at \$50 million, supporting programs to help at-risk youth stay in school and develop marketable skills.
- o American students will leave grades four, eight, and twelve having demonstrated competency over challenging subject matter including English, mathematics, science, history, and geography.
- The President proposed increasing statistics funding within the Department of Education's research effort by 50 percent, from \$40 million in FY 1990 to \$60 million.
 - The President's Educational Excellence Act proposes initiatives for magnet and merit schools, alternative certification, and other programs. The President is also proposing a \$25 million initiative to improve training of principals.
 - Chapter 1 Local Education and Concentration Grants fund remedial education programs for nearly five million disadvantaged students.
- o U.S. students will be first in the world in science and mathematics achievement.
- The President proposes funding for the Dwight D. Eisenhower Mathematics and Science Education Grants of \$230 million, a 70% increase over FY 1990.
 - National Science Scholars is one of the President's initiatives in the Educational Excellence Act.
 - The President will increase National Science Foundation (NSF) funding for education from \$360 million to \$460 million, a 28% increase.
 - The President calls for increasing the number of minority students in science and engineering through Scientific Literacy for the 21st Century, a NASA program.
 - The President will increase education-related funding under the Department of Energy by 47 percent.

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

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

D. Transportation

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

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

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

E. Free and Fair Trade

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

- o Strengthening the trading system by bringing the Uruguay Round of Multilateral Trade Negotiations to a successful conclusion in December 1990. A key objective for President Bush is to end the costly government subsidies and trade restrictions that distort international agricultural markets at the expense of the American farmer. The President also seeks to expand the GATT to cover trade in services, investment, and intellectual property, which are now outside the GATT system.
- o Challenging unfair barriers to American exports by working closely with Congress and American business to pursue an open, strengthened world trading system. The President continues to implement aggressively the market-opening provisions of the Omnibus Trade and Competitiveness Act of 1988, consistent with his commitment to providing American exporters with fair and open access to foreign markets.

F. Agriculture

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

- o Farm policy tools must be market-oriented in order to minimize distortions and allow farmers the flexibility to respond to market signals.
- o Competitiveness requires an adequate investment in agricultural infrastructure and a firm response to unfair trade practices.
- o Food and fiber production must be sensitive to environmental concerns.

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

II. OPPORTUNITY

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

A. Fighting Drug Abuse and Violent Crime

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

- o Drug Education and Prevention. Although the overall number of drug users is declining, the President believes we must redouble our efforts to ensure that children decide not to use drugs and that users are induced to stop.
- o Drug Treatment. Treatment should be made available for those who may benefit from its assistance and research must be encouraged to determine the most effective drug treatment modalities, particularly for segments of the population such as pregnant women and infants.
- o International Initiatives. The President will attend a Drug Summit with other Western Hemisphere leaders on February 15. He is proposing initiatives to strengthen America's efforts against the international drug trade and counter money laundering.
- o The Criminal Justice System and Interdiction. The President will propose initiatives designed to strengthen the criminal justice system's ability to counter drugs and to enhance our interdiction and other law enforcement efforts.

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

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

B. Health Care Reform

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

C. A Commitment to Civil Rights For Every American

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

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

- o Passage of the Americans with Disabilities Act to extend to the disabled the civil rights already guaranteed to millions of Americans by existing civil rights laws.
- o Strengthening of the Civil Rights Act of 1968, as it relates to the interference by force, or threat of force, with an individual who is exercising, or encouraging others to exercise, rights protected by the Fair Housing Act.
- o Quick action by the Congress on the Hate Crimes Statistics Act.

D. Child Care

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

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

E. H.O.P.E.

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

- o Legislation allowing first-time home buyers to draw, without penalty, on IRA savings as a down payment for their first home. The President has directed Secretary Kemp of the Department of Housing and Urban Development to convene a Blue Ribbon Commission to identify and suggest ways to remove barriers to affordable housing.
- o Promoting more housing choice for low-income families. H.O.P.E. includes a new grant program, funded at \$2.2 billion over three years, to help low-income families become owners. In addition, the President supports housing vouchers, as well as resident ownership and resident management of low income housing in order to empower low-income families and broaden their choice in housing.
- o Creating 50 Enterprise Zones over the next four years. Completely eliminating the capital gains tax on certain investments in these zones.
- o \$412 million to help preserve the affordability of existing housing where rents may rise and create hardship for low-income tenants.
- o Operation Bootstrap designed to coordinate better housing subsidies and supportive services for low-income households in order to help them become self-sufficient.
- o \$247 million for an initiative to reduce homelessness among the chronically mentally ill and recovering substance abusers through public-private partnerships.

F. Homelessness

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

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

G. Volunteerism

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

- o The President has asked Congress for \$25 million annually, for four years, to implement the recommendations of the Kean Commission on the Points of Light Initiative Foundation.
- o The President will use his Office to promote a new community ethic of volunteerism that requires no financial incentive and encourages participation in whatever measure the individual can provide.

III. STEWARDSHIP

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

A. Department of the Environment

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

B. America the Beautiful

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

- o Land Acquisition. The President proposes to expand land acquisition for national parks, refuges, forests and other public lands. Over \$1 billion of key land and water resources will be purchased over the next four years through the Land and Water Conservation Fund.
- o Reforestation. The President proposes to create a working alliance between environmental activism and community service. The President has budgeted \$175 million for the first year to plant over one billion trees a year across America, using public-private partnerships and volunteer programs.

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

C. Clean Air

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

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

D. Global Climate Change Research

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

IV. DEMOCRACY

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

A. Our Democratic Allies

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

B. Eastern Europe

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

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

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

C. Soviet Union

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

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

D. Panama

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

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

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

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

- o An additional \$500 million in economic assistance to be provided in FY 1990; and
- o \$42 million in humanitarian assistance.

E. Defense

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

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

F. CFE Initiative

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

G. Foreign Affairs

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

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

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THE WHITE HOUSE
Office of the Press Secretary

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

NATIONAL EDUCATION GOALS

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

1. By the year 2000, all children in America will start school ready to learn.
2. By the year 2000, we will increase the percentage of students graduating from high school to at least ninety percent.
3. By the year 2000, American students will leave grades four, eight, and twelve having demonstrated competency over challenging subject matter, including English, mathematics, science, history and geography.
4. By the year 2000, U.S. students will be first in the world in science and mathematics achievement.
5. By the year 2000, every adult American will be literate and possess the knowledge and skills necessary to compete in a global economy and exercise the rights and responsibilities of citizenship.
6. By the year 2000, every school in America will be free of drugs and violence and offer a disciplined environment conducive to learning.

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

Background

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

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

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

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

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

MEASURING PROGRESS TOWARD NATIONAL GOALS

Readiness for School

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

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

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

High School Completion

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

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

Student Achievement

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

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

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

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

Science and Mathematics

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

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

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

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

Literacy and Lifelong Learning

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

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

Safe, Disciplined, and Drug-free Schools

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

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

A National Challenge

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

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THE WHITE HOUSE

Office of the Press Secretary

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

FACT SHEET

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

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

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

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

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

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THE WHITE HOUSE
Office of the Press Secretary

For Immediate Release

January 31, 1990

STATE OF THE UNION ADDRESS

The U.S. Capitol
Washington, D.C.

9:05 P.M. EST

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

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

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

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

Think back -- think back just 12 short months ago to the world we knew as 1989 began.

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

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

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

A year ago, freedom's playwright, Vaclav Havel, languished as a prisoner in Prague. And today, it's Vaclav Havel -- President of Czechoslovakia. (Applause.)

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

MORE

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

In the tough competitive markets around the world,

MORE

America faces the great challenges and great opportunities. And we know that we can succeed in the global economic arena of the '90's, but to meet that challenge, we must make some fundamental changes -- some crucial investment in ourselves.

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

Let me tell you. If we ignore human capital, if we lose the spirit of American ingenuity -- the spirit that is the hallmark of the American worker -- that would be bad. The American worker is the most productive worker in the world.

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

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

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

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

Education is the one investment that means more for our future because it means the most for our children. Real improvement in our schools is not simply a matter of spending more. It's a matter of asking more -- expecting more -- of our schools, our teachers, of our kids, of our parents and ourselves. And that's why tonight, I am announcing America's education goals -- goals developed with enormous cooperation from the nation's governors. And if I might, I'd like to say I'm very pleased that Governor Gardner and Governor Clinton, Governor Branstad, Governor Campbell, all of whom were very key in these discussions, these deliberations, are with us here tonight. (Applause.)

By the year 2000, every child must start school ready to learn. The United States must increase the high school graduation rate to no less than 90 percent. (Applause.)

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

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

Every American adult must be a skilled, literate worker and citizen. (Applause.)

Every school must offer the kind of disciplined

MORE

environment that makes it possible for our kids to learn. And every school in America must be drug-free. (Applause.)

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

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

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

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

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

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

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

It's just one sign of how serious we are: we will elevate the Environmental Protection Agency to Cabinet rank. (Applause.) Not more bureaucracy, not more red tape, but the certainty that here at home and especially in our dealings with other nations, environmental issues have the status they deserve.

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

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

And tonight, let me say again to all the members of the Congress: the American people did not send us here to bicker. There is work to do, and they sent us here to get it done. And once again, in the spirit of cooperation, I offer my hand to all of you. Let's work together to do the will of the people: clean air; child care; the Educational Excellence Act; crime and drugs. It's time to act. The farm bill, transportation policy, product liability reform, enterprise zones -- it's time to act together. (Applause.)

And there's one thing I hope we will be able to agree on. It's about our commitments. I'm talking about Social Security. To every American out there on Social Security, to every American supporting that system today and to everyone counting on it when they retire; we made a promise to you, and we are going to keep it. (Applause.)

We rescued the system in 1983 and it's sound again -- bipartisan arrangement. Our budget fully funds today's benefits, and

MORE

it assures that future benefits will be funded as well. The last thing we need to do is mess around with Social Security. (Applause.)

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

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

The state of the Union depends on whether we help our neighbor -- claim the problems of our community as our own. We've got to step forward when there's trouble -- lend a hand, be what I call a point of light to a stranger in need. We've got to take the time after a busy day to sit down and read with our kids. Help them with their homework. Pass along the values we learned as children. That's how we sustain the state of the Union. Every effort is important. It all adds up -- it's doing the things that give democracy meaning. It all adds up to who we are and who we will be.

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

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

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

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

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

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

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

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

MORE

Today, that change is taking place.

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

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

Here in our own hemisphere, it is time for all the peoples of the Americas -- North and South -- to live in freedom. (Applause.)

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

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

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

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

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

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

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

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

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

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

MORE

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

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

In the last few days of this past momentous year, our family was blessed once more -- celebrating the joy of life when a little boy became our 12th grandchild. When I held the little guy for the first time, the troubles at home and abroad seemed manageable -- and totally in perspective. (Applause.)

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

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

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

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

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

God bless all of you. And may God bless this great nation, the United States of America. (Applause.)

END

9:40 P.M. EST

THE WHITE HOUSE
WASHINGTON

September 1, 1989

MEMORANDUM TO: . OPINION LEADERS
FROM: DAVID DEMAREST ~~AA~~
ASSISTANT TO THE PRESIDENT FOR COMMUNICATIONS
SUBJECT: THE BUSH ADMINISTRATION'S ACCOMPLISHMENTS

We thought you would be interested in the latest review of Bush Administration initiatives and accomplishments. The President has moved forward on a number of fronts, in both domestic and foreign policy, to set the agenda for America.

We have enclosed a copy of the entire document, as well as a shorter executive summary.

September 1, 1989

BUILDING A BETTER AMERICA**ACCOMPLISHMENTS OF THE BUSH ADMINISTRATION****SUMMARY**

As the Bush Administration enters its eighth month, the President has set the agenda on a number of fronts domestically -- from the environment and education to the fight against drugs and crime. The economy is strong, with the current economic expansion continuing to set new records and create new jobs. Meanwhile, America continues to lead in the international arena, after President Bush's success at two multilateral summits paved the way for greater understanding among the allies and improved relations with the Soviet Union and the Eastern Bloc nations.

KEEPING THE ECONOMY STRONG

- o **Record expansion:** During the current economic expansion -- now in its 80th month as of July -- over 20 million jobs have been created and the unemployment rate has fallen to levels not seen in 15 years. Income levels have risen sharply and growth in industrial output is nearly double that of Western Europe. Consumer price inflation has remained under five percent for the past seven years.
- o **Budget agreement:** The President has put forth a budget which restrains overall growth of spending and meets the Gramm-Rudman-Hollings targets -- with no new taxes in fiscal year 1990. The President and Congress announced on April 14 a budget plan to reduce the estimated fiscal year 1990 deficit by about \$64 billion below fiscal year 1989.
- o **Savings and Loans:** On August 9, the President signed the **Financial Institution Reform, Recovery and Enforcement Act of 1989** to begin solving the savings and loan crisis. The President's plan calls for tough standards to help ensure such a crisis never happens again.
- o **Third World debt:** The Administration has taken the lead in finding a way to reduce the debt burden and encourage economic growth in developing countries. At the Administration's urging, the IMF and World Bank have set aside funds to support debt reduction programs for developing countries.

- o **Capital gains tax cut:** The President has sent to the Congress a proposal that would re-establish a capital gains differential to lower the cost of capital, create incentives for investment, make American business more competitive and create new job opportunities.
- o **Minimum wage:** The President, by vetoing the excessive across-the-board increase in the minimum wage proposed by Congress, preserved job opportunities for the disadvantaged and blunted the adverse economic impact such a move would have had.
- o **International Trade:** The Bush Administration successfully broke a stalemate in the Uruguay Round of multilateral trade negotiations and advanced its proposal to correct and prevent trade distortions in agriculture. It is engaged in bilateral trade talks with important trading partners to discuss structural impediments to expanding trade and encourage them to open their markets to our exports.

SEIZING INTERNATIONAL OPPORTUNITIES FOR PEACE

- o **"Europe Whole and Free":** In two State visits to Europe, a series of major speeches and frequent meetings and contacts with European leaders, the President has set forth a vision of a new Europe -- secure, prosperous, whole and free -- successfully culminating four decades of Western policies and seizing an historic opportunity to move toward ending the postwar division of Europe.
- o **Poland and Hungary:** The President's strong support for unprecedented democratic change in Hungary and Poland was highlighted by his visits to those nations, where he encouraged internal reconciliation and cooperation. The President offered political and moral support as well as economic and trade incentives for further steps along the path of reform.
- o **Economic summit:** Under President Bush's leadership, the Paris Economic Summit agreed to support Polish and Hungarian economic reforms and to concert efforts for maximum effectiveness of Western assistance. The Economic Summit also made further progress on key U.S. economic and political objectives such as a strengthened debt strategy, economic policy coordination, completion of the Uruguay Round by December 1990 and, for the first time, international cooperation on protection of the environment.

- o **"Beyond Containment":** The President has welcomed the extraordinary political and economic changes underway in the Soviet Union. He has established a new American policy, "Beyond Containment," that seeks to integrate the Soviet Union into the community of nations. The President has accelerated the pace of arms control negotiations with the Soviet Union, and broadened the dialogue beyond human rights, bilateral and regional issues to include problems of global concern such as the environment, terrorism, and narcotics.
- o **NATO Summit:** The President seized the arms control initiative and won the strong support of our Allies with a bold proposal to reduce conventional forces in Europe. Calling for completion of negotiations within six months to a year, the President proposed deep cuts in manpower and equipment.
- o **China:** Visiting China soon after taking office, the President underscored the long-term strategic importance of the Sino-U.S. relationship and his support for the process of reform. In response to the subsequent suppression of the democratic movement in China, the President took actions making clear that we do not condone repression even while he worked to preserve the basic elements of this important relationship.
- o **Central American Accord:** The President and Congressional leaders agreed on March 24 on a bipartisan strategy for peace and democracy in Central America. With the agreement, for the first time in years, the U.S. has a broadly supported strategy aimed at bringing about free and fair elections in Nicaragua.
- o **Strengthening our Strategic Deterrent:** After a thorough review of U.S. defense strategy, the President submitted to the Congress a defense budget that will modernize our ability to deter war including, after more than a decade of debate, specific proposals for two mobile ICBMs. The strategic modernizations program also includes the revolutionary B-2 bomber and funding to support an informed development and deployment decision on the Strategic Defense Initiative within the next four years.

INVESTING IN OUR FUTURE

- o **Education:** The President proposed and sent to the Congress a comprehensive education package, **The Educational Excellence Act of 1989**, which includes seven initiatives -- on merit and magnet schools, alternative certification of teachers, excellence awards for teachers, emergency grants to help urban schools to fight drugs, increased funding for endowments at Historically Black Colleges, and a National Science Scholars program.
- o **Natural Gas Deregulation:** On July 26, the President signed into law the **Wellhead Decontrol Act of 1989**, which ends all remaining price controls on natural gas. This will phase out all federal price controls on natural gas by January 1, 1993.
- o **Clean Air Act revisions:** On July 21, President Bush transmitted to the Congress the first revisions to the **Clean Air Act** since 1977. His legislation is designed to drastically reduce three major threats to the nation's environment: acid rain, urban air pollution, and toxic air emissions.
- o **Hazardous waste:** The President announced that he will seek new legislation to ban all exports of hazardous waste unless an agreement already exists with the receiving country to provide for its safe handling.
- o **Ozone depletion:** In order to prevent further damage to the earth's protective ozone layer, the President has called for a total worldwide phaseout of CFCs by the year 2000, provided safe substitutes are available.
- o **Medical Waste:** The EPA has begun a tracking system for medical wastes and the Justice Department has started a task force to prosecute those who deliberately dump medical wastes into the Nation's waters -- the first step in a comprehensive program to help keep our beaches clean. The President is committed to end ocean dumping of sewage sludge by 1991.
- o **Wetlands:** The President is committed to "no net loss of wetlands" and is directing his executive branch agencies, through an interagency task force, to make recommendations to achieve that goal. He has also proposed \$206 million in his budget to expand parks and wildlife refuges.
- o **Combatting Violent Crime:** President Bush transmitted to Congress **The Comprehensive Violent Crime Control Act of 1989** proposing measures to augment enforcement and prosecution,

strengthen current law, restrict certain semi-automatic weapons, and expand prison capacity.

- o **Fighting Drug Abuse:** The Administration is requesting over \$6 billion in funding for FY 1990 to fight the drug war, increasing outlays by nearly \$1 billion for drug education, treatment and enforcement. In September, the President will announce the Administration's new drug strategy and budget.
- o **Drug-free Public Housing:** The Bush Administration is working to make public housing drug free, and to protect the rights of decent, law-abiding public housing residents.
- o **D.C. Anti-Drug Efforts:** The Office of National Drug Control Policy has responded to the drug emergency in the District of Columbia by expanding the Metropolitan Area Task Force, by working for more prisons, and by providing support in enforcement and local treatment efforts.
- o **Space:** The President announced a three-step commitment to establish America's preeminence in space -- Space Station Freedom, a permanent presence on the Moon, and a manned mission to Mars -- for this and future generations.
- o **Transportation:** The Department of Transportation has begun a public outreach effort to develop a national transportation policy to move America into the 21st Century.

WORKING FOR A KINDER, GENTLER AMERICA

- o **Child Care:** The President has transmitted to the Congress a child care package, the **Working Family Child Care Assistance Act of 1989** which provides a new refundable child care tax credit of up to \$1000 per child under age four, for low income working families. This legislation will also make the existing Child and Dependent Care Tax Credit refundable, and does not discriminate against religious or family-based child care or a parent who chooses not to work outside the home.
- o **Head Start:** The President has also transmitted legislation to Congress that would allow a \$250 million increase in Head Start FY 90 appropriations. This will pay for enrollment of up to 95,000 more four-year-olds in the program.
- o **National Service:** The President is spearheading a movement to call all Americans to national service. He has announced the formation of a foundation known as the **Points of Light Initiative** to identify, enlarge and duplicate those community service initiatives that are working and to discover and encourage new leaders.

- o **Welfare Reform:** The Administration issued proposed rules on April 18 to implement the major provisions of the Family Support Act of 1988, as the next step in welfare reform. The Administration is proposing to spend \$3.6 billion over the next five years to implement the JOBS program. The Act will help reduce the number of individuals who need welfare.
- o **Medicaid:** To address the all-too-high infant mortality rate, the Administration forwarded to Congress legislation to improve federal Medicaid assistance to pregnant women, infants, and children.
- o **Homelessness:** President Bush has called for full funding of the McKinney Homeless Assistance Act and for a new \$50 million matching grant program to promote public/private partnerships to assist homeless families and the mentally ill.
- o **Enterprise Zones:** President Bush asked Congress to enact labor and capital-based incentives -- through enterprise zones -- to create jobs and entrepreneurial activity in our most distressed communities.
- o **Campaign Finance Reform:** On June 29, the President announced comprehensive campaign finance proposals designed to lessen the power of special economic interests and restore real competition to American Congressional elections.
- o **Civil Rights:** The President has called upon Congress to reauthorize the Commission on Civil Rights and is committed to seek legislation extending civil rights protections to disabled Americans. The Administration has endorsed the Hate Crimes Bill which provides for the collection of data about crimes motivated by race, religion, or ethnicity. The Civil Rights Division of the Department of Justice has vigorously pursued the enforcement of the Fair Housing Amendments Act of 1988 which became effective in March.
- o **Ethics:** President Bush sent his ethics reform legislation, **The Government-Wide Ethics Act**, to the Congress on April 12, and he issued an Executive Order announcing ethical principles for the conduct of executive branch employees.
- o **Whistleblower Protection:** On April 10, the President signed S. 20, the "Whistleblower Protection Act of 1989." This law will strengthen the protections and procedural rights available to those federal employees who report misdeeds and mismanagement.

September 1, 1989

BUILDING A BETTER AMERICA
ACCOMPLISHMENTS OF THE BUSH ADMINISTRATION

KEEPING THE ECONOMY STRONG

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

- o **Record peacetime expansion:** The current expansion reached 80 months in July. This is the second longest peacetime economic expansion in U.S. history, tying the World War II expansion of 80 months (from June 1938 - February 1945).
- o **Job creation:** Over 20 million new jobs have been created during this expansion, and this year, the unemployment rate has reached levels not seen in 15 years. During this decade, America has created more new jobs than Japan and the nations of Western Europe combined.
- o **Record income:** Real per capita disposable personal income -- personal income after taxes and inflation -- has risen 19 percent during this expansion. Real median family income set a new record in 1987, the last year for which data are available.
- o **Industrial output:** During this expansion, American industrial output has grown almost 40 percent, nearly double Western Europe's growth rate in industrial output.
- o **Higher national saving and investment:** During the first nine months of fiscal year 1989, the Federal Government budget deficit was less than during the same period in the previous fiscal year. Partly due to the discipline of Gramm-Rudman-Hollings, the Federal deficit has declined from 6.3 percent of GNP in fiscal year 1983 to an estimated 2.9 percent this fiscal year. The personal saving rate rose to 5.5 percent during the first half of this year. Real, non-residential fixed investment as a percent of real GNP rose to 12.4 percent in the second quarter of 1989.
- o **Inflation under control:** Consumer price inflation has remained under five percent in each of the seven years from 1982 to 1988, and the recent slowing in economic growth to a sustainable rate will lessen price pressures in the near future.

ACTION BY THE ADMINISTRATION:

- **Presenting a budget:** The President put forth a budget that provides for investment in future growth and competitiveness and addresses our fundamental obligations for national security and support of the needy. It also provides sufficient funds to advance high-priority initiatives such as protection of the environment, the fight against drugs, and the improvement of our educational system. The President's budget restrains overall growth of spending and meets the Gramm-Rudman-Hollings targets -- with no new taxes in Fiscal Year 1990.
- **Reaching a budget agreement with Congress:** The President and Congress announced on April 14 a budget plan to reduce the estimated Fiscal Year 1990 deficit by about \$64 billion below Fiscal Year 1989. The plan called for reducing the deficit to \$99.4 billion, meeting the targets set by the Gramm-Rudman-Hollings law. **This is the first budget agreement in recent years reached before the start of the budget year and not framed in the context of crisis.**
- **Savings and Loan reform:** The President signed the Financial Institution Reform, Recovery and Enforcement Act of 1989 on August 9. This legislation comes to grips with the problems facing our savings and loan industry, and will safeguard and stabilize America's financial system. The Act assures that the long developing problems in our savings industry will never happen again. It significantly reforms the regulation of the thrift industry and separates the chartering of the institutions from the insurance of deposits. It establishes strict new guidelines to assure the solvency of thrift institutions in the future, including new capital requirements, and sets stiff penalties for wrongdoing by the officers of insured institutions. Further, the act establishes new agencies to remedy existing problems in the thrift industry and authorizes funds to finance the restructuring of insolvent institutions.
- **Addressing the international debt problem:** The Administration has taken the lead in encouraging commercial banks to reduce the debt and debt service burdens of developing countries. At the Administration's urging, the IMF and World Bank have agreed to support debt and debt service reduction in conjunction with their debtor programs to promote investment, growth, and the return of flight capital to these countries. The recent agreement between Mexico and commercial banks, with its emphasis on debt and debt service reduction, attests to the viability of the Administration's plan for resolving the debt problems of developing countries.

- o **Capital gains tax rate cut:** A lower tax rate for long-term capital gains is a key element of President Bush's economic program. It will reduce the cost of capital in the U.S., create incentives for investment, and increase job opportunities. The President's proposal includes:
 - A 45 percent capital gains exclusion for qualified capital gains, or a 15 percent maximum capital gains tax rate at the taxpayer's option.
 - A phased-in increase in the qualifying holding period from one year to three years.
 - An exemption from the capital gains tax for families earning under \$20,000.
- o **Minimum wage proposal:** The President believes in keeping job opportunities available for youth and for those seeking to enter the economic mainstream. The excessive across-the-board increase in the minimum wage which was passed by Congress would have had an adverse economic impact and cut job opportunities drastically. Accordingly, the President vetoed the bill. The veto was later sustained.
- o **International Trade:** The Administration is forcefully promoting the opening of world markets. It successfully broke a stalemate in the Uruguay Round's mid-term review and put in place a framework, agreed to by the 96 member nations, to correct and prevent trade distortions in agriculture. It is engaged in bilateral trade talks with important trading partners to encourage them to open their markets to our exports. The Administration has created a high level interagency group to assure that U.S. trade and investment interests are addressed as the European Community works to create a single market in 1992.
- o **Steel imports:** The President initiated a two-and-a-half year Steel Trade Liberalization Program designed to phase out, in a responsible and orderly manner, the Voluntary Restraint Arrangements (VRAs) that currently limit steel imports into the U.S. and to negotiate an international consensus to address trade-distorting practices.
- o **Agricultural initiatives:** The Administration has announced additional advance deficiency payments of 10 percent to producers of wheat, feed grains, rice, and upland cotton. In addition, a top-level Working Group on Rural Development was established to focus on an action-oriented agenda.
- o **National Energy Plan:** The President directed the Secretary of Energy to develop a comprehensive national energy strategy for the nation. The strategy will help the nation meet our energy security and environmental responsibilities and, at the same time, allow a sensible mix of energy sources to protect America's economic competitiveness.

SEIZING INTERNATIONAL OPPORTUNITIES FOR PEACE

The President assumed office at a time of dramatic and vibrantly promising change in the world. From the Third World to the Communist World, surging internal forces of democratization and economic reform have shaken Marxist and other authoritarian regimes to their foundations. As they respond to these internal crises, unprecedented opportunities have arisen to resolve longstanding international disputes, to reduce the level of arms and military expenditures, and to promote the further spread of market economies and political pluralism. While this worldwide process of reform and change has and will inevitably encounter setbacks, a new course in history has been set. The President is determined to move on a broad front to seize this unique opportunity to strengthen world peace and the course of freedom.

ACTION BY THE ADMINISTRATION:

- o **"Europe Whole and Free":** In two State visits to Europe, a series of major speeches, and frequent meetings and contacts with European leaders, the President has set forth a vision of a new Europe -- secure, prosperous, whole, and free -- successfully culminating four decades of Western policies and seizing an historic opportunity to move toward ending the postwar division of Europe.
- o **Western Europe:** The President for the first time has declared the United States' unequivocal support for European unity and defense cooperation. He has proposed new mechanisms for consultation with the EC Commission and member states as the European Community heads toward a single market in 1992. Seeing the resurgence of Western Europe as a triumph of Western values and principles, the President welcomed its success, confident that a mature partnership will serve mutual interests.
- o **NATO Summit:** At the successful NATO Summit, the President's vision of Europe as well as agreement on a new conventional arms reduction initiative helped restore Alliance unity and confidence and define the Alliance's future agenda.
- o **Eastern Europe:** As Poland and Hungary take unprecedented steps toward pluralism, democracy, and market economic policies, the United States has signaled its strong support. These steps provide an opportunity not only for a democratic transition in these countries, but also for a broader process of European reconciliation. Offering political and moral support as well as economic assistance during his visits to Poland and Hungary, the President proposed major new initiatives for Poland and Hungary designed to further structural change that promises improved economic performance.

- o **Poland:** Following up on the program he announced earlier this year in Hamtramck, Michigan, the President called for action to declare Poland a beneficiary country under the U.S. Generalized System of Preferences. The Overseas Private Investment Corporation will be authorized to operate in Poland, and the US is proposing a private business agreement that will promote contacts between the private sectors of both countries. The President will ask Congress to provide a \$100 million fund to help capitalize and invigorate the Polish private sector and encourage the World Bank to move ahead with new loans to help Polish agriculture and industry. He has encouraged other members of the Paris Club to agree to an expeditious rescheduling of Polish debt. Finally, he will ask Congress for \$15 million in a cooperative venture with Poland to help fight air and water pollution in Krakow.
- o **Hungary:** The President will ask Congress to authorize a \$25 million fund as a source of new capital to invigorate the Hungarian private sector. As soon as new emigration legislation has passed the Hungarian Parliament, the President will inform Congress that Hungary is in full compliance with the restrictions of the Jackson-Vanik Amendments of the 1974 Trade Act. This will make Hungary eligible for Most-Favored-Nation tariff treatment for the maximum period allowable under the law. The President also declared Hungary a beneficiary country under our Generalized System of Preferences which will allow duty free entry of Hungarian products into the U.S. market. He also called for legislation to allow OPIC to operate in Hungary, and for greater scientific, technical, educational, and cultural exchanges between the US and Hungary. The President will seek to establish an International Environmental Center for Central and Eastern Europe in Budapest. Finally, he announced that the Peace Corps would operate in Hungary to enhance English language training -- the first time in a European country.
- o **The Economic Summit in Paris:** The mission of the President's historic visit to Poland and Hungary and his successful effort at the Paris Economic Summit was to promote concerted actions among the industrial democracies in the economic and political arenas. The industrial democracies demonstrated their unity, as they dealt with a variety of issues on the international economic agenda, as well as the problem of drugs and the environment.

- o **"Beyond Containment":** Seeing an historic process of change in the Soviet Union, the President has declared his intention to move beyond the successful policy of containment of Soviet power to a new policy whose goal is integrating the Soviet Union into the world community as a constructive partner. Positive changes so far in Soviet policies -- in human rights, economic reforms, and settlement of some international conflicts -- need to be encouraged and broadened. The United States will be ready to respond to such further developments. Already:
 - The US-Soviet dialogue on conflicts in regions of the Third World has resumed intensively, and discussions have begun on a new range of global problems that require global cooperation, such as terrorism, the environment, and narcotics.
 - In arms control, the President has accelerated the pace of negotiations, with new American initiatives on reducing conventional forces in Europe (endorsed by the NATO Summit), and on strategic arms reduction. U.S. initiatives also aim at early progress on verification issues to further early agreement on strategic arms reductions.
- o **China:** On his visit to China in February, the President emphasized the long-term strategic importance of the U.S.-China relationship and his support for the process of reform. In response to the subsequent tragic suppression of the democratic movement in China, the President ordered the suspension of all government-to-government sales and commercial exports of weapons, suspension of visits between US and Chinese military leaders, sympathetic review of requests by Chinese students in the United States to extend their stay, and review of other aspects of US-PRC bilateral relations. The President's policy signals that repression cannot be condoned. But it also seeks to preserve the basic elements of a strategically important relationship that has, itself, played a major part in China's recent policy of reform and openness -- and can do so again in the future.
- o **Latin America:** The President has established a close, working relationship with Latin American neighbors to foster a new partnership on hemisphere problems like democracy, debt, and drugs. Relations with Mexico are closer than at any time in recent memory. The U.S. has also worked with the Organization of American States to develop a hemispheric consensus urging Manuel Noriega to leave power.
- o **Bipartisan Accord on Central America:** On March 24, the President and Congress agreed on a bipartisan plan for peace and democracy in Central America:
 - Regional peace: The President and Congress agreed that the region's democracies deserve our support, that

Nicaragua's subversion of its neighbors must end, and that Soviet support for violence and subversion in the hemisphere must also end.

- Humanitarian aid: Congress agreed to support the Administration's request for continued humanitarian assistance for the Nicaraguan Resistance at current levels through the elections in Nicaragua scheduled for February, 1990.
- Democracy: The Communist Sandinistas are being put to the test to permit a real democratic electoral contest for political power, fulfilling the promises of democratic pluralism that they have made (and broken) so often before.

- o **Middle East:** The Administration is devoted to promoting progress toward peace in the Middle East by supporting the Government of Israel's May 14 initiative calling for Palestinian elections in the occupied territories. These elections can be a step toward a comprehensive peace settlement that assures Israel's security and the legitimate political rights of the Palestinians. The Administration also has supported the efforts of the Arab League and others to end the internecine warfare and slaughter of innocents, and to bring peace to Lebanon.
- o **A Strong Defense:** The President proposed to Congress a two-missile plan to maintain a strong, modernized strategic deterrent. The plan to deploy the rail-mobile Peacekeeper and the road-mobile Small ICBM will also give the U.S. momentum in strategic arms control negotiations.
 - The President proposed to Congress an integrated package on strategic modernization that capitalizes on the revolutionary potential of the B-2, and modernizes the third leg of the Triad -- essential also to our arms control positions.
 - The President requested a funding level of \$4.6 billion for the Strategic Defense Initiative to support an informed development and deployment decision within the next four years.
 - The President also directed the Department of Defense to implement its recent blueprint to strengthen and streamline the weapons procurement process.
- o **Air Transportation Security:** The Administration has taken several measures to enhance security and efficiency in the air transportation system. These efforts include:
 - A proposed 17% increase in the budget for the Federal Aviation Administration.
 - New requirements for installation of explosive detection devices in high-risk airports.
 - Intense international negotiations to enhance security abroad.

INVESTING IN OUR FUTURE

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

EDUCATION

The President's actions to improve education are guided by **four key principles**: that **excellence** and success in education should be recognized and rewarded; that federal funding should be targeted to those who need it most; that **choice and flexibility** - for educators, parents and students -- are important to educational reform and to achieving excellence; and finally, that greater **accountability** is needed in the education system to assure that students are actually receiving the highest quality education.

ACTION BY THE ADMINISTRATION:

- o On April 5, the President proposed and sent to the Congress a comprehensive education package, **The Educational Excellence Act of 1989**, which includes seven initiatives:
 - **The Presidential Merit Schools program** -- to reward schools that are making substantial progress in raising students' educational achievement, creating a safe and drug-free school environment, and reducing the drop-out rate.
 - **A new Magnet Schools of Excellence program** -- to support the establishment, expansion or enhancement of magnet schools, increasing parental choice and improving quality education.
 - **The Alternative Certification of Teachers and Principals program** -- to assist States interested in broadening the pool of talent from which to recruit teachers and principals.
 - **President's Awards for Excellence in Education** -- to be awarded to public and private school teachers in every state who meet the highest standards of excellence.
 - **Drug-free Schools Urban Emergency Grants** -- to provide special assistance to selected urban school districts that are disproportionately affected by drug trafficking and abuse.
 - **A National Science Scholars program** -- to provide college scholarships to high school seniors who have excelled in the sciences and mathematics.
 - **Additional Funding Authorization for Endowment Matching Grants at Historically Black Colleges and Universities** -- to strengthen HBCUs by building endowments, an especially effective way to create financial strength and long-term security.

- o On April 24, the President issued a new **Executive Order on Historically Black Colleges and Universities (HBCUs)**. Highlights of the order include:
 - Establishing the President's Board of Advisors on Historically Black Colleges and Universities in the Department of Education.
 - Directing Federal agencies to increase opportunities for HBCU involvement in Federal programs and directing the Secretary of Education to develop an Annual Federal Plan for Assistance.
 - Calling for the White House Office of National Service, along with other Federal offices to work to encourage private sector support of HBCUs.

THE ENVIRONMENT

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

ACTION BY THE ADMINISTRATION:

- o **Clean Air legislation:** President Bush transmitted to the Congress a sweeping program to ensure clean air for all Americans. The President's plan, transmitted to Congress on July 21, 1989, calls for the first revisions to the Clean Air Act since 1977 and is designed to curb three major threats to the nation's environment: acid rain, urban air pollution, and toxic air emissions.
 - **Acid Rain:** Sulfur dioxide emissions that cause acid rain will be cut, by ten million tons from 1980 levels, and nitrogen oxide levels cut by two million tons -- by the end of this century. The Administration's bill is the only one which imposes a cap on emissions after the year 2000 to ensure that a ten million ton reduction is maintained. Companies will be allowed to trade credits among themselves for reductions they make, so that they can decide how to bring aggregate emissions down as cost-effectively as possible.
 - **Urban Air Pollution:** By employing a mix of federal measures and state initiatives, this legislation will sharply cut air pollution in our cities by the year 2000. The federal measures alone will cut hydrocarbon emissions -- which contribute to urban ozone -- by almost half.

Currently, 100 cities don't meet Federal air quality standards. This legislation will bring all but 4 cities into attainment with the ozone standard by 2000 -- and within 20 years, even Los Angeles, Houston and New York.

In the nine urban areas with the greatest smog problems, smog will be cut through the introduction of alternative fuels and clean-fueled vehicles. The President is calling for the phased-in introduction of a half a million clean-fueled vehicles in 1995, building up to sales of a million clean-fueled cars a year in 1997 through 2004.

Automobile and fuel companies will be allowed to trade reduction credits among themselves.

- **Toxic Air Emissions:** All categories of airborne toxic chemicals should be cut by 75 percent by the year 2000. In its first phase, the President's plan should substantially reduce the number of deaths from cancer that are suspected to have been caused by toxic industrial air emissions.

Until now, because of an unworkable law, the EPA has been able to regulate only seven of the 280 known air toxics. The President's plan will allow EPA to do its job better, and will apply the most advanced industrial technology available to control these airborne poisons. The legislation promises certifiable progress in regulating sources of toxic air emissions on a set schedule.

- o **Natural Gas Decontrol:** On July 26, the President signed into law the **Wellhead Decontrol Act of 1989**, which ends all remaining price controls on natural gas. This will phase out all federal price controls on natural gas by January 1, 1993.
- o **Alaskan oil spill:** A Cabinet-level team was sent to assess the Alaskan oil spill, and a joint federal-state resource recovery team was convened. The National Transportation Safety Board is investigating the accident. Exxon has accepted responsibility for paying for the clean up, and for employing local civilian personnel necessary to control further damage.

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

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

- **Oil Spill Legislation:** On May 11, the Administration transmitted to Congress comprehensive oil pollution liability and compensation legislation that broadens and strengthens our existing patchwork of laws. The bill provides swift and assured compensation for clean up costs and damages through a liability system based on strict financial responsibility requirements for shipowners backed up by an oil-industry financed fund.
- **Outer Continental Shelf Task Force:** The President set up a special task force to address environmental concerns about oil and gas drilling off the coasts of California and Florida. Pending the recommendations of the task force, the President has postponed drilling activity in these areas.
- **Cleaning up hazardous wastes:** The President announced he will be seeking new legislation to amend the Resource Conservation and Recovery Act in order to give the United States Government authority to ban all exports of hazardous waste unless an agreement exists with the receiving country, providing for the safe handling and management of those wastes.
- Also, Secretary of Energy Watkins has put forth a plan of action to identify and prioritize clean up of defense and civilian radioactive waste; meet the Nation's security needs; and comply with environmental safety and health laws.
- **Superfund:** The President is reinvigorating the Superfund hazardous waste clean-up program by directing EPA to take a number of steps, including more aggressive action to force private parties to clean up sites, stepped-up cost recovery, and better use of existing emergency cleanup authorities. EPA is also now finishing a priority review of Superfund to improve its operation.
- **Ozone depletion:** The President has called for a total worldwide phaseout of CFCs by the year 2000, provided safe substitutes are available, in order to prevent further damage to the Earth's protective ozone layer.
- **Clean water and coastlines:** The EPA has started a tracking system for medical wastes and the Justice Department has set up a task force to prosecute those who deliberately dump medical waste into our Nation's waters -- the first step in a comprehensive program to help keep our beaches clean. The President is committed to end ocean dumping of sewage sludge by 1991.
- **Wetlands, National Parks, and Reforestation:** The President is also committed to "no net loss of wetlands" and is directing his executive branch agencies, through an

interagency task force, to make recommendations to achieve that goal.

He has proposed \$206 million in new money to expand and improve America's parks and wildlife refuges, preserving them for generations to come.

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

- o **Asbestos Ban:** On July 7, EPA announced an almost total phase-out of nearly all uses of asbestos by 1997. The ban will prohibit importation, manufacture, and processing of asbestos, a carcinogen linked to lung cancer and mesothelioma (lung and chest cancer).
- o **Improved Forecasting:** The Commerce Department announced that beginning in Fiscal Year 1990, the National Weather Service will modernize and restructure its operations to provide improved forecasting and weather warning systems. The new system will include advanced weather radar, observation automation, and a new communications system.
- o **Ban on African Elephant Ivory:** On June 9, the Administration announced an importation ban of African elephant ivory into the United States, making importation from any country illegal. The ban covers both commercial and non-commercial shipments.

COMBATTING VIOLENT CRIME

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

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

ACTION BY THE ADMINISTRATION:

- o On May 15, 1989, President Bush announced to Congress **The Comprehensive Violent Crime Control Act of 1989** to combat violent crime. The President's initiative includes:

- **Strengthening Current Laws:** The President is calling on Congress to double the mandatory minimum penalties -- from five years to ten years in Federal prison -- for the use of semi-automatic weapons in violent crimes or drug felonies.

In addition, the Attorney General has been directed to advise America's prosecutors to end plea bargaining for violent Federal firearms offenses.

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

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

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

President Bush requested funding for the hiring of 825 new Federal agents and staff -- 375 at the Bureau of Alcohol, Tobacco and Firearms; 300 at the FBI; and 150 Deputy U.S. Marshals. This offensive, including state and local enforcement authorities, will target violent criminals and repeat offenders.

- **Enhancing Prosecution:** The President proposed increased funds for the U.S. Attorneys Offices to support 1,600 new prosecutors and staff, and increased funds for the Justice Department Criminal Division to support 168 new positions, to handle drug cases, weapons offenses, and other priority matters.

- **Expanding Prison Capacity:** The President proposed an additional \$1 billion for Federal prison construction, bringing the total FY 1990 budget to over \$1.5 billion. This will add 24,000 new Federal prison beds to the current 31,000 beds, an increase of nearly 80%.

- **Anti-Drug Treaty:** The Vienna Convention on Illicit Drugs and Psychotropic Substances was strongly endorsed

by the President and forwarded to the Congress for ratification. This is the most significant and far-reaching treaty on international cooperation on drug trafficking, chemical precursor control, and money laundering ever to be signed.

FIGHTING DRUG ABUSE

We have begun a new war on drugs in this country. The President believes a four-pronged approach is key: education, treatment, interdiction, and enforcement. The policy of this Administration is "zero tolerance." No amount of illegal drug use is acceptable. This means dealing with both supply and demand.

ACTION BY THE ADMINISTRATION:

- o **Budget:** The Administration is requesting over \$6 billion in funding for FY 1990 to fight the drug war, increasing outlays by nearly \$1 billion for drug education, treatment, and enforcement.
- o **Education:** The Administration is requesting nearly \$1.1 billion for education and prevention efforts. This is a 16 percent increase over 1989 and includes funding for ongoing programs and new initiatives.
- o **Treatment:** Funding for drug abuse treatment will be increased 18 percent. The Administration is proposing over \$700 million to expand the nation's capacity to provide treatment, particularly to indigent, disadvantaged youth and expectant mothers.
- o **Interdiction and enforcement:** The Administration is proposing over \$4.6 billion for law enforcement programs in 1990, a 20 percent increase over 1989. This constitutes about 70 percent of President Bush's proposed drug budget. Substantial increases are requested in funding to strengthen inspection, interdiction, intelligence efforts and crop eradication programs, such as Operation Snow Cap, a federally led effort which broke up a \$1.2 billion drug money-laundering operation. The President strongly supports the death penalty for drug kingpins who commit drug-related murders, and will appoint judges who will strongly enforce the drug penalty laws.
- o **Public housing:** The Bush Administration is working to make public housing drug free, to protect the rights of the vast majority of decent, law-abiding public housing residents.

The Department of Housing and Urban Development has acted:

- To modify its lease and grievance procedures to facilitate eviction of those involved in drug related criminal activity;
- To make drug use and trafficking a lease violation subject to eviction proceedings;
- To target federal assistance to anti-drug security measures;
- To revoke federal housing subsidies from those dealing in drugs;
- To involve the private and voluntary sectors in efforts to rid public housing of drugs and give residents, especially young people, a stake in their communities and their futures.

- o In addition, the Office of National Drug Control Policy has responded to the drug emergency in the District of Columbia by expanding the Metropolitan Area Task Force, working for more prisons, and providing FBI support in enforcement. The assistance of the National Institute on Drug Abuse will be provided to local treatment efforts. The Department of Education will assist the District with 50 percent more funds for drug prevention programs in city schools and the Department of Labor will support employee assistance programs and work with the business community to increase job training for youth.

WORKING FOR A KINDER, GENTLER AMERICACHILD CARE

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

ACTION BY THE ADMINISTRATION:

- o **Child care:** The President transmitted to Congress a child care package, the **Working Family Child Care Assistance Act of 1989** which:
 - Provides a new refundable child care tax credit of up to \$1000 per child under age four, for low income working families.
 - Makes the existing Child and Dependent Care Tax Credit refundable.
 - Does not discriminate against religious- or family-based child care, or a parent who chooses not to work outside the home.
- o The President has directed Secretary of Labor Dole to determine whether the barriers to securing liability insurance impair employer-provided child care.
- o **Head Start:** The President also transmitted legislation to Congress that would allow a \$250 million increase in Head Start appropriation. This will pay for enrollment of up to 95,000 more four-year-olds in the program.

NATIONAL SERVICE

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

ACTION BY THE ADMINISTRATION:

- o **President Bush called on:**
 - **all Americans and all American institutions, large and small, to make service of central value in their daily life and work;**
 - **all heads of business and professional firms to include community service among the factors considered in making hiring, compensation, and promotion decisions;**
 - **newspapers, magazines, radio and television stations, cable systems, and other media institutions to identify service opportunities, spotlight successful service initiatives and profile outstanding community leaders regularly;**
 - **all state and local education boards to uphold the value of service and to encourage students, faculty, and personnel to serve others;**
 - **college and university presidents to recognize the value of community service in considering applicants, and to encourage and uphold the value of community service; and**
 - **not-for-profit service organizations to build the capacity to absorb increasing numbers of volunteers in purposeful roles.**

- o **Identifying, Enlarging, and Recreating What is Working:** The President announced the formation of a foundation called the **Points of Light Initiative**, of which he will serve as Honorary Chairman. Formed to identify and build upon what is working, the Foundation will act as a magnet for the best ideas and brightest programs in community service and then serve as a catalyst to project these ideas into every corner of the nation. The Administration will ask Congress for \$25 million annually to support this initiative, which will, in turn, seek matching funds from the private sector. The President has also encouraged all governors nationwide to join the movement by forming State and local Points of Light working groups composed of outstanding leaders.
 - Through a Foundation initiative called the **ServNet Project**, professional firms, corporations, unions, schools, religious, civic and not-for-profit groups will be asked to donate the services of some of their most talented and promising people for a period of time. Peer-to-peer working groups will be formed to bring examples of successful initiatives and provide training, technical assistance and other support to enable other institutions to devise similar initiatives.
 - Another Foundation initiative, the **ServLink Project**, will help improve existing methods of matching would-be volunteers with purposeful service opportunities. ServLink will stimulate the development, through

private sector resources, of "technology links" like telephones, computers and other mechanisms between those who wish to serve and those needing service in the inquirer's own community.

- The Foundation will also discover and encourage new leaders by recognizing them through two new Presidential Awards:

- The National Service Youth Leadership Awards will be given each year to individuals.

- The President's Build A Community Awards will honor those people and institutions who have worked together to rebuild families or to revitalize communities.

WELFARE REFORM

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

ACTION BY THE ADMINISTRATION:

- o **Welfare reform:** The Administration issued proposed rules on April 18 to implement the major provisions of the Family Support Act of 1988. The proposed rules are designed to:
 - Target job training assistance to those who are most likely to benefit and who are most at risk for long-term welfare dependency.
 - Provide maximum level of flexibility to AFDC parents in obtaining the type of child care that best suits their needs, consistent with the Administration's legislative proposals on child care.
 - The Administration is proposing to spend \$3.6 billion over the next five years implementing the JOBS Program. The changes will pay benefits in the future by reducing the number of individuals on welfare. It is estimated that 138,000 families will be able to leave welfare rolls over five years as a result of this program.

EXPANSION OF MEDICAID

The President is committed to health care for disadvantaged mothers and children, the disabled, and poor, aged Americans and has called for full funding of Medicaid. This will mean \$39.1 billion for FY 1990, an increase of \$4.8 billion, or 12.2 percent over the FY 1989 level.

ACTION BY THE ADMINISTRATION:

- o **Expanding Medicaid:** On April 18, the Administration forwarded to Congress proposed legislation to make federal programs better serve pregnant women, infants and children. The legislation would expand the population Medicaid serves, making Medicaid available to 1.9 million more women when they become pregnant. The legislation would:
 - Increase by 374,000 the number of pregnant women and children eligible for Medicaid.
 - Foster greater participation in Medicaid by eligible pregnant women by providing services to pregnant women who are presumed eligible for Medicaid before a formal eligibility determination is made; and by requiring States to operate outreach programs in areas of high infant mortality.
 - Entitle all children under age 6, who are receiving Food Stamps, to receive Medicaid coverage for immunizations.
 - Make the Federal match rate for State administration expenses a uniform 50 percent by gradually reducing special administrative match rates that currently range from 75 to 100 percent. The savings that would result would allow the legislative eligibility changes proposed by the President to be implemented within the current program's spending level.

AIDS INITIATIVES

The Administration is moving on a number of fronts to combat the spread of AIDS.

ACTION BY THE ADMINISTRATION:

- o **AIDS Clinical Trials Information Service:** The Administration developed a computerized listing through which AIDS patients and their doctors can get up-to-date information on clinical trials of AIDS drugs and vaccines -- whether federally or privately sponsored.
- o **Experimental AIDS Drugs:** The Administration unveiled a proposal to allow wider availability of experimental therapeutic drugs used to treat people with AIDS.
- o **AIDS Prevention Guide:** The Administration joined the National Parent Teachers Association in announcing the distribution of 500,000 copies of the "AIDS Prevention Guide" for use by parents and teachers nationwide.
- o **\$5 Million Transferred to States -- AIDS Treatment:** The Administration transferred \$5 million from currently appropriated AIDS funds to assist needy individuals in the purchase of treatment drugs for AIDS and related conditions.

HOUSING/HOMELESSNESS

President Bush has taken a number of steps to create an "opportunity society" of jobs, growth, housing, and hope for Americans in need of a helping hand.

ACTION BY THE ADMINISTRATION:

- o **Homelessness:** In his FY 1990 budget, the President has proposed to provide over \$1 billion in federal resources to help end homelessness and pave the way to jobs, permanent housing, health care, and human dignity. President Bush's proposal calls for fully funding the McKinney Homeless Assistance Act and for a new \$50 million matching grant program to promote public/private partnerships to assist homeless families and the mentally ill.
- o **Affordable housing:** President Bush is committed to making housing more affordable for low-income families, and to provide homeownership opportunities to the disadvantaged and to young families. President Bush proposes to assist through HUD subsidized Housing Programs, 109,000 new families in need of low-income housing, and has pledged to maintain HUD assistance to those families already being helped. President Bush has also signalled his commitment to helping poor residents in public housing to become homeowners through resident management and ownership programs.

OPPORTUNITY

- o **Enterprise zones:** President Bush has called for enactment of enterprise zone legislation, to give urban and rural areas the opportunity for jobs and hope for the future. President Bush asked Congress to enact labor and capital-based incentives to create jobs and entrepreneurial activity in our most distressed communities.
- o **Job training:** The Administration has sent to the Congress a proposal to improve the Job Training Partnership Act by targeting its resources on the poor and at risk youth and adults who most need job training to get jobs and become economically self sufficient.

CIVIL RIGHTS

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

ACTION BY THE ADMINISTRATION:

- o **Civil rights:** The Administration has taken a number of actions to protect the civil rights of all Americans, including several court actions in key civil rights cases.
 - The President has called upon Congress to reauthorize the Commission on Civil Rights.
 - The Administration endorsed the Hate Crimes Bill, which provides for the collection of data about crimes motivated by race, religion, or ethnicity.
 - On March 13, Attorney General Thornburgh announced the filing of Federal housing discrimination lawsuits seeking monetary damages and civil penalties under the expanded enforcement authority of the Fair Housing Amendments Act of 1988.

- o **Disabled Americans:** The Administration has reached a consensus with key Senators on legislation that would fulfill the President's commitment to seek legislation extending civil rights protections to disabled Americans. The legislation, called the **Americans with Disabilities Act**, would represent the most significant expansion of federal civil rights laws in the past two decades.
 - The legislation would provide unprecedented protections against discrimination in the area of employment, requiring reasonable accommodation be made by employers for disabled potential employees.
 - Most new buildings would be required to be accessible to the disabled.
 - Stores, providers of services, restaurants, and other public accommodations would be required to serve disabled Americans to the same extent they serve able Americans.

- o **Whistleblower protection:** On April 10, the President signed S. 20, the **Whistleblower Protection Act of 1989**. This law will strengthen the protections and procedural rights available to those federal employees who report misdeeds and mismanagement.
 - This new law will enhance the authority of the Office of Special Counsel, and whistleblowers will also now be allowed to take their cases to the Merit Systems Protection Board.
 - The statute alters the legal burdens of proof, making it easier for employees to be vindicated when they are wrongfully penalized by their supervisors for whistleblowing activities.

ETHICS

High ethical standards for all Americans are central to this Administration, and we will enforce them -- strictly, comprehensively, fairly, and to the letter and spirit of the law.

ACTION BY THE ADMINISTRATION:

- o **Campaign Finance Reform:** The President's comprehensive campaign finance reform proposal is designed to lessen the power of special economic interests and restore real competition to American Congressional elections. The package seeks to enhance the role of individuals and the political parties in elections. Below are proposal highlights:
 - **Eliminating political action committees (PACs)** supported by corporations, unions, or trade associations, and prohibiting such entities from paying for the overhead or administrative costs of any independent PAC.
 - **Strengthening political parties** by increasing the amounts they can spend on behalf of congressional candidates. This source of funds would permit legislators to spend less time fundraising, would ensure that challengers have greater resources with which to challenge incumbents, and would further limit the role of special economic interests in elections.
 - **Addressing the problem of the "permanent Congress"** by reforms designed to reduce the unwarranted advantages of incumbency. Specifically, the proposals would prohibit the personal use of excess campaign funds, drastically reduce Congressional mailings under the frank, ban the rollover of campaign funds from one election cycle to the next, and legislate fair neutral criteria for the redistricting of Congressional and legislative lines that will follow the 1990 census.
 - **Fully disclosing all soft money** spent by the political parties and all labor unions, corporations, and trade associations to influence a federal election.
- o **Ethics:** The President issued an Executive Order creating the President's Commission on Federal Ethics Law Reform, which submitted its recommendations to the President on March 9. Responding to the Commission's work, the President, on April 12, sent to Congress a sweeping ethics bill and simultaneously issued an Executive Order announcing ethical principles for the conduct of executive branch employees. The President's proposals include:
 - **Expanded financial disclosure** for all three branches of government.

- **Deferral of tax liability** when an individual is required by his or her agency to divest assets in order to avoid conflicts of interest.
- **Strengthened rules against abusing the revolving door for private gain at the expense of the public trust.** These rules would also apply for the first time to the legislative branch.
- **A 25 percent pay raise for federal judges** was proposed in the legislation submitted April 12. On July 7, the President submitted separate legislation calling for pay increases for certain specialized professionals and other senior officials in the executive branch.
- **Congressional Honoraria Ban:** On July 7, the President also sent to Congress legislation that calls for the elimination of Congressional honoraria by 1991, making the next Congress honoraria-free. This proposal is linked to the enactment by Congress of a pay increase for its Members, and the President will work with Congress toward this end.
- The extension of the federal statute that prohibits employees from taking actions that enhance their own financial interest to cover legislative and judicial branch employees (but not Members of Congress).
- The extension of the **Independent Counsel statute** to cover the Congress and the creation of an independent, non-partisan Congressional Ethics Office.
- **A ban on outside earned income** for full-time non-career Presidential appointees in the executive branch, including non-career employees in the immediate White House Office.

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