

# Withdrawn/Redacted Material

## The George W. Bush Library

DOCUMENT NO.	FORM	SUBJECT/TITLE	PAGES	DATE	RESTRICTION(S)
001	Memorandum	Operationalizing the Hard Hurdle on Corruption for the MCA - To: MCA Steering Group - From: John B. Taylor	3	12/09/2002	P5; P1/b1 MAC 11/16/2017
002	Briefing	Implementing the Millennium Challenge Account	4	10/20/2002	P5;
003	Briefing	Donor Coordination: Crowding In or Crowding Out? [2 copies]	4	nd	P5;
004	Minutes	Donor Coordination Meeting October 7 Summary	1	10/07/2002	P5;
005	Presentation	Millennium Challenge Account - Organizational Structure	17	09/24/2002	P5; P1/b1 MAC 11/16/2017
006	Briefing	[Number of Indicators]	3	nd	P5; P1/b1 MAC 11/16/2017
007	Briefing	Jump-Starting the MCA	3	nd	P5; P1/b1 MAC 11/16/2017

**COLLECTION TITLE:**

Council of Economic Advisers

**SERIES:**

Kroszner, Randall (Randy) - Subject Files

**FOLDER TITLE:**

Trade : Millennium Challenge Account [2]

**FRC ID:**

5793

### RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

- P1 National Security Classified Information [(a)(1) of the PRA]
- P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
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PRM. Personal record misfile defined in accordance with 44 U.S.C. 2201(3).

**Deed of Gift Restrictions**

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- B. Closed by statute or by the agency which originated the document.
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Freedom of Information Act - [5 U.S.C. 552(b)]

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**Records Not Subject to FOIA**

Court Sealed - The document is withheld under a court seal and is not subject to the Freedom of Information Act.

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DOCUMENT NO.	FORM	SUBJECT/TITLE	PAGES	DATE	RESTRICTION(S)
008	List	MCA Questions Briefing for Congressional Staff	1	06/25/2002	P5;
009	Briefing	Incomes and Indicators	1	06/19/2002	P5;
010	Briefing	Uses of the Millennium Challenge Account	9	06/19/2002	P5;

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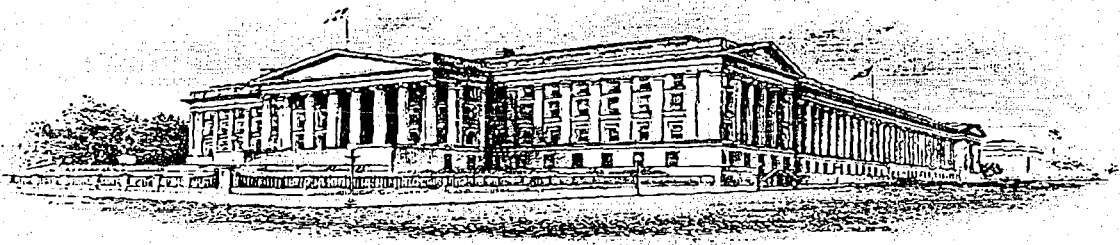
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cc: BB  
CD



**UNITED STATES TREASURY DEPARTMENT  
INTERNATIONAL AFFAIRS  
CLAY LOWERY, DEPUTY ASSISTANT SECRETARY  
INTERNATIONAL DEBT, DEVELOPMENT, AND  
QUANTITATIVE POLICY (IDQ)**

**OFFICE NUMBER: (202) 622-0070; FAX NUMBER: (202) 622-9212**

**e-mail: [clay.lowery@do.treas.gov](mailto:clay.lowery@do.treas.gov)**

**FAX COVER SHEET**

**DATE: December 9, 2002**

**page 1 of 4**

**TO: MCA Steering Group:  
Gary Edson/NSC 456-9460  
Al Larson/State 647-9763  
Robin Cleveland/OMB 395-0345  
Patrick Crownin/USAID 216-3426  
Randy Krozner/CEA 395-6947**

**FROM: Clay Lowery**

**Re: Memo from U/S John Taylor titled, "Operationalizing the  
Hard Hurdle on Corruption for the MCA".**

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# Withdrawal Marker

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Wendy E. Gray  
10/29/2002 03:42:13 PM

Record Type: Record

To: See the distribution list at the bottom of this message

cc:

Subject: Draft MCA Paper

Please review the attached paper and contact Steve Krasner (skrasner@nsc.eop.gov) with comments or edits. Thank you



Implementing the MCA 10-29 noon.

Message Sent To:

---

Larsona@state.gov @ inet  
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Bobby J. Pittman/NSC/EOP@EOP  
Patricia A. Battenfield/NSC/EOP@EOP  
John F. Maisto/NSC/EOP@EOP  
Gregory A. Manuel/NSC/EOP@EOP  
Steven D. Barbieri/NSC/EOP@EOP

Oct 29<sup>th</sup>

### Implementing the Millennium Challenge Account

Resource allocations from the Millennium Challenge Account (MCA) will be based on:

- Genuine Partnership – Recipient countries will work in collaboration with US officials to define their priorities for MCA funding. Recipients must demonstrate ownership of, and commitment to, their contract goals and implementing strategies.
- Focus on Growth – MCA funds will be used only to support activities that directly contribute to economic growth and poverty alleviation.
- Contracts – Each selected country will negotiate and sign an MCA contract with the USG. Like a business plan, MCA contracts will specify a limited number of clear measurable goals and the activities, measurable benchmarks, and financial accountability needed to realize these goals. Projects unrelated to overall goals would not be included in MCA activities.
- Competition – Funding would not be automatic. Proposals for activities directed at accomplishing contract goals would compete both within and across countries. There would be an in-country competition organized by the recipient country for proposals from that country; and a competition across countries for funding that would be judged by the MCA Review Board.
- Accountability for Results – The MCA administrative structure will focus on monitoring and evaluation to insure accountability for results.
- Financial Accountability – Improving financial accountability will be a goal of all MCA activities. Benchmarks for measuring improvements in accountability will be included in all MCA contracts. Technical assistance will be provided where needed to make sure that recipients can implement the necessary standards and procedures.
- Limited Terms – The MCA contract will be for a fixed period of time. The MCA is not an entitlement. An exit strategy, including mechanisms for sustaining gains once participation in the MCA ends, will be included in all contract.

#### Genuine Partnerships

The MCA contract would be signed by the foreign minister of the recipient country and the US Secretary of State who is also the chair of the MCA Review Board. The goals of the contract would reflect an open consultative process within the recipient country including the private sector and civil society, and between the country and the USG.

The recipient would be responsible for:

- Guaranteeing private sector and civil society involvement in developing and implementing the MCA contract
- Ensuring an open process that that would identify the most promising activities to accomplish MCA goals and take account of other development plans such as PRSPs.
- Publicizing the terms of the contract, making it clear that the responsible actors within the country would be held accountable for performance by their own constituents as well as the MCA.
- Monitoring and assessing activities needed to meet MCA contract benchmarks.

The USG would be responsible for:

- Providing technical assistance needed to assure the feasibility and sustainability of MCA activities including financial accountability
- Disbursing funds in the most efficient manner to the implementers of MCA activities
- Monitoring MCA contract benchmarks and progress toward MCA goals

### **Focus on Growth**

MCA funds will be used only for activities that directly contribute to economic growth and poverty alleviation. These areas could include:

- Health (including clean water, sanitation etc.)
- Education
- Agricultural development (including conservation and rural infrastructure)
- Trade and investment capacity building (including financial sector reform )
- Enterprise development (including micro-finance, information technology, investment funds, etc.)
- Governance (including anti-corruption)

### **MCA Contracts**

Each country would negotiate and sign a contract with the USG. Like a business plan, the contract would focus on a few key goals and how they would be achieved.

Uncoordinated specific projects would not be supported by the MCA. Each MCA contract would include the following components:

- A limited number of clear measurable goals
- A specific time frame within which the goals would be accomplished
- The specific activities and intermediate steps that would be needed to accomplish these goals
- Concrete, measurable benchmarks that would be used to assess progress toward the goals
- Baseline information against which progress can be measured
- Concrete benchmarks for measuring progress of, and improvement in, budgeting and financial oversight (such as auditing, transparency, etc.)
- Mechanisms for sustaining goals accomplished under the MCA after the contract ends
- Conditions under which the contract would be terminated or amended

### **Competition: Contract Assessment and Approval**

Once countries have been selected for the MCA program, their contract proposals would be evaluated and reviewed by the MCA administrative structure and the Review Board. Selection alone would not guarantee automatic funding of all aspects of a country's proposed contract, although there would be a presumption of some funding for qualifying countries to encourage country commitment to the process leading to an MCA contract proposal. Contract proposals would be evaluated by:

- Functional teams composed of USG officials and outside experts
- A country team composed of USG officials and outside experts

The MCA would make every effort to help selected countries get the technical assistance necessary to ensure that their contract proposals meet the rigorous analytical standards needed both to establish the feasibility of their strategies and to ensure their effective implementation.

The proposed contract, including funding levels, would be reviewed by the Cabinet-level MCA Review Board before official signing.

### **Monitoring and Evaluation**

Monitoring and evaluation to ensure accountability for results will be an integral part of every activity for which MCA funds are used. Monitoring and evaluation will be conducted by the MCA administrative structure and/or by third-party contractors. To facilitate such monitoring, it is critical that no contract be signed unless it includes baseline data from which progress can be measured. In addition, every contract would specify regular benchmarks for evaluating progress, and suggested corrective actions to be implemented to keep the program on track. All evaluations, as well as the terms of the contract, would be made public.

Several kinds of activities must be monitored:

- Financial responsibility/accountability
- Auditing to make sure that data reported by recipients is accurate
- Overall budget data to make sure that recipient governments are not diverting their own funds away from MCA activities
- Specific benchmarks for measuring progress toward program goals
- Country conformity with MCA selection criteria

Monitoring should be conducted by:

- Independent contractors and the MCA administrative structure for financial accountability, data accuracy, country budget allocations, and specific benchmarks
- MCA Review Board for conformity with selection criteria

### **Limited Term; Sustainable Progress**

- MCA contracts would be for a limited term and would provide for a mid-term review. There could be "incentive clauses" in the contract to stimulate better performance.
- All activities initiated under the MCA would have to be sustainable once the contract term ends. Recipients would have to be clear about how the funding for recurrent costs, if needed to sustain progress, would be provided.

### **Termination**

Programs would be sustained unless they failed to meet the specific conditions for performance specified in the MCA contract. Funding for specific elements of a contract could be scaled back or ended for:

- Failing to meet financial standards/accountability
- Failing to attain specific benchmarks

Country participation in the MCA could be terminated for:

- Failing to meet qualifying criteria as indicated by an absolute decline in the policy environment related to ruling justly, investing in people, or promoting economic freedom
- Military coups, major civil unrest or other changes in country status.



Wendy E. Gray  
10/22/2002 08:18:59 PM

Record Type: Record

To: See the distribution list at the bottom of this message

cc:

Subject: Paper for the Wednesday, Oct 23, 1:00 pm MCA Steering Group Meeting

For your use. Thank you



Implementing the MCA 10-20 3PM.

Message Sent To:

---

Larsona@state.gov @ inet  
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clay.lowery@do.treas.gov @ inet  
Robin Cleveland/OMB/EOP@EOP  
Karyn T. Carson/OMB/EOP@EOP  
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Briefing	Implementing the Millennium Challenge Account	4	10/20/2002	P5;

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**OA Num.:**

2845

**NARA Num.:**

2744

**FOIA IDs and Segments:**

2014-0262-F

2015-0220-F

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Stephen B. Blomberg  
10/22/2002 10:16:26 AM

Record Type: Record

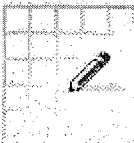
To: See the distribution list at the bottom of this message

cc:

Subject: MCA General Equilibrium memo

see below

----- Forwarded by Stephen B. Blomberg/CEA/EOP on 10/22/2002 10:17 AM -----



Randall S. Kroszner  
10/22/2002 10:11:22 AM

Record Type: Record

To: Stephen D. Krasner/NSC/EOP@EOP

cc: Stephen B. Blomberg/CEA/EOP@EOP, Phillip L. Swage/CEA/EOP@EOP

Subject: MCA General Equilibrium memo



Donor CoordinationCEA.dc

Here is a draft of the memo you requested. Please feel to circulate to the group for comment and discussion.

Thanks,

--Randy

Message Sent To:

Lisa D. Branch/CEA/EOP@EOP  
William M. Frej/NSC/EOP@EOP  
Bobby J. Pittman/NSC/EOP@EOP  
clay.lowery@do.treas.gov @ inet  
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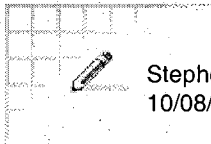
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Stephen D. Krasner  
10/08/2002 03:15:56 PM

Record Type: Record

To: Dora Kale/NSC/EOP@EOP

cc: See the distribution list at the bottom of this message

Subject: summary of oct 7 meeting 



Summary of Oct 7 Meeting Attached.

Message Copied To:

---

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Bobby J. Pittman/NSC/EOP@EOP  
Gary R. Edson/NSC/EOP@EOP  
William M. Frej/NSC/EOP@EOP  
Gregory A. Manuel/NSC/EOP@EOP  
Jonathan T. Dworken/NSC/EOP@EOP  
Elliott Abrams/NSC/EOP@EOP

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# Withdrawal Marker

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FORM	SUBJECT/TITLE	PAGES	DATE	RESTRICTION(S)
Presentation	Millennium Challenge Account - Organizational Structure	17	09/24/2002	P5; P1/b1 MAC 11/16/2017

**This marker identifies the original location of the withdrawn item listed above.  
For a complete list of items withdrawn from this folder, see the  
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**COLLECTION:**

Council of Economic Advisers

**SERIES:**

Kroszner, Randall (Randy) - Subject Files

**FOLDER TITLE:**

Trade : Millennium Challenge Account [2]

**FRC ID:**

5793

**FOIA IDs and Segments:**

2014-0262-F

**OA Num.:**

2845

2015-0220-F

**NARA Num.:**

2744

### RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

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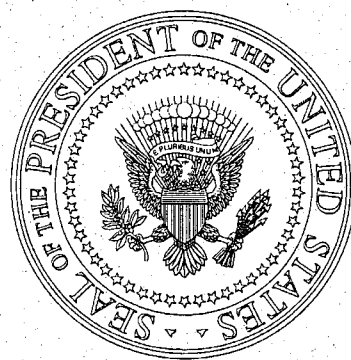
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THE NATIONAL  
SECURITY STRATEGY  
OF THE  
UNITED STATES  
OF AMERICA



SEPTEMBER 2002

THE NATIONAL  
SECURITY STRATEGY  
OF THE  
UNITED STATES  
OF AMERICA



SEPTEMBER 2002



THE WHITE HOUSE  
WASHINGTON

The great struggles of the twentieth century between liberty and totalitarianism ended with a decisive victory for the forces of freedom—and a single sustainable model for national success: freedom, democracy, and free enterprise. In the twenty-first century, only nations that share a commitment to protecting basic human rights and guaranteeing political and economic freedom will be able to unleash the potential of their people and assure their future prosperity. People everywhere want to be able to speak freely; choose who will govern them; worship as they please; educate their children—male and female; own property; and enjoy the benefits of their labor. These values of freedom are right and true for every person, in every society—and the duty of protecting these values against their enemies is the common calling of freedom-loving people across the globe and across the ages.

Today, the United States enjoys a position of unparalleled military strength and great economic and political influence. In keeping with our heritage and principles, we do not use our strength to press for unilateral advantage. We seek instead to create a balance of power that favors human freedom: conditions in which all nations and all societies can choose for themselves the rewards and challenges of political and economic liberty. In a world that is safe, people will be able to make their own lives better. We will defend the peace by fighting terrorists and tyrants. We will preserve the peace by building good relations among the great powers. We will extend the peace by encouraging free and open societies on every continent.

Defending our Nation against its enemies is the first and fundamental commitment of the Federal Government. Today, that task has changed dramatically. Enemies in the past needed great armies and great industrial capabilities to endanger America. Now, shadowy networks of individuals can bring great chaos and suffering to our shores for less than it costs to purchase a single tank. Terrorists are organized to penetrate open societies and to turn the power of modern technologies against us.

To defeat this threat we must make use of every tool in our arsenal—military power, better homeland defenses, law enforcement, intelligence, and vigorous efforts to cut off terrorist financing. The war against terrorists of global reach is a global enterprise of uncertain duration. America will help nations that need our assistance in combating terror. And America will hold

to account nations that are compromised by terror, including those who harbor terrorists—because the allies of terror are the enemies of civilization. The United States and countries cooperating with us must not allow the terrorists to develop new home bases. Together, we will seek to deny them sanctuary at every turn.

The gravest danger our Nation faces lies at the crossroads of radicalism and technology. Our enemies have openly declared that they are seeking weapons of mass destruction, and evidence indicates that they are doing so with determination. The United States will not allow these efforts to succeed. We will build defenses against ballistic missiles and other means of delivery. We will cooperate with other nations to deny, contain, and curtail our enemies' efforts to acquire dangerous technologies. And, as a matter of common sense and self-defense, America will act against such emerging threats before they are fully formed. We cannot defend America and our friends by hoping for the best. So we must be prepared to defeat our enemies' plans, using the best intelligence and proceeding with deliberation. History will judge harshly those who saw this coming danger but failed to act. In the new world we have entered, the only path to peace and security is the path of action.

As we defend the peace, we will also take advantage of an historic opportunity to preserve the peace. Today, the international community has the best chance since the rise of the nation-state in the seventeenth century to build a world where great powers compete in peace instead of continually prepare for war. Today, the world's great powers find ourselves on the same side—united by common dangers of terrorist violence and chaos. The United States will build on these common interests to promote global security. We are also increasingly united by common values. Russia is in the midst of a hopeful transition, reaching for its democratic future and a partner in the war on terror. Chinese leaders are discovering that economic freedom is the only source of national wealth. In time, they will find that social and political freedom is the only source of national greatness. America will encourage the advancement of democracy and economic openness in both nations, because these are the best foundations for domestic stability and international order. We will strongly resist aggression from other great powers—even as we welcome their peaceful pursuit of prosperity, trade, and cultural advancement.

Finally, the United States will use this moment of opportunity to extend the benefits of freedom across the globe. We will actively work to bring the hope of democracy, development, free markets, and free trade to every corner of the world. The events of September 11, 2001, taught us that weak states, like Afghanistan, can pose as great a danger to our national interests as strong states. Poverty does not make poor people into terrorists and murderers. Yet poverty, weak institutions, and corruption can make weak states vulnerable to terrorist networks and drug cartels within their borders.

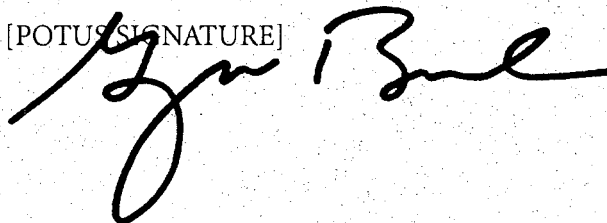
The United States will stand beside any nation determined to build a better future by seeking the rewards of liberty for its people. Free trade and free markets have proven their ability to lift whole societies out of poverty—so the United States will work with individual nations, entire regions, and the entire global trading community to build a world that trades in freedom and therefore grows in prosperity. The United States will deliver greater development assistance through the New Millennium Challenge Account to nations that govern justly, invest in their people, and encourage economic freedom. We will also continue to lead the world in efforts to reduce the terrible toll of HIV/AIDS and other infectious diseases.

In building a balance of power that favors freedom, the United States is guided by the conviction that all nations have important responsibilities. Nations that enjoy freedom must actively fight terror. Nations that depend on international stability must help prevent the spread of weapons of mass destruction. Nations that seek international aid must govern themselves wisely, so that aid is well spent. For freedom to thrive, accountability must be expected and required.

We are also guided by the conviction that no nation can build a safer, better world alone. Alliances and multilateral institutions can multiply the strength of freedom-loving nations. The United States is committed to lasting institutions like the United Nations, the World Trade Organization, the Organization of American States, and NATO as well as other long-standing alliances. Coalitions of the willing can augment these permanent institutions. In all cases, international obligations are to be taken seriously. They are not to be undertaken symbolically to rally support for an ideal without furthering its attainment.

Freedom is the non-negotiable demand of human dignity; the birthright of every person—in every civilization. Throughout history, freedom has been threatened by war and terror; it has been challenged by the clashing wills of powerful states and the evil designs of tyrants; and it has been tested by widespread poverty and disease. Today, humanity holds in its hands the opportunity to further freedom's triumph over all these foes. The United States welcomes our responsibility to lead in this great mission.

[POTUS SIGNATURE]

A handwritten signature in black ink, appearing to read "George W. Bush", written over the printed text "[POTUS SIGNATURE]".

THE WHITE HOUSE,  
September 17, 2002

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## I. OVERVIEW OF AMERICA'S INTERNATIONAL STRATEGY

*“Our Nation’s cause has always been larger than our Nation’s defense.  
We fight, as we always fight, for a just peace—a peace that favors liberty.  
We will defend the peace against the threats from terrorists and tyrants.  
We will preserve the peace by building good relations among the great powers.  
And we will extend the peace by encouraging free and open societies on every continent.”*

PRESIDENT BUSH  
WEST POINT, NEW YORK  
JUNE 1, 2002

The United States possesses unprecedented—and unequalled—strength and influence in the world. Sustained by faith in the principles of liberty, and the value of a free society, this position comes with unparalleled responsibilities, obligations, and opportunity. The great strength of this nation must be used to promote a balance of power that favors freedom.

For most of the twentieth century, the world was divided by a great struggle over ideas: destructive totalitarian visions versus freedom and equality.

That great struggle is over. The militant visions of class, nation, and race which promised utopia and delivered misery have been defeated and discredited. America is now threatened less by conquering states than we are by failing ones. We are menaced less by fleets and armies than by catastrophic technologies in the hands of the embittered few. We must defeat these threats to our Nation, allies, and friends.

This is also a time of opportunity for America. We will work to translate this moment of influence into decades of peace, prosperity, and liberty.

The U.S. national security strategy will be based on a distinctly American internationalism that reflects the union of our values and our national interests. The aim of this strategy is to help make the world not just safer but better. Our goals on the path to progress are clear: political and economic freedom, peaceful relations with other states, and respect for human dignity.

And this path is not America’s alone. It is open to all.

To achieve these goals, the United States will:

- champion aspirations for human dignity;
- strengthen alliances to defeat global terrorism and work to prevent attacks against us and our friends;
- work with others to defuse regional conflicts;
- prevent our enemies from threatening us, our allies, and our friends, with weapons of mass destruction;
- ignite a new era of global economic growth through free markets and free trade;

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- expand the circle of development by opening societies and building the infrastructure of democracy;
  - develop agendas for cooperative action with other main centers of global power; and
  - transform America's national security institutions to meet the challenges and opportunities of the twenty-first century.

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## II. CHAMPION ASPIRATIONS FOR HUMAN DIGNITY

*“Some worry that it is somehow undiplomatic or impolite to speak the language of right and wrong. I disagree. Different circumstances require different methods, but not different moralities.”*

PRESIDENT BUSH  
WEST POINT, NEW YORK  
JUNE 1, 2002

In pursuit of our goals, our first imperative is to clarify what we stand for: the United States must defend liberty and justice because these principles are right and true for all people everywhere. No nation owns these aspirations, and no nation is exempt from them. Fathers and mothers in all societies want their children to be educated and to live free from poverty and violence. No people on earth yearn to be oppressed, aspire to servitude, or eagerly await the midnight knock of the secret police.

America must stand firmly for the nonnegotiable demands of human dignity: the rule of law; limits on the absolute power of the state; free speech; freedom of worship; equal justice; respect for women; religious and ethnic tolerance; and respect for private property.

These demands can be met in many ways. America's constitution has served us well. Many other nations, with different histories and cultures, facing different circumstances, have successfully incorporated these core principles into their own systems of governance. History has not been kind to those nations which ignored or flouted the rights and aspirations of their people.

America's experience as a great multi-ethnic democracy affirms our conviction that people of many heritages and faiths can live and prosper in peace. Our own history is a long struggle to live up to our ideals. But even in our worst moments, the principles enshrined in the Declaration of Independence were there to guide us. As a result, America is not just a stronger, but is a freer and more just society.

Today, these ideals are a lifeline to lonely defenders of liberty. And when openings arrive, we can encourage change—as we did in central and eastern Europe between 1989 and 1991, or in Belgrade in 2000. When we see democratic processes take hold among our friends in Taiwan or in the Republic of Korea, and see elected leaders replace generals in Latin America and Africa, we see examples of how authoritarian systems can evolve, marrying local history and traditions with the principles we all cherish.

Embodying lessons from our past and using the opportunity we have today, the national security strategy of the United States must start from these core beliefs and look outward for possibilities to expand liberty.

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Our principles will guide our government's decisions about international cooperation, the character of our foreign assistance, and the allocation of resources. They will guide our actions and our words in international bodies.

We will:

- speak out honestly about violations of the nonnegotiable demands of human dignity using our voice and vote in international institutions to advance freedom;
- use our foreign aid to promote freedom and support those who struggle non-violently for it, ensuring that nations moving toward democracy are rewarded for the steps they take;

- make freedom and the development of democratic institutions key themes in our bilateral relations, seeking solidarity and cooperation from other democracies while we press governments that deny human rights to move toward a better future; and
- take special efforts to promote freedom of religion and conscience and defend it from encroachment by repressive governments.

We will champion the cause of human dignity and oppose those who resist it.

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### III. STRENGTHEN ALLIANCES TO DEFEAT GLOBAL TERRORISM AND WORK TO PREVENT ATTACKS AGAINST US AND OUR FRIENDS

*“Just three days removed from these events, Americans do not yet have the distance of history. But our responsibility to history is already clear: to answer these attacks and rid the world of evil. War has been waged against us by stealth and deceit and murder. This nation is peaceful, but fierce when stirred to anger. The conflict was begun on the timing and terms of others. It will end in a way, and at an hour, of our choosing.”*

PRESIDENT BUSH  
WASHINGTON, D.C. (THE NATIONAL CATHEDRAL)  
SEPTEMBER 14, 2001

The United States of America is fighting a war against terrorists of global reach. The enemy is not a single political regime or person or religion or ideology. The enemy is terrorism—premeditated, politically motivated violence perpetrated against innocents.

In many regions, legitimate grievances prevent the emergence of a lasting peace. Such grievances deserve to be, and must be, addressed within a political process. But no cause justifies terror. The United States will make no concessions to terrorist demands and strike no deals with them. We make no distinction between terrorists and those who knowingly harbor or provide aid to them.

The struggle against global terrorism is different from any other war in our history. It will be fought on many fronts against a particularly elusive enemy over an extended period of time. Progress

will come through the persistent accumulation of successes—some seen, some unseen.

Today our enemies have seen the results of what civilized nations can, and will, do against regimes that harbor, support, and use terrorism to achieve their political goals. Afghanistan has been liberated; coalition forces continue to hunt down the Taliban and al-Qaida. But it is not only this battlefield on which we will engage terrorists. Thousands of trained terrorists remain at large with cells in North America, South America, Europe, Africa, the Middle East, and across Asia.

Our priority will be first to disrupt and destroy terrorist organizations of global reach and attack their leadership; command, control, and communications; material support; and finances. This will have a disabling effect upon the terrorists' ability to plan and operate.

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We will continue to encourage our regional partners to take up a coordinated effort that isolates the terrorists. Once the regional campaign localizes the threat to a particular state, we will help ensure the state has the military, law enforcement, political, and financial tools necessary to finish the task.

The United States will continue to work with our allies to disrupt the financing of terrorism. We will identify and block the sources of funding for terrorism, freeze the assets of terrorists and those who support them, deny terrorists access to the international financial system, protect legitimate charities from being abused by terrorists, and prevent the movement of terrorists' assets through alternative financial networks.

However, this campaign need not be sequential to be effective; the cumulative effect across all regions will help achieve the results we seek.

We will disrupt and destroy terrorist organizations by:

- direct and continuous action using all the elements of national and international power. Our immediate focus will be those terrorist organizations of global reach and any terrorist or state sponsor of terrorism which attempts to gain or use weapons of mass destruction (WMD) or their precursors;
- defending the United States, the American people, and our interests at home and abroad by identifying and destroying the threat before it reaches our borders. While the United States will constantly strive to enlist the support of the international community, we will not hesitate to act alone, if necessary, to exercise our right of self-defense by acting preemptively against such terrorists, to prevent them from doing harm against our people and our country; and
- denying further sponsorship, support, and sanctuary to terrorists by convincing or compelling states to accept their sovereign responsibilities.

We will also wage a war of ideas to win the battle against international terrorism. This includes:

- using the full influence of the United States, and working closely with allies and friends, to make clear that all acts of terrorism are illegitimate so that terrorism will be viewed in the same light as slavery, piracy, or genocide: behavior that no respectable government can condone or support and all must oppose;
- supporting moderate and modern government, especially in the Muslim world, to ensure that the conditions and ideologies that promote terrorism do not find fertile ground in any nation;
- diminishing the underlying conditions that spawn terrorism by enlisting the international community to focus its efforts and resources on areas most at risk; and
- using effective public diplomacy to promote the free flow of information and ideas to kindle the hopes and aspirations of freedom of those in societies ruled by the sponsors of global terrorism.

While we recognize that our best defense is a good offense, we are also strengthening America's homeland security to protect against and deter attack.

This Administration has proposed the largest government reorganization since the Truman Administration created the National Security Council and the Department of Defense. Centered on a new Department of Homeland Security and including a new unified military command and a fundamental reordering of the FBI, our comprehensive plan to secure the homeland encompasses every level of government and the cooperation of the public and the private sector.

This strategy will turn adversity into opportunity. For example, emergency management systems will be better able to cope not just with terrorism but with all hazards. Our medical system will be strengthened to manage not just

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bioterror, but all infectious diseases and mass-casualty dangers. Our border controls will not just stop terrorists, but improve the efficient movement of legitimate traffic.

While our focus is protecting America, we know that to defeat terrorism in today's globalized world we need support from our allies and friends. Wherever possible, the United States will rely on regional organizations and state powers to meet their obligations to fight terrorism. Where governments find the fight against terrorism beyond their capacities, we will match their willpower and their resources with whatever help we and our allies can provide.

As we pursue the terrorists in Afghanistan, we will continue to work with international

organizations such as the United Nations, as well as non-governmental organizations, and other countries to provide the humanitarian, political, economic, and security assistance necessary to rebuild Afghanistan so that it will never again abuse its people, threaten its neighbors, and provide a haven for terrorists.

In the war against global terrorism, we will never forget that we are ultimately fighting for our democratic values and way of life. Freedom and fear are at war, and there will be no quick or easy end to this conflict. In leading the campaign against terrorism, we are forging new, productive international relationships and redefining existing ones in ways that meet the challenges of the twenty-first century.

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## IV. WORK WITH OTHERS TO DEFUSE REGIONAL CONFLICTS

*“We build a world of justice, or we will live in a world of coercion.  
The magnitude of our shared responsibilities makes our disagreements look so small.”*

PRESIDENT BUSH  
BERLIN, GERMANY  
MAY 23, 2002

Concerned nations must remain actively engaged in critical regional disputes to avoid explosive escalation and minimize human suffering. In an increasingly interconnected world, regional crisis can strain our alliances, rekindle rivalries among the major powers, and create horrifying affronts to human dignity. When violence erupts and states falter, the United States will work with friends and partners to alleviate suffering and restore stability.

No doctrine can anticipate every circumstance in which U.S. action—direct or indirect—is warranted. We have finite political, economic, and military resources to meet our global priorities. The United States will approach each case with these strategic principles in mind:

- The United States should invest time and resources into building international relationships and institutions that can help manage local crises when they emerge.
- The United States should be realistic about its ability to help those who are unwilling or unready to help themselves. Where and when people are ready to do their part, we will be willing to move decisively.

The Israeli-Palestinian conflict is critical because of the toll of human suffering, because of America’s close relationship with the state of Israel and key Arab states, and because of that region’s importance to other global priorities of the United States. There can be no peace for either side without freedom for both sides. America stands committed to an independent and democratic Palestine, living beside Israel in peace and security. Like all other people, Palestinians deserve a government that serves their interests and listens to their voices. The United States will continue to encourage all parties to step up to their responsibilities as we seek a just and comprehensive settlement to the conflict.

The United States, the international donor community, and the World Bank stand ready to work with a reformed Palestinian government on economic development, increased humanitarian assistance, and a program to establish, finance, and monitor a truly independent judiciary. If Palestinians embrace democracy, and the rule of law, confront corruption, and firmly reject terror, they can count on American support for the creation of a Palestinian state.

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Israel also has a large stake in the success of a democratic Palestine. Permanent occupation threatens Israel's identity and democracy. So the United States continues to challenge Israeli leaders to take concrete steps to support the emergence of a viable, credible Palestinian state. As there is progress towards security, Israel forces need to withdraw fully to positions they held prior to September 28, 2000. And consistent with the recommendations of the Mitchell Committee, Israeli settlement activity in the occupied territories must stop. As violence subsides, freedom of movement should be restored, permitting innocent Palestinians to resume work and normal life. The United States can play a crucial role but, ultimately, lasting peace can only come when Israelis and Palestinians resolve the issues and end the conflict between them.

In South Asia, the United States has also emphasized the need for India and Pakistan to resolve their disputes. This Administration invested time and resources building strong bilateral relations with India and Pakistan. These strong relations then gave us leverage to play a constructive role when tensions in the region became acute. With Pakistan, our bilateral relations have been bolstered by Pakistan's choice to join the war against terror and move toward building a more open and tolerant society. The Administration sees India's potential to become one of the great democratic powers of the twenty-first century and has worked hard to transform our relationship accordingly. Our involvement in this regional dispute, building on earlier investments in bilateral relations, looks first to concrete steps by India and Pakistan that can help defuse military confrontation.

Indonesia took courageous steps to create a working democracy and respect for the rule of law. By tolerating ethnic minorities, respecting the rule of law, and accepting open markets, Indonesia may be able to employ the engine of opportunity that has helped lift some of its neighbors out of poverty and desperation. It is the initiative by Indonesia that allows U.S. assistance to make a difference.

In the Western Hemisphere we have formed flexible coalitions with countries that share our priorities, particularly Mexico, Brazil, Canada, Chile, and Colombia. Together we will promote a truly democratic hemisphere where our integration advances security, prosperity, opportunity, and hope. We will work with regional institutions, such as the Summit of the Americas process, the Organization of American States (OAS), and the Defense Ministerial of the Americas for the benefit of the entire hemisphere.

Parts of Latin America confront regional conflict, especially arising from the violence of drug cartels and their accomplices. This conflict and unrestrained narcotics trafficking could imperil the health and security of the United States. Therefore we have developed an active strategy to help the Andean nations adjust their economies, enforce their laws, defeat terrorist organizations, and cut off the supply of drugs, while—as important—we work to reduce the demand for drugs in our own country.

In Colombia, we recognize the link between terrorist and extremist groups that challenge the security of the state and drug trafficking activities that help finance the operations of such groups. We are working to help Colombia defend its democratic institutions and defeat illegal armed groups of both the left and right by extending effective sovereignty over the entire national territory and provide basic security to the Colombian people.

In Africa, promise and opportunity sit side by side with disease, war, and desperate poverty. This threatens both a core value of the United States—preserving human dignity—and our strategic priority—combating global terror. American interests and American principles, therefore, lead in the same direction: we will work with others for an African continent that lives in liberty, peace, and growing prosperity. Together with our European allies, we must help strengthen Africa's fragile states, help build indigenous capability to secure porous borders, and help build up the law

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enforcement and intelligence infrastructure to deny havens for terrorists.

An ever more lethal environment exists in Africa as local civil wars spread beyond borders to create regional war zones. Forming coalitions of the willing and cooperative security arrangements are key to confronting these emerging transnational threats.

Africa's great size and diversity requires a security strategy that focuses on bilateral engagement and builds coalitions of the willing. This Administration will focus on three interlocking strategies for the region:

- countries with major impact on their neighborhood such as South Africa, Nigeria, Kenya, and Ethiopia are anchors for regional engagement and require focused attention;

- coordination with European allies and international institutions is essential for constructive conflict mediation and successful peace operations; and

- Africa's capable reforming states and sub-regional organizations must be strengthened as the primary means to address transnational threats on a sustained basis.

Ultimately the path of political and economic freedom presents the surest route to progress in sub-Saharan Africa, where most wars are conflicts over material resources and political access often tragically waged on the basis of ethnic and religious difference. The transition to the African Union with its stated commitment to good governance and a common responsibility for democratic political systems offers opportunities to strengthen democracy on the continent.

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V. PREVENT OUR ENEMIES FROM THREATENING US,  
OUR ALLIES, AND OUR FRIENDS  
WITH WEAPONS OF MASS DESTRUCTION

*“The gravest danger to freedom lies at the crossroads of radicalism and technology. When the spread of chemical and biological and nuclear weapons, along with ballistic missile technology—when that occurs, even weak states and small groups could attain a catastrophic power to strike great nations. Our enemies have declared this very intention, and have been caught seeking these terrible weapons. They want the capability to blackmail us, or to harm us, or to harm our friends—and we will oppose them with all our power.”*

PRESIDENT BUSH  
WEST POINT, NEW YORK  
JUNE 1, 2002

The nature of the Cold War threat required the United States—with our allies and friends—to emphasize deterrence of the enemy’s use of force, producing a grim strategy of mutual assured destruction. With the collapse of the Soviet Union and the end of the Cold War, our security environment has undergone profound transformation.

Having moved from confrontation to cooperation as the hallmark of our relationship with Russia, the dividends are evident: an end to the balance of terror that divided us; an historic reduction in the nuclear arsenals on both sides; and cooperation in areas such as counterterrorism and missile defense that until recently were inconceivable.

But new deadly challenges have emerged from rogue states and terrorists. None of these contemporary threats rival the sheer destructive power that was arrayed against us by the Soviet Union. However, the nature and motivations of these new adversaries, their determination to obtain destructive powers hitherto available only to the world’s strongest states, and the greater likelihood that they will use weapons of mass destruction against us, make today’s security environment more complex and dangerous.

In the 1990s we witnessed the emergence of a small number of rogue states that, while different in important ways, share a number of attributes. These states:

- brutalize their own people and squander their national resources for the personal gain of the rulers;
- display no regard for international law, threaten their neighbors, and callously violate international treaties to which they are party;
- are determined to acquire weapons of mass destruction, along with other advanced military technology, to be used as threats or offensively to achieve the aggressive designs of these regimes;
- sponsor terrorism around the globe; and
- reject basic human values and hate the United States and everything for which it stands.

At the time of the Gulf War, we acquired irrefutable proof that Iraq's designs were not limited to the chemical weapons it had used against Iran and its own people, but also extended to the acquisition of nuclear weapons and biological agents. In the past decade North Korea has become the world's principal purveyor of ballistic missiles, and has tested increasingly capable missiles while developing its own WMD arsenal. Other rogue regimes seek nuclear, biological, and chemical weapons as well. These states' pursuit of, and global trade in, such weapons has become a looming threat to all nations.

We must be prepared to stop rogue states and their terrorist clients before they are able to threaten or use weapons of mass destruction against the United States and our allies and friends. Our response must take full advantage of strengthened alliances, the establishment of new partnerships with former adversaries, innovation in the use of military forces, modern technologies, including the development of an effective missile defense system, and increased emphasis on intelligence collection and analysis.

Our comprehensive strategy to combat WMD includes:

- *Proactive counterproliferation efforts.* We must deter and defend against the threat before it is unleashed. We must ensure that key capabilities—detection, active and passive defenses, and counterforce capabilities—are integrated into our defense transformation and our homeland security systems. Counterproliferation must also be integrated into the doctrine, training, and equipping of our forces and those of our allies to ensure that we can prevail in any conflict with WMD-armed adversaries.
- *Strengthened nonproliferation efforts to prevent rogue states and terrorists from acquiring the materials, technologies, and expertise necessary for weapons of mass destruction.* We will enhance diplomacy, arms control, multilateral export controls, and threat reduction assistance that impede states and terrorists seeking WMD, and when necessary, interdict enabling technologies and materials. We will continue to build coalitions to support these efforts, encouraging their increased political and financial support for nonproliferation and threat reduction programs. The recent G-8 agreement to commit up to \$20 billion to a global partnership against proliferation marks a major step forward.
- *Effective consequence management to respond to the effects of WMD use, whether by terrorists or hostile states.* Minimizing the effects of WMD use against our people will help deter those who possess such weapons and dissuade those who seek to acquire them by persuading enemies that they cannot attain their desired ends. The United States must also be prepared to respond to the effects of WMD use against our forces abroad, and to help friends and allies if they are attacked.

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It has taken almost a decade for us to comprehend the true nature of this new threat. Given the goals of rogue states and terrorists, the United States can no longer solely rely on a reactive posture as we have in the past. The inability to deter a potential attacker, the immediacy of today's threats, and the magnitude of potential harm that could be caused by our adversaries' choice of weapons, do not permit that option. We cannot let our enemies strike first.

- In the Cold War, especially following the Cuban missile crisis, we faced a generally status quo, risk-averse adversary. Deterrence was an effective defense. But deterrence based only upon the threat of retaliation is less likely to work against leaders of rogue states more willing to take risks, gambling with the lives of their people, and the wealth of their nations.
- In the Cold War, weapons of mass destruction were considered weapons of last resort whose use risked the destruction of those who used them. Today, our enemies see weapons of mass destruction as weapons of choice. For rogue states these weapons are tools of intimidation and military aggression against their neighbors. These weapons may also allow these states to attempt to blackmail the United States and our allies to prevent us from deterring or repelling the aggressive behavior of rogue states. Such states also see these weapons as their best means of overcoming the conventional superiority of the United States.
- Traditional concepts of deterrence will not work against a terrorist enemy whose avowed tactics are wanton destruction and the targeting of innocents; whose so-called soldiers seek martyrdom in death and whose most potent protection is statelessness. The overlap between states that sponsor terror and those that pursue WMD compels us to action.

For centuries, international law recognized that nations need not suffer an attack before they can lawfully take action to defend themselves against forces that present an imminent danger of attack. Legal scholars and international jurists often conditioned the legitimacy of preemption on the existence of an imminent threat—most often a visible mobilization of armies, navies, and air forces preparing to attack.

We must adapt the concept of imminent threat to the capabilities and objectives of today's adversaries. Rogue states and terrorists do not seek to attack us using conventional means. They know such attacks would fail. Instead, they rely on acts of terror and, potentially, the use of weapons of mass destruction—weapons that can be easily concealed, delivered covertly, and used without warning.

The targets of these attacks are our military forces and our civilian population, in direct violation of one of the principal norms of the law of warfare. As was demonstrated by the losses on September 11, 2001, mass civilian casualties is the specific objective of terrorists and these losses would be exponentially more severe if terrorists acquired and used weapons of mass destruction.

The United States has long maintained the option of preemptive actions to counter a sufficient threat to our national security. The greater the threat, the greater is the risk of inaction—and the more compelling the case for taking anticipatory action to defend ourselves, even if uncertainty remains as to the time and place of the enemy's attack. To forestall or prevent such hostile acts by our adversaries, the United States will, if necessary, act preemptively.

The United States will not use force in all cases to preempt emerging threats, nor should nations use preemption as a pretext for aggression. Yet in an age where the enemies of civilization openly and actively seek the world's most destructive technologies, the United States cannot remain idle while dangers gather.

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We will always proceed deliberately, weighing the consequences of our actions. To support preemptive options, we will:

- build better, more integrated intelligence capabilities to provide timely, accurate information on threats, wherever they may emerge;
- coordinate closely with allies to form a common assessment of the most dangerous threats; and

- continue to transform our military forces to ensure our ability to conduct rapid and precise operations to achieve decisive results.

The purpose of our actions will always be to eliminate a specific threat to the United States or our allies and friends. The reasons for our actions will be clear, the force measured, and the cause just.

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## VI. IGNITE A NEW ERA OF GLOBAL ECONOMIC GROWTH THROUGH FREE MARKETS AND FREE TRADE

*“When nations close their markets and opportunity is hoarded by a privileged few, no amount—no amount—of development aid is ever enough. When nations respect their people, open markets, invest in better health and education, every dollar of aid, every dollar of trade revenue and domestic capital is used more effectively.”*

PRESIDENT BUSH  
MONTERREY, MEXICO  
MARCH 22, 2002

A strong world economy enhances our national security by advancing prosperity and freedom in the rest of the world. Economic growth supported by free trade and free markets creates new jobs and higher incomes. It allows people to lift their lives out of poverty, spurs economic and legal reform, and the fight against corruption, and it reinforces the habits of liberty.

We will promote economic growth and economic freedom beyond America’s shores. All governments are responsible for creating their own economic policies and responding to their own economic challenges. We will use our economic engagement with other countries to underscore the benefits of policies that generate higher productivity and sustained economic growth, including:

- pro-growth legal and regulatory policies to encourage business investment, innovation, and entrepreneurial activity;
- tax policies—particularly lower marginal tax rates—that improve incentives for work and investment;

- rule of law and intolerance of corruption so that people are confident that they will be able to enjoy the fruits of their economic endeavors;
- strong financial systems that allow capital to be put to its most efficient use;
- sound fiscal policies to support business activity;
- investments in health and education that improve the well-being and skills of the labor force and population as a whole; and
- free trade that provides new avenues for growth and fosters the diffusion of technologies and ideas that increase productivity and opportunity.

The lessons of history are clear: market economies, not command-and-control economies with the heavy hand of government, are the best way to promote prosperity and reduce poverty. Policies that further strengthen market incentives and market institutions are relevant for all economies—industrialized countries, emerging markets, and the developing world.

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A return to strong economic growth in Europe and Japan is vital to U.S. national security interests. We want our allies to have strong economies for their own sake, for the sake of the global economy, and for the sake of global security. European efforts to remove structural barriers in their economies are particularly important in this regard, as are Japan's efforts to end deflation and address the problems of non-performing loans in the Japanese banking system. We will continue to use our regular consultations with Japan and our European partners—including through the Group of Seven (G-7)—to discuss policies they are adopting to promote growth in their economies and support higher global economic growth.

Improving stability in emerging markets is also key to global economic growth. International flows of investment capital are needed to expand the productive potential of these economies. These flows allow emerging markets and developing countries to make the investments that raise living standards and reduce poverty. Our long-term objective should be a world in which all countries have investment-grade credit ratings that allow them access to international capital markets and to invest in their future.

We are committed to policies that will help emerging markets achieve access to larger capital flows at lower cost. To this end, we will continue to pursue reforms aimed at reducing uncertainty in financial markets. We will work actively with other countries, the International Monetary Fund (IMF), and the private sector to implement the G-7 Action Plan negotiated earlier this year for preventing financial crises and more effectively resolving them when they occur.

The best way to deal with financial crises is to prevent them from occurring, and we have encouraged the IMF to improve its efforts doing so. We will continue to work with the IMF to streamline the policy conditions for its lending and to focus its lending strategy on achieving economic growth through sound fiscal and

monetary policy, exchange rate policy, and financial sector policy.

The concept of “free trade” arose as a moral principle even before it became a pillar of economics. If you can make something that others value, you should be able to sell it to them. If others make something that you value, you should be able to buy it. This is real freedom, the freedom for a person—or a nation—to make a living. To promote free trade, the United States has developed a comprehensive strategy:

- *Seize the global initiative.* The new global trade negotiations we helped launch at Doha in November 2001 will have an ambitious agenda, especially in agriculture, manufacturing, and services, targeted for completion in 2005. The United States has led the way in completing the accession of China and a democratic Taiwan to the World Trade Organization. We will assist Russia's preparations to join the WTO.
- *Press regional initiatives.* The United States and other democracies in the Western Hemisphere have agreed to create the Free Trade Area of the Americas, targeted for completion in 2005. This year the United States will advocate market-access negotiations with its partners, targeted on agriculture, industrial goods, services, investment, and government procurement. We will also offer more opportunity to the poorest continent, Africa, starting with full use of the preferences allowed in the African Growth and Opportunity Act, and leading to free trade.
- *Move ahead with bilateral free trade agreements.* Building on the free trade agreement with Jordan enacted in 2001, the Administration will work this year to complete free trade agreements with Chile and Singapore. Our aim is to achieve free trade agreements with a mix of developed

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and developing countries in all regions of the world. Initially, Central America, Southern Africa, Morocco, and Australia will be our principal focal points.

- *Renew the executive-congressional partnership.* Every administration's trade strategy depends on a productive partnership with Congress. After a gap of 8 years, the Administration reestablished majority support in the Congress for trade liberalization by passing Trade Promotion Authority and the other market opening measures for developing countries in the Trade Act of 2002. This Administration will work with Congress to enact new bilateral, regional, and global trade agreements that will be concluded under the recently passed Trade Promotion Authority.
- *Promote the connection between trade and development.* Trade policies can help developing countries strengthen property rights, competition, the rule of law, investment, the spread of knowledge, open societies, the efficient allocation of resources, and regional integration—all leading to growth, opportunity, and confidence in developing countries. The United States is implementing The Africa Growth and Opportunity Act to provide market-access for nearly all goods produced in the 35 countries of sub-Saharan Africa. We will make more use of this act and its equivalent for the Caribbean Basin and continue to work with multilateral and regional institutions to help poorer countries take advantage of these opportunities. Beyond market access, the most important area where trade intersects with poverty is in public health. We will ensure that the WTO intellectual property rules are flexible enough to allow developing nations to gain access to critical medicines for extraordinary dangers like HIV/AIDS, tuberculosis, and malaria.
- *Enforce trade agreements and laws against unfair practices.* Commerce depends on the rule of law; international trade depends on enforceable agreements. Our top priorities are to resolve ongoing disputes with the European Union, Canada, and Mexico and to make a global effort to address new technology, science, and health regulations that needlessly impede farm exports and improved agriculture. Laws against unfair trade practices are often abused, but the international community must be able to address genuine concerns about government subsidies and dumping. International industrial espionage which undermines fair competition must be detected and deterred.
- *Help domestic industries and workers adjust.* There is a sound statutory framework for these transitional safeguards which we have used in the agricultural sector and which we are using this year to help the American steel industry. The benefits of free trade depend upon the enforcement of fair trading practices. These safeguards help ensure that the benefits of free trade do not come at the expense of American workers. Trade adjustment assistance will help workers adapt to the change and dynamism of open markets.
- *Protect the environment and workers.* The United States must foster economic growth in ways that will provide a better life along with widening prosperity. We will incorporate labor and environmental concerns into U.S. trade negotiations, creating a healthy "network" between multilateral environmental agreements with the WTO, and use the International Labor Organization, trade preference programs, and trade talks to improve working conditions in conjunction with freer trade.
- *Enhance energy security.* We will strengthen our own energy security and the shared prosperity of the global economy by working with our allies, trading partners,

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and energy producers to expand the sources and types of global energy supplied, especially in the Western Hemisphere, Africa, Central Asia, and the Caspian region. We will also continue to work with our partners to develop cleaner and more energy efficient technologies.

Economic growth should be accompanied by global efforts to stabilize greenhouse gas concentrations associated with this growth, containing them at a level that prevents dangerous human interference with the global climate. Our overall objective is to reduce America's greenhouse gas emissions relative to the size of our economy, cutting such emissions per unit of economic activity by 18 percent over the next 10 years, by the year 2012. Our strategies for attaining this goal will be to:

- remain committed to the basic U.N. Framework Convention for international cooperation;

- obtain agreements with key industries to cut emissions of some of the most potent greenhouse gases and give transferable credits to companies that can show real cuts;
- develop improved standards for measuring and registering emission reductions;
- promote renewable energy production and clean coal technology, as well as nuclear power—which produces no greenhouse gas emissions, while also improving fuel economy for U.S. cars and trucks;
- increase spending on research and new conservation technologies, to a total of \$4.5 billion—the largest sum being spent on climate change by any country in the world and a \$700 million increase over last year's budget; and
- assist developing countries, especially the major greenhouse gas emitters such as China and India, so that they will have the tools and resources to join this effort and be able to grow along a cleaner and better path.

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## VII. EXPAND THE CIRCLE OF DEVELOPMENT BY OPENING SOCIETIES AND BUILDING THE INFRASTRUCTURE OF DEMOCRACY

*“In World War II we fought to make the world safer, then worked to rebuild it.  
As we wage war today to keep the world safe from terror,  
we must also work to make the world a better place for all its citizens.”*

PRESIDENT BUSH  
WASHINGTON, D.C. (INTER-AMERICAN DEVELOPMENT BANK)  
MARCH 14, 2002

A world where some live in comfort and plenty, while half of the human race lives on less than \$2 a day, is neither just nor stable. Including all of the world’s poor in an expanding circle of development—and opportunity—is a moral imperative and one of the top priorities of U.S. international policy.

Decades of massive development assistance have failed to spur economic growth in the poorest countries. Worse, development aid has often served to prop up failed policies, relieving the pressure for reform and perpetuating misery. Results of aid are typically measured in dollars spent by donors, not in the rates of growth and poverty reduction achieved by recipients. These are the indicators of a failed strategy.

Working with other nations, the United States is confronting this failure. We forged a new consensus at the U.N. Conference on Financing for Development in Monterrey that the objectives of assistance—and the strategies to achieve those objectives—must change.

This Administration’s goal is to help unleash the productive potential of individuals in all nations. Sustained growth and poverty reduction is impossible without the right national policies. Where governments have implemented real policy changes, we will provide significant new levels of assistance. The United States and other developed countries should set an ambitious and specific target: to double the size of the world’s poorest economies within a decade.

The United States Government will pursue these major strategies to achieve this goal:

- *Provide resources to aid countries that have met the challenge of national reform. We propose a 50 percent increase in the core development assistance given by the United States. While continuing our present programs, including humanitarian assistance based on need alone, these billions of new dollars will form a new Millennium Challenge Account for projects in countries whose governments rule justly; invest in*

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their people, and encourage economic freedom. Governments must fight corruption, respect basic human rights, embrace the rule of law, invest in health care and education, follow responsible economic policies, and enable entrepreneurship. The Millennium Challenge Account will reward countries that have demonstrated real policy change and challenge those that have not to implement reforms.

- *Improve the effectiveness of the World Bank and other development banks in raising living standards.* The United States is committed to a comprehensive reform agenda for making the World Bank and the other multilateral development banks more effective in improving the lives of the world's poor. We have reversed the downward trend in U.S. contributions and proposed an 18 percent increase in the U.S. contributions to the International Development Association (IDA)—the World Bank's fund for the poorest countries—and the African Development Fund. The key to raising living standards and reducing poverty around the world is increasing productivity growth, especially in the poorest countries. We will continue to press the multilateral development banks to focus on activities that increase economic productivity, such as improvements in education, health, rule of law, and private sector development. Every project, every loan, every grant must be judged by how much it will increase productivity growth in developing countries.
- *Insist upon measurable results to ensure that development assistance is actually making a difference in the lives of the world's poor.* When it comes to economic development, what really matters is that more children are getting a better education, more people have access to health care and clean water, or more workers can find jobs to make a better future for their families. We have a moral

obligation to measure the success of our development assistance by whether it is delivering results. For this reason, we will continue to demand that our own development assistance as well as assistance from the multilateral development banks has measurable goals and concrete benchmarks for achieving those goals. Thanks to U.S. leadership, the recent IDA replenishment agreement will establish a monitoring and evaluation system that measures recipient countries' progress. For the first time, donors can link a portion of their contributions to IDA to the achievement of actual development results, and part of the U.S. contribution is linked in this way. We will strive to make sure that the World Bank and other multilateral development banks build on this progress so that a focus on results is an integral part of everything that these institutions do.

- *Increase the amount of development assistance that is provided in the form of grants instead of loans.* Greater use of results-based grants is the best way to help poor countries make productive investments, particularly in the social sectors, without saddling them with ever-larger debt burdens. As a result of U.S. leadership, the recent IDA agreement provided for significant increases in grant funding for the poorest countries for education, HIV/AIDS, health, nutrition, water, sanitation, and other human needs. Our goal is to build on that progress by increasing the use of grants at the other multilateral development banks. We will also challenge universities, nonprofits, and the private sector to match government efforts by using grants to support development projects that show results.
- *Open societies to commerce and investment.* Trade and investment are the real engines of economic growth. Even if government aid increases, most money for development

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must come from trade, domestic capital, and foreign investment. An effective strategy must try to expand these flows as well. Free markets and free trade are key priorities of our national security strategy.

- *Secure public health.* The scale of the public health crisis in poor countries is enormous. In countries afflicted by epidemics and pandemics like HIV/AIDS, malaria, and tuberculosis, growth and development will be threatened until these scourges can be contained. Resources from the developed world are necessary but will be effective only with honest governance, which supports prevention programs and provides effective local infrastructure. The United States has strongly backed the new global fund for HIV/AIDS organized by U.N. Secretary General Kofi Annan and its focus on combining prevention with a broad strategy for treatment and care. The United States already contributes more than twice as much money to such efforts as the next largest donor. If the global fund demonstrates its promise, we will be ready to give even more.
- *Emphasize education.* Literacy and learning are the foundation of democracy and development. Only about 7 percent of World Bank resources are devoted to education. This proportion should grow. The United States will increase its own funding for education assistance by at least 20 percent with an emphasis on improving basic education and teacher training in Africa. The United States can also bring information technology to these societies, many of whose education systems have been devastated by HIV/AIDS.
- *Continue to aid agricultural development.* New technologies, including biotechnology, have enormous potential to improve crop yields in developing countries while using fewer pesticides and less water. Using sound science, the United States should help bring these benefits to the 800 million people, including 300 million children, who still suffer from hunger and malnutrition.

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## VIII. DEVELOP AGENDAS FOR COOPERATIVE ACTION WITH THE OTHER MAIN CENTERS OF GLOBAL POWER

*“We have our best chance since the rise of the nation-state in the 17th century to build a world where the great powers compete in peace instead of prepare for war.”*

PRESIDENT BUSH  
WEST POINT, NEW YORK  
JUNE 1, 2002

America will implement its strategies by organizing coalitions—as broad as practicable—of states able and willing to promote a balance of power that favors freedom. Effective coalition leadership requires clear priorities, an appreciation of others’ interests, and consistent consultations among partners with a spirit of humility.

There is little of lasting consequence that the United States can accomplish in the world without the sustained cooperation of its allies and friends in Canada and Europe. Europe is also the seat of two of the strongest and most able international institutions in the world: the North Atlantic Treaty Organization (NATO), which has, since its inception, been the fulcrum of transatlantic and inter-European security, and the European Union (EU), our partner in opening world trade.

The attacks of September 11 were also an attack on NATO, as NATO itself recognized when it invoked its Article V self-defense clause for the first time. NATO’s core mission—collective defense of the transatlantic alliance of democracies—remains, but NATO must develop new structures and capabilities to carry out that mission under new circumstances. NATO must

build a capability to field, at short notice, highly mobile, specially trained forces whenever they are needed to respond to a threat against any member of the alliance.

The alliance must be able to act wherever our interests are threatened, creating coalitions under NATO’s own mandate, as well as contributing to mission-based coalitions. To achieve this, we must:

- expand NATO’s membership to those democratic nations willing and able to share the burden of defending and advancing our common interests;
- ensure that the military forces of NATO nations have appropriate combat contributions to make in coalition warfare;
- develop planning processes to enable those contributions to become effective multinational fighting forces;
- take advantage of the technological opportunities and economies of scale in our defense spending to transform NATO military forces so that they dominate potential aggressors and diminish our vulnerabilities;

- streamline and increase the flexibility of command structures to meet new operational demands and the associated requirements of training, integrating, and experimenting with new force configurations; and
- maintain the ability to work and fight together as allies even as we take the necessary steps to transform and modernize our forces.

If NATO succeeds in enacting these changes, the rewards will be a partnership as central to the security and interests of its member states as was the case during the Cold War. We will sustain a common perspective on the threats to our societies and improve our ability to take common action in defense of our nations and their interests. At the same time, we welcome our European allies' efforts to forge a greater foreign policy and defense identity with the EU, and commit ourselves to close consultations to ensure that these developments work with NATO. We cannot afford to lose this opportunity to better prepare the family of transatlantic democracies for the challenges to come.

The attacks of September 11 energized America's Asian alliances. Australia invoked the ANZUS Treaty to declare the September 11 was an attack on Australia itself, following that historic decision with the dispatch of some of the world's finest combat forces for Operation Enduring Freedom. Japan and the Republic of Korea provided unprecedented levels of military logistical support within weeks of the terrorist attack. We have deepened cooperation on counterterrorism with our alliance partners in Thailand and the Philippines and received invaluable assistance from close friends like Singapore and New Zealand.

The war against terrorism has proven that America's alliances in Asia not only underpin regional peace and stability, but are flexible and ready to deal with new challenges. To enhance our Asian alliances and friendships, we will:

- look to Japan to continue forging a leading role in regional and global affairs based on our common interests, our common values, and our close defense and diplomatic cooperation;
- work with South Korea to maintain vigilance towards the North while preparing our alliance to make contributions to the broader stability of the region over the longer term;
- build on 50 years of U.S.-Australian alliance cooperation as we continue working together to resolve regional and global problems—as we have so many times from the Battle of the Coral Sea to Tora Bora;
- maintain forces in the region that reflect our commitments to our allies, our requirements, our technological advances, and the strategic environment; and
- build on stability provided by these alliances, as well as with institutions such as ASEAN and the Asia-Pacific Economic Cooperation forum; to develop a mix of regional and bilateral strategies to manage change in this dynamic region.

We are attentive to the possible renewal of old patterns of great power competition. Several potential great powers are now in the midst of internal transition—most importantly Russia, India, and China. In all three cases, recent developments have encouraged our hope that a truly global consensus about basic principles is slowly taking shape.

With Russia, we are already building a new strategic relationship based on a central reality of the twenty-first century: the United States and Russia are no longer strategic adversaries. The Moscow Treaty on Strategic Reductions is emblematic of this new reality and reflects a critical change in Russian thinking that promises to lead to productive, long-term relations with the Euro-Atlantic community and the United States. Russia's top leaders have a realistic assessment of

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their country's current weakness and the policies—internal and external—needed to reverse those weaknesses. They understand, increasingly, that Cold War approaches do not serve their national interests and that Russian and American strategic interests overlap in many areas.

United States policy seeks to use this turn in Russian thinking to refocus our relationship on emerging and potential common interests and challenges. We are broadening our already extensive cooperation in the global war on terrorism. We are facilitating Russia's entry into the World Trade Organization, without lowering standards for accession, to promote beneficial bilateral trade and investment relations. We have created the NATO-Russia Council with the goal of deepening security cooperation among Russia, our European allies, and ourselves. We will continue to bolster the independence and stability of the states of the former Soviet Union in the belief that a prosperous and stable neighborhood will reinforce Russia's growing commitment to integration into the Euro-Atlantic community.

At the same time, we are realistic about the differences that still divide us from Russia and about the time and effort it will take to build an enduring strategic partnership. Lingering distrust of our motives and policies by key Russian elites slows improvement in our relations. Russia's uneven commitment to the basic values of free-market democracy and dubious record in combating the proliferation of weapons of mass destruction remain matters of great concern. Russia's very weakness limits the opportunities for cooperation. Nevertheless, those opportunities are vastly greater now than in recent years—or even decades.

The United States has undertaken a transformation in its bilateral relationship with India based on a conviction that U.S. interests require a strong relationship with India. We are the two largest democracies, committed to political freedom protected by representative government. India is moving toward greater economic freedom

as well. We have a common interest in the free flow of commerce, including through the vital sea lanes of the Indian Ocean. Finally, we share an interest in fighting terrorism and in creating a strategically stable Asia.

Differences remain, including over the development of India's nuclear and missile programs, and the pace of India's economic reforms. But while in the past these concerns may have dominated our thinking about India, today we start with a view of India as a growing world power with which we have common strategic interests. Through a strong partnership with India, we can best address any differences and shape a dynamic future.

The United States relationship with China is an important part of our strategy to promote a stable, peaceful, and prosperous Asia-Pacific region. We welcome the emergence of a strong, peaceful, and prosperous China. The democratic development of China is crucial to that future. Yet, a quarter century after beginning the process of shedding the worst features of the Communist legacy, China's leaders have not yet made the next series of fundamental choices about the character of their state. In pursuing advanced military capabilities that can threaten its neighbors in the Asia-Pacific region, China is following an outdated path that, in the end, will hamper its own pursuit of national greatness. In time, China will find that social and political freedom is the only source of that greatness.

The United States seeks a constructive relationship with a changing China. We already cooperate well where our interests overlap, including the current war on terrorism and in promoting stability on the Korean peninsula. Likewise, we have coordinated on the future of Afghanistan and have initiated a comprehensive dialogue on counterterrorism and similar transitional concerns. Shared health and environmental threats, such as the spread of HIV/AIDS, challenge us to promote jointly the welfare of our citizens.

Addressing these transnational threats will challenge China to become more open with

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information, promote the development of civil society, and enhance individual human rights. China has begun to take the road to political openness, permitting many personal freedoms and conducting village-level elections, yet remains strongly committed to national one-party rule by the Communist Party. To make that nation truly accountable to its citizen's needs and aspirations, however, much work remains to be done. Only by allowing the Chinese people to think, assemble, and worship freely can China reach its full potential.

Our important trade relationship will benefit from China's entry into the World Trade Organization, which will create more export opportunities and ultimately more jobs for American farmers, workers, and companies. China is our fourth largest trading partner, with over \$100 billion in annual two-way trade. The power of market principles and the WTO's requirements for transparency and accountability will advance openness and the rule of law in China to help establish basic protections for commerce and for citizens. There are, however, other areas in which

we have profound disagreements. Our commitment to the self-defense of Taiwan under the Taiwan Relations Act is one. Human rights is another. We expect China to adhere to its nonproliferation commitments. We will work to narrow differences where they exist, but not allow them to preclude cooperation where we agree.

The events of September 11, 2001, fundamentally changed the context for relations between the United States and other main centers of global power, and opened vast, new opportunities. With our long-standing allies in Europe and Asia, and with leaders in Russia, India, and China, we must develop active agendas of cooperation lest these relationships become routine and unproductive.

Every agency of the United States Government shares the challenge. We can build fruitful habits of consultation, quiet argument, sober analysis, and common action. In the long-term, these are the practices that will sustain the supremacy of our common principles and keep open the path of progress.

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## IX. TRANSFORM AMERICA'S NATIONAL SECURITY INSTITUTIONS TO MEET THE CHALLENGES AND OPPORTUNITIES OF THE TWENTY-FIRST CENTURY

*"Terrorists attacked a symbol of American prosperity. They did not touch its source. America is successful because of the hard work, creativity, and enterprise of our people."*

PRESIDENT BUSH  
WASHINGTON, D.C. (JOINT SESSION OF CONGRESS)  
SEPTEMBER 20, 2001

The major institutions of American national security were designed in a different era to meet different requirements. All of them must be transformed.

It is time to reaffirm the essential role of American military strength. We must build and maintain our defenses beyond challenge. Our military's highest priority is to defend the United States. To do so effectively, our military must:

- assure our allies and friends;
- dissuade future military competition;
- deter threats against U.S. interests, allies, and friends; and
- decisively defeat any adversary if deterrence fails.

The unparalleled strength of the United States armed forces, and their forward presence, have maintained the peace in some of the world's most strategically vital regions. However, the threats and enemies we must confront have changed, and so must our forces. A military structured to deter massive Cold War-era armies must be transformed

to focus more on how an adversary might fight rather than where and when a war might occur. We will channel our energies to overcome a host of operational challenges.

The presence of American forces overseas is one of the most profound symbols of the U.S. commitments to allies and friends. Through our willingness to use force in our own defense and in defense of others, the United States demonstrates its resolve to maintain a balance of power that favors freedom. To contend with uncertainty and to meet the many security challenges we face, the United States will require bases and stations within and beyond Western Europe and Northeast Asia, as well as temporary access arrangements for the long-distance deployment of U.S. forces.

Before the war in Afghanistan, that area was low on the list of major planning contingencies. Yet, in a very short time, we had to operate across the length and breadth of that remote nation, using every branch of the armed forces. We must prepare for more such deployments by developing assets such as advanced remote sensing, long-range precision strike capabilities, and

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transformed maneuver and expeditionary forces. This broad portfolio of military capabilities must also include the ability to defend the homeland, conduct information operations, ensure U.S. access to distant theaters, and protect critical U.S. infrastructure and assets in outer space.

Innovation within the armed forces will rest on experimentation with new approaches to warfare, strengthening joint operations, exploiting U.S. intelligence advantages, and taking full advantage of science and technology. We must also transform the way the Department of Defense is run, especially in financial management and recruitment and retention. Finally, while maintaining near-term readiness and the ability to fight the war on terrorism, the goal must be to provide the President with a wider range of military options to discourage aggression or any form of coercion against the United States, our allies, and our friends.

We know from history that deterrence can fail; and we know from experience that some enemies cannot be deterred. The United States must and will maintain the capability to defeat any attempt by an enemy—whether a state or non-state actor—to impose its will on the United States, our allies, or our friends. We will maintain the forces sufficient to support our obligations, and to defend freedom. Our forces will be strong enough to dissuade potential adversaries from pursuing a military build-up in hopes of surpassing, or equaling, the power of the United States.

Intelligence—and how we use it—is our first line of defense against terrorists and the threat posed by hostile states. Designed around the priority of gathering enormous information about a massive, fixed object—the Soviet bloc—the intelligence community is coping with the challenge of following a far more complex and elusive set of targets.

We must transform our intelligence capabilities and build new ones to keep pace with the nature of these threats. Intelligence must be appropriately integrated with our defense and law enforcement

systems and coordinated with our allies and friends. We need to protect the capabilities we have so that we do not arm our enemies with the knowledge of how best to surprise us. Those who would harm us also seek the benefit of surprise to limit our prevention and response options and to maximize injury.

We must strengthen intelligence warning and analysis to provide integrated threat assessments for national and homeland security. Since the threats inspired by foreign governments and groups may be conducted inside the United States, we must also ensure the proper fusion of information between intelligence and law enforcement.

Initiatives in this area will include:

- strengthening the authority of the Director of Central Intelligence to lead the development and actions of the Nation's foreign intelligence capabilities;
- establishing a new framework for intelligence warning that provides seamless and integrated warning across the spectrum of threats facing the nation and our allies;
- continuing to develop new methods of collecting information to sustain our intelligence advantage;
- investing in future capabilities while working to protect them through a more vigorous effort to prevent the compromise of intelligence capabilities; and
- collecting intelligence against the terrorist danger across the government with all-source analysis.

As the United States Government relies on the armed forces to defend America's interests, it must rely on diplomacy to interact with other nations. We will ensure that the Department of State receives funding sufficient to ensure the success of American diplomacy. The State Department takes the lead in managing our bilateral relationships with other governments. And in this new era, its

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people and institutions must be able to interact equally adroitly with non-governmental organizations and international institutions. Officials trained mainly in international politics must also extend their reach to understand complex issues of domestic governance around the world, including public health, education, law enforcement, the judiciary, and public diplomacy.

Our diplomats serve at the front line of complex negotiations, civil wars, and other humanitarian catastrophes. As humanitarian relief requirements are better understood, we must also be able to help build police forces, court systems, and legal codes, local and provincial government institutions, and electoral systems. Effective international cooperation is needed to accomplish these goals, backed by American readiness to play our part.

Just as our diplomatic institutions must adapt so that we can reach out to others, we also need a different and more comprehensive approach to public information efforts that can help people around the world learn about and understand America. The war on terrorism is not a clash of civilizations. It does, however, reveal the clash inside a civilization, a battle for the future of the Muslim world. This is a struggle of ideas and this is an area where America must excel.

We will take the actions necessary to ensure that our efforts to meet our global security commitments and protect Americans are not impaired by the potential for investigations, inquiry, or prosecution by the International Criminal Court (ICC), whose jurisdiction does not extend to Americans and which we do not accept. We will work together with other nations to avoid complications in our military operations and cooperation, through such mechanisms as multilateral and bilateral agreements that will protect U.S. nationals from the ICC. We will implement fully the American Servicemembers Protection Act, whose provisions are intended to ensure and enhance the protection of U.S. personnel and officials.

We will make hard choices in the coming year and beyond to ensure the right level and allocation of government spending on national security. The United States Government must strengthen its defenses to win this war. At home, our most important priority is to protect the homeland for the American people.

Today, the distinction between domestic and foreign affairs is diminishing. In a globalized world, events beyond America's borders have a greater impact inside them. Our society must be open to people, ideas, and goods from across the globe. The characteristics we most cherish—our freedom, our cities, our systems of movement, and modern life—are vulnerable to terrorism. This vulnerability will persist long after we bring to justice those responsible for the September 11 attacks. As time passes, individuals may gain access to means of destruction that until now could be wielded only by armies, fleets, and squadrons. This is a new condition of life. We will adjust to it and thrive—in spite of it.

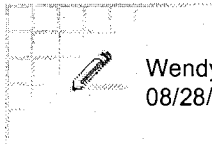
In exercising our leadership, we will respect the values, judgment, and interests of our friends and partners. Still, we will be prepared to act apart when our interests and unique responsibilities require. When we disagree on particulars, we will explain forthrightly the grounds for our concerns and strive to forge viable alternatives. We will not allow such disagreements to obscure our determination to secure together, with our allies and our friends, our shared fundamental interests and values.

Ultimately, the foundation of American strength is at home. It is in the skills of our people, the dynamism of our economy, and the resilience of our institutions. A diverse, modern society has inherent, ambitious, entrepreneurial energy. Our strength comes from what we do with that energy. That is where our national security begins.



THE NATIONAL SECURITY STRATEGY  
OF THE UNITED STATES OF AMERICA

SEPTEMBER 2002



Wendy E. Gray  
08/28/2002 09:00:03 AM

Record Type: Record

To: See the distribution list at the bottom of this message  
cc: See the distribution list at the bottom of this message  
Subject: two memos for today's steering group

Material for today's 12:15 pm MCA Meeting in the Sit Room. Thank you!

----- Forwarded by Wendy E. Gray/NSC/EOP on 08/28/2002 09:05 AM -----



**Stephen D. Krasner**

08/28/2002 08:32:36 AM

Record Type: Record

To: Wendy E. Gray/NSC/EOP@EOP  
cc:  
Subject: two memos for today's steering group



Attac list size Aug 26 5 pm.dump start memo for steering Aug 27 7 ned are two memos to be distributed for today's MCA Steering Group meeting.

Message Sent To:

- Robin Cleveland/OMB/EOP@EOP
- Randall S. Kroszner/CEA/EOP@EOP
- John A. Cloud/NSC/EOP@EOP
- Elliott Abrams/NSC/EOP@EOP
- Jendayi E. Frazer/NSC/EOP@EOP
- John F. Maisto/NSC/EOP@EOP
- Stephen D. Krasner/NSC/EOP@EOP
- Gregory A. Manuel/NSC/EOP@EOP

Message Copied To:

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Lisa D. Branch/CEA/EOP@EOP  
Mary L. Adams/NSC/EOP@EOP  
Dora Kale/NSC/EOP@EOP  
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# Withdrawal Marker

## The George W. Bush Library

FORM	SUBJECT/TITLE	PAGES	DATE	RESTRICTION(S)
Briefing	[Number of Indicators]	3	nd	P5; P1/b1 MAC 11/16/2017

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**COLLECTION:**

Council of Economic Advisers

**SERIES:**

Kroszner, Randall (Randy) - Subject Files

**FOLDER TITLE:**

Trade : Millennium Challenge Account [2]

**FRC ID:**

5793

**OA Num.:**

2845

**NARA Num.:**

2744

**FOIA IDs and Segments:**

2014-0262-F

2015-0220-F

**RESTRICTION CODES****Presidential Records Act - [44 U.S.C. 2204(a)]**

- P1 National Security Classified Information [(a)(1) of the PRA]
- P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
- P3 Release would violate a Federal statute [(a)(3) of the PRA]
- P4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
- P5 Release would disclose confidential advise between the President and his advisors, or between such advisors [(a)(5) of the PRA]
- P6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

PRM, Personal record misfile defined in accordance with 44 U.S.C. 2201(3).

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**Freedom of Information Act - [5 U.S.C. 552(b)]**

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- b(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
- b(9) Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

**Records Not Subject to FOIA**

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FORM	SUBJECT/TITLE	PAGES	DATE	RESTRICTION(S)
Briefing	Jump-Starting the MCA	3	nd	P5; P1/b1 MAC 11/16/2017

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FORM	SUBJECT/TITLE	PAGES	DATE	RESTRICTION(S)
List	MCA Questions Briefing for Congressional Staff	1	06/25/2002	P5;

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THE WHITE HOUSE  
Office of the Press Secretary

FOR IMMEDIATE RELEASE

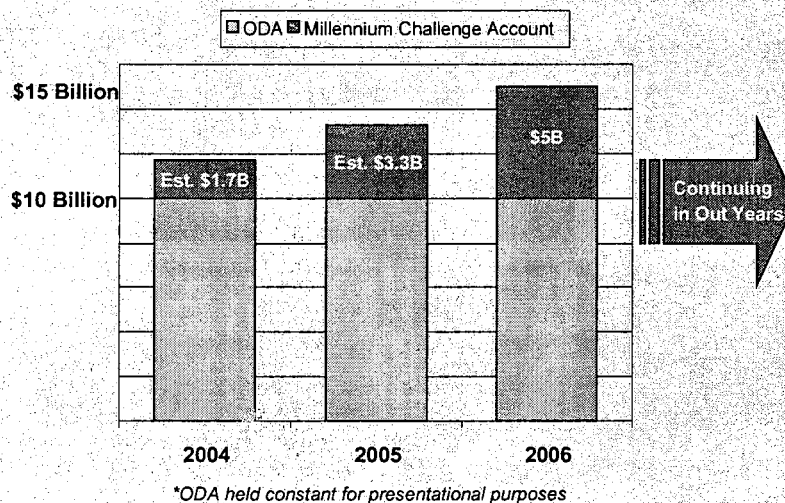
June 3, 2002

## FACT SHEET

# Millennium Challenge Account Update

On March 14, 2002 President Bush announced that the United States will increase its core assistance to developing countries by 50% over the next 3 years, resulting in a \$5 billion annual increase over current levels by FY 2006. This increased assistance will go to a new Millennium Challenge Account (MCA) that funds initiatives to improve the economies and standards of living in qualified developing countries. The goal of the MCA is to reward sound policy decisions that support economic growth and reduce poverty.

### Illustrative Funding Levels for ODA + Millennium Challenge Account



The President instructed the Secretary of State and the Secretary of the Treasury to develop a set of clear, concrete, and objective criteria for measuring progress. To aid in this process, the Administration is reaching out to other potential donor countries, developing countries, non-governmental organizations (NGOs), universities and think tanks, the private sector, and other interested parties.

### Aid Linked to Sound Policies

The MCA recognizes that economic development assistance can be successful only if it is linked to sound policies in developing countries. In sound policy environments, every dollar of aid attracts two dollars of private capital. In countries where poor public policy dominates, aid can harm the very citizens it is meant to help – crowding out private investment and perpetuating failed policies.

The funds in the Millennium Challenge Account will be distributed to developing countries that demonstrate a strong commitment toward:

- ☑ **Good governance.** Rooting out corruption, upholding human rights, and adherence to the rule of law are essential conditions for successful development.
- ☑ **The health and education of their people.** Investment in education, health care, and immunization provide for healthy and educated citizens who become agents of development.
- ☑ **Sound economic policies that foster enterprise and entrepreneurship.** More open markets, sustainable budget policies, and strong support for individual entrepreneurship unleash the enterprise and creativity for lasting growth and prosperity.

### **Millennium Challenge Account Guiding Principles**

In order to ensure that Millennium Challenge Account funds promote growth and reduce poverty in developing nations, funds will be distributed according to the following guiding principles:

- Country selection will be keyed to potential for economic growth and poverty reduction. All countries selected will have demonstrated their commitment to sound policies in the areas listed above.
- Funds will be distributed in the form of grants. Where appropriate, programs funded by this account will be coordinated with ongoing programs and leverage other funding streams, both from within the recipient country and from other private, bilateral and multilateral donors.
- Qualifying countries will be encouraged to actively engage with us in formulating uses for MCA funding through a participatory process involving local and federal elected officials, civil society, and development partners.
- The development priorities, investment needs, and growth potential of selected countries will determine how funds are allotted.
- Where possible, the Millennium Challenge Account will seek to broaden development partnerships by including new partners, such as private sector firms, national and local governments, U.S. and local universities, foundations, and international and local NGOs.
- Building capacity for quality data development and continuous country and project performance monitoring will be important components of the MCA and will be incorporated into its implementation.

### **The Administration's Commitment to the Developing World**

The United States is the world's largest bilateral donor to the developing world. While many donors provide economic assistance, the United States provides resources both to strengthen security and foster economic growth. Congress appropriated \$17.1 billion to support these activities in FY 2002.

## Key Facts

- The United States is the world leader in humanitarian assistance and food aid, providing over \$2.5 billion in 2001.
- The United States is the top importer of goods from developing countries, importing \$449 billion in 2001, eight times the amount of total Official Development Assistance (ODA) to developing countries from all donors.
- The United States is the greatest source of private capital to developing countries, averaging \$36 billion annually between 1997 and 2000.
- The United States leads the world in charitable donations to developing countries -- \$4 billion in 2000.
- At \$11 billion, the U.S. is the top provider of Official Development Assistance (ODA) in 2001. This ODA is expected to increase substantially from 2001 to 2003 in key sectors:
  - ✓ HIV/AIDS -- 54%
  - ✓ Basic Education -- 50%
  - ✓ Trade and Investment -- 38%
  - ✓ Agriculture -- 38%
- USAID's core "Development Assistance" account is expected to increase 22 percent overall from 2001 to 2003, with significant increases in key regions:
  - ✓ Africa -- 30%
  - ✓ Asia and the Near East -- 39%
  - ✓ Latin America and the Caribbean -- 29%
- The United States is the largest donor to the multilateral development banks (MDBs). The Administration's FY 2003 budget request for the MDBs totals more than \$1.4 billion and includes significant increases in U.S. contributions to both the International Development Association and the African Development Fund.
- The MCA will complement not replace these existing efforts.

# Withdrawal Marker

## The George W. Bush Library

FORM	SUBJECT/TITLE	PAGES	DATE	RESTRICTION(S)
Briefing	Incomes and Indicators	1	06/19/2002	P5;

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# COUNTRY LISTS

3 LISTS: (1) IDA, (2) <\$1,435, (3) + <\$3,000  
 EACH LIST ADDS ONLY THE NEW COUNTRIES REFLECTED IN THE HIGHER CUTOFF ( I.E. THE  
 "IDA AND \$1,435 AND BELOW" CUTOFF INCLUDES BOTH THE "IDA COUNTRIES" and "<\$1,435  
 AND NON IDA COUNTRIES" LISTS BELOW)

SORT: By GNI Per Cap

Countries/Regions	Stats/Data	
	GNI Per Capita2001	World Bank Borrowing Status
1. Ethiopia	100	IDA-only
2. Burundi	100	IDA-only
3. Congo, Dem. Rep.	113	IDA-only
4. Sierra Leone	140	IDA-only
5. Tajikistan	160	IDA-only
6. Guinea-Bissau	160	IDA-only
7. Malawi	170	IDA-only
8. Niger	170	IDA-only
9. Eritrea	190	IDA-only
10. Chad	200	IDA-only
11. Mozambique	210	IDA-only
12. Burkina Faso	210	IDA-only
13. Mali	210	IDA-only
14. Rwanda	220	IDA-only
15. Nepal	240	IDA-only
16. Madagascar	260	IDA-only
17. Cambodia	270	IDA-only
18. Central African Republic	270	IDA-only
19. Togo	270	IDA-only
20. Afghanistan	274	IDA-only
21. Kyrgyz Republic	280	IDA-only
22. Tanzania	280	IDA-only
23. Sao Tome and Principe	280	IDA-only
24. Uganda	280	IDA-only
25. Nigeria	290	IDA-blend
26. Ghana	290	IDA-only
27. Lao PDR	310	IDA-only
28. Zambia	320	IDA-only
29. Sudan	330	IDA-only
30. Gambia	330	IDA-only
31. Kenya	340	IDA-only
32. Mauritania	350	IDA-only
33. Benin	360	IDA-only
34. Bangladesh	370	IDA-only
35. Comoros	380	IDA-only
36. Moldova	390	IDA-only
37. Mongolia	400	IDA-only
38. Guinea	400	IDA-only
39. Vietnam	410	IDA-only
40. Pakistan	420	IDA-blend
41. Nicaragua	430	IDA-only
42. Yemen	460	IDA-only
43. India	460	IDA-blend
44. Zimbabwe	480	IDA-blend
45. Senegal	480	IDA-only
46. Haiti	480	IDA-only
47. Angola	500	IDA-only
48. Lesotho	550	IDA-only
49. Armenia	560	IDA-only
50. Uzbekistan	560	IDA-blend
51. Cameroon	570	IDA-only
52. Georgia	570	IDA-only
53. Solomon Islands	580	IDA-only
54. Papua New Guinea	580	IBRD-only
55. Cote d'Ivoire	630	IDA-only
56. Bhutan	640	IDA-only
57. Azerbaijan	650	IDA-blend
58. Indonesia	680	IDA-blend
59. Congo, Rep.	700	IDA-only
60. Sri Lanka	830	IDA-only
61. Kiribati	830	IDA-only
62. Guyana	840	IDA-only
63. Djibouti	890	IDA-only
64. Honduras	890	IDA-only
65. Bolivia	940	IDA-blend
66. Yugoslavia, Fed. Rep.	1,000	IDA-blend
67. Vanuatu	1,050	IDA-only
68. Albania	1,230	IDA-only

IDA Countries (80)

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 AND NON IDA COUNTRIES" LISTS BELOW)

SORT: By GNI Per Cap

Countries/Regions		Stats/Data	
		GNI Per Capita2001	World Bank Borrowing Status
	69. Bosnia and Herzegovina	1,270	IDA-blend
	70. Cape Verde	1,310	IDA-only
	71. Samoa	1,520	IDA-only
	72. Tonga	1,530	IDA-only
	73. Maldives	2,040	IDA-only
	74. St. Vincent & Grenadines	2,690	IDA-blend
	75. Dominica	3,060	IDA-blend
	76. Grenada	3,720	IDA-blend
	77. St. Lucia	3,970	IDA-blend
	78. Liberia	..	IDA-only
79. Myanmar	..	IDA-only	
80. Somalia	..	IDA-only	
<b>&lt;\$1,435 and Non IDA Countries (12)</b>	80. Equatorial Guinea	700	IBRD-only
	81. Ukraine	710	IBRD-only
	82. China	890	IBRD-only
	83. Turkmenistan	950	IBRD-only
	84. Syrian Arab Republic	1,000	IBRD-only
	85. Philippines	1,050	IBRD-only
	86. Morocco	1,180	IBRD-only
	87. Belarus	1,200	IBRD-only
	88. Ecuador	1,240	IBRD-only
	89. Swaziland	1,300	IBRD-only
	90. Paraguay	1,300	IBRD-only
	91. Kazakhstan	1,360	IBRD-only
<b>&lt;\$3000 and Non IDA Countries (25)</b>	92. Egypt, Arab Rep.	1,530	IBRD-only
	93. Bulgaria	1,560	IBRD-only
	94. West Bank and Gaza	1,610	Non-Borrower
	95. Algeria	1,630	IBRD-only
	96. Guatemala	1,670	IBRD-only
	97. Macedonia, FYR	1,690	IBRD-only
	98. Suriname	1,690	IBRD-only
	99. Romania	1,710	IBRD-only
	100. Iran, Islamic Rep.	1,750	IBRD-only
	101. Russian Federation	1,750	IBRD-only
	102. Jordan	1,750	IBRD-only
	103. Colombia	1,910	IBRD-only
	104. Namibia	1,960	IBRD-only
	105. Thailand	1,970	IBRD-only
	106. Peru	2,000	IBRD-only
	107. El Salvador	2,050	IBRD-only
	108. Tunisia	2,070	IBRD-only
	109. Fiji	2,130	IBRD-only
110. Micronesia, Fed. Sts.	2,150	IBRD-only	
111. Marshall Islands	2,190	IBRD-only	
112. Dominican Republic	2,230	IBRD-only	
113. Turkey	2,530	IBRD-only	
114. Jamaica	2,700	IBRD-only	
115. South Africa	2,900	IBRD-only	
116. Belize	2,910	IBRD-only	

# Withdrawal Marker

## The George W. Bush Library

FORM	SUBJECT/TITLE	PAGES	DATE	RESTRICTION(S)
Briefing	Uses of the Millennium Challenge Account	9	06/19/2002	P5;

**This marker identifies the original location of the withdrawn item listed above.  
For a complete list of items withdrawn from this folder, see the  
Withdrawal/Redaction Sheet at the front of the folder.**

**COLLECTION:**

Council of Economic Advisers

**SERIES:**

Kroszner, Randall (Randy) - Subject Files

**FOLDER TITLE:**

Trade : Millennium Challenge Account [2]

**FRC ID:**

5793

**OA Num.:**

2845

**NARA Num.:**

2744

**FOIA IDs and Segments:**

2014-0262-F

2015-0220-F

### RESTRICTION CODES

**Presidential Records Act - [44 U.S.C. 2204(a)]**

- P1 National Security Classified Information [(a)(1) of the PRA]
- P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
- P3 Release would violate a Federal statute [(a)(3) of the PRA]
- P4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
- P5 Release would disclose confidential advise between the President and his advisors, or between such advisors [(a)(5) of the PRA]
- P6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

PRM. Personal record misfile defined in accordance with 44 U.S.C. 2201(3).

**Deed of Gift Restrictions**

- A. Closed by Executive Order 13526 governing access to national security information.
- B. Closed by statute or by the agency which originated the document.
- C. Closed in accordance with restrictions contained in donor's deed of gift.

**Freedom of Information Act - [5 U.S.C. 552(b)]**

- b(1) National security classified information [(b)(1) of the FOIA]
- b(2) Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
- b(3) Release would violate a Federal statute [(b)(3) of the FOIA]
- b(4) Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
- b(6) Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
- b(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
- b(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
- b(9) Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

**Records Not Subject to FOIA**

**Court Sealed - The document is withheld under a court seal and is not subject to the Freedom of Information Act.**