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THE WHITE HOUSE

WASHINGTON

January 24, 1986

MEMORANDUM FOR ALFRED H. KINGON
CABINET SECRETARY
AND ASSISTANT TO THE PRESIDENT

WILLIAM F. MARTIN
SPECIAL ASSISTANT TO THE PRESIDENT
FOR NATIONAL SECURITY AFFAIRS

FROM: JOHN G. ROBERTS 
ASSOCIATE COUNSEL TO THE PRESIDENT

SUBJECT: President's Legislative Message (Revised)

Counsel's Office has reviewed the revised version of the President's Legislative Message. On reflection, the second and third sentences of the education section may go too far in suggesting that education is an unconstitutional activity for the Federal Government to pursue. That is not the Administration's position, nor would such a position be upheld. The following would make the desired point without danger of misinterpretation: "The Federal Government is one of limited powers and responsibilities, and the appropriate role of the Federal Government in education is very limited."

In line 3 on page 10B, add "or sentencing proceedings" after "trials" -- the Kansas City trial recently concluded successfully with several convictions. In addition, "Hartford" should be changed to "New Haven."

Anti-terrorism discussions occur both at page 8B and page 9C; it may make sense to combine these discussions in one place. The treaty with the United Kingdom is redundantly discussed in both places. In addition, consideration should be given to citing the work of the Vice President's Task Force on Terrorism in the terrorism section or sections.

cc: David L. Chew

WHITE HOUSE CORRESPONDENCE TRACKING WORKSHEET

- D - OUTGOING
- H - INTERNAL
- I - INCOMING

Date Correspondence Received (YY/MM/DD) 7-1

Name of Correspondent: Paul Chew

MI Mail Report User Codes: (A) _____ (C) _____

Subject: President's Regulatory message (revised)

ROUTE TO:	ACTION	Tracking Date	Type of Response	Disposition Code	Completion Date
Office/Agency (Staff Name)	Action Code	YY/MM/DD	Response	Code	YY/MM/DD
<u>CUHOLL</u>	ORIGINATOR	<u>86.01.24</u>			<u>1 1</u>
<u>CUAT 18</u>	Referral Note: <u>B</u>	<u>86.01.24</u>		<u>S</u>	<u>86.01.24</u> <u>4 pm</u>
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ACTION CODES:

- A - Appropriate Action
- I - Info Copy Only/No Action Necessary
- C - Comment/Recommendation
- R - Direct Reply w/Copy
- D - Draft Response
- S - For Signature
- F - Furnish Fact Sheet
- *X - Interim Reply
- to be used as Enclosure

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WHITE HOUSE STAFFING MEMORANDUM

DATE: 1/24/86 ACTION/CONCURRENCE/COMMENT DUE BY: 4:00 p.m. TODAY

SUBJECT: PRESIDENT'S LEGISLATIVE MESSAGE (REVISED) -- 1/24, 9:00 a.m.

	ACTION FYI			ACTION FYI	
VICE PRESIDENT	<input type="checkbox"/>	<input checked="" type="checkbox"/>	OGLESBY	<input checked="" type="checkbox"/>	<input type="checkbox"/>
REGAN	<input type="checkbox"/>	<input checked="" type="checkbox"/>	POINDEXTER	<input checked="" type="checkbox"/>	<input type="checkbox"/>
MILLER	<input checked="" type="checkbox"/>	<input type="checkbox"/>	RYAN	<input type="checkbox"/>	<input type="checkbox"/>
BUCHANAN	<input checked="" type="checkbox"/>	<input type="checkbox"/>	SPEAKES	<input type="checkbox"/>	<input type="checkbox"/>
CHAVEZ	<input type="checkbox"/>	<input type="checkbox"/>	SPRINKEL	<input checked="" type="checkbox"/>	<input type="checkbox"/>
CHEW	<input type="checkbox"/>	<input checked="" type="checkbox"/>	STEELMAN	<input type="checkbox"/>	<input type="checkbox"/>
DANIELS	<input checked="" type="checkbox"/>	<input type="checkbox"/>	SVAHN	<input checked="" type="checkbox"/>	<input type="checkbox"/>
FIELDING	<input checked="" type="checkbox"/>	<input type="checkbox"/>	THOMAS	<input checked="" type="checkbox"/>	<input type="checkbox"/>
HENKEL	<input type="checkbox"/>	<input type="checkbox"/>	TUTTLE	<input type="checkbox"/>	<input type="checkbox"/>
HICKS	<input type="checkbox"/>	<input type="checkbox"/>	<u>ELLIOTT</u>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
KINGON	<input checked="" type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>
LACY	<input type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>

REMARKS: Please provide any comments on the "ECONOMY" and "DEFINING OUR VALUES IN A MODERN AGE" Sections directly to Al Kingon; and comments on the "FOREIGN POLICY" and "SDI" Sections directly to Bill Martin by 4:00 this afternoon. Info copies of all comments should be sent to my office. Thank you.

RESPONSE:

David L. Chew
Staff Secretary
Ext. 2702

FILED

January 24, 1986

9:00 a.m.

ECONOMY

Today, we see an American economic renaissance. Tax cuts, deregulation, and low inflation have freed the entrepreneurial genius of the American people, returned incentives to our economy, and powered 37 months of economic expansion. Sunrise industries light our horizons, while technology modernizes our factories and makes America more competitive in the international marketplace.

But this is only the beginning. Now is the time to build a solid foundation for a decade of economic growth -- growth that will give us a full employment economy, with real jobs for all Americans from the sidewalks of Harlem to the shores of Hawaii. Now is the time to lay the groundwork for an ever-expanding economy that leads the world in innovation, performance, and productivity.

Budget and Budget Process Reform

The future beckons; we cannot let ourselves be held back by the growing burden of out-of-control Federal spending. Our 1987 budget, to be sent to Congress next week, will meet the Gramm-Rudman-Hollings deficit targets while still fulfilling essential Federal responsibilities to Social Security, safety net programs, and, most especially, our national defense. Because new taxes would only shift the burden while choking off incentives, slowing growth and making us less competitive internationally, I will veto any tax increase, in any shape or size or form, that the Congress sends me.

Gramm-Rudman-Hollings can make a dramatic improvement. But experience shows that simply setting spending targets does not

assure they will be met. We must begin now to put the budget process itself back in working order. An executive line-item veto will restore balance to the budget process and ensure that wasteful spending does not sneak through under the cover of massive appropriations bills.

[I am also asking the Congress to make the Congressional Budget Resolution a joint resolution subject to my signature; and that consideration be given to greater use of multi-year budgeting, with 2-year or longer appropriations for many on-going programs.]

And once we have made the hard decisions and gotten our budget down to size, we should lock in our gains with a balanced budget amendment to the Constitution -- so that Government spending can never again grow out of control, threatening our economic well being and dreams for the future.

We will continue to improve the quality and efficiency of Federal management, and will work with the Congress to obtain legislation to fully implement our management improvement program. We have proposed legislation to improve Federal productivity; streamline financial management; prevent fraud; improve grant cash management; reduce error rates in benefit programs; and reduce regulations. We will also continue to seek supplemental retirement system legislation for newer Federal employees and certain elected and appointed officials now covered by Social Security.

Tax Reform

Our first tax cuts opened the way to prosperity; now is the time to fire the engines of growth with tax reform that is pro-fairness, pro-family, and pro-future. The House of

Representatives has taken an historic first step; let us join together and go the distance. First, we must promise the American people never to betray their hopes for tax reform with a tax increase in disguise. True tax reform must be a vehicle of hope and opportunity, and that means raising thresholds so hard working taxpayers are not pushed into higher brackets. True tax reform must make us more productive and competitive internationally, and that means incentives for capital formation and a top bracket no higher than 35 percent. And true tax reform must be truly fair, and that means raising the personal exemption to \$2,000.

Antitrust Reform

If America hopes to compete successfully abroad, we cannot bind the hands of American business and industry at home. Therefore, we are asking the Congress to remove unreasonable constraints on U.S. competitiveness by reforming our Federal antitrust statutory framework to reflect the global nature of our markets.

These changes will enhance the vigor and competitiveness of American businesses, while continuing to protect American consumers and businesses from unfair practices, including monopolies, cartels, and price fixing.

Product Liability Reform

The need for certainty in the area of product liability reform is an important matter that affects manufacturers, including some who can no longer afford product liability insurance, and consumers, who may pay higher prices for products or lose the availability of certain products altogether. We will

work with Senator Kasten and others to establish a uniform standard of product liability insurance that is fair to consumers and manufacturers alike.

Free and Fair Trade

As we knock down barriers to growth, we must redouble our efforts for freer and fairer trade. We have already taken actions to counter unfair trading practices and to open closed markets abroad. We will continue to do so. We will also oppose legislation touted as providing "protection" that in reality pits one American worker against another, one industry against another, one community against another, and that raises prices for us all. If the United States can trade with other nations on a level playing field, we can out-produce, out-compete, and out-sell anybody, anywhere in the world.

Trade is the life blood of the global economy. Growing world markets mean growing prosperity for America and a stronger, safer, and more secure world for the family of free nations. Therefore, we will work to promote a free, fair, and expanding world trading system by:

-- Continuing to seek legislation authorizing a \$300 million fund for combating predatory tied aid credits by other countries.

-- Proposing omnibus legislation by strengthening and broadening Federal and international protection of intellectual property.

Further, we will work to correct the deficiencies in the new farm bill, including provisions mandating a reduction in the amount of sugar permitted to enter the United States, the 3-year

payment-in-kind bonus export program, and a new dairy program, which obligates the Government to pay farmers to liquidate their dairy herds and to buy the meat in order to support prices.

Our Administration has initiated discussions with Canada, our largest trading partner, to establish a free trade arrangement that would further reduce the already low level of trade barriers between our two countries. We will work with the Congress to assure that a mutually beneficial arrangement can be achieved.

Our Administration will engage some of our major trading partners in discussing the idea of establishing a multinational or regional patent office. Such an office could provide a higher level of common patent protection, including coverage and terms, and establish a more efficient system for gaining patent protection beyond United States borders.

We will continue to enforce vigorously the unfair trade laws, in particular Section 301 of the Trade Act of 1974 and the anti-dumping and countervailing duty laws. The Strike Force on Trade will continue its efforts to identify unfair foreign practices that restrict U.S. access to world markets.

Our Administration is working vigorously to launch a new round of multilateral trade negotiations through the Preparatory Committee established last November by the GATT. Under the leadership of the U.S., the Preparatory Committee is developing the framework for negotiations that would strengthen the international trading system, eliminate unfair trade practices, and address major new problem areas in international trade such as services, intellectual property protection, and investment.

We will continue the market-oriented sector-selective (MOSS) talks with the Japanese, aimed at identifying trade barriers in

specific sectors and encouraging the Japanese to remove them. The talks have succeeded thus far in opening up markets in telecommunications and other sectors, and we will continue to press for the removal of barriers in additional sectors. We also welcome Prime Minister Nakasone's expressed determination to move toward the restructuring of Japan's export oriented economy.

We will aggressively renegotiate the Multi-Fiber Arrangement (MFA), currently scheduled to expire July 1, 1986, on terms no less favorable than present. We are consulting closely with the U.S. textile and apparel industries to ensure that its views will be fully represented during these negotiations.

The Global Economy

Today, America is part of a global economy. The constant expansion of our economy and exports demands a sound and stable dollar at home and reliable exchange rates around the world. It also demands that our trading partners grow along with us.

We cannot race forward to the future if our friends and allies are lagging behind. Many of the trade problems we are experiencing today are caused by the imbalance between our low-tax, high-growth economy and the high-tax, low-growth economies of so many of our trading partners. Our dynamic, expanding economy is hungry for goods from abroad; but economies still suffering under excessive taxation, over-regulation, and top-heavy government simply cannot afford to buy from us.

Our Administration is working to promote growth in the world economy by strengthening economic policy coordination among our industrialized trading partners. I have directed Treasury Secretary James A. Baker III to determine if the nations of the

world should convene to discuss the role and relationship of our currencies.

Many of the developing countries, where large debts further oppress struggling economies, are in particularly dire straights, and we in the industrial world must accept at least partial responsibility. Unfortunately, while we have championed free markets at home, we have too often encouraged developing countries to go the route of central planning, high, progressive tax rates, and denial of property rights. As they always do, these policies bore only barren fruit, plunging the world's poor deeper into poverty -- and closer to violence.

Let us have the courage of our convictions. Starting now, let us marshall our energies for a peaceful revolution of hope and opportunity across the world through lower taxes, freer and fairer trade, a sound monetary system, and, above all, the inalienable human right of all of God's children to follow their dreams.

Our Administration will vigorously pursue implementation of our proposed "Program for Sustained Growth" to address problems of debt and declining growth in the developing countries. This program calls for increased lending by commercial banks and an expansion of loans by multinational banks conditioned on structural reforms, including tax reforms, in the debtor countries.

Deregulation

Deregulation is one of the great success stories of the 1980's. From plunging gasoline prices to lower airfares and consumer prices, to expanded choice and innovation in telecommunications, deregulation has allowed free markets to work

their wonders. We will move forward to liberate the vital American economy from the grip of unnecessary regulation by:

-- Continuing to work with the Congress to develop and implement proposals improving the soundness and competitiveness of the financial services industry, including reforms in Federal deposit insurance and regulatory frameworks.

-- Continuing our support of legislation to eliminate virtually all remaining Federal regulations covering the trucking, freight forwarder, and domestic water carrier industries, excepting those regulations mandating safety and insurance obligations.

-- Seeking to completely deregulate the pricing of natural gas and to reform regulation of its transportation.

-- Continuing to seek legislation for standardized designs for nuclear power plants and to simplify the licensing process. The goal is a stable, predictable process that encourages nuclear plant construction and that offers consumers reliable, economic, and environmentally sound electricity.

We will also introduce legislation to remove the burden of unnecessary price regulation from the large part of the oil pipeline industry that is fully competitive and where regulation only increases costs and serves no useful public purpose. The legislation will provide for continued regulation of those few pipelines where such regulation is necessary to protect consumer interests.

Employment

We must extend the opportunity society until it reaches into every corner of our land. No American should ever be shut out or left behind. Therefore:

-- We will continue efforts to give American youth, particularly minority youth, job opportunities and a chance to develop essential job skills with a Youth Employment Opportunity Wage and by improving Federal programs for literacy and job training.

-- We will again seek Enterprise Zone legislation that provides Federal regulatory and tax relief to encourage jobs creation, economic development, and renewed hope in distressed areas. Seeing our national Enterprise Zone legislation stymied for 4 years in the House of Representatives, the American people have taken the initiative themselves, and now State and local Enterprise Zones are springing up all over the country, creating thousands of new jobs. Imagine the good that could be done if the House of Representatives caught the enterprise spirit and enacted Enterprise Zone legislation in 1986?

-- The Departments of Labor and Education have joined forces to provide closer coordination between the job training and education programs administered by the two departments. Through this cooperative effort, we are encouraging and assisting the coordination of services at the State and local levels. Our objective is to eliminate duplication and, at the same time, provide a broader range of assistance to individuals. Progress has already been achieved in linking job training and apprenticeship with vocational education. Plans are underway to extend this partnership to all the disparate training and educational services in the community.

-- We will work with the Congress to implement a proposal, under the Jobs Training Partnership Act, that helps American workers who have been harmed by imports, through job search, training, and relocation assistance.

Our Administration will continue to work to improve worker health and safety by streamlining the OSHA regulatory process, improving OSHA standards, and better focusing Federal resources for encouraging workplace health and safety.

Privatization

Over the past 50 years, the public sector has expanded without any clear criteria for determining which activities it should undertake and which it should not. But when the private sector can deliver better service for less money than the public sector, as it can with Conrail, then the Government must step aside. British Prime Minister Margaret Thatcher has successfully privatized more than a dozen major nationalized industries, generating over 7 billion pounds for the Treasury. In this country, State and local governments have taken the lead in contracting out such public services as garbage collection, street cleaning, and even prison services to the private sector. Not surprisingly the result has been reduced costs and better service.

At the present time, the Federal Government is engaged in many activities that are similar to, or even the same as, those done by the private sector. This year's budget proposes to return some of these activities to the private sector. We will also be considering other new opportunities to take advantage of the incentives for efficiency that characterize the private sector.

January 24, 1986

9:00 a.m.

DEFINING OUR VALUES FOR A MODERN AGE

As we work to make the American dream real for all, we must adhere to traditional values and put faith in people, rather than government, to solve the problems before us. We must continue to advance the education of our youth and provide for a safe, secure, and prosperous future for American families. Through a recommitment to our fundamental values, we can achieve a collective vision for a rising America -- now, and for the future.

Education

Parents have a natural and inalienable right to educate their children, publicly and privately, directly and indirectly, as they see fit, and that right should be recognized and encouraged. The Federal Government has limited and enumerated powers under the Constitution, and education is not one of these. ✓ Those powers not delegated to the Federal Government are to be reserved to the States or to the people, respectively. If education reform is to be lasting and effective, we must rededicate ourselves to the viability of locally-run education. It is with this in mind that I am supporting the legislative and administrative recommendations outlined below.

Our Administration supports The Equity and Choice (TEACH) legislation aimed at expanding opportunities for educationally disadvantaged children. The legislation will increase opportunities for parents to choose a school that best meets the needs of their children. It will foster diversity and encourage innovation by introducing the element of competition among

schools. It will also increase private sector involvement in providing education to disadvantaged children.

Our Administration will again seek Federal tuition tax credits for parents who send their children to private elementary and secondary schools. These credits will foster more choice, improve the quality of both private and public schools, and treat more fairly parents exercising educational choice.

Our Administration seeks to amend the Bilingual Education Act in order to expand State and local flexibility in meeting the bilingual education needs of children with limited English proficiency. This includes removing the 4 percent limit on special alternative instructional programs and making other technical changes.

The Congress will be asked for Higher Education Act amendments to restructure Federal student aid. This program must be made more cost effective. It should be structured to give needy students greater flexibility and choice in financing their post secondary education. We will also seek legislation to revise aid programs for developing institutions and to foster teacher training and improvement.

We propose establishing an Education Savings Account that will exclude from taxable income the earnings on any savings deposited in a special educational account. Such a provision would increase the self-sufficiency of parents and students and strengthen our higher educational system.

Our Administration will seek legislative amendments retargeting teacher development and retraining funds. The focus of this funding should be on improving the quality of our Nation's elementary and secondary school teachers.

There is currently a staggering and wholly unacceptable number of illiterate Americans. Research has shown the dramatic increase in illiteracy can be traced directly to the change in methods of teaching reading. Secretary Bennett will cooperate with other Cabinet officers to improve the administration of the more than 70 Federal programs aimed at improving literacy in our country. They will make sure that the most cost effective methods of teaching reading are used where Federal programs are involved. This will lead to reduced costs and improved literacy.

The Federal Government has a significant role in providing useful and reliable information to the American people about education. Armed with such information, our citizens can be trusted to improve the education of their children. Secretary Bennett will release a report in February, What Works, that will be a notable landmark in this effort.

Health

America's health care system is the finest in the world. More people receive better health care services here than anywhere else in the world. Further improvements should build upon the fundamental strengths of this system, leaving the provision and financing of most health care services in the private sector.

Our health care system, however excellent, is also extremely expensive, and costs continue to rise rapidly. A primary reason for the escalating cost of health care is that adequate incentives for keeping costs down were not built into the system, and there has been a lack of competition in the field of health services. We made a significant improvement with the Prospective Payment System for hospitals under Medicare, begun in 1983. As a result, health care spending increases have slowed.

Appropriate Federal Government action can lead to a more efficient health care system. To accomplish this we must rely on market forces to produce the level of services the consumers desire to buy, at the quality and cost they will accept.

In a time of overall budget restraint, health care spending is not and should not be exempt. Therefore, any new programs should be fully financed and should not increase the budget deficit.

After seeing how devastating illness can destroy the financial security of a family, I am directing Secretary of Health and Human Services Dr. Otis Bowen to report to me by year-end with recommendations on how the private sector and Government can work together to address the problems of affordable insurance for those whose life savings would otherwise be threatened when catastrophic illness strikes.

Our Administration will continue to support the concept of prepaid health care, and will seek legislation emphasizing competition and broadening the types of health plans that qualify as alternatives to traditional Medicare coverage. Our Administration will encourage private health care providers to develop less costly plans and programs directed at maintaining health rather than treating illness, including those that call for a fixed annual payment for a given benefit package.

My Administration will propose to limit Federal medicaid payments for medical assistance and introduce new program flexibility to eliminate Federal obstructions to State and local discretion in controlling medicaid costs and delivering new, more efficient services.

Our Administration will initiate a major study of high malpractice insurance premiums paid by health care providers and

defensive medicine practices that minimize malpractice exposure. We will look for ways to reduce the impact of medical liability on health care costs while retaining quality care.

We will continue, as a high priority, the fight against Acquired Immune Deficiency Syndrome (AIDS). An unprecedented research effort is underway to deal with this major epidemic public health threat. The number of AIDS cases will continue to increase. While there are hopes for drugs and vaccines against AIDS, none is immediately at hand. Consequently, efforts should focus on prevention, to inform and to lower risks of further transmission of the AIDS virus. To this end, I am asking the Surgeon General to prepare a report to the American people on AIDS.

Our Administration will accelerate the processes for bringing safe and effective new drug therapies and new medical devices to ease pain and suffering of millions of Americans while providing consumers with more choice at less cost. We will continue nationwide protection programs to ensure that approved food, drug, and device supplies are safe. Education and other forms of prevention will be stressed.

Our Administration will continue to support the nearly 28 million veterans who have given faithful service in defense of our Nation. We will provide quality medical care, fair and compassionate disability compensation, and other benefits for eligible veterans.

Welfare

I have charged the White House Domestic Policy Council to present me by December 1, 1986, an evaluation of programs and a strategy of immediate actions to meet the financial, educational,

social, and safety concerns of families -- a strategy for real and lasting emancipation.

As we work to make the American Dream real for all, we must also look to the condition of America's families. Struggling parents today worry how they will provide their children the advantages of their parents gave them. In the welfare culture, the breakdown of the family, the most basic support system, has reached crisis proportions -- in growing female and child poverty, child abandonment, horrible crimes and deteriorating schools. After a trillion dollars in poverty programs, the plight of the poor grows more painful. But the waste in dollars and cents pales before the most tragic loss -- the sinful waste of human spirit and potential.

An effective anti-poverty program must both meet the legitimate subsistence needs of the poor and create an environment leading to less poverty and less dependence on Government support. The current collection of Federal low income assistance programs spends \$100+ billion annually to meet subsistence needs, but in such an uncoordinated fashion that many who are poor receive more than they need, and many who are not poor receive benefits intended for the poor. Moreover, by failing to promote self, family, and community responsibility, these programs encourage dependency and entrench the very poverty they were intended to alleviate.

We can ignore this terrible truth no longer. As Franklin Roosevelt warned 51 years ago before this chamber: Welfare "is a narcotic, a subtle destroyer of the human spirit." And we must now escape the spider's web of dependency.

Justice and Public Safety

Our system of justice is dedicated to and guided by the belief that the Constitution creates a government at once limited and energetic.

The Constitution carefully enumerates the powers the Federal Government may wield. But where the power is legitimately given, the Constitution also provides the means for a forceful and energetic execution of the law. We are committed to bring the full force of the law to bear on those who transgress its prohibition or ignore its commands.

We have four priorities. First, to protect the law abiding from the lawless with due and careful deference to the constitutional rights of all citizens. Second, to safeguard individual privacy from improper governmental intrusion. Third, to defend vigilantly and energetically the civil rights of all Americans. And fourth, to promote legal and regulatory structures designed to conserve and expand economic freedom.

Our Administration will continue to seek legislation to:

-- Restore constitutional procedures to impose capital punishment for especially heinous Federal crimes, including the most vile acts of murder, treason, and espionage.

-- Modify habeas corpus procedures so as to give greater finality to State court criminal judgements and reduce the seemingly unending chain of appeals and re-appeals.

-- Reform the exclusionary rule to allow use of certain types of truthful evidence that may now be shielded by the Federal courts.

These fundamental anti-crime measures deserve the same priority in the Congress that they have received from the Administration.

Our Administration will continue to investigate and prosecute fraud and other economic, or "white collar," crimes. The Congress can support improved enforcement by completing action on anti-fraud legislative proposals introduced last year. These include the Money Laundering and Related Crimes Act, Legal Fees Equity Act, False Claims Act Amendments, Program Fraud Civil Penalties Act, Contract Disputes Act and Federal Courts Improvement Act Amendments, Bribes and Gratuities Act, Grand Jury Disclosure Amendments, Anti-Fraud Criminal Enforcement Act, and the Federal Computer Systems Protection Act.

Our Administration will continue to take measures to counter the brutal, savage terrorist attacks on innocent people. We will head off terrorist incidents before they can occur through tightened security measures and new regulations for checked baggage, cargo, and access to aircraft. We are working with international organizations to enhance security standards worldwide and will ask the Congress to approve the treaty with the United Kingdom. This treaty will serve as a model of cooperation by permitting the return of international terrorists for trial. We are also requesting legislation to minimize the risk of terrorism for international travelers. And we are requesting additional funds to improve the security of our diplomatic missions abroad and of foreign diplomats here in the United States.

9C,
10C
ALSO -
MOVE
THRE

Our Administration is completely and totally dedicated to the safety of air travel and the security of our airports. In the United States each day, 14,000 flights carry 1 million passengers. To further guarantee their safety we will continue to increase the number of air traffic controllers and inspectors.

We have improved safety regulations and in-depth inspection of air carriers and equipment. We are modernizing our airspace system to make the safest system in the world even safer and more efficient. We have expanded the Federal air marshal program, increased security training of flight crews, and required background checks for all persons with access to aircraft or secure airport areas -- all measures that will enhance the security of the traveling public.

The workload of the Federal courts has skyrocketed in recent years. To ensure fairness and consistency in the administration of justice, our Administration will continue to appoint highly qualified judges who support the limited policy making role of the Federal courts envisioned by the Constitution. The Founding Fathers did not want our judiciary system to be first among equals. They wanted it to be one of the co-equal branches of government.

Our Administration considers improvements to the Federal drug law enforcement program to be one of its top domestic priorities. Thus, we will continue efforts to eradicate illegal drugs before they can be harvested, and to reduce demand for these narcotics by opening the eyes of our Nation's young people to the damage drugs do to the health and lives of anyone who uses them. The Vice President will continue to provide strong leadership in demonstrating the importance of coordinated effort by all the Nation's law enforcement agencies to interdict the flow of narcotics in this country. Through our Organized Crime Drug Enforcement Task Force Program, we will strike at organized criminal elements who profit from drug trafficking.

Our Administration will be calling for the help of all Americans in our battle to eliminate organized crime's extensive influence in American society. Every Government agency will be mobilized and will cooperate with local and State police to wipe

out all types of organized crime. At this moment, the heads of major organized crime families and their associates are facing 11 separate trials, in Boston, Kansas City, Chicago, Hartford, Newark, and New York. The forfeiture provisions already enacted in the Administration's comprehensive crime control package will allow us to stem the life blood of organized crime by impounding some of their illicit proceeds. However, further reform and toughening of these procedures is in order.

Our Administration will continue to help victims of crime through State victims assistance programs. We have drafted model legislation for States to ease the burden on crime victims.

Our Administration continues to support legislation to reform the Nation's immigration laws. This includes prohibiting employment of illegal aliens and granting amnesty to certain qualified aliens.

Personal Freedom

Our Administration will seek amendments to civil rights laws to extend the prohibition of discrimination to entire educational institutions that receive Federal financial assistance.

We will continue to prosecute those who are guilty of employment discrimination. Instead of schemes that impose arbitrary numerical requirements, which really help no one and insult all who have worked hard to qualify for the jobs they seek, we need to focus instead on providing true opportunity to compete for employment in the marketplace. Employment opportunity must be based on skill and ability.

Our Administration continues to support strengthening the Federal fair housing laws and efforts to create free and open

housing opportunities for all Americans. The amendments we have proposed will stimulate voluntary efforts in support of fair housing and provide stronger penalties for those who break the law.

From the early days of the colonies, the right to voluntarily pray in our public schools has been a revered and important tradition. In 1984, I signed the equal access legislation which allows students in public secondary schools to meet voluntarily for religious purposes during non-instructional periods. But there is more to be done. The right to pray in school is a fundamental American liberty that was elementary to the drafters of our Constitution. I again ask the Congress to pass a constitutional amendment to restore the right of students to voluntarily pray in our public schools.

Our Administration will continue seeking to restore a proper balance between protecting the free exercise of religion and preventing establishment of religion as provided by the First Amendment. We will do this by filing amicus briefs in court actions where the Attorney General determines that government is improperly interfering with the constitutional guarantees of religious freedom, and will protect the American public against any form of persecution or religious intolerance.

America was founded with a ringing affirmation of the transcendence of human rights. Our Declaration of Independence proclaims that the rights to "Life, Liberty and the pursuit of Happiness" are not a grant from the government, but a gift from the Creator; and we declared that the same Divine Providence in which the new Nation placed its "firm reliance" imposes on government a solemn duty to respect and secure these fundamental rights. We will work to restore the legal protection of the unborn and carry this message to our courts, our legislatures, and our fellow citizens.

The Congress should pass legislation prohibiting the use of Federal funds to finance, promote, encourage or otherwise support abortion. Abortion is the taking of human life. It is immoral. Such killing debases the underpinnings of our country.

Environment

By most conventional measures of environmental quality, the air and the waters of the United States continue to improve as a result of the enormous national commitment to these goals that has come about since 1970. Likewise, we continue to be ever more careful stewards of our lands and their abundant natural resources -- wildlife, soils, minerals, fuels, and forests. We are moving aggressively to eliminate serious contamination of valuable land and ground water from the past mismanagement of hazardous wastes.

Human institutions can encourage or constrain the ability of people to make the best use of their resources and to solve environmental problems. Rational policies that recognize and make effective use of economic incentives should help to improve the management of our environment and natural resources by stimulating new achievements on the part of the American people. Efficient use of the Nation's resources, guided whenever possible by free markets rather than centralized controls, will work to promote environmental health, economic productivity, and fiscal responsibility.

Environmental protection regulations should be fashioned so that innovation and the substitution of progressively safer new products and technologies for old ones are not inhibited, especially where risk reduction or increased benefits will be the likely result. We must be alert lest government restrictions, however benevolently aimed at protecting the public as a whole,

begin to hamper the creativity and productivity of entrepreneurs and other individuals who also can bring about social advances.

Consistent with these thoughts, our Administration continues to support reauthorization of the Comprehensive Environmental Response Compensation Liability Act -- Superfund -- for another 5 years. While we are firmly opposed to funding this through a value-added tax, we urge the Congress to keep the clean-up of hazardous waste a high priority.

Our Administration will continue to propose legislation for additional National Wild and Scenic Rivers/Wilderness designations as part of our efforts to preserve natural environment areas.

We will continue to work with the Congress to closely examine the Nation's major environmental laws and will pay close attention to balancing tradeoffs among social costs, risk, and environmental protection. We will encourage market-oriented strategies throughout this process.

All Americans should take pride in their outstanding public lands and historic sites that belong to everyone. The Departments of Interior, Agriculture, Education, and Army (Corps of Engineers) will work together on a "Take Pride in America" campaign. We must all work for a renewed awareness that these lands are our lands. A "Take Pride in America" campaign will be launched to achieve that goal. The Departments of Interior, Agriculture, Education, and Army (Corps of Engineers) will work together on this campaign.

Recognizing that environmental problems do not stop at national boundaries we will continue to collaborate closely with other nations to maintain the quality of the global environment and improve the management of natural resources of common

interest. The United States has long been the world leader in making its scientific talent, data and information, and financial resources available to the international community for these purposes, and we intend to maintain such a role.

Federalism

The United States is, and was intended to be, governed by a Federal system. State and local governments should play a significant role in the life of our country. During the 1970's, local and State governments were often bypassed as the Federal establishment grasped more and more authority and co-opted much of the Nation's tax base. As Government became farther and farther removed from the people, it became less efficient and less responsive.

Today, we have reversed the trend toward centralization. Local and State governments are again assuming their rightful role. This is a trend we must encourage. We must see to it that local and State governments are able to do those jobs that they can do best.

We are working with State and local government officials and organizations to compile a roster of major Federal regulations for revision or elimination. We will also seek to standardize agency grant management practices so as to reduce administrative costs and confusion.

Through block grants, we have been able to cut through Federal red tape and allow State and local officials to design and administer programs that make sense to them and their taxpayers. Accordingly, the budget I submit will contain proposals for new block grants, and maintain healthy funding levels for the ones already in place.

Our Administration will continue working with State and local governments through the National Environmental Enforcement Council to ensure that environmental statutes are properly enforced and managed. Such activities have already fostered an atmosphere of mutual cooperation leading to stronger and more efficient enforcement of our environmental laws.

SCIENCE AND TECHNOLOGY

The national security and economic success of the United States can be traced, to a large degree, to the close, constructive cooperation between government, industry, and academia.

As we move from basic research to development of new products, it becomes more difficult to justify a Government role. The most effective role of the Federal Government is supporting basic research. Recognizing this, the Administration has shifted resources toward this end, and proposes to increase its funding in 1986 by _____ percent. We will also seek to renew the R&E tax credit as an incentive for additional private sector research and development and will encourage commercial application of federally sponsored R&D by the non-profit sector.

My Administration is committed to a strong space program that includes a Space Station, space transportation, assured access to space, and programs required to protect the right to operate in space. We also seek a strong space science program that will exploit space as a research laboratory for development of aerospace flight, Earth sensing and advanced technology programs required in the 1990's and into the 21st century. Research has already begun on an aerospace plane that will, by the middle of the next decade, be able to take off from Dulles Airport, accelerate to 25 times the speed of sound, fly in

low-earth orbit, and land in Tokyo in 90 minutes. Another group of scientists is working on the baggage problem. We will continue to look for economic initiatives to benefit the civil and commercial communities that will encourage private sector investment and involvement in civil space activities and promote greater international cooperation in pursuing opportunities in space. We must remain a leader in conquering new frontiers or we, as a people, will surely fall behind. Our destiny, truly, is tied to the stars.

Our Administration will continue to support basic research in the promising new field of biotechnology. We will seek to provide for protection of intellectual property in biotechnology in order to promote innovation, and will ensure that health and safety regulations are adequate to ensure that new products are safe.

January 24, 1986

9:00 a.m.

FOREIGN POLICY

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A Relationship Based on Realism

Our relationship with the Soviet Union must be supported by the twin pillars of hope and realism. The United States and the Soviet Union are not alike; we are not two equal and competing Superpowers divided only by a difference in our "systems." The United States is a free and open society, a democracy in which a free press and free speech flourish. The people of the Soviet Union live in a closed dictatorship in which the democratic freedoms are denied. Their rulers do not respond to the will of the people; their decisions are not determined by domestic debate or dissent; unlike the democracies of the West, they pursue not peace but "revolution."

And so the tensions between us reflect differences that cannot be wished away. But history is malleable; it changes and can be changed. Knowing this, and truly desiring to make the differences between us smaller and more manageable, the United States continues to pursue progress toward peace with the Soviet government.

We will seek to ensure that our relationship with the Soviet Union continues to be peaceful. At the same time, we will see to it that our freedoms and those of our Allies are protected.

My Administration seeks a secure future at lower levels of arms, particularly nuclear forces, through agreements that are equitable and verifiable. The soundness of our proposals, our renewed military strength and our bipartisan determination to assure a strong deterrent create incentives for the Soviet Union to negotiate seriously.

We can move toward a better, more cooperative working relationship with the Soviet Union if the Soviet leadership is willing. This will require full compliance with the letter and spirit of both past and future agreements.

There is much work to be done. I will meet General Secretary Gorbachev later this year, and in preparation we will pursue discussions at all levels. I also hope to see greater communication between our peoples. I am optimistic that if the Soviet leadership is willing to meet us halfway, we will be able to put our relations on a more cooperative footing in 1986.

Sustaining Our Strong Commitment to National Defense

In spite of our current discussions, however, the Soviet leaders are continuing a massive military buildup that threatens the United States and our free world allies. Real arms reductions are possible only if the Soviets do not doubt our strength and ability to counter aggression.

Keeping America strong, free, and at peace is solely the responsibility of the Federal Government; it is Government's prime responsibility. We have devoted 4 years trying to narrow a dangerous gap born of illusion and neglect. And we have made important gains.

In the past 5 years, our Administration has reversed the decline in defense spending that occurred during the 1970's and has made significant progress in strengthening our military capabilities. Last year the Congress and I reached a deficit reduction agreement. We pledged together to hold real growth in defense spending to the bare minimum. My 1987 budget honors that pledge. It proposes defense levels that are essential simply to maintain the defense capability that we have achieved in the face of the continuing Soviet military buildup. I am now asking Congress to keep its end of the bargain. The Soviets must know that if America reduces her defenses, it will be because of a reduced threat, not a reduced resolve.

I will continue to vigorously pursue our 5-part strategic modernization program in my 1987 budget to modernize our bomber, ICBM, and missile-submarine forces, so as to assure effective and stable deterrence.

My Administration will actively continue research into new technologies in search of secure strategic defense systems. The Strategic Defense Initiative offers the prospect of using such systems, which threaten no one, to keep the peace, protect the United States and our allies in greater safety, and ultimately to eliminate the threat of nuclear weapons.

We have witnessed in the past 5 years a remarkable improvement in personnel quality and retention throughout all components of the Military Services. My 1987 budget continues to ensure that the high quality of our forces is maintained.

My Administration is strongly committed to improving management of our defense programs. I will soon receive -- and am determined to follow through on -- the recommendations of my Blue Ribbon Commission, chaired by David Packard, which has been reviewing this issue. The Department of Defense will continue to

root out waste and inefficiency and will aggressively initiate any new improvements necessary to assure that taxpayer dollars are well spent. We will also pursue organizational changes, where appropriate, to ensure the continued effectiveness of our Armed Forces.

Support for a World of Hope

The United States continues to pursue a world of hope where people are free to choose the political system by which they will be governed. We seek to roll back the tide of tyranny; we seek to increase freedom across the face of this planet. One of our fundamental policy objectives is to support freedom and democracy wherever that support is needed. To do so serves the cause of peace.

In Afghanistan we must continue our support for the forces fighting an oppressive Communist regime. As a result of the Soviet Union's military presence and vicious campaign against the freedom fighters, a quarter of the Afghan population is either dead or in refugee camps. The Afghan people will have our support as long as the Soviet Union continues its war against them.

In Latin America the trend toward elected civilian governments continues, with Guatemala as the latest new entry. Over 90 percent of the people of Latin America and the Caribbean now enjoy democratic rule. That compares to less than one-third only 5 years ago. However, Communist subversion and the insidious spread of narcotics trafficking continue to menace the region. In fact, they sometimes work hand in hand, as in Colombia, where Communist insurgents are increasingly linked to drug traffickers and narcotics growers.

The Central American democracies need our help. Our assistance is crucial, for when the democracies receive it they are successful, as the example of democratic El Salvador demonstrates.

For moral and strategic reasons we must continue to support the freedom fighters in Nicaragua. The Nicaraguan resistance is fighting not only the Sandinistas, but Cubans armed with Soviet weapons. I will be asking the Congress to provide the Nicaraguan democrats with the moral and material support they require to continue and expand their struggle. We are also pressing the Sandinistas to negotiate with their own people and to fulfill the promises made to them of genuine democracy.

Reflecting the concerns expressed by our Latin American neighbors, we have developed a prudent approach to the debt problem, recommending free market policies that promote economic adjustment and resumed growth. Secretaries Shultz and Baker, in addresses in Colombia and Korea, respectively, have set out this approach.

We can help those seeking democracy not only by economic and military aid, but with ideas and the active involvement of democratic parties and institutions. The National Endowment for Democracy has a creative role to play in fostering the ideals that make democracy work.

In Africa, many countries have experienced deep economic distress and starvation in the past year, brought about in part by the drought and in some cases -- particularly Ethiopia -- by the brutal policies of a Communist regime. As the human cost of such policies mounts, we encourage Africans to take the lead in moving toward economic and political freedoms. We are moved by the efforts of freedom fighters such as Jonas Savimbi and the members of UNITA. They deserve our support in their brave

struggle against Soviet-Cuban imperialism in Angola. We will work with the Congress to determine the most effective way of demonstrating our support.

In South Africa, we stand forthrightly on the principle that the government must achieve freedom and justice for all its citizens. Apartheid, in our view, is doomed. But we have a major stake -- as elsewhere, both moral and strategic -- in encouraging a peaceful transition and avoiding a terrible civil war. We reject the approach of those on both sides who pursue violence and oppression as a means to an end. Our ability to affect the ultimate outcome is limited, but we will continue to employ our good offices -- both official and private -- to pursue dialogue and negotiation as the best way to change the system while protecting the future of all South Africans.

In Southeast Asia, the United States supports ASEAN in its efforts to aid the struggle of the Cambodian people to free their country from foreign occupation while aiding Thailand, the ASEAN front-line state. We are prepared to contribute to a negotiated settlement of this war, in the context of the "regional initiative" I put forward at the United Nations last year. We are implementing humanitarian measures in response to the refugee problems in the region.

My Administration has pressed the governments of Indochina for the fullest possible accounting of the MIA/POW question. These efforts have shown significant progress and will continue. We will continue to pursue, with all resources available to us, reports of Americans who could still be held captive.

Alliances and Friendships

America's strength and staying power are the essential prerequisites for strengthening our alliances and friendships. In Europe we have launched, together with our NATO allies, a Conventional Defense Initiative to find more effective means to improve our conventional deterrent; we are also seeking ways, with congressional support, to stimulate armaments cooperation. We are continuing alliance implementation of the decision to reduce by 1,400 the number of nuclear warheads available to NATO, bringing our theater-nuclear inventory to its lowest level in 20 years; this unilateral decision is being carried out despite the absence of reductions by the Soviet Union. We have agreed with Great Britain to undertake cooperative research into the Strategic Defense Initiative and are laying the groundwork for cooperation with others.

No discussion of Europe and its security can be complete without a reference to western Europe's great and just hope: an end to the artificial division of Europe. The dividing line between freedom and oppression is one boundary that can never be made legitimate. The most significant way of making all Europe more secure is to make it more free.

We stand for the principles of freedom, democracy, the rule of law, unconditional human rights, and government with the consent of the governed. In Poland -- a country that continues to arouse the conscience of mankind -- the cause of Solidarity has captured the imagination and support of all the people of the West. Solidarity will not die because its heartbeat is an indestructible truth that resonates in every human heart.

In our relations with Japan, we will seek to expand efforts to resolve bilateral trade issues through trade liberalizing solutions that open Japanese markets to American goods. We continue to rely on the United States-Japanese Mutual Security treaty as a pillar of Asian peace and stability.

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THE WHITE HOUSE

WASHINGTON

February 3, 1986

MEMORANDUM FOR ALFRED H. KINGON
CABINET SECRETARY AND
ASSISTANT TO THE PRESIDENT

W. ROBERT PEARSON
DEPUTY EXECUTIVE SECRETARY AND
DEPUTY GENERAL COUNSEL, NATIONAL
SECURITY COUNCIL

FROM: JOHN G. ROBERTS 
ASSOCIATE COUNSEL TO THE PRESIDENT

SUBJECT: President's Agenda for the Future (Revised)

Counsel's Office has reviewed the above-referenced revised agenda, and finds no objection to it from a legal perspective. On page 16, line 8 of the "Justice and Public Safety" section, "prohibition" should be "prohibitions." On page 28, paragraph 3, lines 8-9, we refer to "Great Britain," while on page 36, first full paragraph, line 8, we refer to the "United Kingdom." Both are correct, of course, but there may be a virtue in consistency.

cc: David L. Chew

WHITE HOUSE CORRESPONDENCE TRACKING WORKSHEET

O - OUTGOING

M - INTERNAL

I - INCOMING

Date Correspondence Received (YY/MM/DD) _____

Name of Correspondent: Diane Chew

MI Mail Report

User Codes: (A) _____ (B) _____ (C) _____

Subject: President's agenda for the future (Revised)

ROUTE TO:

ACTION

DISPOSITION

Office/Agency (Staff Name)	Action Code	Tracking Date YY/MM/DD	Type of Response Code	Completion Date YY/MM/DD
<u>CUHOLL</u>	<u>ORIGINATOR</u>	<u>86,02,03</u>		<u> </u>
	Referral Note:			
<u>CUat 18</u>	<u>R</u>	<u>86,02,03</u>		<u>5 86,02,03</u>
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	Referral Note:			
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	Referral Note:			

ACTION CODES:

- A - Appropriate Action
- C - Comment/Recommendation
- D - Draft Response
- F - Furnish Fact Sheet to be used as Enclosure

- I - Info Copy Only/No Action Necessary
- R - Direct Reply w/Copy
- S - For Signature
- X - Interim Reply

DISPOSITION CODES:

- A - Answered
- B - Non-Special Referral
- C - Completed
- D - Suspended

FOR OUTGOING CORRESPONDENCE:

- Type of Response = Initials of Signer
- Code = "A"
- Completion Date = Date of Outgoing

Comments: _____

Keep this worksheet attached to the original incoming letter.
 Send all routing updates to Central Reference (Room 75, DEOB).
 Always return completed correspondence record to Central Files.
 Refer questions about the correspondence tracking system to Central Reference, ext. 2590.