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DOMESTIC POLICY

Meeting Human Needs Strengthening the Private Sector

President Reagan's objective has been to restrain the growth of government in order to restore growth in the private sector. The challenge has been to do it in a way that continues services to those who need them; reduces or cuts them off for others; and improves efficiency throughout government so that all Americans, taxpayers and program beneficiaries alike, get maximum value from the money spent by government.

Two years is too short a time to fully achieve that goal but it's been long enough to make progress and to prove the goal is a realistic one:

- o Needed human services are being maintained;
- o Many programs which once aided the non-needy -- some subsidized middle and higher income Americans -- have been reformed;
- o Billions have been saved through a battle against waste, fraud and abuse of federal programs; and
- o Mountains of regulatory red-tape have been moved out of the way of state and local governments and of business.

Meeting Human Needs

- o Federal medical, nutrition and housing assistance to the poor is 28% higher in fiscal 1983 than it was in fiscal 1980 (measured in nominal terms).
- o In fiscal 1983, spending by the Department of HHS alone will be 36% of the total budget and HHS will spend \$50 billion more than the Pentagon. Total social spending under President Reagan's budget plans for the next five years will approach \$2 trillion.
- o Total human needs spending in 1983 by the federal government will support such services as the following:
 - 95 million meals per day, about 1-in-7 of all meals served;
 - medical assistance for 99% of the nation's elderly;
 - housing assistance for more than 10 million Americans;
 - food stamps for more than 20 million low-income people;
 - higher education assistance for almost 5 million students;

- unemployment compensation for 5-6 million job-seekers;
- job training for 1 million young and poor people.
- o The fiscal 1982 budget provided \$11.3 billion in food assistance to almost 21 million low-income persons at an average household benefit of \$103 per month.
- o All told, nearly 15 percent of all meals served in the U.S. are subsidized by the federal government. Families of four earning under \$12,000 yearly can receive food stamps; those earning under \$17,400 can receive reduced price school lunches and are also eligible for the Special Supplemental Food Program for Women, Infants and Children.
- o As of December 10, 143 million pounds of cheese and over 12 million pounds of butter had been distributed through the Reagan-initiated surplus dairy distribution program. The program has been extended through December 1983.
- o HHS spending on its social programs increased \$24.1 billion in 1982 with cash and medical assistance for the poor up \$800 million. In 1983, HHS spending will be over 36 percent of the federal budget.

1. Better Targeting of Services

Before a joint session of Congress shortly after he took office, President Reagan emphasized his commitment to the nation's needy: "We will continue to fulfill the obligations that spring from our national conscience. Those who, through no fault of their own, must depend on the rest of us...can rest assured," he said.

President Reagan's policies reflect that commitment. However, when he took office, he was faced with the challenge of controlling escalating costs while continuing to provide aid to those in true need. Without action, the problem would only get worse and costs continue to rise beyond the budget's ability to meet them. In 1981, the year President Reagan took office, entitlements spending comprised about 48 percent, nearly half, of all federal spending. In the last decade alone, food stamp outlays had risen more than 1400 percent and housing assistance outlays more than 1300 percent.

President Reagan came into office committed to maintaining needed government services for people who had nowhere to turn but to government for help. He was equally committed to his belief that these services could be provided better and more efficiently. And he believed the skyrocketing costs of providing them could be restrained.

The President's commitment to maintaining needed services at lower future costs required that programs to provide them be managed better and, in many cases, that eligibility formulas for distributing them be better targeted. Too many federal benefit dollars were going to the non-needy through fraud and waste; too many more were going, quite legally, to middle and even upper-income Americans because eligibility was too broadly drawn. 5300 Social Security checks a month to the deceased, student loan subsidies to \$100,000 a year families, school lunch subsidies for the affluent -- these and other examples flew in the face of Congressional intent and exceeded the bounds of the American people's generosity. In the President's view, they had to be changed.

President Reagan feels strongly that every benefit dollar wasted -- or sent to the non-needy, the greedy or those eligible just because the formulas are too loosely drawn -- is a dollar not available to the needy in benefits.

To avoid this, major changes in the laws governing program eligibility have been worked out with Congress. Many abuses are now a thing of the past. More remains to be done, but progress has been made in ending many middle and upper class subsidies. For example:

- o Regular student loan eligibility for students from affluent, even wealthy families has been eliminated.
- o School lunch subsidies have been retargeted so that almost all funding now goes to children from families earning 130% of the poverty level or less -- not to the children of the affluent suburbs.

2. Responding to the Nation's Health Concerns

In a press conference in 1981, President Reagan brought the problems of three-year-old Katie Beckett -- and others like her -- to the attention of the nation. Inflexible Medicaid regulations forced Katie to stay in a hospital -- though adequate and more personal care was available at home -- because payments for home care were not allowed though costs would be lower. Because of Administration action, Katie was home by Christmas of that year and by early 1982, HHS had streamlined the waiver procedures so that states could more fully utilize home and community care. So far, two-thirds of the states have applied for these waivers.

The Katie Beckett case typifies President Reagan's overall goal for health care policy: to provide readily available, compassionate care while curtailing rapidly escalating costs. His Administration is achieving this goal by stimulating private innovation at the local level, promoting

health care competition; encouraging innovative alternatives to institutional care and reducing unnecessary regulatory burdens, waste and fraud. For example:

- To help curb skyrocketing medical costs, the President has instituted regulations to restrain physician and hospital costs as well as eliminate excessive and duplicative payments. Resulting savings will be \$1 billion in fiscal 1983 and more than \$5 billion over the next three years.
- To increase state and community involvement in health care, 22 individual health programs were consolidated into four block grants to states, achieving greater flexibility in the use of funds, more efficient use of tax dollars and more cost effective service to recipients.
- Regulatory reforms have strengthened the nation's drug approval process. Eventually approval time will be cut by 20 percent and paperwork by 70 percent. Already, the Food and Drug Administration has set a record for the number of new drugs approved for use -- more than 40 approvals during the last two years, compared with only 12 in 1980.

Such measures have helped to fulfill the President's commitment to the nation's health and research needs by stretching taxpayer dollars to deliver services more efficiently. And, under President Reagan, research spending has continued to grow. For example, basic health research funding was increased by \$144 million for fiscal 1981 and an additional \$72 million for fiscal 1982.

As a result, health-related activities continue at record pace. For example, in 1982, many childhood diseases were brought almost entirely under control. Immunization levels reached new highs and the incidence of measles, rubella, tetanus, polio and mumps hit all-time lows. The Administration launched major nationwide campaigns concerning teenage alcohol abuse and Reyes syndrome and responded within hours to the Chicago drug package tampering tragedy. It also supervised several of the largest food recalls in history. In January 1983, President Reagan signed into law the Orphan Drug bill that will help to stimulate private research on a number of diseases that kill or cripple thousands of Americans.

3. Housing

In proclaiming National Housing Week in October 1982, President Reagan noted: "...[H]ome ownership is a cherished tradition that binds families, builds financial security, and strengthens communities and economic growth." Yet when

President Reagan took office, the housing industry was fast approaching chaos and home ownership costs were soaring out of reach for millions of Americans. From 1977 to 1980, the average monthly payment for a mortgage loan had nearly doubled.

Today, under the Reagan Administration, the housing sector gradually is regaining its health:

- FHA activity in November 1981 hit a 48-year peak and 1982 FHA interest rates were down to 12 percent -- from the nearly 19 percent effective rate in September 1981, one month before the President's economic program went into effect. As a result, about 6 million more families became eligible for FHA-insured mortgages.
- At the end of 1980, housing starts were in the middle of a three-year slump and down about one-half million from the year before. Two years later, the start rate was rising, not falling, and ended 1982 at almost one-half million above the 1981 low.

While lower interest rates are the key to affordable housing, the Administration has also expanded and deregulated funding sources:

- Traditional funding sources have been expanded through regulatory reforms that give more flexibility to the savings and loan industry and encourage greater pension fund investment in mortgages.
- Innovative funding instruments such as Shared Equity Mortgages, Graduated Payment Mortgages, and Negotiated Interest Rates are also now allowed with FHA loans.

In June 1981, President Reagan announced the creation of the National Commission on Housing to develop recommendations for housing policy in the 1980s, and a final report was submitted in April 1982. By the end of 1982, 60 percent of its recommendations had been fully or partially implemented or were available for action by state and local governments.

While homeownership is a reality for many Americans, others must depend upon government assistance to meet their housing needs. Under the Reagan Administration, housing programs for the poor have been reoriented to provide assistance to those in true need and to improve and upgrade existing public and rental housing units. As a result:

- Housing programs have been retargeted to those families with incomes below 50 percent of the median. Currently 3.5 million households are receiving housing assistance

-- a 9 percent increase over the 3.2 million served at the end of the previous Administration.

- President Reagan believes that better use should be made of existing housing stock and has proposed no new construction of costly public housing projects except for the elderly and handicapped. Instead, current proposals focus on subsidizing rents and improving existing housing. Since high housing costs, rather than a housing shortage is the greatest problem in housing the poor, the Administration has proposed a program to provide rent subsidies to the poor. In addition, legislation has been proposed to provide grants to states and localities to preserve and rehabilitate rental properties for low-income families.

The Administration has a strong commitment to fair housing and has implemented several important programs to eliminate discrimination in housing:

- To increase local voluntary initiatives, the number of Community Housing Resource Boards has increased to 578 as of June 1982 -- up 52 percent from 1980. Also, an Administration agreement with the National Association of Realtors has resulted in 1,175 realtor associations participating in a program to promote equal housing opportunity -- an increase of 46 percent from 1980.
- During the past two years, more than \$7 million has been provided to state and local governments for fair housing enforcement. As a result, the number of agencies participating has increased from 38 to 69 since 1981.

4. An Educational System Closer to the People

In January of 1980, Presidential candidate Ronald Reagan observed that only through efforts by parents, teachers and local school boards has American education achieved its eminence and strength. "It is time we put education back on the right track," he said. To accomplish this goal, President Reagan has taken steps both to deregulate education and to restore a federalist balance to education policy:

- Through the Education Consolidation and Improvement Act of 1981, President Reagan returned power to the states and localities in administering funds for children. In addition, the Act consolidated some 30 educational authorities into a single block grant -- eliminating more than 300 pages of regulations as well as inefficient and costly administrative overhead.

- Improved management practices have better targeted federal funds and returned monies due the Treasury to government coffers. For example, the Administration has tightened guidelines for recipients of student grants and loans. Families with gross adjusted incomes of over \$30,000 now have to demonstrate their need for the loans. In addition, a nationwide campaign was launched to collect defaulted student loans -- resulting in the collection of almost \$100 million in 1982 and the identification of an estimated \$3.5 billion to be recovered.
- Aware of the declining quality of teaching instruction and student performance, the Administration has created the National Commission on Excellence in Education. Its findings are expected to result in a new national thrust to improve overall education quality.

Tuition tax credits remain a vital element of the President's plan for improving the quality and degree of parental control in education. On June 22, 1982, President Reagan submitted legislation to Congress which would give lower and middle income parents the option which wealthier parents have always had: the choice between private and public education for their children.

5. Major Initiatives to Combat Crime and Drug Abuse

As a candidate, Ronald Reagan noted that America's criminal justice system was failing because of "lenient judges, inadequate punishment and unnecessarily slow and cumbersome court proceedings." In the first two years of his Administration, the President launched major initiatives to combat crime and develop more effective law enforcement.

Early in 1981, President Reagan oversaw the establishment of the Justice Department Task Force on Violent Crime to address the nation's single worst crime problem. The President has already implemented many of its recommendations and others were put before Congress. Among the President's initiatives:

- To assure adequate prison facilities: a clearinghouse to help states and localities obtain surplus federal property for use as corrections facilities.
- To keep the guilty off the streets: legislative changes were proposed in bail procedures, the exclusionary rule, and habeas corpus writs.
- To assure better state and federal coordination: law enforcement coordinating committees throughout the country to address urgent crime problems region-by-region.

To address the needs of victims, President Reagan created the Task Force on Victims of Crime on April 23, 1982. The following October, he signed into law the Victim and Witness Protection Act which offers protection and restitution to victims as well as freedom from intimidation for witnesses.

Early in his Administration, President Reagan launched a major campaign against drug abuse and drug trafficking. Under the personal leadership of the President, the broad coordinated federal effort attacks drug abuse problems on all fronts; including international initiatives to eliminate illegal drugs as close to their source as possible; law enforcement efforts to stop drug trafficking and profiting in illegal drugs; and health-related activities to provide education, treatment and research to prevent and cure the effects of drug abuse.

To combat narcotics trafficking and organized crime, President Reagan instituted several historic programs:

- A joint effort between the FBI and the Drug Enforcement Administration so far has resulted in more than 1100 new drug investigations.
- One of the most innovative examples of his drug enforcement initiatives is the South Florida Task Force, established on January 28, 1982 and headed by the Vice President with state and local cooperation. Its activities have resulted in nearly 2,000 arrests and the confiscation of 2 million pounds of marijuana and 6,000 pounds of cocaine.
- On October 14, 1982, President Reagan announced additional initiatives in this area. Among them: 12 task forces in key areas throughout the nation similar to the South Florida Task Force; a 15-member national panel to investigate organized crime; a cooperative project with the nation's governors to help bring about criminal justice reforms; and a national center for state and local law enforcement training.

Federal agencies, state and local governments, many corporations, and individuals from all segments of society are responding enthusiastically to the President's call for help in combatting drug abuse. The widespread action in prohibiting drug paraphernalia and stopping drunk driving reflects this interest. Some key accomplishments of the President's campaign are:

- In March 1981, President Reagan established the Commission on Drunk Driving.
- The Department of Health and Human Services is sponsoring a national campaign directed at alcohol use by our young people.

- Service clubs, like the International Association of Lions Clubs, have begun drug abuse awareness efforts to educate their communities.

On October 2, 1982, President Reagan said, "The mood toward drugs is changing in this country and the momentum is with us. We're making no excuses for drugs, hard, soft or otherwise. Drugs are bad and we're going after them."

6. Immigration

When President Reagan took office, he was faced with a crisis caused by long-term neglect of the nation's immigration laws. In 1981, it was widely estimated that 3.5 million to 6 million people were in the nation illegally. In 1980 alone, an estimated 500,000 to one million illegal aliens may have entered the country. To combat illegal immigration, President Reagan instituted a two-phase program: legislation to sharply reduce the number of illegal aliens entering the U.S. and new enforcement programs to apprehend more illegal aliens at the borders and those employed in the interior:

- The Administration-supported Immigration Reform and Control Act, put before the 97th Congress would establish penalties for knowingly hiring illegal aliens; streamline the processing of asylum claims; and legalize the status of law-abiding aliens who have lived in the U.S. for a number of years.
- Additional resources at the Immigration and Naturalization Service have increased enforcement activity. For example, more than 12,400 alien smugglers were apprehended in 1982 as a result of this crackdown.

7. Record Enforcement of Civil Rights Laws

President Reagan has been firm in protecting civil liberties since he assumed office. He supported and signed into law the longest extension of the Voting Rights Act since its enactment. Enforcement of the Act is also at record levels. Justice has reviewed more than 9,000 electoral changes to determine compliance -- an all-time high. At the President's direction, activities by federal enforcement agencies are at record levels:

- The Justice Department has investigated and prosecuted criminal violators of civil rights laws in record numbers. In the first two years of the Reagan Administration, Justice filed 62 new cases charging criminal violations and conducted trials in 52 cases, numbers greater than those in any previous Administration.

- EEOC's record is also impressive. In 1981, the pace of its activity increased. Progress continued in 1982. Although the number of charges received that year dropped by 7%, the number of cases closed fell less than 4% and the numbers of persons benefitted through charge settlements went up 36% and total dollar benefits went up 10%.
- Despite general budgetary restraint, the budget for civil rights enforcement has grown. In fiscal 1983 there is a 24 percent increase for the Civil Rights Division at Justice and a 15 percent increase for the EEOC over 1980 actual expenditures.
- Enforcement levels of fair housing laws also are at record levels. For example, the number of fair housing complaints closed by HUD and equivalent state and local agencies increased about 14 percent between fiscal 1980 and the first three-quarters of fiscal 1982.

8. Progress for Minority Americans

President Reagan believes that a strong economy, accompanied by tough anti-discrimination enforcement, returns the greatest good to minority Americans. It returns a benefit greater than that provided by massive federal spending which has only weakened the economy -- creating more hardship for low-income minority Americans.

The President entered office in the midst of an economic catastrophe from which the nation is just now beginning to recover. Years of massive spending had created double-digit inflation and slowed productivity; yet mushrooming social programs had made little progress in eradicating poverty and dependence on government; and in fact, contributed to economic hardship for many Americans.

In the 1960s, an era of fewer and smaller federal programs but larger economic growth, the number of families in poverty was reduced by nearly 50 percent. In the 1970s, social programs grew ten-fold; yet economic growth slowed and only five percent escaped poverty. As the programs proliferated, bureaucratic waste and mismanagement followed -- and much of the federal money intended for the minority poor never reached them.

Never wavering from his commitment to basic social needs, President Reagan has cut the growth rate of many of these programs, better targeted funds toward the truly needy, and made major progress in eliminating fraud and bureaucratic waste.

In addition to tax and regulatory reform, the President has taken other specific steps designed to directly benefit minority business.

- In 1981, the Small Business Administration's 8(a) program was revised to better target funds for minority small business ventures. The Commerce Department's Minority Business Development Agency (MBDA) was reorganized to provide a \$33 million national network of over 100 local Minority Business Development Centers. The Centers will share information and resources to help promote and stimulate growth among new and existing minority businesses and reduce their failure rates.
- On December 17, 1982, President Reagan announced additional steps to promote minority business development and a plan to assist in the creation and expansion of more than 120,000 new and existing minority businesses in the next 10 years. The President also has established a goal of procuring an estimated \$15 billion in goods and services from minority businesses from 1983-85. Approximately \$1.5 billion in credit assistance and \$300 million in management and technical help will also be made available.

President Reagan has also moved to strengthen Black colleges and universities:

- He is seeking an increase of \$10.5 million this year for Black colleges under the Federal Title III program funds, a jump of almost eight percent, and also signed an Executive Order which strengthened the federal commitment to historically Black colleges, while seeking new ways for the private sector also to increase its support.
- An example of his strong commitment to black colleges was the critically needed financial aid he authorized for Meharry Medical College. This money, totaling \$29 million dollars, and his order to expand the affiliation between the school and the VA helped to save the medical college which has trained more than 40 percent of all Black physicians.
- Under his direction, federal agencies also have directed funds toward black colleges for instruction in their specific areas. On September 10, 1982, for example, the Department of Housing and Urban Development announced that it directed \$450,000 in grants to 11 black colleges for technical assistance to their communities regarding Community Development Block Grants and Urban Development Action Grants.

President Reagan has also dealt with issues of particular interest to Hispanic Americans. He has improved U.S. rela-

tions with our Latin neighbors through the Caribbean Basin Initiative and closer communication with the Mexican government. He formulated a special task force to ease the economic problems of Puerto Rico and proposed radio broadcasts to Cuba. Domestic initiatives include: the development of an immigration policy and support of the 10-year extension of the bilingual election provisions of the Voting Rights Act.

Early in his Administration, President Reagan designated key members of his staff to act as liaison with the Black and Hispanic communities. In addition, he has relied heavily on the expertise of Black and Hispanic Americans by appointing them to high-level policy positions throughout his Administration:

- As of January 1983, President Reagan had placed Blacks in more than 150 top executive policymaking positions -- of which 29 require Senate confirmation. He chose Samuel Pierce to serve in his Cabinet as Secretary of HUD and appointed the first Black to serve as Chairman of the U.S. Civil Rights Commission. Blacks also hold the positions of Assistant Secretary in Commerce and Education, as well as Director of Minerals Management Service in Interior and Administrator of Urban Mass Transportation, Department of Transportation.
- The President has appointed more than 100 Hispanic Americans to high level government positions -- 35 of these are full-time Presidential appointments requiring Senate confirmation. For example, Hispanic Americans serve as General Counsel of HHS, Deputy Administrator and Assistant Administrator of EPA and Assistant Secretary of HUD and Interior, and Deputy Administrator of the VA.

9. Promoting Equal Rights and Opportunities for Women

As a candidate, Ronald Reagan pledged to advance and promote equal rights and opportunities for women. As President, he has honored that commitment through a concerted effort to correct discriminatory laws and regulations; the successful recruitment of women to serve in high level federal positions; and the institution of economic policies which correct past inequities as well as promote economic opportunity.

President Reagan strongly supports equal rights for women and is committed to ensuring them under existing Constitutional guarantees. To assure full equality, the President has launched two initiatives aimed at correcting discriminatory laws and regulations at state and federal levels:

- The President's Task Force on Legal Equity for Women was created on December 21, 1981, to identify federal laws and

regulations that discriminate against women. The Federal Equity Act designed to correct such discriminatory language in the U.S. Code was introduced in Congress at the Administration's request.

- Through the 50 States Project, the President communicates with the governors and state legislators to encourage states to correct laws which discriminate against women.
- All 50 Governors have designated a representative from their office to coordinate efforts with the White House. In 1982, surveys were sent to the states to ascertain their activities in identifying and correcting state laws which discriminate on the basis of sex. These profiles on the "Status of the States" are currently being compiled for dissemination back to Governors.

In addition, the White House Coordinating Council on Women, announced on August 27, 1982, is assuring that womens' rights and opportunities continue to receive special attention at Administration policy-making levels.

In his first two years in office, President Reagan selected more women to serve in top full-time policy positions than any other President in history during a comparable time period. There have been 92 women selected for Presidential appointments by President Reagan, compared to the previous Administration's 76 such appointments. All told, the President has selected 650 women for high-level, policy-making positions: 138 for Senior Executive Service positions, 136 for Schedule C jobs GS-15 and above, and nearly 300 for part-time Presidential advisory boards.

His appointments include Associate Justice Sandra Day O'Connor, the first woman to serve on the Supreme Court and Ambassador Jeane Kirkpatrick, the first woman with Cabinet rank to represent the U.S. in the United Nations. Helene Von Damm is the first woman to serve as Director of Presidential Personnel.

In addition, in January 1983, President Reagan nominated Elizabeth Dole to serve as Secretary of Transportation and Margaret Heckler to be Secretary of Health and Human Resources. When they are confirmed, the President will have three women in his Cabinet, a record.

In the Reagan Administration, women also serve as directors of four major federal agencies: the Environmental Protection Agency, the Peace Corps, the Consumer Product Safety Commission, and the U.S. Postal Rate Commission.

President Reagan's economic program corrects three past inequities which have directly affected many women: the marriage penalty, IRA limitations and inheritance taxes.

- Eliminating 99.7 percent of estates from inheritance taxes is of particular help to widows; many of whom in the past have had to sell the family business or farm to meet tax demands when their husbands die.
- A reduction in the marriage penalty aids two-earner families; since a couple earning \$30,000 (\$15,000 each) will save about \$300 in 1983 alone.
- Raising IRA limitations allows homemakers as much as \$500 more in their IRA accounts.

In addition, the President has instituted other economic policies which impact favorably on women:

- To aid the working mother, the tax credit for child-care expenses has been raised and tax incentives offered for employers to include prepaid day care in their employee benefit packages.
- On September 8, 1982, President Reagan signed into law the Uniformed Services Spouses' Protection Act. It allows state courts to divide military retirement benefits in divorce settlements, recognizing the special concerns of military wives.
- Because of the decrease in inflation since 1980, a woman today working full-time at the median wage of \$11,000 a year will realize an annual increase of nearly \$700 in purchasing power over 1980.

10. Security for the Nation's Elderly

In September of 1980, candidate Ronald Reagan noted that the number one concern of older Americans is economic security. This concern had become a quickly growing problem during the late 1970s as inflation sent the cost of basic necessities such as food, fuel, utilities, and medical expenses soaring. In addition, the nation's Social Security system was badly in need of reform, parts of it facing bankruptcy as early as mid-1983.

Two years into office, President Reagan has made major progress in restoring economic security for the nation's elderly. Inflation -- now at its lowest rate in ten years -- is being brought under control, thus easing the financial burden for those on fixed incomes. Oil decontrol has helped to stabilize energy costs, and with the prime rate now down by about half, interest rates are fast approaching reasonable levels again. Tax cuts and reforms have eased income tax burdens and virtually eliminated inheritance taxes. Most importantly, the nation is on the way to full, long-term

economic recovery -- meaning financial stability for senior citizens.

For those older Americans who wish to continue working, Ronald Reagan has proposed the complete elimination of mandatory retirement -- the first President in history to do so. The proposal is now under study in Congress. In addition, the Administration has issued a new "Suspension of Benefits" rule which allows many retirees to work 40 hours per month without their pension benefits being reduced.

While reductions in federal spending have played a major part in the President's program for economic recovery, he has never wavered in his commitment to maintaining services for the needy, many of whom are elderly.

- Federal support for the elderly is averaging \$7,850 per year per individual for fiscal 1983 and will increase 125 percent as fast as overall spending over the next five years.
- While the elderly comprise about 11 to 12 percent of the total population, they will receive 28 percent of federal budget outlays in fiscal 1983.
- With leadership from President Reagan, the Congress voted in 1981 to reauthorize the Older Americans Act. The Act supports a variety of locally-based services including support for homemakers, home health care, transportation, meals and counseling.
- The Administration has instituted several innovative programs designed to aid the elderly without adding unnecessary expense at the federal level. For example, Carrier Alert, a program to aid elderly persons in distress, is a joint project with the National Association of Letter Carriers, the American Red Cross, and the United Way.

Millions of senior citizens dependent on specific government programs are continuing to receive adequate assistance:

- Social Security: The Old Age Survivors and Disability Insurance provides monthly cash payments up to \$729 to 28.8 million people who are 62 or older.
- Health Programs: Medicare, Medicaid, and other health programs are providing over \$4,200 per elderly couple.
- Housing Assistance: Rent and loan interest subsidies are provided to 2.25 million elderly households through HUD subsidized housing programs.

- Nutrition Programs: Federal, state and local governments serve 600,000 meals per day to the elderly through service centers and meals on wheels.
- Social Services: Over \$1 billion in nutrition, community, homemaker and protective services as well as low-income energy assistance is being provided through Social Services (Title XX), Older American Act programs and Energy Assistance.

To a group of senior citizens concerned about Social Security in the Fall of 1980, President Reagan stated: "I will defend the integrity of the Social Security system ... That system will be strong and reliable and protected under a Reagan Administration."

Since in office, President Reagan has presided over two consecutive cost-of-living increases to Social Security recipients -- an 11.2 percent increase in July 1981 and a 7.4 percent increase in July 1982 (reflecting lower inflation). As a result, the average retirement benefit has risen \$72 a month since President Reagan took office.

Despite strong opposition from opponents, and a heated election year debate over the issue, President Reagan has acted decisively in searching out solutions to the financial problems faced by the nation's Social Security system:

- In May 1981, the President proposed a comprehensive set of reforms which would have protected the elderly already receiving benefits while also lowering the long-term costs of the system. Unfortunately, the proposals became more of a political football than a beginning of serious discussion.
- The following September he withdrew the proposals. In their place, and in an effort to remove the issue from partisan politics, President Reagan made three basic proposals -- all favored by Congress: temporary interfund borrowing to keep the system solvent in the short-run; restoration of the minimum benefit for low-income beneficiaries; formation of the Bipartisan Commission on Social Security Reform to recommend realistic, long-term reforms.

On January 15, 1983, the Social Security Commission reached an agreement which will preserve the system's financial integrity and ensure that benefits are not cut below current levels. This bipartisan compromise received the endorsement of the President and the Congressional leadership. At the start of 1983, it awaits consideration by the 98th Congress.

11. Handicapped

In October 1981, President Reagan proclaimed National Employ the Handicapped Week, stating: "We need to make the 1980s years in which disabled individuals achieve the greatest possible access to our society, maximum independence and full opportunity to develop and use their capabilities."

With these goals in mind, the Reagan Administration has directed a number of programs to serve the handicapped and disabled.

- Through Social Security, the President's fiscal 1983 budget is providing \$18 billion to 4.2 million disabled workers and their dependents -- an increase of about \$6 billion over 1982. In addition, SSI is providing about \$8 billion to 3.4 middle aged, blind, and disabled individuals -- an increase of \$1 billion over the previous year.
- Medicare and Medicaid are providing \$12.1 billion for medical services to 5 million disabled individuals in fiscal 1983.
- This year, HUD is providing more than \$40 million in loans for construction of housing for handicapped individuals.
- To aid the developmentally disabled, HHS awarded 19 new grants totalling \$1.5 million in efforts toward de-institutionalization. In addition, two grants -- totalling \$200,000 -- were made to improve outreach services to minorities with developmental disabilities.
- More than \$1.1 billion is allocated this year for the specific education needs of 4.2 million handicapped children. In addition, more than 37,700 handicapped children are being served through Head Start.
- The Model State Adoption Act was issued in 1981 to encourage and facilitate the adoption of children with special needs. States can choose to follow in part or whole the model legislation, which provides for financial assistance to families who adopt children with special needs.
- Overall, \$1 billion is being allocated for vocational rehabilitation programs run mainly by the states.
- Under President Reagan, vocational rehabilitation assistance for service-connected disabled Vietnam

veterans has grown 14 percent over the past two years; with employment receiving major emphasis. Overall benefits to veterans disabled in military service have increased by \$1.9 billion -- 25% above the 1980 level.

12. Responding to the Special Needs of Veterans

President Reagan chose to end his inaugural address by reading a quote from the diary found on a soldier who died heroically in WWI: "I will work...sacrifice...as if the issue of the whole struggle depended on me alone."

The President recognizes the many sacrifices veterans have made for the nation. Often they require special services that only the federal government can provide; and President Reagan's policies have borne out his commitment to meeting these special needs of the nation's veterans:

- Expanded health services for aging veterans. Long-term and geriatric VA health care are being expanded to meet the needs of World War II and Korean War veterans.
- Vietnam veterans are receiving special attention through expansion of the store-front readjustment counseling program; extension of vocational training and job placement assistance; and targeting research toward delayed stress reaction.
- Responding to the Agent Orange dilemma; the Administration provided nearly 100,000 free medical examinations to Vietnam veterans and is conducting over 50 separate studies in an all-out research effort.
- Veterans housing needs have been aided by the development of a new graduated payment mortgage plan and the decline in VA interest rates from over 17 percent to 12 percent in the last 14 months. In addition, deregulatory action has aided older veterans in obtaining housing in retirement communities and has opened up state and local housing assistance programs.
- To greater aid disabled veterans; the Administration has increased benefits by \$1.9 billion overall; a 25 percent increase over 1980.
- Under President Reagan, the VA has made major strides in improving health care while restraining costs. During the past two years, the VA has cared for more veterans than ever before.

13. Jobs and Safety for the Nation's Workforce

In the past two years, the President has put in place a program designed to restore productivity to the nation's business and industrial sector. Its components, such as tax reforms to spur savings and investment and regulatory relief to ease financial and administrative burdens on business, are designed to encourage business expansion, and thus create new jobs. A better climate for business development is being created, as evidenced by lower inflation and interest rates.

While unemployment figures remain unacceptably high, lagging behind other positive indicators, full-scale recovery is on the horizon. It is important to remember that the present recession followed on the coattails of a dramatic surge in inflation during the late 70s. With inflation at its lowest point in ten years, the stage is set for a gradual but sustained drop in the unemployment rate. In addition, the President has taken specific actions to help the unemployed and create new jobs:

- To provide continued assistance for those currently out of work, the President has twice approved extension of unemployment benefits with those in the hardest hit states eligible for up to 55 weeks.
- The Job Training Partnership Act (JTP), signed into law by President Reagan in October 1982, will train up to one million workers per year. Unlike the old CETA program, JTP is designed for skilled, private sector job placement and spends almost 70 cents out of every dollar on training, contrasted to less than 18 cents under CETA.
- The President's Export Trading Company legislation, also signed into law in October 1982, will create several hundred thousand jobs.
- The Highway and Bridge Repair Program bill, passed by Congress in December 1982, is expected to create 320,000 new jobs in construction and related industries.
- The President's proposed Enterprise Zone legislation is designed to revitalize distressed urban areas, offering incentives for the creation of labor-intensive businesses and special tax credits for the hiring of disadvantaged workers.
- In 1981, the Trade Adjustment Assistance program was significantly shifted to emphasize job retraining rather than income maintenance. The changes will speed up the labor force re-entry of workers who lose their jobs due to foreign imports and will result in savings of nearly \$1.5 billion over the next three years.

Regulatory reform has played a major role in the President's approach to a productive, yet safe, workplace. In the Labor Department alone, reform of its major regulatory agencies has resulted in a savings to industry of over \$2.6 billion yearly plus a \$2.2 billion initial one-time savings. Efforts to date have resulted in a reduction of over 5 million burden hours of previously required reporting.

- OSHA reporting requirements have been reduced in 500,000 low-hazard firms and resources are being better targeted to firms with health and safety problems.
- Proposed new Office of Contract Compliance regulations will maintain basic affirmative action requirements while streamlining the process and reducing excessive reporting burdens, particularly on small business.
- In mining, regulation and procedures are being revised to give new emphasis to education and training and to further improve the efficiency of mine safety inspections. In addition, the Administration, working closely with organized labor and the coal industry, obtained legislative reforms in the Black Lung Trust Fund, which was in serious financial trouble, to ensure its long-term solvency.

14. A Safe, Protected Environment at Less Cost

President Reagan believes that the keys to a sound environmental policy are balance and commonsense. While growth should not be blindly sought at the environment's expense, neither should national policy needlessly stifle economic growth and job opportunities. The President is pursuing this concept through a two-fold approach: 1) regulatory and management reform with an eye to streamlining the process; 2) a full partnership with states -- involving federal coordination, leadership, and technical support and state responsibility for day-to-day management of environmental programs. Among the Administration's environmental initiatives:

- The Reagan Administration is delivering more environmental protection at less cost. EPA's productivity is higher than ever, while the 1983 operating budget is 23 percent below the 1981 operating level. For example, EPA has now published 19 toxic removal rules for the water program, compared to the previous Administration's one such rule.
- The Administration is aggressively managing hazardous waste. Through private settlements, state cooperation, and direct federal action, remedial work is underway at 100 abandoned hazardous waste sites.

- States are managing more environmental programs than ever. Work delegated to states has increased by 70 percent since the President took office.
- Environmental compliance is increasing. In the last nine months alone municipal wastewater compliance increased from 79 percent to 87 percent.
- Industry has received essential relief without jeopardy to the environment. Air compliance deadlines have been extended to allow modernization in the distressed steel industry. The Auto Relief Package, when fully in place, will save the auto industry about \$3 billion. Air "bubble" rules are saving over \$1 billion annually.
- To help restore the nation's national parks and wildlife refuges, the Administration created the five-year, \$1 billion Park Restoration and Improvement Program and moved to rehabilitate deteriorating facilities at national refuges. In addition, the Administration has successfully urged Congress to include 188 Atlantic and Gulf Coast areas in the Coastal Barrier Resources Act and is working with a state/ private sector task force to encourage similar protection for wetlands.

Strengthening the Private Sector

In an address before Congress shortly after he took office, President Reagan stated: "We must remember a simple truth. The creativity and ambition of the American people are the vital forces of economic growth." This belief has formed the basis of the President's domestic policy -- that only with an active, healthy private sector can the nation achieve permanent, long-term economic growth.

President Reagan believes the strength of the private sector derives not only from the health of the nation's economy, but also from the character and generosity of the American people. He set out to strengthen the first -- through his economic program -- and to tap the latter, through his Private Sector Initiative effort.

1. Private Sector Initiatives

During the campaign, family, neighborhood, workplace, emerged as key words in Ronald Reagan's political vocabulary and in his plans for reorienting domestic policy. Over the last two years, the private sector initiatives project was developed to help put those words into action.

In June of 1981, the President asked the American Enterprise Institute to conduct a study focusing on how the traditional institutions in the private sector (family, neighborhoods, unions, churches and voluntary associations of all sorts) can help people in need. Next, the President created a new office in the White House, the Office of Private Sector Initiatives, to coordinate Administration activities.

To involve the private sector more closely in carrying out the PSI strategy, the President announced a one-year nationwide effort on September 24, 1981. It was called the President's Task Force on Private Sector Initiatives, chaired by William Verity, and it was charged to:

- develop, support and promote private sector involvement in meeting human needs.
- recommend action by the President to foster public and private partnerships and reduce dependence on government.

During 1982, the Task Force served as a catalyst for creation of many new public/private partnerships:

- hundreds of national organizations met with President Reagan and the Task Force and put Private Sector Initiatives at the top of their agendas.

- the President and his Cabinet worked together to review departmental procedures and regulations that might work as impediments to private sector initiatives.
- over 70 television stations from around the country developed programming which highlights how communities in other parts of the country solved problems without government funding. T.V. sponsored job matching programs are springing up all over the country.
- the Task Force compiled a data bank of 2,500 examples of how individuals and communities have solved social problems. These examples were made available to others around the country and will be expanded by a coalition of private sector organizations over the next few years.
- forty-two governors organized efforts to develop private sector initiative activity in their states.

During the Task Force's one year life, over 30 separate PSI-related events were held with the President; thousands of letters which recognized exemplary programs were written and sent; many speeches were given highlighting PSI examples and several cities with new or expanded partnerships were visited by the President.

There were many "firsts" inspired by the President's emphasis on PSI. For example, the first annual White House Awards for Voluntarism were established and 20 winners visited Washington last April.

- The government entered into many new partnerships with the private sector. Two programs, the Small Business Revitalization Program and the expanded health fair, with the National Health Care Screening Council for Voluntary Organizations, were created. The SBR program will create 300,000 new jobs over 4 years and the Health Fairs will serve two times as many people this year as last year.
- Despite the recession, individual and corporate philanthropy is increasing, and more volunteers than ever are contributing to their communities.

At the Task Force's final meeting on December 8, 1982, the President told the members, "Private Sector Initiatives are here to stay in the Reagan Administration." The nationwide network of business, unions, religious groups, national organizations, non-profits, education leaders and federal, state and local government officials established over the last two years will be expanded.

A Commitment to Public Outreach: The President's commitment to keeping in close contact with the various groups that make up American society is illustrated by the ongoing work of the White House Office of Public Liaison.

During the first two years the President and his staff have actively met with hundreds of individuals and groups to maintain an ongoing exchange of ideas. Meeting under the Office of Public Liaison for various groups include:

-- with the President	75
-- with Cabinet/Senior White House Officials . .	187
-- other meetings, briefings	1,048

2. A Free-Market Climate for Agriculture

Agriculture is one of the nation's largest and most productive industries, accounting for 20 percent of the GNP and 23 million jobs. The President believes that agriculture will remain strong only if government policies encourage a sound economy and allow the farmer to work in a free-market climate.

While the President's program for economic recovery will benefit all Americans, many of its provisions will be of particular assistance to farmers -- i.e., allowing faster write-offs for farm machinery, buildings and eligible livestock.

To encourage free-market development, the President signed a four-year farm bill in December 1981, which gives farmers economic protection through basic loan and price protection and also provides programs for farmers to adjust supply voluntarily without government controls. In addition, the President in early 1983 began the "Payment-In-Kind (PIK) program -- the so-called "crop-swap" -- to give producers the voluntary option of idling certain acreage in return for a share of the huge U.S. grain surplus. This will help the nation's farmers and reduce large surplus stocks of grain which threaten farm price stability.

On April 24, 1981, President Reagan ended the counter-productive Soviet Grain embargo imposed by the previous Administration. The embargo not only allowed some of the nation's competitors to gain a larger share of the grain market but also put the U.S. reputation as a reliable supplier in jeopardy. President Reagan also supported the extension of the current U.S./U.S.S.R grain agreement through the end of fiscal 1983.

The Department of Agriculture also has developed a comprehensive plan for export expansion designed to combat

unfair trade practices. A three-year, \$1.5 billion "blended-credit" program was announced on October 20. Blended credit sales were approved for seven countries; for import of more than two million tons of U.S. agricultural products. In addition, government-industry sales teams were sent to 23 countries to promote the export of U.S. products.

3. Addressing Commerce and Trade in a Complex World

The Reagan Administration has developed and implemented commerce and trade policies that address U.S. needs in an increasingly complex and interdependent world. These policies take into account the immediate goals of a liberalized world trading system and the needs of an American economy that must flourish within it. For example:

- On October 21, 1982, President Reagan reached agreement with the European community on steel exports to the U.S. The agreement restricts the export of subsidized European steel to the United States and will help restore fairness to the competition between U.S. and foreign producers.
- Under the leadership of the United States and working from an agenda largely developed by the Reagan Administration, progress was made in promoting freer world trade at the GATT Ministerial Meeting held in November 1982. Even in an environment of global economic problems, the U.S. delegation succeeded in developing a consensus on many issues such as safeguards, agricultural subsidies, dispute settlement mechanisms, and services. Further, the GATT Members agreed to "resist protectionist pressure" and to "refrain from taking or maintaining" any GATT inconsistent practices. This United States proposal represents a significant strengthening of international trade rules.
- The Administration has also established trade in services as a substantive issue for international discussion for the first time. At U.S. suggestion, the OECD Ministers and Trade Ministers agreed to examine the issues in this area, looking toward future negotiations. Through bilateral consultations, the Administration has been able to resolve a number of trade problems in services, such as improved treatment of U.S. data processing, shipping, and insurance in Japan.
- During the first two years of the Reagan Administration the Office of the United States Trade Representative accepted 17 petitions for review of unfair trade practices by other nations. In the five years preceding this Administration, a total of only 21 petitions had been accepted for review.

- In 1982, the United States extended for the second time its agreement with the Soviet Union for a one-year grain sales agreement. The lifting of a grain embargo had a positive impact on U.S.-Soviet trade in general during 1981 and 1982.
- The Administration's Trade Negotiator initiated a major international program to develop Bilateral Investment Treaties with other countries to encourage trade-related investment between the U.S. and contracting parties and provide fair treatment and protection for U.S. industries. Agreements with Egypt and with Panama have been concluded and several others are under negotiation.
- Export controls have been strengthened through the revitalization of the Coordinating Committee on export controls (COCOM) and export revisions concerning such countries as Libya, Iraq and South Africa. As a result, export laws are more in line with U.S. foreign policy and there is better control over high technology exports with minimum effects on the business community.
- Intensive efforts have been made to focus Japanese attention on bilateral trade problems. Talks with the Japanese have yielded four major announcements by Japan of trade liberalizing actions it will take with respect to the United States, including 323 additional tariff reductions, and a full review of Japan's import testing and certification procedures. In addition, mindful of the adverse effects auto imports might have on a recovery by the U.S. automobile industry, Japan imposed voluntary restraints on its auto exports to the United States for three years.
- Several hundred thousand jobs -- and an increase of about \$11 billion in exports -- will result from passage of President Reagan's Export Trading Company Act, signed into law on October 8, 1982. A new emphasis by the U.S. Commercial Service on individualized export marketing assistance to small and medium-sized firms has helped create almost 70,000 new jobs in the past two years.

The Reagan Administration has applied sound business practices within the Commerce Department itself and has achieved cost savings and management improvements. For example, the export license backlog has been reduced from 2,200 to almost zero and sound financial management has been restored to Commerce's Economic Development Administration -- including the reduction of obligated undispersed funds by \$410 million.

4. Banking

As in so many other areas, over-regulation had become a problem for the nation's financial institutions in recent years. The Garn-St.Germain Depository Institutions Act of 1982, supported by the President, moved the financial services market much closer to the Administration's goal of deregulation. It gave federally-chartered thrift institutions limited power to engage in commercial lending and directed the DIDC to authorize a new account that would enable banks and thrifts to compete with money market funds. It also included a number of provisions to aid the troubled thrift industry without creating a drain on the federal budget. Among those provisions is one that confirms the authority of federal banking regulators to merge a failing thrift institution with an out-of-state thrift or commercial bank.

The DIDC approved the new money market deposit account provided for by the Garn-St.Germain Act. It also took the important step of eliminating the interest ceiling on NOW accounts with minimum balances of \$2,500. These deregulatory steps will enable banks and thrifts to compete more effectively with money market funds and will thereby benefit consumers.

5. Consumers

President Reagan believes that an informed consumer is vital to the long-term healthy growth of the nation's economic system -- yet government over-regulation has in some cases hampered this growth. While regulation is necessary to protect such vital areas as food, health and safety, too much unnecessary regulation simply adds to the costs to business and consumers alike without commensurate benefits.

The President's main approach to finding relief for consumers is his Program for Economic Recovery which has eased the burden of inflation and over-regulation. In addition, consumer offices are in place in the White House and in 42 government agencies. These offices comprise the Consumer Affairs Council which meets regularly to improve representation, information and complaint handling. Specific activities of the Reagan Administration in the area of consumer affairs include:

- Close cooperation with private and public organizations to develop a national coalition for consumer education; to integrate consumer and economic education and to prepare for National Consumers Week held each year.
- A Constituent Resources Exhibit to aid Congressional staffers in handling complaints from their districts.

- Administration-sponsored conferences for health care consumers, the aged and the disabled to enable them to better share in the mainstream activities of the average consumer.
- The establishment of third-party mechanisms in the funeral and airline industries to resolve legitimate consumer complaints.

6. Incentives for Small Business Growth

Small business creates four out of every five new jobs, employs more than half the work force, provides a livelihood for some 100 million Americans and gives the nation new technology. Thus, the nation's small business community is a major element in the President's economic revitalization effort.

In addition to the economic recovery program, President Reagan has supported and signed several bills of particular importance to small business. The Export Trading Company Act, mentioned above, will assist small export firms to expand their exports and the Small Business Innovation Development Act will give small business a greater share of federal funds for research and development. Prompt Payment legislation will require the government to pay its bills promptly or pay interest penalties, thus correcting a past practice where the government was borrowing interest-free and creating cash-flow problems.

Through such innovative approaches as the "Minnesota Plan" the President has increased the availability of capital to help small businesses obtain critically needed long-term financing. In addition, the President's Task Force on Regulatory Reform has identified the 20 regulations most burdensome to small business and has begun a review of the impact of EEOC regulations on small concerns.

Also, the Small Business Administration has improved its organization and management through such organizational changes as shifting more responsibility to local/regional offices. Other management improvements have produced budgetary savings -- and staff reductions of 400 persons -- yet no services to small businesses were eliminated and in many instances services were improved. For example, total contract awards to small business increased \$12.8 billion and prime contracts increased nearly \$8 billion.

7. A Safe, Efficient Transportation System

During the past two years, President Reagan has upgraded the national transportation system by confronting federal

responsibilities and placing renewed emphasis on the roles of the private sector and state and local government. He has pursued the policy that those who benefit from the transportation system should help pay for it. Through improved management, regulatory reform, and especially greater reliance on user fees, the President has made the transportation network safer and more economically efficient.

To reconstruct the nation's neglected ground transportation infrastructure, President Reagan championed the Surface Transportation Assistance Act of 1982 -- a capital investment program financed totally by highway user fees. The law increases funds available to state and local government to complete and maintain the Interstate highway system, repair principal rural and urban highways and bridges, and rehabilitate mass transit systems. Similarly in aviation, the President launched an air facilities capital modernization program, paid for by an increase in airway user fees.

The President has achieved significant cost savings to taxpayers, consumers, and industry alike by moving the federal government out of those transportation areas that should be in the hands of the private sector or state and local government. The passage of the Bus Regulatory Reform Act of 1982 accelerated interstate commerce deregulation. In the motor vehicle industry, the Administration has targeted 34 federal regulations for reform. The President has stuck to his plans to sunset the Civil Aeronautics Board by 1985 and his initiation of the Northeast Rail Service Act of 1981 will result in the sale of Conrail freight service to the private sector and the transfer of Conrail commuter lines to local agencies.

Safety remains a high priority in the Reagan Administration. Despite the illegal air traffic controllers' strike in 1981, the nation's air traffic system has continued to operate at the safest levels in history. The President's aviation modernization program will also make long term improvements to the air traffic control system. In the vital area of highway safety, the President has launched a nationwide program to curtail drunk driving and an intensive campaign to increase seat belt use.

8. Progress Toward Energy Security

Through his National Energy Policy Plan, announced in July 1981, President Reagan established energy policy as part of overall economic and international policy. Key elements of his energy policy are reliance on the marketplace to determine production and consumption, regulatory reform to allow energy efficiency, long-term research and development of energy related technologies, and the strengthening of U.S. energy security.

Under President Reagan, the nation is making steady progress toward energy independence: total domestic energy production levels are up more than 8 percent over 1979 levels; and over 90 percent of the amount of energy consumed in the U.S. is produced in the U.S. -- up from 77 percent in 1977.

In keeping with his philosophy that energy policy should be tied to economic policy, in May 1982, the President submitted to Congress his Federal Energy Reorganization Plan which provides for the merger of DOE and the Department of Commerce.

The President's regulatory reform measures have greatly eased the reporting burden on the private sector. Through the end of fiscal 1982, more than 6.3 million man-hours have been saved by streamlining and reducing energy regulations -- a 30 percent reduction.

Oil Decontrol Has Worked: Upon signing the Executive Order decontrolling oil in January 1981, President Reagan stated: "...[It] is a positive first step towards a balanced energy program...one designed to promote prudent conservation and vigorous domestic production."

Today, nearly two years after oil decontrol, the nation has made great progress in oil independence, production, and the stabilization of prices.

- At the end of 1982, the average gasoline price was actually lower than before decontrol. During 1982, in fact, the price of gasoline actually fell about 10 cents a gallon -- the first drop in a decade and the largest drop in history. Decontrol critics who had predicted it would lead almost immediately to \$2.00 a gallon gas were proven dramatically wrong.
- Domestic drilling and exploration soared to record levels in 1981 and in 1982; successful exploratory oil wells completed were 17 percent ahead of the 1981 record pace.
- Net imports have fallen from 6.4 million barrels a day in 1980 to 5.4 million in 1981 and 4.4 million in 1982; dropping as low as 3.4 million in December of that year.
- As a result of the elimination of oil price controls more than 200 sections of the Code of Federal Regulations have been eliminated.

Building a Stockpile of Energy Reserves: President Reagan recognizes that because of the nation's vulnerability to

energy supply disruptions; certain emergency preparations -- such as rapid filling of the Strategic Petroleum Reserve (SPR) -- remain a primary government responsibility. Under the Reagan Administration:

- At the end of 1982, 293 million barrels were stored in the Strategic Petroleum Reserve -- more than 2 1/2 times the amount stored between 1977 and January 1981 and equal to about 1 year's worth of U.S. imports from Arab OPEC countries.
- In 1981, the Administration concluded an agreement with Mexico's PEMEX which will supply 108 million barrels of oil for SPR through August 1986. In 1982, an additional almost 40 million barrels were added to this agreement.

Energy resources play an important part in the nation's national security and defense needs. Among its defense-related energy activities, the Administration has met nuclear production goals for strategic and tactical systems and is improving safeguards and security systems.

Harnessing the Nation's Resources: Before the Ottawa Economic Summit in July 1981, President Reagan stated: "...[W]e will accelerate the development and use of all our energy sources, both conventional and new, and continue to promote energy savings and the replacement of oil by other fuels." Two years in office have yielded real progress in utilizing the nation's energy resources:

- To develop the nation's nuclear power capability, the Administration has supported efforts to streamline nuclear regulation and licensing, and strongly supported a bill now signed into law, to establish a comprehensive nuclear waste management program. In addition, the President has eliminated the ban imposed by the previous Administration on reprocessing of spent fuel and is encouraging private sector involvement in reprocessing.
- To encourage coal production and use, the President issued his Coal Export Policy Statement which established a major initiative to increase coal exports by strengthening domestic production and establishing the U.S. as a reliable supplier.
- Early in 1982, the Administration announced a new 5-year Outer Continental Shelf (OCS) oil and gas leasing program which offers almost a billion acres for potential energy exploration and development. In contrast, only 40 million acres -- 4 percent of the OCS -- have been offered during the past 30 years.

9. Science and Technology

In science and technological fields, the Reagan Administration is emphasizing broad national goals of economic revitalization, enhanced public health and well-being, and strengthened defense. A major element of this policy has been a clearer distinction between federal and private sector roles in paying for and conducting research and development -- for example, federal involvement in the development of long-term energy resources, with short-term development left to the private sector. Among the Reagan Administration initiatives:

- The National Space Policy, announced in July 1982, which affirms U.S. determination to maintain leadership in space and expand international cooperation.
- The study of new technologies -- for example, advanced computer research and development -- to assure that federal policies are in line with national goals for industrial competitiveness.
- Increased international cooperation with Western Europe and Japan for shared research in such areas as nuclear fusion.

REASSERTING U.S. LEADERSHIP

In pursuing President Reagan's goals of international peace, security and economic growth, the Administration set a new direction in U.S. foreign policy aimed at eliminating a decade's accumulation of doubts about U.S. staying power, constancy, and readiness to support our friends. This new direction calls for a more vigorous defense of U.S. ideals and interests and a steadier and firmer approach to foreign policy problems. It has created new opportunities and conditions for broad foreign policy success in the future.

President Reagan has directed U.S. foreign policy in a way that can recapture U.S. credibility in world affairs and restore American military strength. U.S. readiness to defend our political interests, and those of our Allies and friends, has been demonstrated in the face of steady growth of Soviet power. The Reagan Administration has undertaken major initiatives to deal with serious international economic problems and to resolve dangerous regional crises in the Mideast, Africa, South and Central America and the Caribbean.

Under President Reagan's leadership, it is the United States which has been the party of peace. In his first two years in office, American diplomacy has:

- developed the most far-reaching arms reduction proposals ever seriously discussed with the Soviets;
- been actively involved in peace-making in the Mideast;
- worked with our allies and the Frontline States for peace in southern Africa;
- worked with Britain and Argentina to resolve the Falklands/ Malvinas dispute;
- encouraged and promoted the trend toward democracy in Latin America and the Caribbean;
- led the world in contributions to humanitarian and other peace efforts;
- cooperated with Moslem countries and the vast majority of the world's states to seek a peaceful end to the Soviet invasion of Afghanistan, and similarly, with a broad international consensus, to end the Soviet-sponsored invasion of Kampuchea;
- joined with other free peoples calling for reconciliation in Poland;
- organized the first Conference on Free Elections with participants from 34 democracies throughout the world;

- offered through multilateral and bilateral efforts to help less developed countries in their current economic difficulties;
- worked to strengthen the International Atomic Energy Agency and other non-proliferation institutions while taking steps to lessen the motivation that might lead a country to acquire nuclear weapons.

The President expressed his commitment to democracy and freedom in a speech to the British Parliament in June 1982:

If the rest of this century is to witness the gradual growth of freedom and democratic ideals, we must take action to assist the campaign for democracy ... to foster the infrastructure of democracy; the system of free press, unions, political parties, universities; which allows a people to choose their own way, to develop their own culture, to reconcile their own differences through peaceful means.

In furthering that commitment, the Administration moved forward vigorously, through the Conferences on Free Elections and Democratization of Communist Societies, and through the strengthening of our ability to broadcast the truth, to mobilize other governments and peoples everywhere on behalf of democracy and freedom. The President's trip to South and Central America in 1982 was another vivid personal demonstration of his desire to advance the cause of democracy.

Specifically, the Reagan Administration's foreign policy initiatives in the first two years include:

- In the Middle East, the war in Lebanon was stopped and PLO forces withdrew from the beleaguered city of Beirut. The U.S. is now taking the lead in achieving the withdrawal of all foreign forces from Lebanon. The President's September 1 initiative has brought new life to the broader Arab-Israeli peace process. It addresses the vital and related goals of ensuring Israeli security and the legitimate rights of the Palestinian people.
- The President's proposals in the Arms Control area are aimed at achieving substantial and verifiable reductions to equal force levels for comparable conventional and nuclear forces. He has received strong backing from the allies for these far-sighted proposals. Negotiations are underway in Geneva on strategic and intermediate-range nuclear force reductions and in Vienna on conventional force reductions. The President's ability to put forth such bold and comprehensive arms control proposals would have been impossible without the Congressional backing he received for his defense modernization program.

- Both before and during the post-Brezhnev transition, the Administration communicated to the Soviet leadership a clear, consistent message that concrete Soviet actions are required to resolve outstanding issues and to improve relations. President Reagan has personally stated U.S. readiness to respond positively to such Soviet moves. The Administration has focused on three critical subjects: the steady, massive Soviet arms build-up; Soviet exploitation of regional crises; and suppression of human rights within the Soviet Union.
- The Atlantic Alliance has been strengthened, despite severe economic difficulties. We and our Allies are following up on the Bonn NATO Summit Declaration on Alliance defense and are moving to reinforce NATO's deterrence capability. Consultations with America's Allies have been thorough, leading to greater consensus on East-West issues and concerted Allied insistence on an end to repression in Poland.
- In Latin America, the President's active leadership has helped restore friendly relations and confidence and promoted democracy throughout the hemisphere. The U.S. has acted, in concert with area democracies, to counter outside intimidation in Central America. The President's imaginative Caribbean Basin Initiative would stimulate economic and social development for the poorest, most vulnerable of our neighbors.
- In East Asia, the U.S. has strengthened ties to Japan through extensive consultation on a wide range of issues including trade and defense; reaffirmed maintenance of U.S. troop strength in Korea; and given its full support to ASEAN's efforts to end Vietnam's occupation of Kampuchea. Through the Joint Communique with the Peoples Republic of China, the United States created a framework which facilitates development of our relations with China while enabling us to fulfill our commitments to the security and welfare of the people on Taiwan.
- In Africa, the Reagan Administration has achieved major progress toward an agreement to bring independence to Namibia and long-run security, freedom and development to Southern Africa. The U.S. continues, as well, to be the largest contributor to alleviating the massive refugee problems in Africa. We have taken a firm stand against Libyan support for international terrorism and its subversive activities against neighboring states and we have taken a significant, if unpublicized, role as peace-maker in resolving regional conflicts.

- In International Economic Relations, the depth and duration of the global economic recession has put intense pressure on the international trading system. President Reagan has emphasized that U.S. domestic and foreign economic policies must serve the common goals of non-inflationary growth and international well-being. Domestic accomplishments, in particular reduced inflation and declining interest rates, are first steps toward these ends. Internationally, at the GATT Ministerial, the major trading nations reaffirmed their commitment to a free international trading system, while initiating a number of important work programs. Progress has been made toward new arrangements to increase IMF resources and facilitate adjustment to a more stable financial system. We also have reached agreement with our Allies on a process for placing East-West economic relations on a sounder long-term basis.
- The Reagan Administration is deeply committed to a Human Rights policy that reflects this nations' historic attachment to individual rights and political liberty. President Reagan has underscored America's commitment to work through quiet diplomacy and to speak out publicly where necessary to heighten international consciousness about human rights concerns. At the CSCE Madrid Meeting, we and our Allies have called attention to human rights abuses in the Soviet Union and Eastern Europe and have advanced proposals to strengthen provisions of the CSCE Final Act regarding human rights. The Conferences on Free Elections and Democratization in Communist Societies emphasized how human rights flourish in democratic nations and began to draw together a network of men and women who will work to advance these rights.
- In the United Nations, real progress has been made toward Reagan Administration goals and objectives, which are: representing American views, values and interest; cooperating with others to promote peaceful resolution of conflicts and discourage the use of force; and encouraging efficiency and economy in U.N. operations. Overall, the steady deterioration of the U.S. position at the U.N. has been halted, even reversed.
- In the area of Nuclear Non-Proliferation, the U.S. has concentrated on more effectively pursuing our goal of preventing the spread of nuclear weapons based on our reliability as a partner in peaceful nuclear development; strengthening international nuclear export controls, safeguards and practices; and helping others to meet their security needs through non-nuclear means.

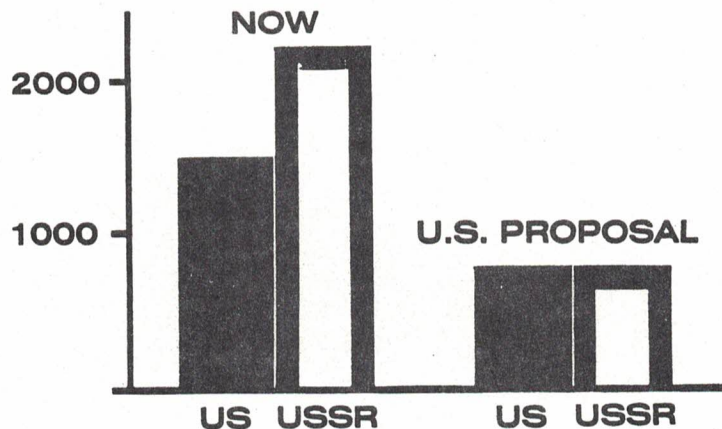
Major Initiatives

1. Arms Control

The Reagan Administration is now actively engaged in a series of arms control negotiations with the Soviets aimed at achieving substantial and verifiable reductions to equal force levels. As the President has said, "a serious foundation for progress has been laid."

The Administration initiated START negotiations with the Soviets aimed at achieving substantial reductions in strategic nuclear weapons, particularly in ballistic missiles, the most destabilizing systems. The first phase would limit both sides to 5000 ballistic missile warheads -- no more than one-half to be land-based -- and 850 deployed ballistic missiles. The second phase would involve further reductions in the overall destructive power of each side's arsenal to equal levels, including a mutual ceiling on ballistic missile throw-weight.

STRATEGIC BALLISTIC MISSILES



Negotiations have also started which are aimed at the reduction and limitation of intermediate range nuclear forces (INF). In November of 1981, the President proposed that the United States forego deployment of longer-range INF ground-launched cruise missiles (GLCM) and Pershing II missiles, in return for the Soviet Union's elimination of its SS-20, SS-4 and SS-5 missiles -- the "zero-zero" solution, which would eliminate an entire class of weapons.

The U.S. is also currently engaged in negotiating an agreement for Mutual and Balanced Force Reductions (MBFR) in Europe. The United States and its western Allies have proposed substantial reductions to equal and verifiable levels.

In presenting his defense modernization program, the President emphasized that only a demonstrated willingness and determination to revitalize our forces and restore the balance would provide the Soviets with the necessary incentive to negotiate serious force-reductions.

President Reagan has also proposed far-reaching confidence-building measures designed to reduce the danger of nuclear war by accident or miscalculation.

The Reagan Administration has brought to light Soviet and Soviet-inspired use of chemical and toxin weapons in Afghanistan and Southeast Asia and has called for a halt to their use and for a strengthening of existing international agreements on these weapons. The U.S., with other countries in the Committee on Disarmament in Geneva, is actively seeking a complete and verifiable ban on the development, production and stock-piling of chemical weapons.

2. Middle East/Southwest Asia

The U.S. was instrumental in establishing a Multinational Force and Observers for the Sinai in the context of helping Israel and Egypt work out the details permitting completion of the Israeli withdrawal from Egyptian territory and full implementation of the Egypt-Israel peace treaty.

Primarily due to the efforts of the President and Ambassador Philip Habib, the United States helped stop the war in Lebanon and achieve the withdrawal of PLO forces from Beirut. Working closely with Lebanon and other states involved, the President has emphasized the urgency of achieving a withdrawal of all foreign forces from Lebanon.

In September, 1982, the President launched an historic initiative to reinvigorate the Middle East peace process in a way that can ensure the security of Israel and provides for the legitimate rights of the Palestinian people. The highly constructive visit by a delegation representing the Arab League was illustrative of the positive movement which has taken place in the direction the President outlined. The President appointed Ambassador Philip Habib his special representative to follow through on the initiative.

America is taking steps to bolster the security of critically important states like Egypt and the Sudan that are

threatened by the Soviets and their radical clients. The Administration has also cooperated with the strategically important Gulf States in improving their capacity for self-defense. In the case of Pakistan, the Administration has opened up a completely new relationship with a beleaguered and strategically vital country that has played an extremely impressive role in helping the refugees from the Soviet invasion of Afghanistan.

The U.S. is increasing the pace of military exercises in the area to facilitate the projection and operation of U.S. forces in case of an external threat to the region. The flexibility of U.S. forces was superbly demonstrated as units were quickly moved from contingency exercises in the Mediterranean to Lebanon. The speed with which the Marines were able to return to Beirut after their withdrawal further demonstrated U.S. capabilities in this important region.

3. Europe/Atlantic Alliance

America's ability to consult with our Allies with candor and effectiveness has been greatly improved. At the Bonn Summit, during the President's successful European trip, the U.S. reached agreement with the NATO Allies on steps to improve conventional defense. NATO's continuing vitality was demonstrated by Spanish entry into the Alliance. America has continued to affirm the common commitment to a strong Alliance defense and deterrent capability and, at the same time, to a vigorous effort to achieve significant and verifiable arms reduction agreements affecting conventional, chemical and nuclear weapons. The Allies have given strong backing to the President's arms reduction proposals and his speeches on the subject during his European trip were widely praised.

With the Allies, the U.S. developed a program of economic, diplomatic and political responses to Poland's Soviet-supported martial law -- including deferral of rescheduling on Poland's external debt; prohibition of new official credit; and pursuit of the Polish question in the UN Human Rights Commission, the CSCE Review conference, and the International Labor Organization. These measures showed that business as usual with Moscow was not possible during the Soviet-sponsored repression.

In the economic field, through frank consultation with our Allies, America reached agreement that economic relations with the Soviet Union must be conducted with security issues in mind. Agreeing on the need for a more comprehensive approach to East-West economic relations based on shared security interests, the U.S. and the Allies have begun to develop unified approaches to energy, credits, and technology transfer.

America and the Allies are addressing regional security issues beyond the borders of NATO. Of special importance is the U.S.-French-Italian participation and cooperation in the Multinational Force for Lebanon.

Active U.S. diplomacy in Eastern Europe has been based on the principle of differentiation, so as to encourage liberalization and foreign policy independence. We have again renewed Most Favored Nation status for both Hungary and Romania, while making human rights a key item on our bilateral agenda.

President Reagan's trips to Canada (1981) and Europe, reinforced the awareness of Americans of the achievements and common democratic values which the industrialized democracies share. The President's numerous meetings in Washington with visiting European and Japanese heads of state and his participation in the Conference on Free Elections also focused on these mutually shared values.

The President's visit in June 1982, reaffirmed America's commitment to Berlin as budgetary increases for Radio Free Europe and Radio Liberty reaffirm our commitment to broadcasting the truth to people hungry for it.

We have, during the post-Brezhnev transition, communicated to the Soviet leadership a clear and consistent message about the requirements for improved East-West relations. They must be based on responsibility and respect for the legitimate interests of both sides. At all levels, including the President himself, the Administration has spelled out American views on three critical subjects: the Soviet arms buildup, exploitation of instability in key regions, and human rights violations.

4. Latin America

The President's visits with the Chiefs of State of Brazil, Colombia, Costa Rica, Honduras, El Salvador and Guatemala, coupled with his consultations in Washington and abroad with a large number of hemispheric Presidents, underlined the importance the U.S. attaches to strong relations with Latin America. In his meetings, the President stressed his commitment to the maintenance of peace and security and the promotion of democracy, human rights, and economic recovery. Particular success has been achieved in improving relations with Brazil, emerging as one of the world's most powerful economies.

In the Falklands/Malvinas crisis, U.S. diplomacy underlined the need to avoid first use of force, and in mediation

efforts and in the UN; the United States demonstrated a commitment to peaceful resolution of the question.

In Central America; the United States has joined with other area democratic countries in supporting a comprehensive effort to reduce tensions. President Reagan reconfirmed during his visit to Central America his Administration's strong commitment to support friendly governments who oppose guerilla efforts to impose Marxist-Leninist solutions through force. Free elections have been held in El Salvador, Costa Rica and Honduras. The U.S. is working actively to promote democratization and human rights in other countries of the region.

For the poor, vulnerable countries of the Caribbean Basin; the President's Caribbean Basin Initiative is already providing \$350 million in emergency assistance. High priority has been placed on the passage of the rest of the CBI to stimulate self-sustaining growth through one-way free trade benefits and other incentives.

We have continued close ties; and high-level collaboration and consultation with our neighbor Mexico. President Reagan met with President Lopez Portillo four times during his own first year in office and has already held a pre-inaugural meeting with the new Mexican President de la Madrid. The U.S. and Mexico reached mutually beneficial bilateral arrangements to help ease Mexico's financial recovery.

5. East Asia

The Reagan Administration has taken significant initiatives toward China and has dealt successfully with problem areas in U.S.-China relations; while preserving the quality of the relationship between the people of Taiwan and the people of the United States.

The United States strengthened its bilateral relations with all five countries of ASEAN; one of the most dynamic regions in the world. Leaders of three ASEAN countries, Indonesia; the Philippines; and Singapore; made visits to the United States to engage in high level dialogue with the President.

America has continued to support ASEAN in opposing Vietnam's occupation of Kampuchea; and in its efforts to bring about an equitable settlement leading to a truly neutral and independent Kampuchea. Voting in the United Nations General Assembly earlier this year indicated overwhelming international support for this policy.

The United States again demonstrated a willingness and ability in 1982 to work closely with Thailand and the members of ASEAN in dealing with the continuing problem of refugee outflow and resettlement from Southeast Asia. The Administration's quiet encouragement has been instrumental in the Thai government's decision to crack down on narcotics trafficking organizations along the Thai-Burma border. The President also affirmed his abiding commitment to gain a full accounting of Americans still missing in Southeast Asia; and we are encouraged that some progress has been made in Laos on this issue.

The Reagan Administration has worked closely with Japan and Republic of Korea to improve and expand cooperative security efforts in Northeast Asia. The U.S. welcomes Japan's decision to acquire a defense capability sufficient to protect sea lanes out to 1,000 miles and will enhance the ability to counter the growing Soviet military presence in the region by deploying two new advanced fighter squadrons to Japan.

Throughout these first two years, the Administration has continued to upgrade both the frequency and level of consultations with Japan on a wide variety of economic and political issues.

6. Africa

The Administration has continued its active engagement in the effort to bring independence to Namibia on a basis that contributes to the long-run security, freedom and development of Southern Africa. There has been considerable progress toward a settlement. The U.S. and her European partners in the UN Contact Group have established a realistic basis for success.

America firmly opposed Libyan support for international terrorism and its subversive activities against neighboring states. Various measures have been taken, including those designed to eliminate U.S. dependence on Libyan oil supplies and reduce the American presence in Libya.

U.S. supported efforts by the Organization for African Unity to bring peace to Chad. This helped to facilitate the withdrawal of Libyan forces from that country.

Working bilaterally, and with other aid donors and financial institutions, the U.S. sought ways to help African states weather the current global economic crisis, while laying the groundwork for renewed development.

7. International Economic Relations

Putting America's own domestic economic house in order is an important key to improving the international economic system. Reduced U.S. inflation and declining U.S. interest rates are key accomplishments in this area. The United States is now working with the Allies to promote non-inflationary growth.

The GATT Ministerial reaffirmed America's commitment to a free international trading system. A number of work programs holding promise for improving the system will be undertaken.

The Reagan Administration has reached an agreement with the European Community on steel trade which defused a major irritant in U.S.-European trade relations.

The Secretary and other senior Treasury officials have worked with our allies in other major industrial countries to reach a more positive and cooperative approach to common economic problems -- both in regular bilateral contacts, and in international meetings such as those of the IMF Interim Committee, the OECD Ministerial, and the Economic Summits at Ottawa and Versailles. They have helped to foster a greater international understanding of the basic, long-term thrust of American economic policy, and have reinforced the common commitment to lay the foundations for a sustainable, non-inflationary recovery.

Most importantly, at U.S. initiative, the Versailles Summit agreed on a new process of multilateral surveillance over basic economic policies -- a major step leading to more uniformly sound economic policies and thereby to sustainable world economic recovery and greater stability in the international monetary system. Also, at U.S. initiative, the Summit countries are studying the effects of past official intervention in foreign exchange markets. The study is scheduled to be completed early in 1983.

The last several years saw an unprecedented expansion in the indebtedness of major international borrowers, particularly those in less developed countries. In the current global economic slowdown, many of these borrowers have had growing difficulty in managing the burden of their debts, and concerns have arisen that widespread insolvency of major borrowers could seriously affect the international financial system. This difficult situation is being managed constructively through international efforts centering on the adjustment and financing functions of the International Monetary Fund.

As part of those efforts, the United States government has helped to arrange short-term financial assistance to countries with debt problems such as Mexico and initiated negotiations for an early and adequate increase in the resources of the International Monetary Fund.

8. Human Rights

The President has underscored America's commitment to seeking improvement in individual conditions through quiet diplomacy and to speak out publicly where necessary to heighten international awareness of human rights concerns. Both have been done, bilaterally with a wide range of governments, and multilaterally at the CSCE Review Meeting in Madrid and in United Nations Organizations.

President Reagan continues to be deeply committed to a human rights policy that reflects this nation's historic traditions. The "positive track" of human rights policy -- long-term work for the encouragement of democracy -- has been emphasized through the Conferences on Democratization of Communist Countries, Free Elections, and the beginning of the Democracy Program Study.

9. The U.S. at the UN

Under the President's direction, the U.S. has taken the UN seriously, and let others know we hear what they say, to behave responsibly and to expect responsible behavior from others. Our UN mission has sought to defend the United States against all unfair attacks; to defend U.S. interests; to oppose crippling regulation; to make the case for freedom, law and democracy as the pathway to development; and to insist on fair, even-handed treatment of all nations inside UN bodies.

As a result of this policy, there have been fewer attacks on the U.S., and criticism has been more muted. Moderates have become more active inside the Non-Aligned Movement in the OAU, and among the Arab and Islamic groups, resisting demands of radical extremists. More have spoken up to request evenhanded treatment of the U.S. and the U.S.S.R.

The strengthened capacity of the United States to defend its own and western interests inside the UN has been demonstrated in many events:

- in the vote on Puerto Rico;
- in the rebuff of Cuba's attempt to raise the Pacific Trust Territories;

- in preventing Israel's exclusion from the General Assembly and the International Telecommunications Union thereby protecting the principle of universality on which the United Nations is based;
- in adoption by the UN Human Rights Commission of the first resolution that made an Eastern European country (Poland) the object of a human rights investigation;
- in the improvement in the treatment of human rights in Latin American nations who have long been judged by harsher standards than the nations of Africa, the Middle East, Eastern Europe or Asia;
- in strong U.S. advocacy of substantially greater understanding of the use by the Soviets and Soviet proxies of chemical weapons and of Soviet exploitation of the peace movement; reflected in three General Assembly actions concerning chemical warfare, and peace movements; and;
- for the first time in years -- in keeping before the UN the Soviet and Soviet Bloc record of conquest, imperialism and intervention, psychiatric abuse and other human rights violations, massive military build-ups, and economic failure.

The Administration has encouraged a focus on conflict resolution and discouraged use of the Security Council to secure short-range political advantage. U.S. success, which has grown steadily, must often be measured by resolutions not adopted, by inflamed rhetoric not uttered, and by initiatives not taken -- for example, heading off unbalanced, one-sided, Soviet-inspired resolutions and condemnations that would have created obstacles to the search for ceasefire and resumption of the broader peace process in the Mideast.

While securing needed authorization for UNIFIL renewal, thereby supporting the active U.S. role in seeking a settlement in Lebanon -- and with negotiations proceeding toward an acceptable Namibian settlement, the U.S. Mission worked to preclude UN actions that might reflect extremist impatience and lead to intransigence from either side.

During the 1982 General Assembly, the U.S. undertook aggressive moves to bring the UN's burgeoning bureaucracy and budget under control and mobilized growing support among major donors for greater budgetary restraint.

10. Nuclear Non-Proliferation

President Reagan has reinforced nuclear non-proliferation as a fundamental U.S. policy objective and directed implementation of a multifaceted policy framework to pursue the goal of preventing the spread of nuclear weapons more effectively. Major elements of the framework are:

- Working with other countries and the International Atomic Energy Agency to strengthen international export controls, international safeguards, and export practices;
- Strengthening the international non-proliferation frameworks, particularly the Non-Proliferation Treaty (under which 116 countries have already renounced the acquisition of nuclear explosives), the Treaty for the Prohibition of Nuclear Weapons in Latin America and the International Atomic Energy Agency;
- Enhancing cooperation with other countries on nuclear supplier issues to help our efforts to inhibit the spread of sensitive nuclear equipment, material or technology, particularly where the danger of proliferation demands;
- Increasing focus on efforts to reduce motivations that can lead a country to seek nuclear weapons. For example, our closer ties to Pakistan provide a means to help reduce that country's sense of insecurity;
- Reestablishing the reputation of the United States as a reliable partner for peaceful nuclear cooperation under effective safeguards. This action is essential to securing effective cooperation with allies and other partners in dealing with proliferation problems and risks.