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Series/Staff Member: Subject Files
Subseries:

OA/ID Number: 8471
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Folder Title:
State of the Union 1996

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Withdrawal/Redaction Sheet

Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001. memo	Paul A. Deegan to Dena B. Weinstein, re: State of the Union economic message team [Personally Identifiable Information] [partial] (1 page)	01/16/1996	P6/b(6)

COLLECTION:

Clinton Presidential Records
National Economic Council
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FOLDER TITLE:

State of the Union 1996

2020-0810-F

md69

RESTRICTION CODES

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

- P1 National Security Classified Information [(a)(1) of the PRA]
- P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
- P3 Release would violate a Federal statute [(a)(3) of the PRA]
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- P6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

C. Closed in accordance with restrictions contained in donor's deed of gift.

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

RR. Document will be reviewed upon request.

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

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ELAINE KAMARCK

Laura -

here's a synopsis
of what's behind
our ideas for
the State of the
Union.

Elaine

Laura Tyson

DRAFT
Governing in a Post Balanced Budget World

We can respond to the necessity of governing in a post balanced budget world in two ways. We can simply abandon many of the public purposes for which the modern federal government was created; this is the desire of the Republican party, this is the true meaning of their revolution. Unfortunately, the public, while desiring a smaller, cheaper government, has not expressed a desire for the federal government to abandon the major purposes for which it was created.

On the other hand, we can use the necessity of fiscal restraint to conduct a radical and fundamental restructuring of the federal government. As Democrats we have no choice. Either the federal government retreats from its public purposes and withers away or it takes reinvention more seriously than ever before.

The following ideas constitute the "grand bargain" which is at the heart of reinventing government. In its simplest terms it is as follows: government will be smaller, cheaper and more effective at doing what the voters want it to do but only if it is allowed to operate in ways that encourage innovation and efficiency. This is the basis of performance based government. Following are two major initiatives that, taken together, will revolutionize almost everything in the discretionary portion of the budget. They are:

- Massive devolution of all federal programs to state and local government in the form of **performance partnerships**, in which specific performance goals are agreed upon in return for federal funding.
- Conversion of all major operational components of the federal government to streamlined, businesslike **Performance Based Organizations**.

Performance Partnerships.

This concept, which we have pioneered in conjunction with the state of Oregon, has the potential to break us out of the current debate over Medicaid. Right now, the debate is between an entitlement which guarantees that all eligible individuals will be served and a block grant to states that runs the risk that people will not be served. A Medicaid Performance Partnership could say (for instance), that as a condition of receiving federal money a State must pledge to achieve, the following goals:

- (all examples are 1995 Oregon benchmarks)
- percentage of healthy birthweight babies - 96%
 - rate per 1,000 childbearing women who test positive for HIV at birth - .75%
 - percentage of babies whose mothers received adequate prenatal care (first trimester) - 100%
 - incidence of tuberculosis per 100,000 population - 3.7%
 - incidence of hepatitis B per 100,000 population - 8.8%
 - percentage of deaths linked to alcohol or drug use - 1.9%

Talking about Medicaid (or any other intergovernmental transfer program for that matter) in performance terms moots the entitlement versus block grant argument. Fears that block grants would result in less service could be obviated by a respectable set of performance goals.

Performance Based Organizations

The concept of Performance Based Organizations (PBOs) applies primarily to those parts of the government that conduct operations that are discrete, measureable and subject to productivity measures. These parts of the government also make up the bulk of the non-defense discretionary personnel and dollars. (For instance, the consular service at the State Department could become a PBO but the Office of Policy Planning at State could not.)

Agencies designated as PBOs would be given maximum discretion to do their jobs subject to:

- clear, measureable, service related (not policy or regulatory) goals; clear customers;
- measurement systems in place;
- meeting multi-year savings and/or productivity targets;
- clear distinction between policy makers and chief executives.

The types of discretion they would use would involve the following statutory changes:

- allow hiring of chief executives on contract.
- borrowing authority for capital investments; reserve replacement funds, etc.;
- Presidential reorganization authority in functional areas;
- civil service and procurement waivers; widespread use of demo authority;
- permission to do bottom-up grant consolidation;
- require agencies to pay full cost of employees; allow them to increase use of term appointees;

- free agencies from mandatory purchase of services (printing, real estate. etc.)

Other, administrative changes would also be necessary such as, freedom from FTE ceilings, permission for line managers to manage budgets in such a way that they can choose between staff and capital and widespread use of performance agreements.

PRESIDENT CLINTON'S
STATE OF THE UNION ADDRESS:

An Age of Possibility

January 23, 1996

The President said:

- * The State of the Union is strong.
- * We live in an age of possibility.
- * But, there are many challenges: to strengthen the family, increase educational opportunities, achieve economic security, reduce crime, safeguard our environment, maintain our leadership in the world and renew our democracy.
- * The key to meeting those challenges is working together in the spirit of our American community.

America Has Made Progress:

- * **Deficit Reduction:** Cut the deficit for three years in a row for the first time since Harry Truman was President - the largest three-year reduction in history.
- * **New Jobs:** 7.8 million new jobs have been created in the last three years.
- * **Unemployment and inflation:** At their lowest combined level in 27 years.
- * **Less Crime:** The crime rate is declining, and 44,000 fugitives and felons have been blocked from buying handguns because of the Brady Bill.
- * **Children and Education.** More of our students are going to college and fewer students are dropping out of high school.
- * **Peace.** From Haiti to Northern Ireland, from the Middle East to Bosnia, America is leading the world towards peace and freedom.
- * **Stronger Communities:** Teen pregnancies, poverty and welfare rolls are all down.
- * **A Better Environment.** We have lowered air pollution for 50 million Americans, cut tons of pesticides from our water and food, and increased private-public partnerships to clean our environment

We have more to do:

(over)

President Clinton Challenges America:

Balancing the budget. *We've now reached common ground on enough savings to balance the budget while protecting Medicare, Medicaid, education and the environment. Let's finish the job now, and move on to meeting our challenges together:*

Challenge to families to stay together

- * All of us -- families, businesses, schools and the media -- must take responsibility to give our children the chance to pursue their dreams.

Challenge on educational opportunities

- * Higher standards and school choice
- * Education technology initiative
- * Expand access to college

Challenge on economic security

- * Access to lifelong learning
- * Secure Americans' pensions
- * Increase access to health care

Challenge on crime and drugs

- * Community policing
- * Assault on gangs and drug use

Challenge on the environment

- * Incentives for business to do their part
- * Community right-to-know

Challenge on world leadership

- * Ratify Start II Treaty
- * Conclude Comprehensive Test Ban Treaty
- * Ratify Chemical Weapons Convention
- * Pass Anti-Terrorism Bill

Challenge on government and democracy

- * Continue to make government work better for less money
- * Real political reform, renewed citizenship

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E X E C U T I V E O F F I C E O F T H E P R E S I D E

16-Jan-1996 11:28am

TO: Dena B. Weinstein

FROM: Paul A. Deegan
 National Economic Council

SUBJECT: FYI: the sou group

State of the Union Economic Message Team

Laura Tyson, 6-5805
Secretary Reich, 219-8213
Secretary Brown, 482-5880
Secretary Rubin, 622-0053
Alice Rivlin, 5-4840
Chairman Stiglitz, 5-5042
Administrator Browner, 260-4700
Secretary Riley, 401-3006
Secretary Cisneros, 708-0417
Bruce Reed, 6-6515
Don Baer, 6-2640
Gene Sperling, 6-5805
Bo Cutter, 6-5355
George Stephanopoulos, 6-7105
Ron Klain, 6-6505
Kitty Higgins, 6-2572
Ambassador Kantor, 5-9492
Michael Waldman, 6-2272
Rahm Emanuel, 6-2531

[001]

Mark Penn, 212/534-4000 ((b)(6)) -- Lauren is his assistant)

CLOSE HOLD

Document No. _____

WHITE HOUSE STAFFING MEMORANDUM

DATE: 01/16/96 ACTION/CONCURRENCE/COMMENT DUE BY: ASAP on Wednes.
A.M.

SUBJECT: PRESIDENTIAL REMARKS: STATE OF THE UNION

	ACTION	FYI		ACTION	FYI
VICE PRESIDENT	☒	☐	McCURRY	☒	☐
PANETTA	☒	☐	McGINTY	☒	☐
McLARTY	☒	☐	NASH	☐	☐
ICKES	☒	☐	QUINN	☒	☐
LIEBERMAN	☒	☐	RASCO	☒	☐
RIVLIN	☒	☐	SOSNIK	☒	☐
BAER	☐	☐	STEPHANOPOULOS	☒	☐
CURRY	☒	☐	STIGLITZ	☒	☐
EMANUEL	☒	☐	STRETT	☐	☐
GIBBONS	☐	☐	TYSON	☒	☐
GRIFFIN	☒	☐	WALLEY	☐	☐
HALE	☒	☐	WILLIAMS	☒	☐
HERMAN	☒	☐	TOIV	☒	☐
HIGGINS	☒	☐	HAAS	☒	☐
KLAIN	☒	☐	SPERLING	☒	☐
LAKE	☒	☐	REED	☒	☐
LINDSEY	☐	☐	KAMARCK	☒	☐
			WALDMAN	☐	☒
				☐	☐

REMARKS: Please forward any comments directly to Michael Waldman
ASAP on Wednesday morning. Thanks.

RESPONSE:

CLOSE HOLD

Staff Secretary
Ext. 6-2702

Draft January 16, 1996 9pm

PRESIDENT WILLIAM J. CLINTON
"AMERICA'S CHALLENGE"
STATE OF THE UNION ADDRESS 16 PG: 22
U.S. CAPITOL
JANUARY 23, 1996

Mr. Speaker, Mr. Vice-President, Members of the 104th Congress, distinguished guests:

Tonight, I speak not only to you gathered here in this chamber and those across America, but also to the men and women of our armed forces who stand sentry around the world -- and particularly those who are helping peace to take root in Bosnia. To these warriors for peace, I say: we are proud of you.

My duty tonight under the Constitution is to report on the State of the Union. Not on the state of our government, or even on the state of individual Americans, but of our union -- how we as Americans together are building our national community and creating a more perfect union.

The State of our Union is strong -- as strong as it has ever been.

Through the hard work of the American people, our economy is the strongest it has been in three decades. The combined rate of unemployment and inflation is the lowest in 27 years. We are keeping the American dream alive.

Through the hard work of the American people, there is new hope for peace tonight -- from the cobblestone streets of Northern Ireland to the sands of the Middle East to the snows of Bosnia. We are keeping America the world's strongest force for peace and freedom.

And through the hard work of the American people, the crime rate is down, teen pregnancy is down, even divorce is down. We are coming together as a nation.

Exactly 200 years ago, President George Washington stood before the 4th Congress of the United States to deliver his annual message. America faced great uncertainty about a new century, a new economy and competing visions for how best to move into the future. President Washington could have spoken to the young nation about what divided it. But instead, he chose to talk about all that held us together -- in his words, of our mission to "unite our efforts to preserve, prolong and improve our immense advantages."

Much more unites us than divides us. That vision has rescued our nation every time we have been seriously tested. Throughout our history, we have come together around three

great ideals: First, our belief in progress -- that every American can dream of a better future, and that hard work can make those dreams come true. Second, our love of liberty. And third, our constant struggle to find common ground.

Now, at another moment of great change, our challenge -- America's Challenge -- is to find a way to preserve these old American ideals in new times. America's Challenge is to call on citizens in all walks of life to join together ... to win the war on crime, to renew our public schools for a new century, to give Americans health care and economic independence so they can be the winners of change.

The answers will not come from here in Washington alone, or from individuals acting alone. They will come from all of us, acting together -- in our communities, our churches, our businesses, our homes, our neighborhoods, and, when necessary, through our government. We must ask more of ourselves, and expect more from one another.

We will only rise to our challenges by speaking honestly about the duties we owe one another and the possibilities of what we as a nation can do together. So tonight, I want to speak directly about eight great challenges that America must meet as we move into the next century. For America was built on challenges, not promises.

America's first great challenge lies with all of us here tonight: to put our partisan differences aside and balance the budget.

It is wrong to leave our children a legacy of debt. I am proud that my administration cut the deficit nearly in half in 3 years. The federal government is now the smallest it has been since 1965. Now we must finish the job.

Earlier this month, I presented to the Congress a balanced budget with tough cuts in wasteful spending. According to the Congress own economists -- the Congressional Budget Office -- my plan makes real cuts and balances the budget in seven years.

And it balances the budget in a way that reflects our values.

We have a duty to honor our parents. And we can balance the budget without devastating Medicare or Medicaid. To anyone who would undercut Medicare, let me make myself clear: I will not let it happen.

We have a duty to our children, and to future generations. And we can balance the budget without cutting education or the gutting the environment.

We believe in work and responsibility. And we can balance the budget while ending welfare as we know it.

We believe in helping families who are trying to raise their children. We can balance

the budget while still providing a modest tax cut. And certainly without raising taxes on working families.

That's the right way to balance the budget. And if this Congress gives me the line-item veto, as you have pledged to do, I pledge tonight that I will balance the budget.

In recent weeks, I have spent many hours negotiating in good faith with the Republican and Democratic leaders of Congress. Already, we have agreed to more than enough spending cuts to balance the budget, with enough left over for a modest tax cut.

In his 1862 State of the Union message, President Lincoln said to another Congress: "We cannot escape history. We of this Congress and this administration will be remembered -- in spite of ourselves." We, too, will be remembered. So I say tonight to you, Mr. Speaker, to you Mr. Majority Leader, to all the leaders of this Congress: Let us not be remembered for partisan bickering. Let us be remembered for seizing this moment of national unity. For the sake of our children, for the sake of the country, let us balance the budget -- and do it now.

And finally, let me say this: America is the greatest nation on earth -- we are its leaders, and we must behave responsibly. No public servant should ever threaten the full faith and credit of the United States. And no public servant should ever -- ever -- shut down the government again.

Balancing the budget is the beginning of our challenges, not the end. Our second great challenge is to make sure that America faces up to our responsibility to lead the way to peace in the world.

This century -- the American century -- our country has led the fight for freedom and peace -- and won. Because we did, more people than ever before live free, more nations enjoy peace -- and our own people have had half a century of prosperity and security.

But as the Cold War fades, the voices of indifference and fear grow louder. They say America should retreat from the hard work of leadership. I say they are wrong. All over the world, people look up to America not only because we are strong -- but because of what we stand for -- and what we stand against. And though it imposes extra burdens on us, they trust us to help them seek the blessings of peace and freedom.

Because of our leadership, tonight, there are no Russian missiles pointed at our cities or citizens. More Americans have jobs here at home because we're working to open markets abroad. In Haiti, the dictators are gone, the democrats are back and the flow of refugees to our shores has ended. In Northern Ireland, girls and boys can now dream of the simple blessings of a normal life.

In the Middle East, Arabs and Jews are learning to live side-by-side. The American

people -- and I -- lost a great friend and partner when Yitzhak Rabin was taken from us. We can be proud, though, that the people of the Middle East have found the strength to go forward, in part because they know that America will stand with them, now and forever.

And, in Bosnia, the most terrible conflict in Europe since World War II is over -- because America stared down aggression and stood up for peace.

We have been able to do all of this because we kept our military strong... we invested in diplomacy and foreign assistance... we built alliances to share the risk and the cost of fulfilling our responsibility. We know we can't be everywhere. We can't do everything. But where we can make a difference -- and where our values and interests are at stake -- America must lead.

Our leadership is more important now than ever. Old threats have assumed new and dangerous dimensions -- ethnic and religious hatreds and aggression by rogue states. New threats are equal opportunity destroyers with no respect for borders -- the spread of weapons of mass destruction, terrorism, organized crime and drug trafficking. We must confront them.

If we do, we can cut the world's nuclear stockpiles by another XX percent -- and we will if Congress ratifies the START II treaty -- this year.

We can stop the development of an entire new generation of nuclear weapons -- and we will by signing a truly Comprehensive Test Ban Treaty -- this year.

We can better control chemical and biological weapons -- and we will if Congress heeds my call to ratify the Chemical Weapons Convention -- this year.

We can enact stronger laws to fight terrorism and organized crime -- and we will if Congress finally passes legislation I proposed after Oklahoma City to give our law enforcement even stronger tools to fight terrorists.

We can help more people move from hatred to hope -- and we will, if Congress gives our diplomats the resources they need to remain leaders for peace.

We can do all of these things -- but only if we continue to lead. It has never been -- and it must never be -- the American way to hide behind the curtain of our fears. If we hold to that truth now, the next century will be an American Century too.

If we are to be strong abroad, we must remain strong at home. So America's third challenge is to crack down on violent crime, and turn our young people away from drugs and gangs.

For 3 years in a row, crime has gone down in this country. In New York, the murder rate dropped 25% in one year; in St. Louis, 18%; in Seattle, 32%. Government is living up

to its first responsibility, to keep its citizens safe . . . and citizens are living up to their responsibility, by coming out from behind closed doors and shuttered windows to help one another. Tonight, for the first time in decades, we can say that America is winning the battle against crime.

But we have not yet won the war. We still face the challenge to make the defense of our streets as important as the defense of our shores.

That means keeping guns out of the hands of criminals. Under the Brady Bill, already 45,000 criminals have been stopped from buying guns. And that is why, if anyone tries to repeal the Brady Bill and the assault weapons ban, I will veto it.

That means putting more police on the street through community policing -- walking the beat, working with neighbors, catching criminals and stopping crime before it happens. And if Congress tries to gut the law that will put 100,000 more police on the street, I will veto it.

In the days after the Oklahoma City bombing, Americans wore T-shirts with a simple slogan: "A society that makes war against its police officers had better learn to make friends with its criminals." Those officers put their lives on the line to protect us, every day. We owe them our help, our support, our gratitude, and most of all, our undying respect.

We can cheer the drop in crime. We cannot begin to meet our other challenges until we break the culture of crime that engulfs our young people. Crime among juveniles is the one kind of crime that continues to rise. A few years ago, I spoke to grade school children in South Central Los Angeles. They told me that their biggest fear was getting shot on the way to school -- and their second biggest fear was being forced to join a gang when they turn 12.

We need more efforts like the boys and girls clubs in Chicago to steer young people away from drugs and crime.

People who live in public housing should live decent lives without being terrorized by gangs. Tonight I am asking every housing authority to take all steps necessary to drive gangs from public housing. From now on, for public housing residents involved in drugs and crime, the rule will be: One strike and you're out. I am directing our nation's prosecutors to prosecute violent juveniles as adults. And I am directing the FBI and other enforcement agencies to target gangs that involve juveniles in violent crime. It is time to break the gangs the way we broke the mob.

We must slam shut the revolving door that lets violent criminals go free. I am proud that we passed the Violence Against Women Act, made three-strikes-and-you're-out the law of the land, and said that if you kill a law enforcement officer, you will get the death penalty. Tonight, I challenge judges, prosecutors, and legislators in every state to meet a new national goal that, by the year 2000, every violent criminal will serve out at least 85% of his sentence.

All of this will make a difference. But, my friends, we could put a million new police on the streets and build a million new prison cells, and we would not win this war on crime and drugs unless we all join together -- every one of us -- to fight this fight.

America's fourth challenge is to give our people the tools they need to make the most of their God-given potential and become the winners of economic change.

These are good times for America. For three straight years, we have had the strongest growth of any major economy. Businesses have created nearly 8 million American jobs. Three years ago, our auto industry was losing jobs. Today, it has gained over 700,000 jobs, and Detroit is beating Japan for the first time since the 1970s. Three years ago, we were losing jobs in construction; today, we have gained over 700,000. Small businesses started by women now employ more people than the Fortune 500. Home ownership is expanding more rapidly than ever before. (ck) Thanks in no small measure to the work of Vice-President Gore, we have cut 16,000 page of unnecessary rules and regulations -- so government costs less and works better to build our economy. And from coast to coast, remarkable new industries like biotechnology and telecommunications are leading the world into the 21st century.

In the industrial economy dominated by big companies, people got their health care, their pensions and their training where they worked. Today, in the information age, more and more people work in small businesses or at home. More than ever, we need to help people carry with them the fruits of their work -- their training, their health care, their retirement benefits -- so they can thrive in the new economy. We must not fear economic change. We must conquer it.

We can do this, if Congress passes my GI Bill for workers, which will give people a training voucher they can take to a community college or their next job.

We can do it, if we enact reforms so that insurance companies cannot deny you coverage or raise rates when you are changing jobs, because you or a member of your family have a preexisting condition. We should help give small businesses the same purchasing power to buy health care as big businesses, make it easier for women to get mammograms every year, and find a way to ensure that if you lose your job, you don't lose your health care.

We can do this, if we cut through red tape to make it easier for small business to

provide pensions for their employees, so that every American can share the responsibility of saving for retirement. I propose that every American be allowed to join the federal workers retirement system. If it is good enough for federal workers, it should be good enough for employees of small businesses across the country.

Economic growth and environmental protection go hand in hand. We should say to business: if you can meet tough pollution goals, we will let you figure out how to do it in the cheapest, most efficient way. We will give communities the right-to-know what toxic chemicals are being released into their neighborhood, by expanding our pollution disclosure order. And we will launch a "brownfields initiative" to waive the rules and call off the lawyers for businesses that develop abandoned industrial sites.

And if we honor work, then work must pay. Two and a half million Americans -- many of them women with children -- earn the minimum wage, and it is at a 40 year low. A year ago, I called on Congress to raise the minimum wage. Since then, the value of the minimum wage has dropped \$250 -- while Congress' pay has gone up [x]. That's wrong. Congress should increase the minimum wage.

We will all be stronger the more our companies invest in the long term and treat their workers like their most valuable asset. Last month, the Malden Mills factory in Massachusetts burned to the ground, taking 2400 jobs with it. The mill's owner could have cut his losses and left his workers behind. That's not what he did. Here's what he said at the time -- quote: "I don't consider the workers an expense that can be cut. I know in the long run that what I'm doing today will come back tenfold." His name is Aaron Fuerstein, and he is with us tonight. We salute him; and pledge to learn from his example. *[Mr Fuerstein will be in the First Lady's box.]*

Fifth, to renew the American dream of opportunity for all, I challenge parents, teachers and students -- and business and community leaders -- to join a national mission to renew our public schools for the challenges of the 21st century.

Our best economic strategy is also our best opportunity strategy.

America was the first nation to believe that every child deserves an education. For two hundred years, the public schools raised up generation after generation, and taught us what it meant to be an American. They have opened the world of math and science and poetry and history to the sons of farmers and the daughters of factory workers. Next year there will be more young Americans in school than ever before. Yet today, our schools are not ready for the new era. Our schools have low standards, dilapidated and crowded classrooms, and only chalkboards in the age of the microchip.

To make our school succeed at this moment of change, tonight I propose a four part challenge to renew every level of education in America for the new century.

We must raise our sights. We should insist that every teacher meet basic competency standards . . . that every student meet national standards of excellence . . . that every parent take responsibility for their children . . . and that every school be held accountable for results.

Every state should give parents the right to choose their child's public school. And if the idea of choice in public schools is to be real, we must give parents and teachers the right to start better public schools -- charter schools -- if the current ones do not work.

We must recognize that technological literacy is now as important as learning to read, write, and do math. Our goal is clear: when we walk into any school in the 21st century -- five years from now -- we should see every classroom connected to the outside world . . . a cutting-edge computer accessible to every student . . . and teachers with the skills and the software to make technology as exciting in the classroom as it is in the video arcade. Tens of millions of parents have watched their children play every video game from Mortal Kombat to Killer Instinct. From now on, the most important computer game in America must be learning.

Tonight I challenge educators, scientists and business leaders to join in connecting the schools and prepare our people for the future. If a company or community is willing to donate money to put new computers in the schools, we will match that donation dollar for dollar. *(policy decision needs to be made)*

It is not enough to make our public schools the best in the world. We must make it easier for deserving Americans to go to college. We have already made it easier for people to pay back their college loans.

And last year, I asked the Congress to make \$10,000 of college tuition costs tax deductible. If businesses can deduct the cost of their equipment, then families should be able to deduct the cost of a college education.

Tonight, I propose two more steps to open the doors of college for people who are willing to work hard and excel. First, a \$2000 merit scholarship for the top 2% of graduating students in every secondary school in America. Second, a dramatic expansion of college work-study, so that 1 million young Americans will be working their way through college by the Year 2000. (ck)

Higher standards. Public school choice. Technology in the classroom. And an aggressive strategy to open wider the doors of college. That is my education challenge. Because when our schools succeed, America succeeds.

America's eighth and perhaps most important, challenge is this: to live up to our values, and restore a sense of right and wrong, in our daily lives. I challenge Americans in all walks of life to reach within themselves and find a new sense of personal responsibility.

As Americans, we more than any people on earth should recognize the truth of the Gospel: "To whom much is given, from them much is required." We need a rebirth of ethics, of values, of the moral code that this country was built on. Only if we share a community of values, can we value community.

Throughout our history, Americans have always joined together as neighbors and citizens to build strong communities and a strong country. We need that spirit more than ever today.

That means:

- We in this chamber should give the government back to the people. In the past year, we have already applied to Congress the laws that apply to America, banned gifts and meals from lobbyists to lawmakers, and forced the lobbyists to fully disclose who they are working for, what they are spending, and what bills they are trying to pass or kill. But we all know that special interests give too much money in political campaigns. And we should all take personal responsibility for changing it. There is a strong, bipartisan campaign finance reform bill, waiting for action. Let's pass it without delay.
- We must challenge our young people not to get pregnant or father a child until they are ready. Tonight, I am pleased to announce that a group of prominent Americans have answered this call, and are forming a new national organization to enlist the media, business and communities to help our young people do the right thing.
- I believe in a woman's right to choose an abortion. Some people deeply disagree. But I challenge people on both sides of the abortion divide to find common ground. At the very least, let us do what we can to encourage adoption, and unite the hundreds of thousands of eligible parents who want a child with the thousands (ck) of babies who need a loving home.
- We must challenge every father to take responsibility for his children. Spend time with your child, love your child, and take an interest in your child's daily life. And if you owe child support, pay it. Your child needs you. You cannot walk away.
- We must challenge those who produce and market cigarettes to take responsibility for your actions. Sell your products to adults, if you wish. But draw the line on children.
- All of us working together must find a way to do something about violence and sex on TV. We must challenge the media to put more education and less sex and violence on TV. And challenge parents to turn off the set if they don't.
- We must challenge every citizen to give something back to their community through service. I am proud of what the national service program, AmeriCorps, has done to put 25,000 young people to work in communities -- raising reading scores, pulling

garbage out of rivers, helping police shut down crack houses. But we shouldn't stop there. Every American has something to contribute -- from volunteering at an AIDS clinic to adopting a child. And let me issue a special summons to our nation's seniors, who have the time and the wisdom to teach us all: let your retirement years be a season of service.

And let me say this above all: Every one of us faces a challenge to seek common ground with our fellow Americans -- to reach out beyond our differences, both because it is the right thing to do, and because it is the way we will meet every one of our other challenges as we enter a new century.

Conclusion/Olympic torchbearers

That is what we will see this summer in Atlanta, when we are hosts to the centennial of the modern Olympics. I am not just talking of our athletes, who show us all how to work hard to make our dreams come true. I also mean the shared effort of the entire community of Atlanta -- the City Too Busy to Hate. One community, pulling together. That is what's right with America.

But there is another group of Americans I want to call your attention to tonight. They are the ones who will hold high the Olympic torch and carry it on its path across America, from Los Angeles, across mountains, concrete canyons, unbroken desert and lush farmland. They will even carry the torch across the White House lawn, and I'll be there to greet them.

These are not celebrities or heroic athletes, but they are heroes nonetheless. Thousands of them are being selected because they are community heroes -- Americans who have used their energies to make our world better, one community at a time. Most of these people will be announced next month. But I am proud to say that the first three of them have been chosen so they can be here with us tonight. [insert on two or three heroes]

Let us strive to be like these everyday champions. They show us a different kind of strength and endurance and a lot of heart. They show us that if we each do our part, we are sure to reach our destination. Together. And when we do, we will know the joy of a special victory -- where every American has a chance to win.

We are going to show the world this summer what happens when America pulls together. And I believe, my fellow Americans, we are going to show it time and time again in the century that lies ahead. That is, and forever will be, America's challenge.

DEPARTMENT OF THE TREASURY
WASHINGTON, D.C.

SECRETARY OF THE TREASURY

January 16, 1996

MEMORANDUM FOR THE PRESIDENT

FROM: SECRETARY ROBERT E. RUBIN *RSR*
SUBJECT: Your State of the Union Address

Introduction

The following is not a comprehensive recommendation, but covers instead three areas:

- * first, policy and rhetoric with respect to business;
- * second, the economy, urban issues and taxes; and
- * third, law enforcement.

I. Addressing Business in the State of the Union

Addressing the role of business in the President's vision for 21st century America requires striking the right balance between recognizing that it is because American businesses have been uniquely willing to respond to a changing world by innovating, investing, and restructuring that America's economic position is today so strong (a prosperous 21st century America requires dynamic flexible companies), while recognizing that mass layoffs are a source of insecurity and concern and the benefits of prosperity are not being shared by all.

Pitfall

I believe it is very important that the State of the Union avoid rhetoric that will appear anti-business, and I have little doubt that in the context of a Democratic President's State of the Union Address, the term "corporate responsibility" is likely to be seen this way. Such rhetoric could fuel perceptions that your Administration has reversed its earlier constructive attitude toward the competitiveness of American business and the American economy and is reverting to what is perceived as the more traditional Democratic position of being anti-business and too willing to sacrifice growth for other objectives.

It would be very unsound -- as a matter of policy -- in the name of "corporate responsibility" to call into question the basic premise that corporations should seek to maximize profits within regulatory constraints set by government. Notions that corporations should serve many constituencies or stakeholders easily lead to non-competitive companies, fewer jobs, and lower standards of living. European experience is that such approaches often benefit workers only in the short run, and actually raise unemployment in the long run. Europe, as you know, has persistent 10+ percent unemployment, virtually no job creation and slow growth.

The truth with respect to the AT&T lay-offs is that you'd have to know a lot more than we do to know whether this was right for the long-run economy, but I think it is clear that prior to recent years American industry's sin was complacency, empire building, and inefficiency, and that the U.S. paid a big price in terms of lost market share and lost jobs.

A response to the AT&T situation, and corporate lay-offs more generally, consistent with where you have been on the global and technology dynamism of the new economy, is to go back to the budget debate and education, training, etc. You have on other occasions said that restriction and protectionism are answers that simply won't work, and I would say the same of most ideas regarding additional burdens via "corporate responsibility". The rest of this section of this memo continues to address those questions.

An Approach

These considerations suggest a rhetorical approach to business that challenges them to succeed on their own terms because this will create jobs and drive the economy forward, and emphasizes the role of government in enabling all to share in the success that a successful economy and successful businesses bring through education, training, and the like. They suggest avoiding a rhetorical posture that will look old-Democrat or anti-business. Here is some language you might consider:

"I challenge American business to invest in its people, as well as plant and equipment, and to be innovative in creating competitive companies for the 21st century. Only in this way can we assure that businesses will be able to succeed in a rapidly changing global economy and that the American economy will be able to create high-wage jobs."

You might add additional language advocating that the focus of business should be on long-term maximization, not short-term.

The rest of this section on "approach" is a paraphrase of what you could say to complete this message.

Each year it is becoming more and more clear what it takes for companies to succeed in the new economy. The best companies take the long view -- they recognize the need to keep investing, even when the payoffs are not immediate. The best companies recognize that their people are their most important resource -- they provide them with the on-going training and the security that allows them to realize their full potential.

America has created 7.5 million jobs in the last three years, nearly 7.5 million more than Europe and Japan combined. An important reason is the strength of our businesses and their willingness to embrace change. We have to keep moving forward, but we must also make sure that no one is left behind.

For this reason, education and training are profoundly important. Our young people must learn not only skills that will land them jobs, but, even more importantly, they must learn how to keep learning because, increasingly, people will do many different things during their working lives.

While the pace of economic change may accelerate, we must strive to make sure that, whatever happens, working families are secure. That is why I am working to ensure that workers who lose their jobs do not lose their pension benefits or their health insurance. And that is why we have worked so hard to ensure that every American can send their son or daughter to college, no matter what their economic circumstances.

Regulation and Community Involvement

Optimal environmental regulation, community involvement, and the like involve a judgment that there are other benefits which have greater value than the profit being sacrificed. This is a complicated area (so-called externalities), involving cost/benefit trade-offs, and it can in substance easily become a slippery slope toward a non-competitive economy. The area of externalities would include the substance and rhetoric of "corporate responsibility", and I do not think you should get involved in either for the State of the Union, for the reason already discussed.

II. The Economy, Urban Issues and Taxes

The Economy

During the last three years, we have probably had the best economic conditions in several decades, taking into account all factors, e.g., growth in excess of 3 percent, inflation under 3 percent, unemployment rate falling from 7.1 percent to 5.6 percent, over 7.5 million new jobs, the deficit falling by roughly 50 percent, and the list goes on. The comparison is particularly stark when contrasted with the preceding four years or the circumstances of the other principal industrial nations.

I think our tone on the economy should be positive, and while many factors were involved, we should take credit by saying that the key and decisive factor was your Deficit Reduction Program of 1993, which lowered interest rates that, in turn, both drove and sustained recovery.

An international comparison provides an interesting way of demonstrating our economic success over the last three years: the U.S. has the lowest budget deficit compared to the total economy of any major industrial country; the U.S. has accounted for nearly all the job creation in the major industrial nations over the last several years; the U.S. economy has grown more rapidly over the last three years than those of Europe and Japan; and U.S. companies are competitive on a global basis for the first time in decades.

The challenge is to maintain economic health in the years and decades ahead. I would suggest a four-fold approach that is consistent with where we have been, although obviously other important areas could be added, like regulatory reform or, in the Republicans' view, tax cuts and tax reform.

- (1) continuing fiscal discipline by going to a balanced budget;
- (2) public investment in education, training, the environment and other critical areas; maintaining our social compact in Medicare and Medicaid; and a renewed emphasis on savings and thrift to help families save for retirement and assist the nation in funding private investment (Treasury can provide useful ideas in this area);
- (3) international engagement and leadership with respect to opening markets, promoting development and growth in the developing world, and dealing with crises in the international markets that vitally affect our interests; and
- (4) the economic equivalent of "do no harm", e.g., do not shut down the government or threaten the country's creditworthiness.

You could discuss increased income disparity as a threat to both our economy and our social fabric, and go back to your approach in the budget debate, e.g., investment in education and skills, health care, and other relevant areas. This can be done while avoiding class warfare language or criticism of economic success, by discussing the problem, the actions needed to improve the prospects of all Americans, and the fairness of the most affluent bearing a disproportionate share of the cost. A particular suggestion that I know others have made is to propose enabling all young Americans to participate in the new technological and global economy by wiring all of America's public schools by the end of the decade for the internet, as suggested by your National Information Infrastructure Advisory Group. This is analogous to Franklin Roosevelt bringing the benefits of electricity to rural America through the Rural Electrification Administration.

Urban Issues

The inner cities are not a politically popular subject, but you might consider the possibility of addressing the importance of our cities, and therefore our inner cities, to the future of the economy for all Americans. Again, that discussion could lead right back to the budget debate, and to your approach of empowerment to move the residents of the inner cities into the economic mainstream, as opposed to transfer payments. The Administration can point to many actions in this area -- increasing the EITC; increasing headstart; enactment of enterprise zones; creation and funding of CDFIs; fighting to save the Community Reinvestment Act and the low-income housing tax credit; and a pending project, microenterprise lending, where Treasury is borrowing an idea earlier articulated on the international front by the First Lady in Beijing.

You are now attempting to preserve requisite levels of support for investment in human capital and for providing access to financial capital, in accord with your view that the best social program is a job, and that the final answer to despair and decline is economic opportunity and personal empowerment.

Taxes

There is widespread dissatisfaction with our tax system, but no one has come up with an approach that seems better than our existing system. If you feel a need to address taxes, there are some specific reform proposals which we have developed, as in pensions, estate taxes, and telephonic filing, to improve the existing system; and you could address the difference in your approach to tax cuts and their approach.

III. Enforcement

I think we are extremely well positioned with respect to law enforcement. Having spent a lot of time this year with Republican Congressmen as we worked our way through Waco and other matters, I think they are fairly nervous about our position versus theirs on this issue. We have been in favor of the Brady bill, assault weapon ban, the crime bill, and supporting law enforcement, while they have been seeking to roll back the Brady bill and the assault weapon ban and, in the effort to do that, have tended to undermine law enforcement more generally. I have spoken at a number of large gatherings of local law enforcement officials, and my impression is that you and the Administration have enormous support among these people.

In this area, we have two ideas -- one substantive, one rhetorical. Substantively, our policy staff in the Enforcement Office at Treasury is designing a program that deals specifically with kids and guns. It can be made available as a policy proposal for your

address. Rhetorically, we have seen the dangers of extremism and the benefits of supporting law enforcement in the last several years. Treasury lost eight members of its family in the Oklahoma City bombing, and our enforcement people, particularly ATF, Customs and IRS, are repeatedly under threat of violence. At the same time, those who have stood with law enforcement and fought, as you have fought, to give Americans new tools in fighting crime (Brady, the assault weapon ban, 100,000 cops, etc.) see the results in declining crime statistics across the country. A statement about standing with law enforcement on behalf of public safety and against crime and extremism could put the opponents on the defensive.

Conclusion

An interesting question is where the edge in the speech should be, i.e., who should be the villains of the piece. My two nominees would be those who oppose your forward-looking approach on the economic issues that are encompassed in the budget and those who advocate protectionism and economic nationalism. I think all of this can be framed in the context of competitiveness and success in the global economy. Once again, I would avoid anything that can be interpreted as critical of economic success or anti-business.

CLOSE HOLD

Document No. _____

WHITE HOUSE STAFFING MEMORANDUM

DATE: 1-18 ACTION/CONCURRENCE/COMMENT DUE BY: ASAP

SUBJECT: STATE OF UNION -- JANUARY 18 DRAFT

	ACTION	FYI		ACTION	FYI
VICE PRESIDENT	☒	☐	McCURRY	☒	☐
PANETTA	☒	☐	McGINTY	☐	☐
McLARTY	☐	☐	NASH	☐	☐
ICKES	☒	☐	QUINN	☐	☐
BOWLES	☐	☐	RASCO	☒	☐
RIVLIN	☒	☐	SOSNIK	☐	☐
BAER	☐	☐	STEPHANOPOULOS	☒	☐
CURRY	☐	☐	STIGLITZ	☐	☐
EMANUEL	☐	☐	STRETT	☐	☐
GIBBONS	☐	☐	TYSON	☒	☐
GRIFFIN	☐	☐	WALLEY	☐	☐
HALE	☐	☐	WILLIAMS	☒	☐
HERMAN	☐	☐	<u>E. LIEBERMAN</u>	☒	☐
HIGGINS	☐	☐	_____	☐	☐
KLAIN	☒	☐	_____	☐	☐
LAKE	☒	☐	_____	☐	☐
LINDSEY	☐	☐	_____	☐	☐

REMARKS:

PLEASE MAINTAIN THIS IS A

RESPONSE:

CLOSE-HOLD DOCUMENT.
COMMENTS TO MICHAEL WALDMAN.

CLOSE HOLD

Staff Secretary
Ext. 6-2702

Draft January 18, 1996 4pm

PRESIDENT WILLIAM J. CLINTON
"AMERICA'S CHALLENGE"
STATE OF THE UNION ADDRESS
U.S. CAPITOL
JANUARY 23, 1996

96 JAN 18 P4:52

Mr. Speaker, Mr. Vice-President, Members of the 104th Congress, distinguished guests:

Tonight, I speak not only to all of you, and to those listening across America. I speak also to our men and women in uniform around the world, especially to those helping peace take root in Bosnia. To our warriors for peace, I say: we are proud of you.

The Constitution requires me to address the state of our union. Not what government alone can accomplish. Nor what individuals alone can do. But what we as a nation -- communities, businesses, churches, schools -- must do together.

The State of our Union is strong -- strong as it has ever been. Our economy is the strongest in three decades. Our fundamental values are coming back. America remains the world's strongest force for peace and freedom.

We in Washington must build on this progress. It is time, once and for all, to come to agreement on a balanced budget in a way that reflects our values.

In months of negotiation, Democrats and Republicans have come very close to finding common ground. We can balance the budget, cut spending using conservative assumptions from Congress' economists, reform welfare, and reduce taxes. A balanced budget is within our grasp. I believe we can and must seize this moment . . . without devastating Medicare and Medicaid, without hurting education and the environment. In the weeks to come, I look forward to working with the Congress, to resolve our disagreements, and balance the budget.

Let me be clear: If Congress will not join me, I will act alone to give the American people the change they demand.

We have already given 35 states freedom to overhaul their welfare systems. If we cannot agree on bipartisan welfare reform legislation, I will challenge all 50 states to go further -- to impose time limits and require welfare recipients to work. On my watch, we will end welfare as we know it.

Every year as President, I will submit to the Congress budgets that cut spending enough so that we move toward a balanced budget in seven years. On my watch, we will

balance the budget.

America is the greatest nation on earth. We are its leaders, and we must behave responsibly. No public servant should ever threaten the full faith and credit of the United States. And no public servant should ever -- ever -- shut down the government again.

Tonight, it is time for us to talk about the future.

This is a moment of great change -- and great opportunity. Throughout our history, we have come together around three great ideals: First, our belief in progress -- that every American can dream of a better future, and that hard work can make those dreams come true. Second, our love of liberty. And third, our constant struggle to find common ground.

Tonight, our challenge -- America's Challenge -- is to preserve these old American ideals for a new time.

For America was built on challenges, not promises. We don't need another program for every problem. We must ask more of ourselves, and expect more from one another. That means challenging every citizen to stand guard in the war on crime and drugs . . . challenging parents and teachers to renew our schools . . . challenging government and business to give workers health care they can carry with them throughout a career . . . and challenging fathers to take responsibility for their children.

We will only rise to our challenges by speaking honestly about the duties we owe one another and the possibilities of what we as a nation can do together. So tonight, I want to talk about seven great challenges that America must meet as we move into the next century.

The first challenge is for every one of us to join together to take back our streets from crime and gangs and drugs.

We here in this chamber must do our part.

That means keeping guns out of the hands of criminals. Under the Brady Bill, 45,000 criminals have been stopped from buying guns. If anyone tries to repeal the Brady Bill and the assault weapons ban, I will veto it.

That means putting more police on the street through community policing. Across America, we are making good on our promise to put 100,000 new police on our streets. And if Congress passes a bill to stop us from putting 100,000 police on the street, I will veto it.

And I challenge Congress to honor the men and women who protect us every day by passing my bill to ban cop-killer bullets.

We made three-strikes-and-you're-out the law of the land, and said if you kill a law

enforcement officer, you should get the death penalty. Tonight, I challenge judges, prosecutors, and legislators in every state to meet a new national goal: by the year 2000, every violent criminal must be required to serve at least 85% of his sentence.

But we could hire a million more police and build a million new prison cells, and we would not win this war on crime and drugs unless we all step out from behind closed doors and shuttered windows to work with the police and with each other.

All over America, citizens are taking responsibility, spotting trouble, watching out for their neighbors, blowing the whistle on crack houses. In city after city, the crime rate has dropped three years in a row for the first time in decades. In New York, murders are down 25%; St. Louis, 18%; Seattle, 32%. Two years ago, the people of Jefferson Parish, Louisiana, were under siege -- literally sleeping in their hallways to avoid stray bullets. Then police began working with the neighbors to drive drug dealers off the street. The crime rate in Jefferson Parish has dropped 60%. That is what can happen when law-abiding Americans rise to the challenge of fighting crime together.

And that is how we will address the one type of crime that continues to rise: violence by juveniles.

A few years ago, I spoke to grade school children in South Central Los Angeles. They told me their biggest fear was getting shot on the way to school -- and their second biggest fear was being forced to join a gang when they turn 12. That is no way for any American child to grow up.

Government will do its part: Tonight I am directing our nation's prosecutors to step up prosecutions of violent juveniles as adults. And I am directing the FBI and other investigative agencies to target gangs that involve juveniles in violent crime. It is time to break the gangs the way we broke the mob.

Communities must do their part. I challenge local housing authorities, and public housing residents, to link arms to evict the gangs and the drug dealers. From now on, for public housing residents who get involved in drugs and crime, the rule should be: One strike and you're out.

And to every teacher and preacher and to every parent in this chamber and around this country, I say: teach our children right from wrong, and help them see through the false glamour of drugs and crime.

Tonight we have someone who by his very example can do just that. Brian McCaffrey is a four star General, an architect of our victory in the Persian Gulf. Today, he commands our military's campaign against drug kingpins in Latin America. Tomorrow, I will nominate him as my "drug czar" to command a campaign against drugs on our streets. Thank you, General McCaffrey. [*In the balcony with the First Lady.*]

The second challenge is to work together to cherish our children and renew our schools for a new century.

Washington alone will not achieve this vital national mission. The job must be done in our classrooms and living rooms.

First, we must raise our sights by demanding high standards. We should insist that every teacher meet basic competency standards . . . that every student meet national standards of excellence . . . that every parent take responsibility for their children . . . and that every school be held accountable for results.

I challenge every state to give parents the right to choose their child's public school. And if the idea of choice in public schools is to be real, we must give parents and teachers the right to start better public schools -- charter schools -- if the current ones do not work.

Second, we must mount a massive national effort -- as ambitious as any this nation has ever undertaken -- to bring our schools into the 21st century. In the age of the microchip, technological literacy is now as important as learning to read, write, and do math. When we walk into any school in the 21st century -- five years from now -- we should see every classroom connected to the outside world . . . a cutting-edge computer accessible to every student . . . and teachers with the skills and the software to make technology as exciting in the classroom as it is in the video arcade. Tens of millions of parents have watched their children play every video game from Mortal Kombat to Killer Instinct. From now on, the most important computer game in America must be learning.

Educators, scientists and business leaders must join in connecting the schools and preparing our students for the future. And what is our part here? If a company or community is willing to donate money to put new computers in the schools, we will match that donation dollar for dollar.

Third, we know that the GI Bill after World War II created an explosion of opportunity that built the middle class. That is why every year of my presidency, I have taken every step possible to open wide the doors of college for anyone who is willing to work hard and seek excellence.

We created a new college loan program that makes it easier and cheaper to borrow and repay the money for college. We have given scholarships to a record number of deserving students, and enabled 50,000 of them to earn their way through college by serving their community. And last year, I asked the Congress to make \$10,000 of college tuition costs tax deductible. If businesses can deduct the cost of their equipment, then families should be able to deduct the cost of a college education.

Tonight, I propose two more steps to inspire excellence and reward hard work. First, a \$1000 merit scholarship for the top 5% of graduating students in every secondary school in

America. Second, a dramatic expansion of college work-study. I want to make it possible for 1 million young Americans to be working their way through college by the Year 2000.

And tonight I ask colleges and universities to make a promise to those hard-working students -- don't let the cost of college rise faster than Americans' incomes.

We owe our children something else as well. We must stand up together as adults to protect our children from the glorification of violence and degradation of values that assault them every day.

We must say to those in the entertainment industry: create TV shows as if your own children were going to watch them. And parents, if you don't like what your children are watching, turn the thing off.

To those who produce and market cigarettes, we must say: take responsibility for your actions. Sell your products to adults, if you wish. But draw the line on children.

We must challenge our schools to teach ethics and values. And if it will stop children from shooting children for designer shoes, then schools should be able to require student uniforms.

We must challenge our young people not to get pregnant or father a child until they are married. Tonight, I am pleased to say that a group of prominent media, business and civic leaders have answered my call for a new national campaign against teen pregnancy.

Higher standards. Technology in the classroom. An aggressive strategy to open wider the doors of college. Teaching our children right from wrong. That is the duty we owe our children.

America's third challenge is this: we must change the rules so people can take health insurance from job to job.

It is wrong that insurance companies compete by cutting off coverage to sick people. It is wrong that Congress has not passed a law to change that. We should enact reforms to stop insurance companies from denying you coverage or raising rates when you are changing jobs, because you or a member of your family have a preexisting condition. Republican Senator Nancy Kassebaum and Democratic Senator Ted Kennedy have introduced a bill to make the rules fair. It is bipartisan, and it is strong. Send it to me, and I will sign it.

We should help give small businesses the same purchasing power to buy health care as big businesses, and find a way to ensure that if you lose your job, you don't lose your health care.

We need to crack down on Medicare fraud, which costs [x billion] every year. But

government should not have to do it alone. I challenge the American Medical Association to stop standing in the way of tougher prosecutions, and take responsibility for policing your own.

And I challenge Congress: It is one of the great strengths of our country that poor children and the disabled have a guarantee of quality health care. It is a good thing that older Americans know they will receive quality care, so they can live out their lives in dignity. As long as I am President, I will stand up for these basic values.

My fourth challenge is this: government and businesses must join to give our people the tools they need to become winners of economic change.

America's economy is growing, steady and strong. Over the last three years, we have had the strongest growth of any major economy. The combined rate of inflation and unemployment is the lowest in 27 years. Home ownership is at its highest rate in 15 years. Businesses have created over 7 million American jobs. Businesses owned by women employ more people than the Fortune 500 combined. Three years ago, we were losing jobs in construction; today, we have gained nearly 800,000. A decade ago, the auto industry was on its back. Today, Detroit is beating Japan for the first time since the 1970s.

Thanks in no small measure to the work of Vice-President Gore, the federal workforce is the smallest in 30 years, and getting smaller every day. We have cut 16,000 pages of unnecessary rules and regulations. Government works better, costs less, and produces results, not red tape.

Today's economy offers real opportunity for our people; our challenge is to ensure that all Americans reap the rewards.

That is why I challenge Congress to pass my GI Bill for workers. It would consolidate 70 overlapping job training programs, and give the money directly to American workers to pay for tuition at a community college or training at their next job. People who need new skills shouldn't have to waste their time waiting in line at a government office.

We should make it easier for small businesses to start pension plans, and easier for Americans to save for their retirement.

And businesses have a responsibility to make sure that pensions are secure. If Congress sends me legislation that lets big companies raid their workers' pensions, I will veto it.

And we all have a responsibility to honor work and make work pay. Millions of Americans -- many of them women with children -- earn the minimum wage, now at a 40 year low. A year ago, I called on Congress to raise the minimum wage. Since then, its value has dropped \$250 -- while Congress' pay has gone up [x]. That's wrong.

In the new economy, we recognize that a clean environment is good for business. We will challenge business: if you can meet tough pollution goals, we will let you find the cheapest and most efficient way to do it.

We will challenge businesses to clean up polluted sites in the inner city, and we will cut the red tape and call off the lawyers when they do.

We will draw on the expertise of thousands of backyard community environmental groups, by expanding the right-to-know laws that make companies disclose the toxic chemicals they release into their neighborhood.

Make no mistake: these reforms will make it easier to protect the environment, not easier to pollute it. We will see to it that the air we breathe and the water we drink are safe - and that our natural heritage is preserved for generations to come.

Our fifth challenge is this: All of us have a duty to rebuild the American family.

Bringing a child into the world is the most extraordinary responsibility any man or woman can have. No job is more important than loving your child, reading to your child, teaching your child to play and to pray. As parents, as grandparents, we all need to do our part to give our children strong and loving families.

For too long, too many government policies -- however well-intentioned -- have undermined the family, not made it stronger. That is why I have spent my entire career working to reform our welfare system, which penalizes work, discourages responsibility, and breaks up families.

We have made real progress toward enacting sweeping welfare reform that will end welfare as a way of life. We agree on the need for time limits, tough work requirements, and the toughest possible child support enforcement. But let's not fool ourselves. We must provide more child care so mothers will go to work, not stay at home and stay on welfare. Send me a bipartisan welfare reform bill that will move people from welfare to work, and I'll sign it in a heartbeat.

But that is only the beginning of welfare reform. We must require people to take jobs, but we must all commit ourselves to creating new jobs for them to take. I challenge businesses across America to hire people who want to work their way off welfare.

And I challenge all of us here, across party lines, to reward work over welfare by uniting behind the Earned Income Tax Credit, which President Reagan called the best anti-poverty, the best pro-family, the best job-creation program on the books.

But I also believe it's time to stop making women take the fall for this problem. As a father, I challenge America's fathers: step forward and accept more responsibility for your

children. If you owe child support, pay it. It is not enough to send your children a check. You have to give them your time.

One of the proudest things we have done was to pass family leave, which lets people take time off to care for a new child or a sick parent. But it should not take a law for corporations to take responsibility. Don't force your workers to choose between their job and their family.

Finally, let us remember that we can only build strong families when men and women respect each other. We must work together to end domestic violence. So to men all over this country -- I ask you to pledge never -- never -- raise a hand in violence to a woman.

Our sixth great challenge is to meet our responsibility to lead the world.

In the American century, we have led the fight for freedom and peace -- and won. More people than ever before live free, more nations enjoy peace -- and Americans have known half a century of prosperity and security.

Today, all over the world, people look up to us not only because of our power, but because of what we stand for -- and what we stand against. And they trust us to help them seek the blessings of peace and freedom.

But as the Cold War fades, voices of isolation say America should retreat from the responsibilities of leadership. I say they are wrong. We face a host of threats that are equal opportunity destroyers with no respect for borders -- ethnic and religious hatred... aggression by rogue states... the spread of weapons of mass destruction... terrorism... organized crime... drug trafficking. In the enduring struggle against chaos and evil, America must never be neutral.

The isolationists are wrong. But so are those who would have us be the world's policeman. Our reach and resources are limited. We can't be everywhere. We can't do everything. But where we can make a difference -- and where our values and interests demand it -- America must lead. And we are.

By keeping our military strong... by using diplomacy where we can and force when we must... by building coalitions to share the risk and the cost of our efforts.... and by being a peacemaker -- America is making a difference for our own people and for people around the world.

We stayed engaged with Russia. Tonight, there are no Russian missiles pointed at our cities or citizens.

We applied patient pressure to North Korea. Now, it is dismantling its dangerous nuclear weapons program.

We used the threat of force in Haiti. Now, the dictators are gone, democracy is back and the flow of refugees to our shores has ended.

We negotiated a better deal for America and opened markets abroad. Now, exports are up and more Americans are working.

We have stood with those who take risks for peace. Now, in Northern Ireland the sound of car bombs has given way to the quiet blessings of normal life... and in the Middle East, Arabs and Jews who once seemed destined to fight forever share knowledge, resources and dreams. [We lost a great friend when Yitzhak Rabin was taken from us. But we can be proud that the people of the Middle East are finding the strength to go forward, in part because they know America will stand with them, now and forever.]

We stood down aggression and stood up for peace in Bosnia. Now, its playgrounds are no longer killing fields.

We must go forward. We can cut the world's nuclear stockpiles by another XX percent... if Congress ratifies the START II Treaty -- this year. We can stop an entire new generation of nuclear weapons... if we sign a truly Comprehensive Test Ban Treaty -- this year. We can control chemical and biological weapons... if Congress approves the Chemical Weapons Convention -- this year. We can take the fight to terrorists and organized criminals . . . if Congress finally passes legislation I proposed after Oklahoma City to give American law enforcement an even stronger arsenal. We can help more people move from hatred to hope . . . if Congress gives us the resources we need to remain leaders for peace.

If we reject the call of isolation and the role of policeman, we can remain a peacemaker -- a force for freedom and progress around the world and for real security and prosperity at home. And the next century will be an American century, too.

America's seventh and perhaps most important, challenge is this: to live up to our values, and restore a sense of right and wrong, in our daily lives -- and especially, a new sense of personal responsibility for the future of our country.

We more than any people on earth should recognize the truth of the Gospel: "To whom much is given, from them much is required."

We can start right here in this chamber. In the past year, we have passed many important political reforms, applying to Congress the laws that apply to America, banning gifts and meals from lobbyists to lawmakers, and forcing the lobbyists to fully disclose who they are working for, what they are spending, and what bills they are trying to pass or kill.

But we all know that special interests give too much money to political campaigns. And we must all take personal responsibility for changing it. A strong, bipartisan campaign finance reform bill is waiting for your action. Let's pass it without delay.

[Today, Members of Congress spend taxpayer money to flood your districts with unsolicited mailings. Give up the frank, and give it to the American people to make their voices heard. And let's pass a law that makes former trade officials live by the same rules I have imposed on my top trade officials not to become foreign lobbyists. If you've represented this country in trade talks, you should not be allowed to switch sides and sell your knowledge and access to the highest foreign bidder.]

I believe in a woman's right to choose an abortion. Some people disagree. But I challenge people on both sides of the abortion divide to find common ground. Let us do what we can to encourage adoption, and unite the thousands of eligible parents who want a child with the thousands of babies who need a loving home.

I am proud of the 25,000 young AmeriCorps members, working in communities -- raising reading scores, pulling garbage out of rivers, immunizing children. But we shouldn't stop there. Those of us who want government to get smaller but don't want the schools to decline, the drinking water to get dirty, or crime to worsen -- we have an obligation to actually do something about these problems ourselves. I challenge every citizen to give something back to their country -- from volunteering at an AIDS clinic to adopting a child.

Two decades ago, the average American lived only five years after retirement; today, they live twenty years. (ck) So let me issue a special summons to our nation's seniors, who have the time and the wisdom to teach us all: let your retirement years be a season of service. We can all gain from your lifetime of experience.

Every one of us must seek common ground with our fellow Americans -- to reach out beyond our differences, across the lines of race, class, and beliefs, to open our hearts and minds. When we can meet each other, we will meet any challenge we face as we approach a new century.

Conclusion

These challenges -- from renewing our schools to winning the war against crime -- are linked not by government spending or individual ambition, but by a single important idea that built this country: the duty we owe to one another. From the moment our founders pledged to each other their "lives, their fortune, and their sacred honor," Americans have been bound to one another not by blood, not even by geography, but by common ideals and a sense of common purpose. Let us never forget: When Americans gather in their homes, their schools, their churches, or at work, they have far greater power to shape our nation's destiny than do any of us in this august chamber.

I have asked a lot of America this evening. But I have no doubts. For I know that the more we ask of ourselves as Americans, the more we can achieve.

This summer, we will see a special light shine all across America -- the torch that will

be carried from Los Angeles to Atlanta for the centennial modern Olympic games. That torch will not be carried by star athletes, but by a breed of heroes who are meeting the very challenges we have talked about here tonight. The bearers of the Olympic torch are Americans who get up every day and use their energy to make this country better -- brighter - - one neighborhood, one school, one community at a time.

Most of these heroes will be announced next month. But I am proud that the first three are here with us tonight [*description to come*]

My fellow Americans, like them, each of us must hold high the torch in our own lives. But none of us can finish the race alone.

The belief in progress, the love of liberty, the eternal struggle for common ground. Those are the ideals that have lighted our way for 200 years. If we keep them burning bright and we do it together, then we will keep the American Dream alive in the century ahead. That is America's Challenge.

Thank you, and God bless America.

THE WHITE HOUSE

WASHINGTON

February 1, 1996

MEMORANDUM TO THE PRESIDENT

CC: LAURA TYSON
DON BAER

FROM: GENE SPERLING
GABRIELLE BUSHMAN
JON ORSZAG

SUBJECT: Facts in the State of the Union

Despite the fact that several newspapers assigned people to scrutinize the statistics in your State of the Union, we have not seen a single article or analysis that focused primarily on challenging the factual accuracy of your address. Through good coordination of the NEC and Communications, we prepared a background paper documenting each fact in the speech (attached) that was ready by the start of the speech. We have offered this backup to anyone who has asked.

There were two articles, however, that disputed different facts in your speech. In both cases, Gene talked with the reporters. One reporter admitted our fact was correct. The other reporter stood by his critique but admitted that his contention was trivial and technical.

The two facts mentioned were the following:

1. Beth Belton of the *USA Today* wrote a story in which she disputed the claim that the combined rate of unemployment and inflation was at its lowest level in 27 years; she stated that the combined rate of unemployment and inflation was the lowest in nine years -- since 1986. While there are a variety of ways of calculating the index, virtually all show that our statement is correct.

If one looks at 1995, in terms of unemployment and inflation measured by year over year averages, we have the lowest combined rate of inflation and unemployment in 27 years. (This is the way the Blue Chip records yearly unemployment and inflation figures.) If, instead, you look at the last two years combined -- under any formulation -- we have the lowest combined rate of inflation and unemployment in 27 years. Moreover, the average Misery Index

during your Administration -- measured on any basis -- is the lowest since the Johnson Administration.

The *USA Today* number is only correct if you sum the unemployment rate (annual average) and the inflation rate (December-to-December). Under this calculation, the combined rate of inflation and unemployment is only the lowest since 1986 -- because of the aberrant drop in oil prices that year. Even under this calculation, the rate is the lowest since 1968 if the core rate of inflation -- excluding food and energy prices -- is used. In sum, we feel our claim is solid. Joe Stiglitz feels this way too. He has talked to the reporter, and has already written a letter to the editor.

2. Al Kamen and Warren Brown wrote in *The Washington Post* that you misstated the statistic that "America is selling more cars than Japan for the first time since the 1970s." *They argued that you should have said "producing", instead of "selling".*

This is an issue of semantics: in 1994, more American-produced cars were sold world-wide than Japanese-produced cars--for the first time since the 1970s. They, on the other hand, understood your statement to mean that American *car dealers* sold more cars than Japanese *car dealers*. This has always been true. Therefore, it would not be the first time since the 1970s. Gene has spoken with Al Kamen and Warren Brown and they agree that it was nit-picky and extremely technical.

We feel that "sold" is accurate (since we care more about American-produced cars that are then sold). However, to avoid any potential confusion, we suggest that you say either American workers are *making* more autos than Japanese workers for the first time since the 1970s or America is *making* more autos than Japan for the first time since the 1970s.

STATE OF THE UNION FACT SOURCES
JANUARY 23, 1996

INTRODUCTION

FACT: "Our economy is the healthiest it has been in three decades."

Source:

In 1995, the Misery Index--the combined rate of unemployment and inflation--reached its lowest level since 1968.

Over the last three years, mortgage rates have been at their lowest sustained levels in three decades.

The annual rate of inflation -- as measured by the core CPI -- during the last three years is lower than during any comparable period in three decades.

The Dow Jones Industrial Average increased over 33 percent in 1995 -- that's the second biggest increase since 1958, only 1975 was better.

Alan Greenspan, testimony to the House Budget Committee, 2/22/94, "The outlook, as a result of subdued inflation and still long-term interest rates, is the best we've seen in decades."

Alan Greenspan, 6/22/94, "The outlook for the U.S. economy is as bright as it has been in decades."

FACT: "We have the lowest combined rate of unemployment and inflation in 27 years."

Source:

Bureau of Labor Statistics, *Employment and Earnings*, Table A1, October 1995 and Bureau of Labor Statistics, *CPI Detailed Report*, Table 24, October 1995. Data on unemployment represent the average annual rate, while data on inflation represent the percentage change in the year-over-year Consumer Price Index for all urban consumers.

In 1995, the combined rate of unemployment and inflation was 8.2, down from 8.7 in 1994. In 1968, it was 7.8.

FACT: "We have created nearly 8 million new American jobs, over a million in basic industries like construction and automobiles."

Source:

Bureau of Labor Statistics, *Employment and Earnings*, October 1995, and Bureau of Labor Statistics, December Employment Situation, January 19, 1996.

Since January 1993, the economy has created more than 7.8 million net new jobs; non-farm payroll employment increased from 109.477 million to 117.315 million in December 1995.

Basic industries are manufacturing, construction, and the automobile industry. Since President Clinton took office, employment has increased by 1.022 million in these key industries (from 22.604 million in January 1993 to 23.626 million in December 1995).

FACT: "America is selling more cars than Japan for the first time since the 1970s."

Source:

1. American Automobile Manufacturers Association

Between 1985 and 1987, annual motor vehicle production in the United States declined from 11.65 million to 10.93 million.

In 1994, the United States produced 12.26 million motor vehicles, while Japan produced 10.55 million. That was the first time the U.S. had out-produced Japan since 1979, when the U.S. produced 11.48 million motor vehicles and Japan produced 9.63 million.

2. Yomiuri Shimbun, "Nov. Car Output Falls 9.1%," *The Daily Yomiuri*, December 26, 1995.

"The drop means that Japan will fall short of the United States for the second year in a row in terms of total auto production for 1995, the Japan Automobile Manufacturers Association said... During the January-to-November period, Japan produced a total of 9,423,306 automobiles, down 2.8 percent from the same period last year. For calendar 1995, the country is expected to produce slightly more than 10 million cars. The United States produced 11,158,072 cars over the same 11-month period. Last year, it knocked Japan from its perch as the world's top car maker for the first time in fifteen years."

FACT: "And for three years in a row, we have had a record number of new businesses started in our country."

Source:

Dun and Bradstreet.

In 1995, the new business incorporations increased at a rate of 769,248 per year. This broke the old record of 741,657 per year in 1994, which broke the previous record of 706,537 in 1993.

FACT: The crime rate, the welfare and food stamp rate, the poverty rate, the teen pregnancy rate are all down.

Source:

Crime:

FBI press release, December 17, 1995

"The number of crime index offenses reported to law enforcement agencies throughout the U.S. decreased 1% during the first six months of 1995."

Welfare:

March 1994: 14,361 million recipients

August 1995: 13,210 million recipients

These figures represent an 8% decline.

Food stamps:

U.S. Department of Agriculture Release, January 23, 1996.

Since August 1994, Food Stamp Program participation has dropped consistently each month compared to the same month a year earlier. In October, 1995 (the most recent month for which data exists) participation dropped by nearly one million people compared to October 1994. The decline in participation between August 1994 and October 1995 has resulted in a cumulative savings to taxpayers of over \$800 million.

Poverty:

Bureau of the Census, *Income, Poverty, and the Valuation of Non-Cash Benefits*, 1994.

There were 38.1 million Americans in poverty in 1994, or 1.2 million fewer than in 1993.

Teen pregnancy:
HHS Press Release, 9/21/95

CDC's Advance Report of Final Natality Statistics

Teen births are down nationwide and teen pregnancy declined in a majority of states, according to two new studies from the Centers of Disease Control and Prevention. Teen pregnancy rates (including both births and abortions) were down in a majority of states, as reported in "State-Specific Pregnancy and Birth Rates Among Teenagers -- United States, 1991-1992, in the September 22 Morbidity and Mortality Weekly Report.

FACT: "And I thank the Democrats for passing the largest deficit reduction plan in history in 1993, which has cut the deficit nearly in half in just three years.

Source:

Office of Management of Budget, *Mid-Session Review of the 1996 Budget*, July 28, 1995, p.3, and Department of Treasury, *Final Monthly Treasury Statement of Receipts and Outlays of the United States Government*, October 27, 1995, Table 2, page 3.

In Fiscal Year 1992, the federal budget deficit as percentage of GDP was 4.9 percent. In Fiscal Year 1995, it was 2.3 percent.

FACT: "We all have the seen the benefits of deficit reduction. Lower interest rates have made it easier for business to create new jobs. Lower interest rates have brought down the cost of home mortgages, car and credit card rates to ordinary citizens."

Source:

Alan Greenspan, Chairman, Board of Governors of the Federal Reserve System, 1/31/94: "The actions taken last year to reduce the federal budget deficit have been instrumental in creating the basis for declining inflation expectations and easing pressures on long-term interest rates."

Business Week, 2/7/94: "Both Clinton and the economy head into 1994 on the momentum from a strong showing at the end of 1993. Lower long-term interest rates, for which the White House can take partial credit, helped to rev up spending for cars, homes, and durable goods generally, boosting factory orders and production, while better growth in jobs and incomes kept people happy."

Department of the Treasury and Haver Analytics:

The 30-year Treasury bond fell from 7.34% in January 1993 to 6.06% in December 1995. The effective interest rate on new average-fixed mortgages dropped from 8.26% in January 1993 to 7.74% in November 1995.

CHALLENGE: TO CHERISH OUR CHILDREN AND STRENGTHEN THE AMERICAN FAMILY

FACT: "Every year, a million children take up smoking, even though it is against the law. Three hundred thousand of them will have their lives shortened as a result."

Source: Centers for Disease Control and Prevention

FACT: "To strengthen the family we must do everything we can to keep the teen pregnancy rate going down."

Source:

HHS Press Release, 9/21/95

CDC's *Advance Report of Final Natality Statistics*

Teen births are down nationwide and teen pregnancy declined in a majority of states, according to two new studies from the Centers of Disease Control and Prevention. Teen pregnancy rates (including both births and abortions) were down in a majority of states, as reported in "State-Specific Pregnancy and Birth Rates Among Teenagers -- United States, 1991-1992, in the September 22 Morbidity and Mortality Weekly Report.

CHALLENGE: TO PROVIDE AMERICANS WITH THE EDUCATIONAL OPPORTUNITIES WE NEED FOR A NEW CENTURY

FACT: "We are working with the telecommunications industry, educators and parents to connect 20% of California's classrooms by this spring, and every classroom and library in America by the year 2000."

Source:

Office of the Vice President press release, September 17, 1995

FACT: "We've created a new student loan program that's made it easier to borrow and repay those loans."

Source:

The direct loan program was created by OBRA '93.

The Student Loan Reform Act of 1993, a part of OBRA '93, redressed many of the problems that had grown out of the old student loan program--specifically, the complexity for schools and borrowers and its cost to the taxpayer.

FACT: "...and we have dramatically lowered the student loan default rate."

Source:

Department of Education press release, 1/22/96

From 22.4% three years ago to 11.6% in the most recent year, due in part to Department of Education's aggressive accountability and collection efforts. The new default rate is from FY 1993, the most current data available.

FACT: "Through AmeriCorps, our national service program, this year 25,000 students will earn college money by serving their communities."

Source:

Corporation for National Service Advisory, 10/95

In its second year, AmeriCorps will involve some 25,000 members in service to more than 400 community programs throughout the country. In FY 1994, more than 20,000 individuals served in AmeriCorps, in 350 programs.

CHALLENGE: HELP EVERY AMERICAN ACHIEVE ECONOMIC SECURITY

FACT: **"Within the year, the minimum wage will fall to a 40-year low in purchasing power."**

Source:

Department of Labor, Office of the Chief Economist.

Depending upon the rate of inflation, the real value of the minimum wage will reach its 40-year low sometime near the end of 1996 or at the beginning of 1997.

FACT: **"In 1993, Congress cut the taxes of 15 million hard-pressed working families to make sure that no parents who work full-time would have to raise their children in poverty."**

Source:

Department of the Treasury, Office of Tax Analysis.

In 1996, 15 million families received a tax cut.

FACT: **"This expanded Earned Income Tax Credit is now worth about \$1,800 to a family of four living on \$20,000."**

Source:

Department of the Treasury, Office of Tax Analysis.

In 1996, a family of four earning \$20,000 would receive \$1,795 from the EITC.

FACT: **"The budget bill I vetoed would have reversed this achievement, and raised taxes on nearly 8 million of these people."**

Source:

Department of the Treasury, *Distributional Effects of the Congressional Tax Plan*, November 22, 1995.

"After accounting for the fully phased-in \$500 child credit and the increase in the standard deduction for married couples, about 7.7 million families who earn under \$30,000 a year would face a net income tax increase, on average, of \$318 under the proposal."

FACT: "Two years ago, with bipartisan support that was almost unanimous on both sides of the aisle, we moved to protect the pensions of eight million working people and stabilize the pensions of 32 million more."

Source:

Pension Benefit Guaranty Corporation, press release, November 29, 1995, and Update to Pension and Welfare Benefits Administration, *Private Pension Plan Bulletin*, Abstract of 1991, Form 5500 Annual Reports, Winter 1995.

"An estimated 8 million people are covered by about 10,000 underfunded plans..." These 8 million people all had their pensions protected

The remaining 32 million Americans in defined benefit plans had their pensions stabilized.

FACT: "Over the past two years, over one million Americans in working families lost their health insurance."

Source:

Historical projections based on Department of Commerce, Bureau of Census, Current Population Survey data.

In 1993, 38.6 million Americans did not have health insurance; in 1995, 39.7 million were uninsured.

FACT: "I challenge you to pass the bipartisan bill offered by Senators Kassebaum and Kennedy to require insurance companies to stop dropping people for switching jobs or denying coverage for pre-existing conditions."

Source:

Health Insurance Reform Act S. 1028

FACT: "In the past three years, we've saved \$15 billion by fighting health care fraud and abuse."

Source:

Department of Health and Human Services
Michael Mangano, letter to Jennifer O'Connor.

"In fiscal years 1993 through 1995, our Office of Inspector General accounted for \$14.71 billion in Medicare and Medicaid program savings..."

CHALLENGE: TAKE BACK OUR STREETS FROM CRIME AND DRUGS

FACT: "In New York City, murders are down 25%; St. Louis, 18%; Seattle, 32%."

Source:

Time magazine, 1/15/96, page 56. (*Time* cites local police departments).
DOJ's Bureau of Justice Statistics also independently confirmed with each city's police department.

FACT: "It provides funds for 100,000 new police in communities of all sizes. We're already a third of the way there."

Source:

All Programs Master Summary, COPS Office, Department of Justice.

As of 1/16/96, 31,395 new officers have been funded.

FACT: "The Brady Bill has already stopped 44,000 people with criminal records from buying guns."

Source:

44,274 felons have been denied access to handguns by Brady Bill checks from March to December, 1994. *Bureau of Alcohol, Tobacco & Firearms, "Felons Denied Access to Handguns by Brady Law", 1/18/96.*

FACT: "The assault weapons ban is keeping 19 kinds of assault weapons out of the hands of violent gangs."

Source:

Title 11, Section 110102 of the Crime Bill.

CHALLENGE: PRESERVE OUR ENVIRONMENT FOR FUTURE

FACT: "Because of a generation of bipartisan effort, we do have cleaner water and air."

Source:

President Nixon created the EPA in 1970. The Clean Water Act was bipartisan. Both vetoes by Nixon and Reagan were easily overridden. The Safe Drinking Water Act was passed in 1974 by voice vote in the Senate and 296-84 in the House, and then signed by President Ford. President Bush championed and then signed the last reauthorization of the Clean Air Act in 1990

FACT: "...lead levels in our children's blood have been cut by 70 percent."

Source:

National Health and Nutrition Examination Survey, HHS. Survey was published in The Journal of American Medical Association, July 27, 1994.

Mean blood levels of children between the ages of 1-5 years declined 77% during the time period 1976-1991.

FACT: "...toxic emissions from factories are cut in half."

Source:

US EPA 1993 Toxic Release Inventory data

Total percentage decrease in total releases for ten industries from 1988-1993 was 47.9%

FACT: "Lake Erie was dead, and now it's a thriving resource."

Source:

Clean Water: A Memorial Day Perspective, US EPA Office of Water, May 1994, pages 12-14)

Water quality improvements and increased lakeside development have caused people to return to the shore of Lake Erie to enjoy boating, fishing, swimming and other activities.

FACT: "But ten million children under 12 live within four miles of a toxic waste dump."

Source:

US EPA Superfund database, US Census Bureau data, 12/14/95.

The population data of children under 10 living within four miles of Superfund National Priority List sites was generated using LandView, a computer program that presents selected population/demographic information from the 1990 census and from five EPA databases. Using LandView, EPA was able to determine that 9.8 children under the age of 10 live within four miles of a Superfund National Priority List site.

FACT: "A third of us breathe air which endangers our health."

Source:

US EPA National Ambient Air Quality Trends Report (11/6/95)

"Based on air quality data from 1992-1994, 93 million people were living in counties that did not meet the air quality standard for ozone pollution."

FACT: "Congress has voted to cut environmental enforcement by 25%."

Source:

Statement of Administration Policy, OMB, Dec. 14, 1995

H.R. 2099 -- The appropriations bill for the Departments of Veterans Affairs and Housing and Urban Development, and Independent Agencies for FY 1996 includes a 25 percent cut in enforcement and a 22 percent cut in requested funding for the EPA

CHALLENGE: PERSONAL RESPONSIBILITY FOR THE FUTURE

FACT: "We are eliminating 16,000 pages of unnecessary rules and regulations."

Source:

National Performance Review, *Common Sense Government*, page 3

"Agencies are sending 16,000 pages to the scrap heap, of 86,000 pages of regulations reviewed."

FACT: "We are increasing border controls by 50%."

Source:

Immigration and Nationalization Service, release on January 23, 1996.

"Working with Congress, we are working to strengthen our border control force -- including Border Patrol agents, INS inspectors and other enforcement personnel -- by over 50 percent since President Clinton took office."

FACT: "Today our federal government is 200,000 employees smaller than the day I took office. Our federal government is the smallest it has been in 30 years, and it's getting smaller every day."

Source:

Office of Management and Budget, January 23, 1996.

technological literacy is now as important as learning to read, write, and do math. When we walk into any school in the 21st century -- five years from now -- we should see every classroom connected to the outside world . . . a cutting-edge computer accessible to every student . . . and teachers with the skills and the software to make technology as exciting in the classroom as it is in the video arcade. From now on, the most important computer game in America must be learning, not Mortal Kombat.

★ { Tonight, I challenge parents, educators, and business leaders to join in preparing our our children for tomorrow's economy and equipping every school with the technology they need to do the job. If states, school districts, and businesses are willing to invest in 21st century classrooms, the least we can do is establish a technology challenge fund to match their efforts. }

This is a weak statement - why not follow the proposal for a National Report Card on Educational Technology in the 1/18/96 memo from Sallie et al

But let us remember something: education is never going to be what it ought to be *I hope* until every state, every community, every school in America demands excellence. We should *this* insist that every teacher meet high competency standards . . . that every student meet high *results* levels of achievement . . . that every parent take responsibility for their children . . . and that *approach* every school be held accountable for results -- with consequences for failure and rewards for success.

Every school district that is not performing at a high level should be challenged to have real choice in public schools, including charter schools. We should give every parent

To:

Paul + Ellen

I like this!

Have you shown to
Bruce R and Don B.

If not, you should
 I;

I was born in 1946 at the beginning of the "baby boom" following World War II. Like the others who head up this generation, I turn 50 this year. During this half century, the country has.....[put in statistics on extent of ending poverty for the elderly through assuring good health care and a secure income foundation for living longer and more rewarding lives; % increase in kids graduating from high school and college; cleaner environment; and, how from 1981-1992, all of this progress has been threatened by quadrupling the federal debt in 12 short years]

It is now the time for my generation to accept the responsibility of protecting and preserving the most fundamental American values for our parents and for our children so that our country can move forward in the 21st century stronger than ever before:

- We will assure good health care and a secure income foundation for our parents, who worked so hard to build a secure and healthy retirement for their parents and to build a safer, cleaner and more prosperous world for us
- We will invest for our own retirement, providing the economy with additional savings with which to grow, and ensuring our children that we will not be a burden on them.
- We will invest in education and training so our families and children learn the skills they need to build a brighter future for themselves and for their children
- We will protect the environment and the public health so our children, and their children, grow up in a cleaner and safer world
- And we will balance the budget to lift the burden of debt off of our children so their horizons will not be limited in the next century by what their parents failed to do in the final years of this century.

EYES ONLY

Document No. _____

WHITE HOUSE STAFFING MEMORANDUM

DATE: 1-21 ACTION/CONCURRENCE/COMMENT DUE BY: ASAP

SUBJECT: STATE OF UNION JANUARY 21 DRAFT

	ACTION	FYI		ACTION	FYI
VICE PRESIDENT	☒	☐	McCURRY	☒	☐
PANETTA	☒	☐	McGINTY	☐	☐
McLARTY	☐	☐	NASH	☐	☐
ICKES	☒	☐	QUINN	☐	☐
LIEBERMAN	☒	☐	RASCO	☒	☐
RIVLIN	☒	☐	SOSNIK	☐	☐
BAER	☐	☐	STEPHANOPOULOS	☒	☐
CURRY	☐	☐	STIGLITZ	☐	☐
EMANUEL	☐	☐	STREETT	☐	☐
GIBBONS	☐	☐	TYSON	☒	☐
GRIFFIN	☐	☐	WALLEY	☐	☐
HALE	☐	☐	WILLIAMS	☒	☐
HERMAN	☐	☐	_____	☐	☐
HIGGINS	☐	☐	_____	☐	☐
KLAIN	☒	☐	_____	☐	☐
LAKE	☒	☐	_____	☐	☐
LINDSEY	☐	☐	_____	☐	☐

REMARKS: Comments to Waldman / Baer

RESPONSE: _____

EYES ONLY

Staff Secretary
Ext. 6-2702

Draft 1/21/96 4 a.m.

**PRESIDENT WILLIAM J. CLINTON
STATE-OF-THE-UNION ADDRESS
U.S. CAPITOL
JANUARY 23, 1996**

Mr. Speaker, Mr. Vice President, Members of Congress, distinguished guests.

Tonight, I want to begin by saying to our men and women in uniform around the world, and especially those helping peace take root in Bosnia, to these warriors for peace, I say: we are proud of you.

My duty tonight is to report on the State of our Union. Not on the state of our government, or even the state of individuals alone, but the state of our national community . . . of our efforts together, after nearly 220 years, to form a more perfect union.

The State of our Union is strong, as strong as it has ever been.

Our economy is strong, with the lowest rate of unemployment and inflation in three decades. Our leadership in the world is strong, bringing new hope for peace across the world. Our efforts to find common ground are strong, as we unite again around our most fundamental values.

This is an age of possibility. A time of challenge and change. A hundred years ago we moved from farm to factory. Now we move to an age of technology, information, global competition. Our people are facing deep concerns and new demands, in our families, our schools, on our streets. And we must answer core questions: How do we keep the American dream of opportunity and our values of responsibility alive for our children? How do we bring our old values into our new economy? How do we promote peace? And how do we come together as a people?

We know that we cannot look to big government for all the answers. We know that there is not a program for every problem. We know we should not ask government to do for people what they ought to be doing for themselves.

But we know that government has fundamental responsibilities -- to lead, to act, to move forward. Government in the new century must be a constant challenge to our people to seize opportunities and assume responsibilities. Above all, we must help Americans make the most of their own lives, liberating the creative energies of millions and millions of Americans in their homes, their businesses, their schools and their communities.

We must ask more of ourselves, and we must expect more of one another. That is how we will provide better educational opportunities . . . access to affordable health care and a secure retirement . . . protection against gangs and drugs . . . a clean environment . . . and a strong America.

The era of big government is over. The era of every man for himself is over. The era of all of us working together -- as a community, as a team -- is upon us.

In Washington, we need to work together to balance the budget. Many of you are impatient for us to reach agreement -- and so am I. But I want the American people to know two things.

First, this budget debate is more, much more, than politics-as-usual. We are engaged in a serious and long-overdue discussion about how best to protect and advance our values as a nation and what government's role will be. Whether we will balance the budget, have less government, and cut taxes. Or whether we will balance the budget, have less government, and cut taxes -- but also provide more economic opportunity, access to health care and secure pensions.

Second, there is now broad, bipartisan and unshakable agreement that years of permanent deficit spending will come to an end. I compliment the Republicans for their determination and ideas. And I thank the Democrats -- first, for cutting the deficit nearly in half this past three years, and for working to eliminate it completely, while protecting our obligations to our parents, our children, our families.

I have agreed on enough cuts in government spending to balance the budget in seven years. The Congressional Budget Office -- your own economists -- agrees that these savings are enough to wipe out the deficit. So I call on Congress to enact these savings. And save education, the environment, Medicaid -- and Medicare.

Tonight let me affirm my commitment: no matter what happens, we will balance the budget, and do it in seven years. The budget deficit is yesterday's legacy, and soon it will be history.

Tonight, it is time for us to talk about the future.

America was built on challenges, not promises. So tonight I want to speak honestly of the challenges we face as a people.

The First Challenge is to renew our schools for a new century and open wide the doors of college.

The vast amounts that our children must learn to get good jobs and keep them dwarfs what my generation had to learn. If they succeed, we will succeed.

Tonight, I challenge businesses, parents and educators to join with government in a massive national effort to make every student technologically literate by the Year 2000. Help connect our classrooms to the world by providing a cutting-edge computer, accessible to each student, and help us give teachers the skills and the software to make our classrooms as exciting as any video arcade. That's what we have done already in California, where my administration has brought together industry leaders to wire 20% of

the schools by this Spring, and all of them within [xxxxxxx] Tonight, I am announcing a new Technology Matching Fund to help communities and businesses equip their schools.

And to those who have chosen to apply their creativity to designing video games, I say: let learning be the leading computer game in America, not Mortal Kombat.

To local school districts: I challenge you to set up schools based on merit where every teacher meets high competency standards, where every student meets high levels of achievement. Give degrees only to those who pass the standards. Promote them only when they earn it.

To state governments: Pass laws giving every parent the right to choose which public school his or her child will attend. If parents are not satisfied, let them shop around and find the best public school and reward that school with your state funds. And let parents and teachers come together to form new schools, jointly run charter schools, so that innovation is rewarded and all schools are held accountable for results.

To teachers: keep up the progress. Test scores are up, dropout rates are down, more children go to college. Upgrade your skills, bear down, teach values as well as skills. Don't trap our students with low expectations.

To parents: Insist that your schools set up courses to teach ethics and values -- and make sure those lessons begin at home. Make your children do their homework. Learn the assignments, talk to the teachers, help your children learn. Their education is your responsibility.

Today, higher levels of education are more important than ever before. I am deeply committed to take every step I can to open the doors of college to all who deserve it. We have created a new college loan program and made it easier and cheaper to borrow for college and the default rate is at a record low. Through our national service program, this year 20,000 students will earn their way by serving their community. This program is a bipartisan success story; it is the right thing for America -- let's not turn these young people away.

Tonight I want to open the doors of college even wider -- and create a new gateway to our destiny. I challenge Congress to expand work study so that one million young Americans can work their way through college by the year 2000. I challenge Congress to adopt a \$1,000 merit scholarship for the top five percent of all high school graduates. And I challenge Congress: there is no better way to cut taxes than to make \$10,000 of college tuition tax deductible for every family.

Our second challenge is to help every American achieve economic security.

We have much to be grateful for in our economy. Home ownership is at its highest rate in 15 years. Business has created over 7 million American jobs. Detroit is winning the competition against Japan for the first time since the 1970s.

But our people are working harder than ever, and they deserve what it takes to get ahead in the new economy: Education and training for a lifetime, retirement security, and access to health care.

We must start with the stark fact that one education, received while we are young, simply does not last a lifetime. I challenge Congress to consolidate 70 overlapping job training programs into one simple voucher, a job training voucher, we would give to every American worker to pay for tuition at a community college or to use for training for new jobs. Let the worker choose the school, let us give him or her the money.

Members of Congress made more during the government shutdown than a minimum wage worker earns in an entire year. I challenge Congress to show that work pays by raising the minimum wage.

And we should preserve the full Earned Income Tax Credit that helps 20 million hard pressed working families. No one who works full time should have to raise their children in poverty.

We should help working families hold onto more of the hard-earned dollars they need to raise children. The balanced budget plan I have submitted makes possible a \$500 tax credit for each and every child under the age of 13. I challenge Congress: Let's stop fighting over all the other details of a tax cut. Let's at least balance the budget and give every family a \$500 tax credit for each child right now, this year, before another year passes.

I challenge the business community to provide pensions for workers. Seventy five million Americans work for small businesses which provide no retirement plans. I ask Congress to pass a law to cut through red tape with a single one-page form for small businesses to start pensions. That was the number one recommendation of the White House Conference on Small Business; it's something Democrats and Republicans can agree on.

And we should agree on something else. We have seen the damage that can come when we don't have strong rules to protect our workers' pensions. Two years ago, we passed a law that protected the pensions of 8 million working people and stabilized the pensions of 40 million more. If Congress passes a law that would encourage companies to raid their worker's pensions, I will veto it.

And if we are going to succeed in the new economy, we must make it easier for the best workers on Earth to afford the finest health care system on earth.

I challenge insurance companies to stop dropping people when they switch jobs and to stop denying coverage because of pre-existing conditions. And if they won't do it, I challenge Congress to pass the bill offered by Republican Senator Nancy Kassebaum and by Senator Ted Kennedy to require insurance companies to provide this basic protection.

And, I challenge the American people to stand firm in their commitment to Medicare and Medicaid. We have to honor our most basic values of doing our duty to one another. In the past three years, we have saved \$15 billion by fighting fraud in these programs, but we must never abandon the basic right of Medicare for the elderly and the right, through Medicaid, of guaranteed medical care for pregnant women, the disabled, and poor children, and those needing nursing home care. These guarantees make America stronger. They are about the duty we owe one another.

We know that what government can do is only part of how we prepare our workers. Businesses and labor unions have to take responsibility -- to do what's right for the country, and put long-term prosperity ahead of short-term gain. Business leaders need to see the talents of their workers as their greatest resource and make sure they get the skills they need for the new economy. Union leaders need to abandon rigid work rules and outdated job classifications. When American companies and workers look to the long-term, they do better. And so do we.

Our third great challenge is to take back our streets from crime, gangs, and drugs.

We have begun to find the way to stop crime. It starts with a challenge to every community in America -- to come together and work with your local police force to spot crime, to uncloak drug dealers, to look out for one another. This strategy of community based policing has begun to work in a way no anti-crime effort has ever worked before.

In New York City, murders are down 25%, in St. Louis 18%, and in Seattle 32%.

Our Crime Bill -- a bipartisan effort, passed after years of delay -- is putting more police on the street to work with communities. We have hired about a third of the 100,000 new police officers I pledged to put on the streets of America. The strategy is working. If Congress tries to stop us, I will not let it happen.

The Brady Bill has already stopped 45,000 people with criminal records from buying guns. The assault weapons ban is keeping AK-47s out of the hands of drug runners. I say to Congress: leave these laws on the books, no matter what the NRA says.

But the strategy involves more. It calls for prompt and effective prosecution and long imprisonment of career criminals. I challenge every state government to match what we have already done with federal crimes: to assure that every criminal serves at least 85% of his sentence. Use the money from our Crime Bill to close the revolving door.

We cannot just jail our way out of this crisis. We have to give our young people a better future to keep them out of trouble. We passed the Crime Bill to help communities do more to prevent crime -- and it is working. Houston has the lowest murder rate in 20 years and declining juvenile crime because it expanded community policing and got

thousands of young people involved in sports leagues and other positive projects where they get good values and see good role models. I challenge all communities, and all adults, to reach into these children's lives and give them futures to say Yes to.

But if we want our children to have the chance they deserve and our neighborhoods to be safe we have to agree, tonight, that it is time we take on the gangs the way we took on the mob. I am directing the FBI and other investigative agencies to wage a coordinated war on gangs that involve juveniles in violent crime. And I challenge local housing authorities and tenant associations: Gang members and drug dealers have no right to live in public housing. They are destroying the lives of decent people. From now on, the rule for residents who get involved in drugs and crime should be: One strike and you're out.

And I challenge Congress to pass my bill to give prosecutors more authority to prosecute violent juveniles as adults. When young people become so hardened they kill and maim like adults, we should punish them as adults.

We will never solve the crime problem until we also solve the drug problem. I challenge Congress not to cut our anti-drug funds, which school boards could use to put an anti-drug officer in every high school in America. All over America, anti-drug efforts in our schools are changing the lives of our kids. I know, because my own daughter talked about her D.A.R.E. officer in the fifth grade for years afterwards. We should not stop now.

Tonight I am appointing a hero of the Persian Gulf, General Barry McCaffrey, as my drug czar to command a campaign against drugs on our streets. For years, people have said there was no way to cut off the flow of drugs to our borders. Barry McCaffrey proved them wrong. It was General McCaffrey whose troops stormed the Cali Carter headquarters in Columbia and who locked up the leaders of that vicious group <ck> We have slowed the influx of drugs into this country -- and that man did it.

He has won three purple hearts in his distinguished career and tonight I ask that he give his heart and his soul and his integrity and his example to leading the war against our nation's drugs. Thank you, General McCaffrey, for agreeing to serve your country one more time.

Our fourth challenge is to leave our environment safe and clean for the next generation.

Because of bipartisan support, we have made great progress in protecting the environment for a generation. We have cleaner, safer air and water. Lead levels in children's blood has been cut by 70 percent and toxic emissions from factories are cut in half. Lake Erie was dead. Now it is a thriving resource.

This is a time to go forward.

Tonight I am announcing a new initiative that says to business: if you will develop abandoned sites in the inner city, we will cut through the red tape and call off the lawyers to help you do it.

To businesses, we also say: If you can find a cheaper, more efficient way to meet our tough pollution standards, then do it your way, as long as you do it right.

I challenge Congress to expand right-to-know laws requiring polluters to disclose their emissions. I challenge community groups to use the information to work with businesses to cut pollution.

At the very least, our challenge is this: Do no harm.

Some in this Congress want to let polluters off the hook, and make taxpayers pick up the tab for toxic waste if it was dumped before 1987. I say: the polluters should pay.

This Congress has allowed lobbyists for the polluters to walk in these doors like they owned the place and write loopholes in the laws that protect the health and safety of our children. Congress wants to cut environmental enforcement by 25% -- more toxic chemicals in our water, more smog choking our air, more pesticides in our food. I ask you one question: How can we do that and look our children straight in the eye?

I challenge the United States to meet our responsibility to lead the fight for freedom and peace.

In the American century, because our country led, more people than ever before live free, more nations enjoy peace -- and Americans have known 50 years of prosperity and security.

All over the world, people look to us not only because of our power, but because of what we stand for -- and what we stand against. And they trust us to help them seek the blessings of peace and freedom.

But as the Cold War fades, voices of isolation say America should retreat from its responsibilities. I say they are wrong. The threats we face respect no borders -- ethnic and religious hatred... aggression by rogue states... the spread of weapons of mass destruction... terrorism... organized crime... drug trafficking. In the old struggle against chaos and evil, America must never be neutral.

The isolationists are wrong. But so are those who would have us be the world's policeman. Our reach and resources are limited. We can't be everywhere. We can't do everything. But where our values and interests demand it -- and where we can make a difference -- America must lead.

America is leading. Not as an isolationist, not as a global policeman who responds with force each time the law is broken -- but as a peacemaker. By keeping our military strong... by using diplomacy where we can and force when we must... by building coalitions to share the risk and the cost of our efforts -- America is making a difference for our own people and for people around the world.

Sometimes we succeed by applying patient pressure, as in North Korea, which has now frozen its dangerous nuclear weapons program. Sometimes America the peacemaker stays engaged, as with Russia. I want everyone here who grew up in the shadow of a nuclear nightmare to think about the result; tonight there are no Russian missiles pointed at any American cities, or any American citizens. Sometimes the peacemaker has to use the threat of force, as in Haiti. Now, the dictators are gone, democracy is back, and the flow of desperate refugees clinging to flimsy boats has ended.

Sometimes America the peacemaker stands shoulder to shoulder with those taking risks for peace. The sound of car bombs in Northern Ireland has given way to the quiet sounds of children living out normal lives. And in the Middle East, Arabs and Jews, who once seemed destined to fight forever share knowledge, resources and dreams. We lost a great friend in the cause of peace when Yitzak Rabin was taken from us. But let us now be proud that his memory and our values have been forged into an iron determination to advance peace in this troubled region.

And, sometimes we must stand up with force, and then with other peacekeepers, as we are doing in Bosnia -- so that the sniper's killing fields become the child's playing fields once more. Remember what we saw over there: skeletal prisoners caged behind barbed wire fences... young men shot down into mass graves... systematic campaigns of rape and torture... endless lines of refugees marching toward a future of despair. And all this in the very heart of Europe. Today, horror has given way to hope.

Zlata Filipovic [Zla-ta Fill-euh-PO-vitch], the young Bosnian girl whose diary touched the hearts of people around the world, sent me a letter, but she was really writing to America. "Thank you for helping . . . civilization not die over there," she wrote, "because ordinary people and children truly don't deserve it. Thank you for opening the door of the future for the children . . ." [Two weeks ago, I visited with America's warriors for peace who are giving Bosnia's children the chance for a better future. *Quote from soldier to POTUS.*]

There is more a peacemaker must do. We must work to cut the world's nuclear stockpiles by another 25 percent; I urge Congress to ratify the Start II treaty with Russia -- now. We must stop an entire generation of new nuclear weapons by signing a truly comprehensive nuclear test ban treaty -- this year. We can outlaw poison gas forever, if Congress approves the Chemical Weapons Convention -- this year. We can help more people move from hatred to hope . . . if Congress gives us the resources to remain leaders for peace.

And, as peacemakers -- at home as well as abroad -- we must take the fight to terrorists and organized criminals; Congress should finally pass legislation I proposed after the Oklahoma City bombing to give American law enforcement an even stronger arsenal.

If we reject the call of isolation and the role of policeman, we can remain a peacemaker -- a force for freedom and progress around the world and for real security and prosperity at home. And the next century will be an American century, too.

America's final, and most important challenge, is live up to the duty we owe one another, and take personal responsibility for the future of our country.

In every walk of life, we must pull together, and do our part.

I challenge the entertainment industry: your programs have the power to change the world. Create movies and TV shows as if your own children were watching. And tonight, I invite the leaders of major media corporations and the entertainment industry to come to the White House next month to work with us on concrete ways to improve what our children see on television. I am ready to work with you.

I challenge those who produce and market cigarettes: a thousand children get hooked on a smoking habit that will kill them. Sell your products to adults, if you wish -- but draw the line on children. Our dear friend Mike Synar led the fight to make it against the law to sell cigarettes to children; let's honor his memory by stopping tobacco companies from trying to hook them.

I challenge businesses of all kinds: obey the law and only hire legal workers. In the last three years, we have increased border patrols by _____. Tonight, I announce an executive order to cut off federal contracts for any business that hires illegal immigrants.

Individuals need to take responsibility, too.

Congress and I are near agreement on sweeping welfare reforms to require every American welfare recipient who can work to go to work, require teen mothers to live at home and stay in school, and impose time limits on welfare.

But welfare reform is only the first step. The next step is to make it work.

So I challenge every American business: open offices or factories in poor areas, and make room to hire people getting off welfare. I challenge America's banks to steer much-needed capital to the inner city, so people who live there can build homes and start new businesses.

I challenge all Americans to help keep the teen pregnancy rate going down. Last year, from this podium, I issued a call for a new national effort to come to grips with this

problem. Tonight I am pleased to announce that a group of prominent national leaders -- people like Warren Rudman, Hugh Price, C. Everett Koop, and MTV President _____ -- is answering that call with an organization that will enlist the grass roots in a national campaign against teen pregnancy. I urge every American to join in their efforts.

It is wrong to make women take the whole fall for this problem.

I challenge fathers to love and care for their children. Unless a man has died, there is no such thing as a fatherless child, there is simply a father not doing his most basic human duty.

We are collecting record amounts of child support payments, and Congress has adopted my recommendation to deny drivers licenses to anyone who fails to pay the money he owes his children.

But a check is no substitute for your love, your nurturing, your guidance, your caring. Please, as President, as a father, I implore you: go back home.

Finally, I call on American men and women to respect one another and end the deadly scourge of domestic violence. I ask every American man to swear, tonight, never, never, to lift his hand against a woman.

To the people in this chamber, I issue this challenge: before we can ask more of the American people, we have to take personal responsibility ourselves. We are the stewards of democracy. This government must again become one of the people, by the people, and for the people.

In the past year, we have made a good start -- applying to Congress the laws that apply to America, banning gifts and meals from lobbyists to lawmakers, forcing the lobbyists to disclose who is paying them and what legislation they are trying to pass or kill.

But we have a responsibility to do more to make America work for the people who sent us here. Let's curb special interest influence in politics by passing the first truly bipartisan campaign finance reform bill in a generation, introduced by Republican Senators McCain and Thompson and Democratic Senator Feingold. Let's show the American people we can limit spending and open up the airwaves to all candidates.

I have directed that the top officials who I have appointed may not act as foreign lobbyists when they leave government. I challenge Congress to enact my order into law for future administrations.

We have a responsibility not to waste Americans' hard-earned tax dollars. If you're serious about cutting wasteful spending, don't keep the country waiting any longer -- send me the line-item veto without further delay.

The American people deserve a government that works better and costs less. Thanks in no small measure to the work of Vice-President Gore, that is what we are giving them. We are eliminating 16,000 pages of unnecessary rules and regulations, shifting responsibility out of Washington back to states and communities, and letting individuals and the private sector do more. Today, the federal workforce is 205,000 employees smaller than the day I took office -- the smallest in 30 years, and getting smaller every day.

And the federal workers who remain are working harder and delivering more service to their fellow citizens at lower costs. We should thank them for their public service and work even harder to give more value for less tax money. But we here in Washington have a responsibility to do more than just cut government; we have a duty to behave responsibly, in a way that befits a great power. I want to make this very clear: No public servant should ever threaten the full faith and credit of the United States. And no public servant should ever -- ever -- again shut down the government of the United States.

Better education. Access to health care. Secure retirement. A clean environment. Safer streets. A stronger America. I have asked a lot of America this evening. But I am confident. When Americans gather in their homes, their schools, their churches, or at work, they have far greater power to shape our nation's destiny than do any of us in this august chamber.

I say again: The era of big government is over. The era of every person for himself is over. The era of all of us working together -- as a community, as a team -- to solve our problems is upon us.

I want you to meet three people tonight who show us what this all means.
[Mississippi man/schools; Los Angeles man/gangs; Oklahoma City woman/police]

They are special people. I have the honor tonight to announce that they are the first of several thousand Americans chosen to carry the Olympic torch on its long journey from Los Angeles to the centennial of the modern Olympics in Atlanta this summer. They are not star athletes; they are star citizens -- selected because they are community heroes meeting America's challenges -- America's real champions.

Like them, each of us must hold high the torch in our own lives. But none of us can finish the race alone. We must, as we have from our beginnings, be bound by a faith more powerful than any doctrine which might divide us. Our faith is in our ideals, timeless and shared: The belief in progress. The love of liberty. The eternal search for common ground. Now, at the dawn of a new century, we are called to fit our values to new demands. We must recall the duty we have always owed to one another and make our faith as strong as ever. That is the gateway to our age of possibility.

We must not wait passively for the future. Everywhere we turn, the future waits for us. We must seize it. That is America's challenge. Thank you and God bless America.

PRESIDENT CLINTON'S STATE OF THE UNION: AMERICA'S CHALLENGE

January 19, 1996

The American people should have a sense of realistic optimism about the progress America is making. We are moving in the right direction; we have more to do; and if we come together as a nation, we can meet our challenges.

The President will deliver the State of the Union next Tuesday, January 23, 1996 at 9:00 pm in the Capitol. He will challenge the American people to come together as a nation and face the future together. The President will talk about the big concerns facing our people, and show in concrete ways how Americans working together can meet our challenges.

Everyone must do their part. If we are going to seize the promise of our times, we must all work together. Not government alone. Not individuals alone. The President will talk about what we as a nation can accomplish together. He will call on every one of us: as parents and children, as employers and employees, teachers and students, community leaders and community members, as government and as citizens. We can only meet the challenges of this new time together.

The President will address a number of challenges we must meet together, including:

Balancing the budget. As the President prepares the State of the Union, he is working hard on the first of these challenges: a seven-year balanced budget that upholds our values. It is within our grasp. With his plan, certified by Congress' own economists, Democrats and Republicans have already agreed on enough cuts to balance the budget in seven years and give working families a modest tax cut.

Crime. Our progress: The crime rate is declining. Murders are down 12%, robberies are down 10% and car theft is down 5%. Over 45,000 fugitives and felons have been blocked from buying handguns because of the Brady Bill. The assault weapons ban outlawed 19 of the deadliest assault weapons. America's challenge: To keep all our citizens safe from crime, violence, and drugs.

Children and education. Our progress: More of our students are going to college and fewer students are dropping out of high school. America's challenge: To renew our schools so every American child has the chance to get the best possible education for the 21st century. At the same time, we must protect our children from violent and harmful influences.

Economy. Our progress: The lowest combined rate of unemployment and inflation since 1968. 7.7 million new jobs in the last three years. Revitalized auto and construction industries: 771,000 new construction jobs after losing 665,000 jobs in the four years before President Clinton. America's challenge: To make sure hard work still pays, and all Americans have the tools to be winners of economic change.

The World. Our progress: From Haiti to Northern Ireland, from the Middle East to Bosnia, America is leading the world towards peace and freedom. America's challenge: To keep America the strongest force for peace in the world.

Community. America's challenge: To live up to the duty we owe one another. To come together around our values; to help our communities, our neighbors, and our country.

E X E C U T I V E O F F I C E O F T H E P R E S I D E N T

22-Jan-1996 05:53pm

TO: (See Below)

FROM: Angus S. King
 Office of the Chief of Staff

SUBJECT: Statistics in text form

STATISTICAL BACKGROUND TO BE USED WITH
STATE OF THE UNION TALKING POINTS
January 22, 1996

ECONOMY

- * Unemployment and inflation are at their lowest combined level since 1968;
- * 7.8 million new jobs have been created in the last three years;
- * Creating Jobs in Basic Industries. After a decade of enormous job losses in construction, manufacturing and automobiles, these industries have turned around, combining to add more than one million new jobs under President Clinton;
- * High Growth. The United States has the highest growth of any major economy in the world over the last three years;
- * Cut the Deficit Nearly in Half. The President's economic plan cut the deficit for three years in a row for the first time since Harry Truman was President -- the largest three-year reduction in history;
- * Smaller, Smarter Government. The Clinton Administration eliminated over 200,000 jobs from the government payrolls, and is eliminating more than 16,000 pages of obsolete regulations;

CRIME

- * The crime rate is declining, with the number of murders reported dropping by 12%, robberies down 10% and car theft down 5%;
- * Keeping Guns Out of the Hands of Criminals. More than 45,000 fugitives and felons have been blocked from buying handguns because the Clinton Administration fought for and passed the Brady Bill requiring background checks on handgun purchases;
- * The Clinton Administration passed an assault weapons ban, outlawing 19 of the deadliest assault weapons;

- * More Cops, Safer Streets. The Clinton Administration's Crime Bill puts 100,000 new cops on the street -- over 31,000 have been funded so far;

EDUCATION

- * More Kids Going to College. The Clinton Administration has opened access to higher education. In 1994, 62% of high school seniors went directly to college, up from only 55% ten years ago;
- * Fewer Dropouts. Fewer students are dropping out of high school. Since 1991, the dropout rate has fallen by 16%;
- * Better Results. 1995 SAT scores show continuing improvement on both verbal and math scores for college-bound seniors.

COMMUNITY

- * Teen pregnancies, poverty and welfare rolls are all down;
- * Donations to the largest 400 charities in the United States increased by 6% in 1994, with giving reaching \$130 billion;
- * Building Our Communities and Our Kids. Last year, President Clinton's AmeriCorps Program brought 25,000 American volunteers into our communities, helping to rebuild our neighborhoods and generating private sector partnerships with those efforts, while helping the volunteers pay for their own higher education;
- * Putting Families First. Each year, 2.4 million workers are likely to take advantage of President Clinton's Family and Medical Leave Act, allowing them to take up to 12 weeks of unpaid leave for the birth of a child or to care for a sick family member.

NATIONAL SECURITY

- * Peace in Bosnia. U.S. brokered and securing comprehensive peace agreement in Bosnia;
- * Peace in the Middle East and Northern Ireland. Brokered comprehensive peace agreements in the Middle East, as well as an historic cease-fire in Northern Ireland;
- * No nuclear missiles are targeted at U.S. cities and citizens;
- * Brokered peace and democratic elections in Haiti and South Africa;
- * Reached agreement with North Korea to halt and eventually eliminate its nuclear program.

ENVIRONMENT

- * Less Air Pollution. The Clinton Administration issued a new standard to reduce toxic air pollution from chemical plants by 90% by 1997. 50 million Americans in 55 cities have begun breathing air that meets public health standards since President Clinton took office;
- * Public Right to Know. President Clinton expanded the public's right to know about toxic releases in their communities;
- * Private-Public Partnerships. In the first two years of the Clinton Administration, the number of companies voluntarily committing to prevent pollution -- by conserving water, saving energy and cutting air pollution -- increased by nearly 75%;
- * Protecting Our Children. The Clinton Administration has taken aggressive action to protect children, reduce the use of pesticides on food and keeping nearly 150,000 pounds of toxic pesticides out of rivers, lakes and streams each year.

AMERICA IS MOVING FORWARD

STRONG ECONOMIC GROWTH

- Since the beginning of the Clinton Administration, the United States has grown faster than any other major economy in the world. (Source: OECD)
- In 1995, the United States is expected to lead all major industrialized countries in economic growth.

CONSUMER SENTIMENT -- STRONGEST SINCE JOHNSON ADMINISTRATION

- Consumers have been more optimistic about their future economic prospects under President Clinton than during any other Administration since Lyndon B. Johnson was President. (Source: Survey Research Center of the University of Michigan).

A RISING STOCK MARKET REFLECTS THE NEW SENSE OF OPTIMISM

- An individual who invested \$10,000 in a stock mutual fund at the start of the Clinton Administration is \$5,600 wealthier today.
- The stock market has grown faster under President Clinton than under any other President in at least 40 years.

JOBS -- MORE THAN 7.8 MILLION ADDED

- More than 7.8 million jobs have been created during the Clinton Administration -- that's a better record of job growth than any Republican Administration since the 1920s, including Ronald Reagan's term.
- After losing 2.2 million manufacturing jobs over the 12 years prior to the Clinton Administration, the economy has added 284,000 manufacturing jobs since the Clinton budget plan was passed.
- Auto jobs have increased by 89,000 during the Clinton Administration -- after declining by 49,000 during the previous 4 years -- and recently hit their highest level since 1979.
- Construction jobs are up 785,000 since January 1993 -- after declining by 665,000 during the previous 4 years -- and recently hit their highest level in more than 5 years.

MISERY INDEX -- AT LOWEST LEVEL IN 27 YEARS

- The Misery Index -- the combined rate of unemployment and inflation -- is at its lowest level since 1968.

CAR MANUFACTURING -- U.S. MAINTAINS WORLD LEAD

- In 1994, the United States surpassed Japan as the world leader in automobile production -- the last time the United States was number one was back in 1979. And in 1995, America retained its status as the world's largest car producer.

COMPETITIVENESS – U.S. DECLARED WORLD LEADER AGAIN

- For the first time in ten years, the World Economic Forum declared the U.S. the world's most competitive economy in 1994. In 1995 America was not only selected again for this honor, but beat countries like Japan and Germany by an even larger margin than the year before.

INCOMES HAVE FINALLY INCREASED ACROSS-THE-BOARD

- In 1994--the first year following the Clinton Economic Plan--every family income group, from the richest to the poorest, experienced a real increase in their incomes.
- The typical family's income increased 2.5 percent in 1994, after adjusting for inflation.
- The typical African-American family experienced a 5.0 percent increase in their income in 1994, the first significant annual increase in five years.

HOME OWNERSHIP – HIGHEST SINCE 1981

- In 1995, the home ownership rate reached its highest level since 1981 -- 1.4 million citizens became homeowners.
- Since President Clinton took office, 3.6 million Americans became homeowners -- the largest increase over comparable periods in fifteen years.

HOMES ARE MORE AFFORDABLE

- Homes have been more affordable during the Clinton Administration than during any other Administration since Richard Nixon was President. (Based on data from the National Association of Realtors.)
- Mortgage rates are low, averaging 7.9 percent during the Clinton Administration -- compared to 9.5 percent during the previous four years.

AMERICANS ARE LIVING BETTER THAN THEY EVER HAVE

- 78 percent of new homes came with a two-car or more garage in 1994; this compares to only 52 percent in 1974.
- In 1994, 49 percent of new homes came with 2 1/2 or more baths; twenty years ago, only 21 percent did.
- 79 percent of new homes came with central air conditioning in 1994, up from just 48 percent in 1974.
- In 1995, 71 percent of people had cable television in their home, up from 42 percent a decade earlier.