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**PRESIDENT WILLIAM J. CLINTON
STATE OF THE UNION ADDRESS
UNITED STATES CAPITOL
January 19, 1999**

Mr. Speaker, Mr. Vice President, Members of Congress, honored guests, my fellow Americans: [introduction is 5 minutes]

Tonight, we begin anew our work together for the people of America. Let me start by saluting the new Speaker of the House. When you were sworn in, you asked us to work in a spirit of civility and bipartisanship. Mr. Speaker, let's do exactly that.

Tonight, I have the honor of reporting on the State of our Union.

I stand before you to report that we have created the longest peacetime economic expansion in American history -- with wages rising at twice the rate of inflation and nearly 18 million new jobs.

I stand before you to report that homeownership is the highest in history -- the welfare rolls are the smallest in 29 years -- and the peacetime unemployment rate is the lowest it has been since 1957.

I stand before you, the first president in three decades to report, not just that the budget is balanced, but that will have a \$76 billion surplus -- the highest in American history. And I can report that we are now on course to run a surplus year after year for the next 20 years.

I stand before you to report that violent crime is at its lowest point in a quarter century.

I stand before you to report that the environment is the cleanest in a quarter century, and that -- even as our economy has boomed -- we have cut pollution from factories in half.

I stand before you to report that America stands strong -- a peacemaker in lands torn by ancient hatreds, from Northern Ireland, to Bosnia, to the Middle East.

I stand before you to report that once again our government is a progressive instrument of the common good. Thanks to the pioneering leadership of Vice President Gore, America has a government for the Information Age. We have the smallest government since 1962. A flexible, creative government driven not by stale ideology, but by fresh ideas that work; devoted to fiscal responsibility and determined to give the American people the tools they need to make the most of their own lives. A 21st Century government for 21st Century America.

My fellow Americans, I stand before you to report that the State of our Union is

strong.

The promise of our future is limitless: Stunning scientific discoveries; remarkable advances in the health of our people; a time when cancer will be cured; when new technologies will make it easier for parents to succeed both at work and at home; when children will acquire new knowledge in new ways -- all moving us into a new time of longer, more rewarding lives.

Yes, America is working again. But we cannot realize our promise if we allow the hum of our prosperity to lull us into complacency. How we fare as a nation far into the 21st Century will depend not upon what we enjoy today, but we do today. So with our budget surplus growing, our economy expanding, and our confidence rising, let's get to work.

AGING OF AMERICA [8 minutes]

Our fiscal discipline gives us an unsurpassed opportunity to address a remarkable new challenge: the aging of America.

We are blessed with the longest life expectancy we have ever known. With the number of elderly Americans set to double by 2030, the Baby Boom will become a Senior Boom.

So first and above all, we must save Social Security. Early in this century, being old meant being poor. When President Franklin Roosevelt created Social Security, thousands wrote to thank him for eliminating what one woman called the "stark terror of penniless, helpless old age." Even today, without Social Security, half our nation's elderly would be forced into poverty.

Today, Social Security is strong. But by 2013, payroll taxes will not cover retirement obligations. And by 2032 the Trust Fund will be exhausted, and Social Security will be unable to pay out the full benefits older Americans have been promised.

Last year, from this podium, I said we must set aside the surplus until we save Social Security.

The best way to keep Social Security a rock-solid guarantee is not to make drastic cuts in benefits; not to raise payroll tax rates; and not to drain resources from Social Security in the name of saving it.

Instead, I propose that we make the historic decision to invest the surplus to save Social Security.

Specifically, I propose that we commit half the budget surplus for the next 15 years to Social Security. And by investing a small portion of the Trust Fund [*surplus?*] in the private sector -- like any private or state government pension would -- we will earn a higher return and we will keep Social Security sound for 50 years without benefit cuts or tax rate increases.

We need to make other changes, too. We need to reduce poverty among elderly widows, which is nearly twice the overall poverty rate for older Americans. We need to eliminate the earnings test which limits what senior citizens on Social Security can earn for themselves. And we need to put Social Security on a sound footing for at least the next 75 years. These changes will require difficult but achievable choices. They must be made on a bipartisan basis. They should be made this year. It will not be easy, but we have to do it. So let us commit together to save and improve Social Security for the 21st Century. Now.

Second, once we have set aside sufficient funds from the surplus to save Social Security, we must fulfill our obligation to save and improve Medicare. Already, we have extended the life of Medicare by 10 years -- but it should be extended for at least another decade beyond that. So tonight I propose that we use one out of every five dollars in the surplus over the next 15 years to guarantee the soundness of Medicare. If we do nothing more, we can secure the program until at least the year 2020. But if we do more, carefully reviewing the report of the panel chaired by Sen. John Breaux and Rep. Bill Thomas in March, we can not only add to the life of Medicare -- we can improve the lives of our seniors by covering their greatest growing need, affordable prescription drugs.

Third, we must help all Americans, from their first day on the job, to save, to invest, to create wealth. Today, tens of millions of people retire with little to live on other than Social Security. Americans living longer than ever must save more than ever.

Tonight I propose a new initiative for retirement security in the 21st Century. I propose that we use 10% of the surplus to establish Universal Savings Accounts -- USA Accounts. Americans will be able to set up their own personal pension accounts, investing as they choose, with the government matching a portion of their savings, with the most help for those least able to save.

USA Accounts will give all Americans the means to save, to share in the nation's wealth, and enjoy a more secure retirement.

Fourth, we must invest in long-term care. In my balanced budget, I will propose a tax credit of \$1,000 for the ailing, aged or disabled, and those who care for them. The care our families can provide at home is invaluable; let us show that we value it.

With these four measures -- saving Social Security, strengthening Medicare, establishing USA Accounts, and the long-term care tax credit -- we can begin to meet our historic responsibility to establish true security for 21st Century seniors.

I was born in 1946, in the first year of the Baby Boom. And I know that I speak for my generation: None of us wants our growing old to place an intolerable burden on our children and their ability to raise our grandchildren. There is no better use for our surplus than lifting that burden.

STRONG SCHOOLS FOR THE 21ST CENTURY [9 minutes]

Today there are more elderly than ever -- and there are also more children, from more diverse backgrounds, in our public schools than at any time in our history. Their education must provide the knowledge and nurture the creativity prized by the new economy.

Today we can say something could not say six years ago: with more affordable student loans, more Pell grants for deserving students, 1 million new work-study jobs, education IRAs, and the HOPE scholarship tax cut that more than 5 million Americans will receive this year, we have opened the doors of college to all.

Nearly every state has set higher academic standards for public schools, and we will soon have a voluntary national test to measure the progress of our students. We have supported schools in cracking down on drugs and gangs and guns and violence, in improving learning and discipline with school uniforms, teaching values, and finding a proper place for religious faith.

With our help and the leadership of Vice President Gore, there are 9 times as many classrooms connected to the Internet as there were six years ago. And with over one billion additional dollars coming this year to make Internet connections affordable, we can meet our goal: every classroom and every library connected to the Internet by the dawn of the new century.

We are marshalling a volunteer army of college students to teach young children to read and to mentor middle school children and prepare them for college.

Last fall, we reached across party lines and began to hire 100,000 new highly-trained teachers to reduce class size in the early grades. I ask this Congress to finish our mission of hiring 100,000 new teachers.

Our children are doing better. SAT scores are up. Math scores have risen in nearly all grades nationwide. But there is a problem: While our fourth graders outperform their peers in other developed countries in math and science, our eighth graders are around average, and our twelfth graders rank near the bottom.

Each year the national government invests over \$20 billion in our public schools. I believe we must change the way we invest that money. We know what works -- we must invest in it, and stop investing in what doesn't.

Later this year, I will send Congress a plan that for the first time holds states and school districts accountable for progress and rewards them for results. I propose that every school district receiving federal help must take the following four steps.

First, all schools must end social promotion.

Because we know students can learn what they don't know, we must help all young people to meet higher standards. My balanced budget triples the funding for summer school and after school programs. We can keep one million students learning in the hours after regular school lets out, when parents work and juvenile crime soars.

Three years ago, under Mayor Daley's leadership, Chicago ended social promotion. Students who fail to master the basics go to summer school and get special tutoring until they do pass -- and most do. Math and reading scores are up three years running. Some of the biggest gains have come in what were some of the worst schools in the toughest neighborhoods.

Second, all states and school districts must turn around their worst-performing schools or shut them down. That is the policy established by Gov. Jim Hunt in North Carolina -- and last year, that state's test scores made the biggest gains in the nation. My budget includes \$200 million to help states adopt this policy and turn around their failing schools. We can no longer tolerate schools that deny any young Americans the opportunity to learn and earn their way up.

Third, all states and school districts must be held responsible for the quality of their teachers. None of us would be here tonight if not for our teachers. We must lift them up, not tear them down. But in too many schools, teachers don't have college majors--or even minors--in the subjects they teach. All new teachers must pass skills tests and all teachers should be required to know the subject they are teaching.

To attract talented teachers to the toughest teaching assignments, I recommend a five-fold increase in scholarships for college students who commit to teach in the inner city, in isolated rural areas and on Indian reservations.

Fourth, we must empower parents. In too many communities, it is easier to get information on the quality of local restaurants than the quality of local public schools. Every school district should issue report cards on every school.

We must create a public school system driven by more information, more competition, more choice. When I became President, there was one independent, public charter school in all of America. With our support, there are 900 today. My budget assures that early in the next century, there will be 3000.

If we do these four things -- end social promotion, turn around failing schools, demand and support qualified teachers, and promote accountability, innovation and competition -- we will begin to meet our generation's historic responsibility to create 21st Century schools.

Let's do one more thing for our children. Today, too many of our schools are so old that they're falling apart, or so overcrowded students must learn in trailers. Last fall, Congress missed an opportunity to create a tax break to modernize or build 5000 schools. This year, for the sake of our 53 million schoolchildren, Congress must not miss that

opportunity again.

BUILDING STRONG FAMILIES FOR THE 21st CENTURY [8 minutes]

We must do more to help the millions of working American parents who give their all every day at home and at work. No government can raise or love a child. But government can empower parents to meet their most vital responsibilities.

The most basic tool of all is a decent income. So first, let's raise the minimum wage by one dollar over the next two years.

One of the biggest needs working parents face is quality child care. So again, I ask the Congress to make quality child care more affordable and more accessible. My balanced budget provides tax credits for working families, child care subsidies for small business, and high standards and training for child care providers. Our child care plan also includes a new tax credit for stay-at-home mothers. They need help too.

The Family Medical Leave Act -- the first bill I signed into law -- has helped nearly 20 million Americans care for a new baby or an ailing relative without risking their jobs, at minimal cost to employers. Now let's extend this to workers in smaller companies, and guarantee Family Leave to 10 million more working Americans.

And parents should never face discrimination in the workplace. I will ask Congress to prohibit companies from refusing to hire or promote workers simply because they have children.

America's families deserve the world's best medical care. We must continue our cutting-edge research and pathbreaking innovation.

We have begun testing the first drugs to prevent or reduce risk of cancer. Medical researchers have introduced the first effective drugs to treat AIDS. They have made new discoveries about the process of aging itself -- increasing the odds of developing new treatments to prevent or delay diseases from Parkinsons to Alzheimers to arthritis. I ask Congress keep us on track to increase the budget for the National Institutes of Health by fifty percent.

And as science advances, we cannot let our health care system lag behind.

Managed care has transformed medicine in America -- driving down costs, but threatening to drive down quality as well. Let's make all Americans a promise: This year, we will pass a strong and enforceable patient's bill of rights ... so every American can have the right to the best care, not just the cheapest. The right to see a specialist. And the right to emergency care.

Within my power as President, I am extending these rights to the 85 million Americans served by Medicare, Medicaid, and other federal health plans. But only Congress can enact the Patients Bill of Rights for all Americans. Last year, Congress missed that opportunity. This

year, for the sake of our families, Congress must not miss that opportunity again.

As more of our medical records are stored electronically, the threats to our privacy increase. If Congress does not act by this August, I have the authority to protect the privacy of medical records -- and I will use it.

Two years ago, we extended health insurance to up to 5 million children. Now, we should give people 55 to 65 who lose their health insurance the chance to buy in to Medicare. We should make it easier for small businesses to offer health insurance to their employees. And we should pass the historic bipartisan legislation, introduced by Senators Jeffords, Kennedy, Roth and Moynihan, to allow people with disabilities to keep Medicaid health insurance when they go to work. No one should have to choose between keeping health care and taking a job.

And we should increase support for the community health centers providing basic care for families who lack health coverage altogether.

Next, we must step up our efforts to treat and prevent an illness that brings pain to millions of families -- mental illness. No American should ever be afraid to recognize and treat this disease. This year, we will host a first-ever White House Conference on Mental Health. With sensitivity and commitment, Tipper Gore has led our efforts here -- and I thank her.

As everyone in this chamber knows, our children -- whom the tobacco industry has called "replacement smokers" -- are targets of a massive media campaign to hook them on cigarettes. I ask this Congress to resist the tobacco lobby and pass a bipartisan bill that safeguards our children while protecting farmers.

For decades the tobacco industry has passed too much of the real cost of smoking -- medical care for illnesses from cancer to emphysema -- onto you, the taxpayers. It is time to recover those costs, as the states have done.

Tonight, I am directing the Department of Justice to prepare and bring a lawsuit against the tobacco companies for the costs to Medicare of tobacco-related illnesses. The funds we recover should be used to strengthen Medicare.

In all these areas -- minimum wage, child care, health care, family leave and the safety of our children -- we can begin to meet our historic responsibility to strengthen our families for the 21st Century.

A 21st CENTURY ECONOMY [10 minutes -- 6 minutes of which is international]

Next, we must build a 21st Century economy for all Americans.

Today, America is the most dynamic, competitive, job creating economy in history -- because the qualities that bring success in the global economy are at the core of the American character.

But we can do better.

We must make a place for all our people in the new economy.

Today, there is not so much an income gap as a skills gap. Last year I signed bipartisan legislation to transform our worker training system. With a simple skills grant, Americans eligible for training assistance can now choose the skills they need. Now I recommend a national campaign to increase adult literacy for one of four working people who read at less than a sixth grade level, and a commitment that every American who loses a job will be able to get the training they need.

In the last six years, we have cut the welfare rolls nearly in half. Two years ago, from this podium, I asked five companies to lead a national effort to hire people off the welfare rolls. Tonight, our Welfare to Work Partnership includes 10,000 companies who have hired hundreds of thousands of people. And my budget provides funds to help move another 200,000 people from welfare to work.

We also must bring the spark of private enterprise into inner cities and remote rural areas. My balanced budget provides tax credits to create venture capital funds, supports community banks, and provides tax credits and 100,000 vouchers so people can find affordable housing. We already have an Overseas Private Investment Corporation, to help develop untapped markets abroad. I propose an American Private Investment Corporation to develop untapped markets at home.

And we must bring prosperity back to rural America. Farmers -- the backbone of our country -- are in trouble. Dropping prices and the loss of foreign markets have led to dire economic conditions for too many of our hardworking family farmers. We need to craft a better farm safety net for rural America, with crop insurance reform and income assistance. I am ready to work with Members of Congress of both parties to get it done.

We must strengthen our lead in the new technological economy.

Government investment in computers led to the creation of the Internet. Now I propose a 30% increase in long-term computer research.

We must be ready for the 21st Century from its very first moment. That means solving the "Y2K" computer bug. We have already made sure Social Security checks will keep coming on time. But every business, every city and county, every university must be ready. We all must do our part so the millennium bug will be remembered as the last headache of the 21st Century, not the first crisis of the 21st.

Economic growth at home also depends upon economic growth abroad.

Until recently, one third of our economic growth came from exports. But over the past year and a half, the financial turmoil that began in Asia has put that growth at risk. Today, much

of the world is in recession. Across Asia, an entire generation that worked its way into the middle class has plunged into poverty.

This is the most critical financial crisis in a half century. Last September, I set out a new strategy to spur global growth, to stabilize the global economy and keep the world trading system open, free, and fair.

Together with other nations, America has acted -- reducing interest rates, meeting our obligations to the International Monetary Fund, and taking steps to contain the crisis. The turmoil is not over. But because of America's leadership, the world's economy and ours are more sound than they would have been -- and our economy continues to grow, steady and strong. I thank lawmakers of both parties for your support.

Now we must build a global financial system for the 21st Century that tames the cycles of boom and bust. This spring, I will meet with other world leaders to lay plans for a modern world financial system -- with open books, stronger international bank regulations, an aggressive response to prevent regional problems from becoming global crises, and a strong social safety for the most vulnerable victims of financial turmoil.

We must also build a freer and fairer trading system for the 21st Century -- one that spurs growth, expands opportunity for ordinary citizens, and supports basic labor and environmental standards. Trade has divided Americans for too long. We must find the common ground on which business, workers, environmentalists and government can stand together.

We must do more to help American manufacturers hit hard by the present crisis. I ask the Congress to provide \$2 billion in new credit to promote U.S. manufacturing exports abroad. Protectionism could start a chain reaction, hurting our exports and triggering a global recession. But when imports are unlawfully flood into our nation, we must act. I have already informed the government of Japan that if Japan's sudden surge of cheap steel imports into our country is not reversed, I will respond.

Five times in the past half century, we have negotiated worldwide agreements that have opened markets and lifted prosperity. I will launch a new round of negotiations in the World Trade Organization to expand our exports of farm products, services and manufactures. And we will seek to expand trade with Africa, with the Caribbean and Central American neighbors devastated by the recent hurricanes, and by creating a Free Trade Area of the Americas.

We must also press for trade that promotes the dignity of work and the rights of workers. We must insist that international trade organizations be open to public scrutiny. We must insist that trade rules never be used as a pretext to destroy environmental protections. We must never let vigorous international competition become a race to the bottom among nations.

I ask Congress to join me in this common approach and pass legislation granting the President traditional trade authority to advance our prosperity.

Also, we will work with the International Labor Organization on a new initiative to lift labor standards around the world. And we must act, once and for all, to end the most exploitative trade practices of all: I will sign a new international agreement to ban child labor everywhere in the world.

If we do these things, then we can begin to meet the historic responsibility of this generation to build a 21st Century prosperity for America in a more stable and growing world economy.

A STRONG AMERICA IN A NEW WORLD [13 minutes]

No nation in history has had the opportunity and the responsibility we now have to help shape a world more secure, peaceful and free.

All Americans should be proud that our leadership helped bring peace to Northern Ireland. Now that Protestants and Catholics there have chosen peace, America will help them build it.

All Americans can be proud that our leadership has put Bosnia on the path to peace. This year, we will help that peace take deeper root – and continue to bring our troops home. In Kosovo we will work to sustain a fragile cease fire and to restore self government.

All Americans can be proud that our leadership renewed hope for a lasting peace in the Middle East. Some of you were with me in December as we watched the Palestinian National Council completely renounce its call for the destruction of Israel. I ask the Congress to act now to provide resources to support the Wye Agreement . . . to protect Israel's security, stimulate the Palestinian economy, and support our friends in Jordan. We must not, we cannot, let them down.

As we work for peace, we must also meet threats to our nation's security – including increased dangers from outlaw nations and terrorism. The bombing of our embassies in Kenya and Tanzania reminded us of the risks faced every day by those who represent America to the world. They deserve protection, recognition and support. Let's give them the resources they need so America can continue to lead.

We will defend our security wherever it is threatened -- as we did this summer when we struck at Osama bin Laden's network of terror in Afghanistan and Sudan.

I am proposing a 40% increase in funding to keep terrorists from disrupting computer networks, to prepare local communities for biological and chemical emergencies, and to support research into vaccines and treatments.

We will work to retrain the spread of nuclear weapons, from North Korea to India and Pakistan.

My balanced budget will expand our work with Russia, Ukraine, and the other former Soviet nations to safeguard their weapons and technology so they never fall into wrong hands.

There is another vital step Congress can take. In 1963, the Senate approved the Limited nuclear Test Ban Treaty just two months after President Kennedy signed it. It's been two years since I signed the Comprehensive Test Ban Treaty. By acting now, the Senate can make it harder for new nations to develop nuclear arms, and end nuclear testing forever.

Let me say something to Russia's legislature, the Duma. I ask you to promptly ratify the START II treaty, for the sake of Russia's security as well as our own. We have already agreed on a framework for START III to cut our arsenals by 80 percent from their Cold War height. Together, our nations can do more than any others to lift the cloud of nuclear annihilation from the Earth. For our children, we must do so.

For nearly a decade, Iraq has defied its obligation to destroy its weapons of terror and the missiles to deliver them. America will continue to contain Saddam -- with diplomacy and sanctions when possible, with force when necessary. We also will work for the day when Iraq has a government worthy of its people.

Every American should be proud of the servicemen and women who last month struck at Saddam's deadly arsenal. Our troops were superb; their weapons powerful and precise. Their mission was so flawlessly executed that we risk taking for granted the bravery and skill it required. [x] flew [x] missions, destroying [x] that made [chemical weapons][or whatever]. He is here with us tonight. Let us all honor the 10,000 men and women of Desert Fox.

Republicans and Democrats worked together to streamline our military while ensuring that it remains second to none. In the last nine months, I have asked and Congress has agreed to add nearly \$6 billion to maintain our readiness. My balanced budget calls for an increase of \$12 billion for readiness and modernization -- the start of a sustained six year reversal of the decline in defense spending that began in 1985. It will ensure that our troops can deploy rapidly, with the best training and weapons in the world. And it will provide for them and their families.

America's defenders stand ready at a moment's notice to go where comforts are few and dangers are many, doing what needs to be done as no one else can. They always deliver for America. We must deliver for them.

The new century also demands new partnerships for peace and security.

Six years ago, I said NATO had an unprecedented opportunity to help build a Europe that for the first time is undivided, peaceful and free. This spring, I will convene the leaders of a new NATO in Washington for its 50th anniversary summit. We will ready NATO for the missions of the next 50 years. And we will welcome Hungary, Poland and the Czech Republic as our first new allies from Central Europe. Europe will never again be divided by concrete and barbed wire.

More than ever, we know that the security of America is also linked to the stability of Asia. I have worked to strengthen our relationships with our allies Japan and Korea. Last year, I also traveled to China because our relationship with that country, home to one in five of the world's people, will help determine prospects for peace and prosperity across Asia. I spoke candidly about our shared interests as well as our differences. I said to the leaders of China -- and I will say again tonight -- that in the Information Age, stability cannot be bought at the expense of liberty.

But we must also remember: China will not change if we isolate the Chinese people from the forces of change. The more we bring China into the world, the more the world will bring freedom to China.

Last spring, with some of you, I traveled to Africa, where I saw democracy and reform rising, but being held back by the scars of violence and scourge of disease. We must strive to end conflict and to fortify African democracy, including in Nigeria. And because trade and investment are the keys to African prosperity -- we must finally pass the Africa Growth and Opportunity Act.

In our own Hemisphere, every government but one is freely chosen by its people. Because we are determined that Cuba, too, will know the blessings of liberty, we have taken new steps to help the Cuban people without helping the Castro regime.

We are strengthening ties to the Americas -- to help build a hemisphere of open markets, genuine justice and educated, healthy children. In the wake of Hurricane Mitch, we will continue to help. More than 5000 American troops have helped rebuild roads and homes and lives. Many are there still. I am proud of them -- and proud of the generosity of the American people to our friends and neighbors.

In so many of these efforts I have mentioned, the United Nations plays a crucial role. Unless we want America to take all the risks and pay all the bills in solving the world's problems, we need a strong relationship with an effective UN. I want to work in this new year with this new Congress to pay our dues and our debts.

21ST CENTURY COMMUNITIES [10 minutes]

At the world has changed, so have our own communities -- we must continue to strengthen them for this new time.

Strong communities are safer communities.

[Chestnut & Gibson tribute]

This year, we will reach our goal of putting 100,000 community police officers on the street -- ahead of schedule and under budget. The Brady Bill has stopped a quarter million felons, fugitives, and stalkers from buying guns. Last year, the crime rate dropped for the sixth

straight year, and the murder rate is the lowest in 30 years.

But too many neighborhoods still are not safe. Tonight, I propose a 21st Century crime bill to marshal the latest technologies and tactics in the fight against crime.

My budget provides funds to put up to 50,000 more police on the beat in the areas hardest hit by crime, and gives them 21st Century tools, from crime-mapping computers to digital mug shots.

Congress should restore the mandatory 5-day waiting period for buying a handgun that expired last year, and extend the Brady Bill to prevent juveniles who commit violent crimes from buying handguns for life.

We must break the deadly cycle of drugs and crime. My budget strengthens support for drug testing and treatment. It says to prisoners: If you stay on drugs, you must stay behind bars. And it says to those out on parole: If you want to keep your freedom, you have to keep free of drugs.

We must make our schools the safest places in our communities. Last year there were no more tragic events in America than the killings in our schools. I ask Congress to pass my plan to strengthen the Safe and Drug-Free School Act, and to hire and train 2,000 new community police and school resource officers to keep our kids safe.

Strong communities are livable communities.

A century ago, President Theodore Roosevelt defined our "great, central task" as "leaving this land even a better land for our descendants than it is for us." Today, we are restoring the Florida Everglades, saving Yellowstone, preserving the red-rock canyons of Utah, protecting California's redwoods and our precious coasts.

But our most fateful new challenge is the threat of global warming. Last year's heat waves, ice storms, and floods are but a hint of what future generations may endure if we don't act now.

So tonight, I propose a clean air fund to help communities reduce both greenhouse pollution and smog; new funds for clean energy sources; tax cuts for energy-efficient cars, homes, and appliances; rewards for companies that take early voluntary action to reduce greenhouse pollution; and vigorous new diplomatic efforts to meet this global threat with a global response.

Another new challenge is literally right next door in every neighborhood. As more citizens are buying new homes and sharing in the American Dream, our communities are losing about 7,000 acres of farms and open space every day.

So tonight, Vice President Gore and I propose two major initiatives: first, an

unprecedented Livability Agenda to help communities save open space, ease traffic congestion, and grow in ways that enhance every citizen's quality of life; second, a historic one billion dollar Lands Legacy Initiative to preserve places of natural beauty across America -- from remote wilderness to city parks. We must never forget that the most important park is the one closest to home. We must keep our growing communities livable and green.

To get the most out of your community, you have to give something back to it. That's why I fought to create AmeriCorps -- our national service program that gives today's generation a chance to serve their community and earn money for college.

So far, 100,000 young people have built low-income homes with Habitat for Humanity ... helped churches tutor children ... worked with the American Red Cross to ease the burden of natural disasters ... and performed countless other acts of service that have made America better.

Some of them are with us tonight and we should thank them for their service. And I ask this Congress to thank these young people as only you can: by increasing support for AmeriCorps.

As we work to strengthen our communities, we must work to renew our democracy. Last year, the House passed the bipartisan campaign finance reform legislation sponsored by Reps. Shays and Meehan and Sens. McCain and Feingold. But a partisan minority in the Senate blocked reform and preserved the status quo. To the House I say: Pass reform again, quickly. I ask the Senate: say no to big money and yes to a strong democracy in the Year 2000.

Finally, and most important, we must be truly One America.

Since 1997, our Initiative on Race has sought to bridge the divides between our people. In its report, issued last September, the Initiative's Advisory Board found that Americans want to bring our people together across racial lines -- but that we must do more to close the opportunity gaps that deepen the divides between the races.

We have more to do.

All citizens should have the chance to rise as far as their God-given talents will take them. Discrimination or violence because of ancestry or religion, race or gender, disability or sexual orientation, is wrong. And it should be illegal. Therefore I call upon the Congress to make the Employment Non-Discrimination Act and the Hate Crimes Prevention Act the law of the land.

The face of America will change immeasurably in the next century. Today, one in ten people in America was born in another country. Our newest immigrants are good for America. They are revitalizing our cities, energizing our culture, building our new economy.

We must make them welcome here. And they must take responsibility to learn English and to enter the mainstream of American life. That is why my balanced budget will enhance our efforts to teach immigrants English, our laws, and our system of government.

Whether our ancestors came here on the Mayflower or on slave ships, whether they landed on Ellis Island or at Los Angeles International Airport, whether they arrived yesterday or have been here thousands of years -- we can be, and we must be, one America.

PERORATION: THE MILLENNIUM [5 minutes]

Barely more than 300 days from now, we will cross that bridge into a new millennium. This is a moment, as the First Lady has said, to honor the past and imagine the future.

I honor her -- for leading our Millennium Project -- for all she has done to represent our country at home and abroad -- and for all she has done for our children -- for her historic role in serving this nation and advancing our best ideals.

Last year, Hillary traveled across our country to inspire more communities to work together to Save America's Treasures. I thank the Congress for its support of her efforts to restore the Star Spangled Banner and other national treasures, from Thomas Edison's laboratory to Louis Armstrong's house in Queens, so that American children can better understand who we are as Americans.

I call on all our cities and towns to strive to become "Millennium Communities" -- working to mark the millennium through one shared endeavor, whether by restoring historic landmarks, cleaning up a river or a park, recruiting volunteers to help children. Let us carry forward what George Washington called "the sacred fire of liberty."

Six years ago tomorrow, I came to office in a time of doubt for America. Our economy was troubled; our deficit was high; our people were divided. Some even wondered whether America's best days were behind us. But across this nation, in a thousand neighborhoods, I had seen, even amid the pain and uncertainty of recession, the strength, the idealism, the heart and character of America.

I had no doubt then of what we Americans could do for our country.

Tonight, as I deliver the last State of the Union message of the 20th Century, no one can doubt the enduring resolve of Americans to work for that "more perfect union" of our founders' dreams.

We are near the end of a century when generations of Americans answered the call to greatness, overcoming Depression, lifting up the dispossessed, bringing down barriers of racial prejudice, building up the largest middle class in history, winning two world wars, and the "long twilight struggle" of the Cold War.

Perhaps in the daily press of events, in the clash of controversy, we do not see our time for what it truly is – a new dawn for America.

A hundred years from tonight, an American President will stand in this place to report on the State of our Union. He – or she – will look back on a 21st Century shaped in so many ways by the decisions we make here and now.

Let it be said of us then that we were thinking not only of our time, but of their time; that we reached as high as our ideals; that we put aside our divisions and found a new hour of healing and hopefulness; that in these next two years, with pride in our purpose and the grace of our God, we joined together to serve and strengthen the country we love.

Let us lift our eyes as one nation, and from the mountaintop of this American century, look forward to the next one.

Let us join our spirit and will for the work ahead, and ask God's blessing on our endeavors and our beloved country.

Draft 1/14/99

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**PRESIDENT WILLIAM J. CLINTON
STATE OF THE UNION ADDRESS
UNITED STATES CAPITOL
January 19, 1999**

Mr. Speaker, Mr. Vice President, Members of Congress, honored guests, my fellow Americans: [introduction is 5 minutes]

Tonight, we begin anew our work together for the people of America. Let me start by saluting the new Speaker of the House. When you were sworn in, you asked us to work in a spirit of civility and bipartisanship. Mr. Speaker, let's do exactly that.

Tonight, I have the honor of reporting on the State of our Union.

I stand before you to report that we have created the longest peacetime economic expansion in American history -- with wages rising at twice the rate of inflation and nearly 18 million new jobs.

I stand before you to report that homeownership is the highest in history -- the welfare rolls are the smallest in 29 years -- and the peacetime unemployment rate is the lowest it has been since 1957.

I stand before you, the first president in three decades to report, not just that the budget is balanced, but that will have a \$76 billion surplus -- the highest in American history. And I can report that we are now on course to run a surplus year after year for the next 20 years.

I stand before you to report that violent crime is at its lowest point in a quarter century.

I stand before you to report that the environment is the cleanest in a quarter century, and that -- even as our economy has boomed -- we have cut pollution from factories in half.

I stand before you to report that America stands strong -- a peacemaker in lands torn by ancient hatreds, from Northern Ireland, to Bosnia, to the Middle East.

I stand before you to report that once again our government is a progressive instrument of the common good. Thanks to the pioneering leadership of Vice President Gore, America has a government for the Information Age. We have the smallest government since 1962. A flexible, creative government driven not by stale ideology, but by fresh ideas that work; devoted to fiscal responsibility and determined to give the American people the tools they need to make the most of their own lives. A 21st Century government for 21st Century America.

My fellow Americans, I stand before you to report that the State of our Union is

strong.

The promise of our future is limitless: Stunning scientific discoveries; remarkable advances in the health of our people; a time when cancer will be cured; when new technologies will make it easier for parents to succeed both at work and at home; when children will acquire new knowledge in new ways -- all moving us into a new time of longer, more rewarding lives.

Yes, America is working again. But we cannot realize our promise if we allow the hum of our prosperity to lull us into complacency. How we fare as a nation far into the 21st Century will depend not upon what we enjoy today, but we do today. So with our budget surplus growing, our economy expanding, and our confidence rising, let's get to work.

AGING OF AMERICA [8 minutes]

Our fiscal discipline gives us an unsurpassed opportunity to address a remarkable new challenge: the aging of America.

We are blessed with the longest life expectancy we have ever known. With the number of elderly Americans set to double by 2030, the Baby Boom will become a Senior Boom.

So first and above all, we must save Social Security. Early in this century, being old meant being poor. When President Franklin Roosevelt created Social Security, thousands wrote to thank him for eliminating what one woman called the "stark terror of penniless, helpless old age." Even today, without Social Security, half our nation's elderly would be forced into poverty.

Today, Social Security is strong. But by 2013, payroll taxes will not cover retirement obligations. And by 2032 the Trust Fund will be exhausted, and Social Security will be unable to pay out the full benefits older Americans have been promised.

Last year, from this podium, I said we must set aside the surplus until we save Social Security.

The best way to keep Social Security a rock-solid guarantee is not to make drastic cuts in benefits; not to raise payroll tax rates; and not to drain resources from Social Security in the name of saving it.

Instead, I propose that we make the historic decision to invest the surplus to save Social Security.

Specifically, I propose that we commit half the budget surplus for the next 15 years to Social Security. And by investing a small portion of the Trust Fund [*surplus?*] in the private sector -- like any private or state government pension would -- we will earn a higher return and we will keep Social Security sound for 50 years without benefit cuts or tax rate increases.

We need to make other changes, too. We need to reduce poverty among elderly widows, which is nearly twice the overall poverty rate for older Americans. We need to eliminate the earnings test which limits what senior citizens on Social Security can earn for themselves. And we need to put Social Security on a sound footing for at least the next 75 years. These changes will require difficult but achievable choices. They must be made on a bipartisan basis. They should be made this year. It will not be easy, but we have to do it. So let us commit together to save and improve Social Security for the 21st Century. Now.

Second, once we have set aside sufficient funds from the surplus to save Social Security, we must fulfill our obligation to save and improve Medicare. Already, we have extended the life of Medicare by 10 years -- but it should be extended for at least another decade beyond that. So tonight I propose that we use one out of every five dollars in the surplus over the next 15 years to guarantee the soundness of Medicare. If we do nothing more, we can secure the program until at least the year 2020. But if we do more, carefully reviewing the report of the panel chaired by Sen. John Breaux and Rep. Bill Thomas in March, we can not only add to the life of Medicare -- we can improve the lives of our seniors by covering their greatest growing need, affordable prescription drugs.

Third, we must help all Americans, from their first day on the job, to save, to invest, to create wealth. Today, tens of millions of people retire with little to live on other than Social Security. Americans living longer than ever must save more than ever.

Tonight I propose a new initiative for retirement security in the 21st Century. I propose that we use 10% of the surplus to establish Universal Savings Accounts -- USA Accounts. Americans will be able to set up their own personal pension accounts, investing as they choose, with the government matching a portion of their savings, with the most help for those least able to save.

USA Accounts will give all Americans the means to save, to share in the nation's wealth, and enjoy a more secure retirement.

Fourth, we must invest in long-term care. In my balanced budget, I will propose a tax credit of \$1,000 for the ailing, aged or disabled, and those who care for them. The care our families can provide at home is invaluable; let us show that we value it.

With these four measures -- saving Social Security, strengthening Medicare, establishing USA Accounts, and the long-term care tax credit -- we can begin to meet our historic responsibility to establish true security for 21st Century seniors.

I was born in 1946, in the first year of the Baby Boom. And I know that I speak for my generation: None of us wants our growing old to place an intolerable burden on our children and their ability to raise our grandchildren. There is no better use for our surplus than lifting that burden.

STRONG SCHOOLS FOR THE 21ST CENTURY [9 minutes]

Today there are more elderly than ever -- and there are also more children, from more diverse backgrounds, in our public schools than at any time in our history. Their education must provide the knowledge and nurture the creativity prized by the new economy.

Today we can say something could not say six years ago: with more affordable student loans, more Pell grants for deserving students, 1 million new work-study jobs, education IRAs, and the HOPE scholarship tax cut that more than 5 million Americans will receive this year, we have opened the doors of college to all.

Nearly every state has set higher academic standards for public schools, and we will soon have a voluntary national test to measure the progress of our students. We have supported schools in cracking down on drugs and gangs and guns and violence, in improving learning and discipline with school uniforms, teaching values, and finding a proper place for religious faith.

With our help and the leadership of Vice President Gore, there are 9 times as many classrooms connected to the Internet as there were six years ago. And with over one billion additional dollars coming this year to make Internet connections affordable, we can meet our goal: every classroom and every library connected to the Internet by the dawn of the new century.

We are marshalling a volunteer army of college students to teach young children to read and to mentor middle school children and prepare them for college.

Last fall, we reached across party lines and began to hire 100,000 new highly-trained teachers to reduce class size in the early grades. I ask this Congress to finish our mission of hiring 100,000 new teachers.

Our children are doing better. SAT scores are up. Math scores have risen in nearly all grades nationwide. But there is a problem: While our fourth graders outperform their peers in other developed countries in math and science, our eighth graders are around average, and our twelfth graders rank near the bottom.

Each year the national government invests over \$20 billion in our public schools. I believe we must change the way we invest that money. We know what works -- we must invest in it, and stop investing in what doesn't.

Later this year, I will send Congress a plan that for the first time holds states and school districts accountable for progress and rewards them for results. I propose that every school district receiving federal help must take the following four steps.

First, all schools must end social promotion.

Because we know students can learn what they don't know, we must help all young people to meet higher standards. My balanced budget triples the funding for summer school and after school programs. We can keep one million students learning in the hours after regular school lets out, when parents work and juvenile crime soars.

Three years ago, under Mayor Daley's leadership, Chicago ended social promotion. Students who fail to master the basics go to summer school and get special tutoring until they do pass -- and most do. Math and reading scores are up three years running. Some of the biggest gains have come in what were some of the worst schools in the toughest neighborhoods.

Second, all states and school districts must turn around their worst-performing schools or shut them down. That is the policy established by Gov. Jim Hunt in North Carolina -- and last year, that state's test scores made the biggest gains in the nation. My budget includes \$200 million to help states adopt this policy and turn around their failing schools. We can no longer tolerate schools that deny any young Americans the opportunity to learn and earn their way up.

Third, all states and school districts must be held responsible for the quality of their teachers. None of us would be here tonight if not for our teachers. We must lift them up, not tear them down. But in too many schools, teachers don't have college majors--or even minors--in the subjects they teach. All new teachers must pass skills tests and all teachers should be required to know the subject they are teaching.

To attract talented teachers to the toughest teaching assignments, I recommend a five-fold increase in scholarships for college students who commit to teach in the inner city, in isolated rural areas and on Indian reservations.

Fourth, we must empower parents. In too many communities, it is easier to get information on the quality of local restaurants than the quality of local public schools. Every school district should issue report cards on every school.

We must create a public school system driven by more information, more competition, more choice. When I became President, there was one independent, public charter school in all of America. With our support, there are 900 today. My budget assures that early in the next century, there will be 3000.

If we do these four things -- end social promotion, turn around failing schools, demand and support qualified teachers, and promote accountability, innovation and competition -- we will begin to meet our generation's historic responsibility to create 21st Century schools.

Let's do one more thing for our children. Today, too many of our schools are so old that they're falling apart, or so overcrowded students must learn in trailers. Last fall, Congress missed an opportunity to create a tax break to modernize or build 5000 schools. This year, for the sake of our 53 million schoolchildren, Congress must not miss that

opportunity again.

BUILDING STRONG FAMILIES FOR THE 21st CENTURY [8 minutes]

We must do more to help the millions of working American parents who give their all every day at home and at work. No government can raise or love a child. But government can empower parents to meet their most vital responsibilities.

The most basic tool of all is a decent income. So first, let's raise the minimum wage by one dollar over the next two years.

One of the biggest needs working parents face is quality child care. So again, I ask the Congress to make quality child care more affordable and more accessible. My balanced budget provides tax credits for working families, child care subsidies for small business, and high standards and training for child care providers. Our child care plan also includes a new tax credit for stay-at-home mothers. They need help too.

The Family Medical Leave Act -- the first bill I signed into law -- has helped nearly 20 million Americans care for a new baby or an ailing relative without risking their jobs, at minimal cost to employers. Now let's extend this to workers in smaller companies, and guarantee Family Leave to 10 million more working Americans.

And parents should never face discrimination in the workplace. I will ask Congress to prohibit companies from refusing to hire or promote workers simply because they have children.

America's families deserve the world's best medical care. We must continue our cutting-edge research and pathbreaking innovation.

We have begun testing the first drugs to prevent or reduce risk of cancer. Medical researchers have introduced the first effective drugs to treat AIDS. They have made new discoveries about the process of aging itself -- increasing the odds of developing new treatments to prevent or delay diseases from Parkinsons to Alzheimers to arthritis. I ask Congress keep us on track to increase the budget for the National Institutes of Health by fifty percent.

And as science advances, we cannot let our health care system lag behind.

Managed care has transformed medicine in America -- driving down costs, but threatening to drive down quality as well. Let's make all Americans a promise: This year, we will pass a strong and enforceable patient's bill of rights ... so every American can have the right to the best care, not just the cheapest. The right to see a specialist. And the right to emergency care.

Within my power as President, I am extending these rights to the 85 million Americans served by Medicare, Medicaid, and other federal health plans. But only Congress can enact the Patients Bill of Rights for all Americans. Last year, Congress missed that opportunity. This

year, for the sake of our families, Congress must not miss that opportunity again.

As more of our medical records are stored electronically, the threats to our privacy increase. If Congress does not act by this August, I have the authority to protect the privacy of medical records -- and I will use it.

Two years ago, we extended health insurance to up to 5 million children. Now, we should give people 55 to 65 who lose their health insurance the chance to buy in to Medicare. We should make it easier for small businesses to offer health insurance to their employees. And we should pass the historic bipartisan legislation, introduced by Senators Jeffords, Kennedy, Roth and Moynihan, to allow people with disabilities to keep Medicaid health insurance when they go to work. No one should have to choose between keeping health care and taking a job.

And we should increase support for the community health centers providing basic care for families who lack health coverage altogether.

Next, we must step up our efforts to treat and prevent an illness that brings pain to millions of families -- mental illness. No American should ever be afraid to recognize and treat this disease. This year, we will host a first-ever White House Conference on Mental Health. With sensitivity and commitment, Tipper Gore has led our efforts here -- and I thank her.

As everyone in this chamber knows, our children -- whom the tobacco industry has called "replacement smokers" -- are targets of a massive media campaign to hook them on cigarettes. I ask this Congress to resist the tobacco lobby and pass a bipartisan bill that safeguards our children while protecting farmers.

For decades the tobacco industry has passed too much of the real cost of smoking -- medical care for illnesses from cancer to emphysema -- onto you, the taxpayers. It is time to recover those costs, as the states have done.

Tonight, I am directing the Department of Justice to prepare and bring a lawsuit against the tobacco companies for the costs to Medicare of tobacco-related illnesses. The funds we recover should be used to strengthen Medicare.

In all these areas -- minimum wage, child care, health care, family leave and the safety of our children -- we can begin to meet our historic responsibility to strengthen our families for the 21st Century.

A 21st CENTURY ECONOMY [10 minutes -- 6 minutes of which is international]

Next, we must build a 21st Century economy for all Americans.

Today, America is the most dynamic, competitive, job creating economy in history -- because the qualities that bring success in the global economy are at the core of the American character.

But we can do better.

We must make a place for all our people in the new economy.

Today, there is not so much an income gap as a skills gap. Last year I signed bipartisan legislation to transform our worker training system. With a simple skills grant, Americans eligible for training assistance can now choose the skills they need. Now I recommend a national campaign to increase adult literacy for one of four working people who read at less than a sixth grade level, and a commitment that every American who loses a job will be able to get the training they need.

In the last six years, we have cut the welfare rolls nearly in half. Two years ago, from this podium, I asked five companies to lead a national effort to hire people off the welfare rolls. Tonight, our Welfare to Work Partnership includes 10,000 companies who have hired hundreds of thousands of people. And my budget provides funds to help move another 200,000 people from welfare to work.

We also must bring the spark of private enterprise into inner cities and remote rural areas. My balanced budget provides tax credits to create venture capital funds, supports community banks, and provides tax credits and 100,000 vouchers so people can find affordable housing. We already have an Overseas Private Investment Corporation, to help develop untapped markets abroad. I propose an American Private Investment Corporation to develop untapped markets at home.

And we must bring prosperity back to rural America. Farmers -- the backbone of our country -- are in trouble. Dropping prices and the loss of foreign markets have led to dire economic conditions for too many of our hardworking family farmers. We need to craft a better farm safety net for rural America, with crop insurance reform and income assistance. I am ready to work with Members of Congress of both parties to get it done.

We must strengthen our lead in the new technological economy.

Government investment in computers led to the creation of the Internet. Now I propose a 30% increase in long-term computer research.

We must be ready for the 21st Century from its very first moment. That means solving the "Y2K" computer bug. We have already made sure Social Security checks will keep coming on time. But every business, every city and county, every university must be ready. We all must do our part so the millennium bug will be remembered as the last headache of the 21st Century, not the first crisis of the 21st.

Economic growth at home also depends upon economic growth abroad.

Until recently, one third of our economic growth came from exports. But over the past year and a half, the financial turmoil that began in Asia has put that growth at risk. Today, much

of the world is in recession. Across Asia, an entire generation that worked its way into the middle class has plunged into poverty.

This is the most critical financial crisis in a half century. Last September, I set out a new strategy to spur global growth, to stabilize the global economy and keep the world trading system open, free, and fair.

Together with other nations, America has acted -- reducing interest rates, meeting our obligations to the International Monetary Fund, and taking steps to contain the crisis. The turmoil is not over. But because of America's leadership, the world's economy and ours are more sound than they would have been -- and our economy continues to grow, steady and strong. I thank lawmakers of both parties for your support.

Now we must build a global financial system for the 21st Century that tames the cycles of boom and bust. This spring, I will meet with other world leaders to lay plans for a modern world financial system -- with open books, stronger international bank regulations, an aggressive response to prevent regional problems from becoming global crises, and a strong social safety for the most vulnerable victims of financial turmoil.

We must also build a freer and fairer trading system for the 21st Century -- one that spurs growth, expands opportunity for ordinary citizens, and supports basic labor and environmental standards. Trade has divided Americans for too long. We must find the common ground on which business, workers, environmentalists and government can stand together.

We must do more to help American manufacturers hit hard by the present crisis. I ask the Congress to provide \$2 billion in new credit to promote U.S. manufacturing exports abroad. Protectionism could start a chain reaction, hurting our exports and triggering a global recession. But when imports are unlawfully flood into our nation, we must act. I have already informed the government of Japan that if Japan's sudden surge of cheap steel imports into our country is not reversed, I will respond.

Five times in the past half century, we have negotiated worldwide agreements that have opened markets and lifted prosperity. I will launch a new round of negotiations in the World Trade Organization to expand our exports of farm products, services and manufactures. And we will seek to expand trade with Africa, with the Caribbean and Central American neighbors devastated by the recent hurricanes, and by creating a Free Trade Area of the Americas.

We must also press for trade that promotes the dignity of work and the rights of workers. We must insist that international trade organizations be open to public scrutiny. We must insist that trade rules never be used as a pretext to destroy environmental protections. We must never let vigorous international competition become a race to the bottom among nations.

I ask Congress to join me in this common approach and pass legislation granting the President traditional trade authority to advance our prosperity.

Also, we will work with the International Labor Organization on a new initiative to lift labor standards around the world. And we must act, once and for all, to end the most exploitative trade practices of all: I will sign a new international agreement to ban child labor everywhere in the world.

If we do these things, then we can begin to meet the historic responsibility of this generation to build a 21st Century prosperity for America in a more stable and growing world economy.

A STRONG AMERICA IN A NEW WORLD [13 minutes]

No nation in history has had the opportunity and the responsibility we now have to help shape a world more secure, peaceful and free.

All Americans should be proud that our leadership helped bring peace to Northern Ireland. Now that Protestants and Catholics there have chosen peace, America will help them build it.

All Americans can be proud that our leadership has put Bosnia on the path to peace. This year, we will help that peace take deeper root – and continue to bring our troops home. In Kosovo we will work to sustain a fragile cease fire and to restore self government.

All Americans can be proud that our leadership renewed hope for a lasting peace in the Middle East. Some of you were with me in December as we watched the Palestinian National Council completely renounce its call for the destruction of Israel. I ask the Congress to act now to provide resources to support the Wye Agreement . . . to protect Israel's security, stimulate the Palestinian economy, and support our friends in Jordan. We must not, we cannot, let them down.

As we work for peace, we must also meet threats to our nation's security – including increased dangers from outlaw nations and terrorism. The bombing of our embassies in Kenya and Tanzania reminded us of the risks faced every day by those who represent America to the world. They deserve protection, recognition and support. Let's give them the resources they need so America can continue to lead.

We will defend our security wherever it is threatened -- as we did this summer when we struck at Osama bin Laden's network of terror in Afghanistan and Sudan.

I am proposing a 40% increase in funding to keep terrorists from disrupting computer networks, to prepare local communities for biological and chemical emergencies, and to support research into vaccines and treatments.

We will work to retrain the spread of nuclear weapons, from North Korea to India and Pakistan.

My balanced budget will expand our work with Russia, Ukraine, and the other former Soviet nations to safeguard their weapons and technology so they never fall into wrong hands.

There is another vital step Congress can take. In 1963, the Senate approved the Limited nuclear Test Ban Treaty just two months after President Kennedy signed it. It's been two years since I signed the Comprehensive Test Ban Treaty. By acting now, the Senate can make it harder for new nations to develop nuclear arms, and end nuclear testing forever.

Let me say something to Russia's legislature, the Duma. I ask you to promptly ratify the START II treaty, for the sake of Russia's security as well as our own. We have already agreed on a framework for START III to cut our arsenals by 80 percent from their Cold War height. Together, our nations can do more than any others to lift the cloud of nuclear annihilation from the Earth. For our children, we must do so.

For nearly a decade, Iraq has defied its obligation to destroy its weapons of terror and the missiles to deliver them. America will continue to contain Saddam -- with diplomacy and sanctions when possible, with force when necessary. We also will work for the day when Iraq has a government worthy of its people.

Every American should be proud of the servicemen and women who last month struck at Saddam's deadly arsenal. Our troops were superb; their weapons powerful and precise. Their mission was so flawlessly executed that we risk taking for granted the bravery and skill it required. [x] flew [x] missions, destroying [x] that made [chemical weapons][or whatever]. He is here with us tonight. Let us all honor the 10,000 men and women of Desert Fox.

Republicans and Democrats worked together to streamline our military while ensuring that it remains second to none. In the last nine months, I have asked and Congress has agreed to add nearly \$6 billion to maintain our readiness. My balanced budget calls for an increase of \$12 billion for readiness and modernization -- the start of a sustained six year reversal of the decline in defense spending that began in 1985. It will ensure that our troops can deploy rapidly, with the best training and weapons in the world. And it will provide for them and their families.

America's defenders stand ready at a moment's notice to go where comforts are few and dangers are many, doing what needs to be done as no one else can. They always deliver for America. We must deliver for them.

The new century also demands new partnerships for peace and security.

Six years ago, I said NATO had an unprecedented opportunity to help build a Europe that for the first time is undivided, peaceful and free. This spring, I will convene the leaders of a new NATO in Washington for its 50th anniversary summit. We will ready NATO for the missions of the next 50 years. And we will welcome Hungary, Poland and the Czech Republic as our first new allies from Central Europe. Europe will never again be divided by concrete and barbed wire.

More than ever, we know that the security of America is also linked to the stability of Asia. I have worked to strengthen our relationships with our allies Japan and Korea. Last year, I also traveled to China because our relationship with that country, home to one in five of the world's people, will help determine prospects for peace and prosperity across Asia. I spoke candidly about our shared interests as well as our differences. I said to the leaders of China -- and I will say again tonight -- that in the Information Age, stability cannot be bought at the expense of liberty.

But we must also remember: China will not change if we isolate the Chinese people from the forces of change. The more we bring China into the world, the more the world will bring freedom to China.

Last spring, with some of you, I traveled to Africa, where I saw democracy and reform rising, but being held back by the scars of violence and scourge of disease. We must strive to end conflict and to fortify African democracy, including in Nigeria. And because trade and investment are the keys to African prosperity -- we must finally pass the Africa Growth and Opportunity Act.

In our own Hemisphere, every government but one is freely chosen by its people. Because we are determined that Cuba, too, will know the blessings of liberty, we have taken new steps to help the Cuban people without helping the Castro regime.

We are strengthening ties to the Americas -- to help build a hemisphere of open markets, genuine justice and educated, healthy children. In the wake of Hurricane Mitch, we will continue to help. More than 5000 American troops have helped rebuild roads and homes and lives. Many are there still. I am proud of them -- and proud of the generosity of the American people to our friends and neighbors.

In so many of these efforts I have mentioned, the United Nations plays a crucial role. Unless we want America to take all the risks and pay all the bills in solving the world's problems, we need a strong relationship with an effective UN. I want to work in this new year with this new Congress to pay our dues and our debts.

21ST CENTURY COMMUNITIES [10 minutes]

At the world has changed, so have our own communities -- we must continue to strengthen them for this new time.

Strong communities are safer communities.

[Chestnut & Gibson tribute]

This year, we will reach our goal of putting 100,000 community police officers on the street -- ahead of schedule and under budget. The Brady Bill has stopped a quarter million felons, fugitives, and stalkers from buying guns. Last year, the crime rate dropped for the sixth

straight year, and the murder rate is the lowest in 30 years.

But too many neighborhoods still are not safe. Tonight, I propose a 21st Century crime bill to marshall the latest technologies and tactics in the fight against crime.

My budget provides funds to put up to 50,000 more police on the beat in the areas hardest hit by crime, and gives them 21st Century tools, from crime-mapping computers to digital mug shots.

Congress should restore the mandatory 5-day waiting period for buying a handgun that expired last year, and extend the Brady Bill to prevent juveniles who commit violent crimes from buying handguns for life.

We must break the deadly cycle of drugs and crime. My budget strengthens support for drug testing and treatment. It says to prisoners: If you stay on drugs, you must stay behind bars. And it says to those out on parole: If you want to keep your freedom, you have to keep free of drugs.

We must make our schools the safest places in our communities. Last year there were no more tragic events in America than the killings in our schools. I ask Congress to pass my plan to strengthen the Safe and Drug-Free School Act, and to hire and train 2,000 new community police and school resource officers to keep our kids safe.

Strong communities are livable communities.

A century ago, President Theodore Roosevelt defined our "great, central task" as "leaving this land even a better land for our descendants than it is for us." Today, we are restoring the Florida Everglades, saving Yellowstone, preserving the red-rock canyons of Utah, protecting California's redwoods and our precious coasts.

But our most fateful new challenge is the threat of global warming. Last year's heat waves, ice storms, and floods are but a hint of what future generations may endure if we don't act now.

So tonight, I propose a clean air fund to help communities reduce both greenhouse pollution and smog; new funds for clean energy sources; tax cuts for energy-efficient cars, homes, and appliances; rewards for companies that take early voluntary action to reduce greenhouse pollution; and vigorous new diplomatic efforts to meet this global threat with a global response.

Another new challenge is literally right next door in every neighborhood. As more citizens are buying new homes and sharing in the American Dream, our communities are losing about 7,000 acres of farms and open space every day.

So tonight, Vice President Gore and I propose two major initiatives: first, an

unprecedented Livability Agenda to help communities save open space, ease traffic congestion, and grow in ways that enhance every citizen's quality of life; second, a historic one billion dollar Lands Legacy Initiative to preserve places of natural beauty across America -- from remote wilderness to city parks. We must never forget that the most important park is the one closest to home. We must keep our growing communities livable and green.

To get the most out of your community, you have to give something back to it. That's why I fought to create AmeriCorps -- our national service program that gives today's generation a chance to serve their community and earn money for college.

So far, 100,000 young people have built low-income homes with Habitat for Humanity ... helped churches tutor children ... worked with the American Red Cross to ease the burden of natural disasters ... and performed countless other acts of service that have made America better.

Some of them are with us tonight and we should thank them for their service. And I ask this Congress to thank these young people as only you can: by increasing support for AmeriCorps.

As we work to strengthen our communities, we must work to renew our democracy. Last year, the House passed the bipartisan campaign finance reform legislation sponsored by Reps. Shays and Meehan and Sens. McCain and Feingold. But a partisan minority in the Senate blocked reform and preserved the status quo. To the House I say: Pass reform again, quickly. I ask the Senate: say no to big money and yes to a strong democracy in the Year 2000.

Finally, and most important, we must be truly One America.

Since 1997, our Initiative on Race has sought to bridge the divides between our people. In its report, issued last September, the Initiative's Advisory Board found that Americans want to bring our people together across racial lines -- but that we must do more to close the opportunity gaps that deepen the divides between the races.

We have more to do.

All citizens should have the chance to rise as far as their God-given talents will take them. Discrimination or violence because of ancestry or religion, race or gender, disability or sexual orientation, is wrong. And it should be illegal. Therefore I call upon the Congress to make the Employment Non-Discrimination Act and the Hate Crimes Prevention Act the law of the land.

The face of America will change immeasurably in the next century. Today, one in ten people in America was born in another country. Our newest immigrants are good for America. They are revitalizing our cities, energizing our culture, building our new economy.

We must make them welcome here. And they must take responsibility to learn English and to enter the mainstream of American life. That is why my balanced budget will enhance our efforts to teach immigrants English, our laws, and our system of government.

Whether our ancestors came here on the Mayflower or on slave ships, whether they landed on Ellis Island or at Los Angeles International Airport, whether they arrived yesterday or have been here thousands of years -- we can be, and we must be, one America.

PERORATION: THE MILLENNIUM [5 minutes]

Barely more than 300 days from now, we will cross that bridge into a new millennium. This is a moment, as the First Lady has said, to honor the past and imagine the future.

I honor her -- for leading our Millennium Project -- for all she has done to represent our country at home and abroad -- and for all she has done for our children -- for her historic role in serving this nation and advancing our best ideals.

Last year, Hillary traveled across our country to inspire more communities to work together to Save America's Treasures. I thank the Congress for its support of her efforts to restore the Star Spangled Banner and other national treasures, from Thomas Edison's laboratory to Louis Armstrong's house in Queens, so that American children can better understand who we are as Americans.

I call on all our cities and towns to strive to become "Millennium Communities" -- working to mark the millennium through one shared endeavor, whether by restoring historic landmarks, cleaning up a river or a park, recruiting volunteers to help children. Let us carry forward what George Washington called "the sacred fire of liberty."

Six years ago tomorrow, I came to office in a time of doubt for America. Our economy was troubled; our deficit was high; our people were divided. Some even wondered whether America's best days were behind us. But across this nation, in a thousand neighborhoods, I had seen, even amid the pain and uncertainty of recession, the strength, the idealism, the heart and character of America.

I had no doubt then of what we Americans could do for our country.

Tonight, as I deliver the last State of the Union message of the 20th Century, no one can doubt the enduring resolve of Americans to work for that "more perfect union" of our founders' dreams.

We are near the end of a century when generations of Americans answered the call to greatness, overcoming Depression, lifting up the dispossessed, bringing down barriers of racial prejudice, building up the largest middle class in history, winning two world wars, and the "long twilight struggle" of the Cold War.

Perhaps in the daily press of events, in the clash of controversy, we do not see our time for what it truly is – a new dawn for America.

A hundred years from tonight, an American President will stand in this place to report on the State of our Union. He – or she – will look back on a 21st Century shaped in so many ways by the decisions we make here and now.

Let it be said of us then that we were thinking not only of our time, but of their time; that we reached as high as our ideals; that we put aside our divisions and found a new hour of healing and hopefulness; that in these next two years, with pride in our purpose and the grace of our God, we joined together to serve and strengthen the country we love.

Let us lift our eyes as one nation, and from the mountaintop of this American century, look forward to the next one.

Let us join our spirit and will for the work ahead, and ask God's blessing on our endeavors and our beloved country.

Draft 1/14/99

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**PRESIDENT WILLIAM J. CLINTON
STATE OF THE UNION ADDRESS
UNITED STATES CAPITOL
January 19, 1999**

Mr. Speaker, Mr. Vice President, Members of Congress, honored guests, my fellow Americans: [introduction is 5 minutes]

Tonight, we begin anew our work together for the people of America. Let me start by saluting the new Speaker of the House. When you were sworn in, you asked us to work in a spirit of civility and bipartisanship. Mr. Speaker, let's do exactly that.

Tonight, I have the honor of reporting on the State of our Union.

I stand before you to report that we have created the longest peacetime economic expansion in American history -- with wages rising at twice the rate of inflation and nearly 18 million new jobs.

I stand before you to report that homeownership is the highest in history -- the welfare rolls are the smallest in 29 years -- and the peacetime unemployment rate is the lowest it has been since 1957.

I stand before you, the first president in three decades to report, not just that the budget is balanced, but that will have a \$76 billion surplus -- the highest in American history. And I can report that we are now on course to run a surplus year after year for the next 20 years.

I stand before you to report that violent crime is at its lowest point in a quarter century.

I stand before you to report that the environment is the cleanest in a quarter century, and that -- even as our economy has boomed -- we have cut pollution from factories in half.

I stand before you to report that America stands strong -- a peacemaker in lands torn by ancient hatreds, from Northern Ireland, to Bosnia, to the Middle East.

I stand before you to report that once again our government is a progressive instrument of the common good. Thanks to the pioneering leadership of Vice President Gore, America has a government for the Information Age. We have the smallest government since 1962. A flexible, creative government driven not by stale ideology, but by fresh ideas that work; devoted to fiscal responsibility and determined to give the American people the tools they need to make the most of their own lives. A 21st Century government for 21st Century America.

My fellow Americans, I stand before you to report that the State of our Union is

strong.

The promise of our future is limitless: Stunning scientific discoveries; remarkable advances in the health of our people; a time when cancer will be cured; when new technologies will make it easier for parents to succeed both at work and at home; when children will acquire new knowledge in new ways -- all moving us into a new time of longer, more rewarding lives.

Yes, America is working again. But we cannot realize our promise if we allow the hum of our prosperity to lull us into complacency. How we fare as a nation far into the 21st Century will depend not upon what we enjoy today, but we do today. So with our budget surplus growing, our economy expanding, and our confidence rising, let's get to work.

AGING OF AMERICA [8 minutes]

Our fiscal discipline gives us an unsurpassed opportunity to address a remarkable new challenge: the aging of America.

We are blessed with the longest life expectancy we have ever known. With the number of elderly Americans set to double by 2030, the Baby Boom will become a Senior Boom.

So first and above all, we must save Social Security. Early in this century, being old meant being poor. When President Franklin Roosevelt created Social Security, thousands wrote to thank him for eliminating what one woman called the "stark terror of penniless, helpless old age." Even today, without Social Security, half our nation's elderly would be forced into poverty.

Today, Social Security is strong. But by 2013, payroll taxes will not cover retirement obligations. And by 2032 the Trust Fund will be exhausted, and Social Security will be unable to pay out the full benefits older Americans have been promised.

Last year, from this podium, I said we must set aside the surplus until we save Social Security.

The best way to keep Social Security a rock-solid guarantee is not to make drastic cuts in benefits; not to raise payroll tax rates; and not to drain resources from Social Security in the name of saving it.

Instead, I propose that we make the historic decision to invest the surplus to save Social Security.

Specifically, I propose that we commit half the budget surplus for the next 15 years to Social Security. And by investing a small portion of the Trust Fund [*surplus?*] in the private sector -- like any private or state government pension would -- we will earn a higher return and we will keep Social Security sound for 50 years without benefit cuts or tax rate increases.

We need to make other changes, too. We need to reduce poverty among elderly widows, which is nearly twice the overall poverty rate for older Americans. We need to eliminate the earnings test which limits what senior citizens on Social Security can earn for themselves. And we need to put Social Security on a sound footing for at least the next 75 years. These changes will require difficult but achievable choices. They must be made on a bipartisan basis. They should be made this year. It will not be easy, but we have to do it. So let us commit together to save and improve Social Security for the 21st Century. Now.

Second, once we have set aside sufficient funds from the surplus to save Social Security, we must fulfill our obligation to save and improve Medicare. Already, we have extended the life of Medicare by 10 years -- but it should be extended for at least another decade beyond that. So tonight I propose that we use one out of every five dollars in the surplus over the next 15 years to guarantee the soundness of Medicare. If we do nothing more, we can secure the program until at least the year 2020. But if we do more, carefully reviewing the report of the panel chaired by Sen. John Breaux and Rep. Bill Thomas in March, we can not only add to the life of Medicare -- we can improve the lives of our seniors by covering their greatest growing need, affordable prescription drugs.

Third, we must help all Americans, from their first day on the job, to save, to invest, to create wealth. Today, tens of millions of people retire with little to live on other than Social Security. Americans living longer than ever must save more than ever.

Tonight I propose a new initiative for retirement security in the 21st Century. I propose that we use 10% of the surplus to establish Universal Savings Accounts -- USA Accounts. Americans will be able to set up their own personal pension accounts, investing as they choose, with the government matching a portion of their savings, with the most help for those least able to save.

USA Accounts will give all Americans the means to save, to share in the nation's wealth, and enjoy a more secure retirement.

Fourth, we must invest in long-term care. In my balanced budget, I will propose a tax credit of \$1,000 for the ailing, aged or disabled, and those who care for them. The care our families can provide at home is invaluable; let us show that we value it.

With these four measures -- saving Social Security, strengthening Medicare, establishing USA Accounts, and the long-term care tax credit -- we can begin to meet our historic responsibility to establish true security for 21st Century seniors.

I was born in 1946, in the first year of the Baby Boom. And I know that I speak for my generation: None of us wants our growing old to place an intolerable burden on our children and their ability to raise our grandchildren. There is no better use for our surplus than lifting that burden.

STRONG SCHOOLS FOR THE 21ST CENTURY [9 minutes]

Today there are more elderly than ever -- and there are also more children, from more diverse backgrounds, in our public schools than at any time in our history. Their education must provide the knowledge and nurture the creativity prized by the new economy.

Today we can say something could not say six years ago: with more affordable student loans, more Pell grants for deserving students, 1 million new work-study jobs, education IRAs, and the HOPE scholarship tax cut that more than 5 million Americans will receive this year, we have opened the doors of college to all.

Nearly every state has set higher academic standards for public schools, and we will soon have a voluntary national test to measure the progress of our students. We have supported schools in cracking down on drugs and gangs and guns and violence, in improving learning and discipline with school uniforms, teaching values, and finding a proper place for religious faith.

With our help and the leadership of Vice President Gore, there are 9 times as many classrooms connected to the Internet as there were six years ago. And with over one billion additional dollars coming this year to make Internet connections affordable, we can meet our goal: every classroom and every library connected to the Internet by the dawn of the new century.

We are marshalling a volunteer army of college students to teach young children to read and to mentor middle school children and prepare them for college.

Last fall, we reached across party lines and began to hire 100,000 new highly-trained teachers to reduce class size in the early grades. I ask this Congress to finish our mission of hiring 100,000 new teachers.

Our children are doing better. SAT scores are up. Math scores have risen in nearly all grades nationwide. But there is a problem: While our fourth graders outperform their peers in other developed countries in math and science, our eighth graders are around average, and our twelfth graders rank near the bottom.

Each year the national government invests over \$20 billion in our public schools. I believe we must change the way we invest that money. We know what works -- we must invest in it, and stop investing in what doesn't.

Later this year, I will send Congress a plan that for the first time holds states and school districts accountable for progress and rewards them for results. I propose that every school district receiving federal help must take the following four steps.

First, all schools must end social promotion.

Because we know students can learn what they don't know, we must help all young people to meet higher standards. My balanced budget triples the funding for summer school and after school programs. We can keep one million students learning in the hours after regular school lets out, when parents work and juvenile crime soars.

Three years ago, under Mayor Daley's leadership, Chicago ended social promotion. Students who fail to master the basics go to summer school and get special tutoring until they do pass -- and most do. Math and reading scores are up three years running. Some of the biggest gains have come in what were some of the worst schools in the toughest neighborhoods.

Second, all states and school districts must turn around their worst-performing schools or shut them down. That is the policy established by Gov. Jim Hunt in North Carolina -- and last year, that state's test scores made the biggest gains in the nation. My budget includes \$200 million to help states adopt this policy and turn around their failing schools. We can no longer tolerate schools that deny any young Americans the opportunity to learn and earn their way up.

Third, all states and school districts must be held responsible for the quality of their teachers. None of us would be here tonight if not for our teachers. We must lift them up, not tear them down. But in too many schools, teachers don't have college majors--or even minors--in the subjects they teach. All new teachers must pass skills tests and all teachers should be required to know the subject they are teaching.

To attract talented teachers to the toughest teaching assignments, I recommend a five-fold increase in scholarships for college students who commit to teach in the inner city, in isolated rural areas and on Indian reservations.

Fourth, we must empower parents. In too many communities, it is easier to get information on the quality of local restaurants than the quality of local public schools. Every school district should issue report cards on every school.

We must create a public school system driven by more information, more competition, more choice. When I became President, there was one independent, public charter school in all of America. With our support, there are 900 today. My budget assures that early in the next century, there will be 3000.

If we do these four things -- end social promotion, turn around failing schools, demand and support qualified teachers, and promote accountability, innovation and competition -- we will begin to meet our generation's historic responsibility to create 21st Century schools.

Let's do one more thing for our children. Today, too many of our schools are so old that they're falling apart, or so overcrowded students must learn in trailers. Last fall, Congress missed an opportunity to create a tax break to modernize or build 5000 schools. This year, for the sake of our 53 million schoolchildren, Congress must not miss that

opportunity again.

BUILDING STRONG FAMILIES FOR THE 21st CENTURY [8 minutes]

We must do more to help the millions of working American parents who give their all every day at home and at work. No government can raise or love a child. But government can empower parents to meet their most vital responsibilities.

The most basic tool of all is a decent income. So first, let's raise the minimum wage by one dollar over the next two years.

One of the biggest needs working parents face is quality child care. So again, I ask the Congress to make quality child care more affordable and more accessible. My balanced budget provides tax credits for working families, child care subsidies for small business, and high standards and training for child care providers. Our child care plan also includes a new tax credit for stay-at-home mothers. They need help too.

The Family Medical Leave Act -- the first bill I signed into law -- has helped nearly 20 million Americans care for a new baby or an ailing relative without risking their jobs, at minimal cost to employers. Now let's extend this to workers in smaller companies, and guarantee Family Leave to 10 million more working Americans.

And parents should never face discrimination in the workplace. I will ask Congress to prohibit companies from refusing to hire or promote workers simply because they have children.

America's families deserve the world's best medical care. We must continue our cutting-edge research and pathbreaking innovation.

We have begun testing the first drugs to prevent or reduce risk of cancer. Medical researchers have introduced the first effective drugs to treat AIDS. They have made new discoveries about the process of aging itself -- increasing the odds of developing new treatments to prevent or delay diseases from Parkinsons to Alzheimers to arthritis. I ask Congress keep us on track to increase the budget for the National Institutes of Health by fifty percent.

And as science advances, we cannot let our health care system lag behind.

Managed care has transformed medicine in America -- driving down costs, but threatening to drive down quality as well. Let's make all Americans a promise: This year, we will pass a strong and enforceable patient's bill of rights ... so every American can have the right to the best care, not just the cheapest. The right to see a specialist. And the right to emergency care.

Within my power as President, I am extending these rights to the 85 million Americans served by Medicare, Medicaid, and other federal health plans. But only Congress can enact the Patients Bill of Rights for all Americans. Last year, Congress missed that opportunity. This

year, for the sake of our families, Congress must not miss that opportunity again.

As more of our medical records are stored electronically, the threats to our privacy increase. If Congress does not act by this August, I have the authority to protect the privacy of medical records -- and I will use it.

Two years ago, we extended health insurance to up to 5 million children. Now, we should give people 55 to 65 who lose their health insurance the chance to buy in to Medicare. We should make it easier for small businesses to offer health insurance to their employees. And we should pass the historic bipartisan legislation, introduced by Senators Jeffords, Kennedy, Roth and Moynihan, to allow people with disabilities to keep Medicaid health insurance when they go to work. No one should have to choose between keeping health care and taking a job.

And we should increase support for the community health centers providing basic care for families who lack health coverage altogether.

Next, we must step up our efforts to treat and prevent an illness that brings pain to millions of families -- mental illness. No American should ever be afraid to recognize and treat this disease. This year, we will host a first-ever White House Conference on Mental Health. With sensitivity and commitment, Tipper Gore has led our efforts here -- and I thank her.

As everyone in this chamber knows, our children -- whom the tobacco industry has called "replacement smokers" -- are targets of a massive media campaign to hook them on cigarettes. I ask this Congress to resist the tobacco lobby and pass a bipartisan bill that safeguards our children while protecting farmers.

For decades the tobacco industry has passed too much of the real cost of smoking -- medical care for illnesses from cancer to emphysema -- onto you, the taxpayers. It is time to recover those costs, as the states have done.

Tonight, I am directing the Department of Justice to prepare and bring a lawsuit against the tobacco companies for the costs to Medicare of tobacco-related illnesses. The funds we recover should be used to strengthen Medicare.

In all these areas -- minimum wage, child care, health care, family leave and the safety of our children -- we can begin to meet our historic responsibility to strengthen our families for the 21st Century.

A 21st CENTURY ECONOMY [10 minutes -- 6 minutes of which is international]

Next, we must build a 21st Century economy for all Americans.

Today, America is the most dynamic, competitive, job creating economy in history -- because the qualities that bring success in the global economy are at the core of the American character.

But we can do better.

We must make a place for all our people in the new economy.

Today, there is not so much an income gap as a skills gap. Last year I signed bipartisan legislation to transform our worker training system. With a simple skills grant, Americans eligible for training assistance can now choose the skills they need. Now I recommend a national campaign to increase adult literacy for one of four working people who read at less than a sixth grade level, and a commitment that every American who loses a job will be able to get the training they need.

In the last six years, we have cut the welfare rolls nearly in half. Two years ago, from this podium, I asked five companies to lead a national effort to hire people off the welfare rolls. Tonight, our Welfare to Work Partnership includes 10,000 companies who have hired hundreds of thousands of people. And my budget provides funds to help move another 200,000 people from welfare to work.

We also must bring the spark of private enterprise into inner cities and remote rural areas. My balanced budget provides tax credits to create venture capital funds, supports community banks, and provides tax credits and 100,000 vouchers so people can find affordable housing. We already have an Overseas Private Investment Corporation, to help develop untapped markets abroad. I propose an American Private Investment Corporation to develop untapped markets at home.

And we must bring prosperity back to rural America. Farmers -- the backbone of our country -- are in trouble. Dropping prices and the loss of foreign markets have led to dire economic conditions for too many of our hardworking family farmers. We need to craft a better farm safety net for rural America, with crop insurance reform and income assistance. I am ready to work with Members of Congress of both parties to get it done.

We must strengthen our lead in the new technological economy.

Government investment in computers led to the creation of the Internet. Now I propose a 30% increase in long-term computer research.

We must be ready for the 21st Century from its very first moment. That means solving the "Y2K" computer bug. We have already made sure Social Security checks will keep coming on time. But every business, every city and county, every university must be ready. We all must do our part so the millennium bug will be remembered as the last headache of the 21st Century, not the first crisis of the 21st.

Economic growth at home also depends upon economic growth abroad.

Until recently, one third of our economic growth came from exports. But over the past year and a half, the financial turmoil that began in Asia has put that growth at risk. Today, much

of the world is in recession. Across Asia, an entire generation that worked its way into the middle class has plunged into poverty.

This is the most critical financial crisis in a half century. Last September, I set out a new strategy to spur global growth, to stabilize the global economy and keep the world trading system open, free, and fair.

Together with other nations, America has acted -- reducing interest rates, meeting our obligations to the International Monetary Fund, and taking steps to contain the crisis. The turmoil is not over. But because of America's leadership, the world's economy and ours are more sound than they would have been -- and our economy continues to grow, steady and strong. I thank lawmakers of both parties for your support.

Now we must build a global financial system for the 21st Century that tames the cycles of boom and bust. This spring, I will meet with other world leaders to lay plans for a modern world financial system -- with open books, stronger international bank regulations, an aggressive response to prevent regional problems from becoming global crises, and a strong social safety for the most vulnerable victims of financial turmoil.

We must also build a freer and fairer trading system for the 21st Century -- one that spurs growth, expands opportunity for ordinary citizens, and supports basic labor and environmental standards. Trade has divided Americans for too long. We must find the common ground on which business, workers, environmentalists and government can stand together.

We must do more to help American manufacturers hit hard by the present crisis. I ask the Congress to provide \$2 billion in new credit to promote U.S. manufacturing exports abroad. Protectionism could start a chain reaction, hurting our exports and triggering a global recession. But when imports are unlawfully flood into our nation, we must act. I have already informed the government of Japan that if Japan's sudden surge of cheap steel imports into our country is not reversed, I will respond.

Five times in the past half century, we have negotiated worldwide agreements that have opened markets and lifted prosperity. I will launch a new round of negotiations in the World Trade Organization to expand our exports of farm products, services and manufactures. And we will seek to expand trade with Africa, with the Caribbean and Central American neighbors devastated by the recent hurricanes, and by creating a Free Trade Area of the Americas.

We must also press for trade that promotes the dignity of work and the rights of workers. We must insist that international trade organizations be open to public scrutiny. We must insist that trade rules never be used as a pretext to destroy environmental protections. We must never let vigorous international competition become a race to the bottom among nations.

I ask Congress to join me in this common approach and pass legislation granting the President traditional trade authority to advance our prosperity.

Also, we will work with the International Labor Organization on a new initiative to lift labor standards around the world. And we must act, once and for all, to end the most exploitative trade practices of all: I will sign a new international agreement to ban child labor everywhere in the world.

If we do these things, then we can begin to meet the historic responsibility of this generation to build a 21st Century prosperity for America in a more stable and growing world economy.

A STRONG AMERICA IN A NEW WORLD [13 minutes]

No nation in history has had the opportunity and the responsibility we now have to help shape a world more secure, peaceful and free.

All Americans should be proud that our leadership helped bring peace to Northern Ireland. Now that Protestants and Catholics there have chosen peace, America will help them build it.

All Americans can be proud that our leadership has put Bosnia on the path to peace. This year, we will help that peace take deeper root – and continue to bring our troops home. In Kosovo we will work to sustain a fragile cease fire and to restore self government.

All Americans can be proud that our leadership renewed hope for a lasting peace in the Middle East. Some of you were with me in December as we watched the Palestinian National Council completely renounce its call for the destruction of Israel. I ask the Congress to act now to provide resources to support the Wye Agreement . . . to protect Israel's security, stimulate the Palestinian economy, and support our friends in Jordan. We must not, we cannot, let them down.

As we work for peace, we must also meet threats to our nation's security – including increased dangers from outlaw nations and terrorism. The bombing of our embassies in Kenya and Tanzania reminded us of the risks faced every day by those who represent America to the world. They deserve protection, recognition and support. Let's give them the resources they need so America can continue to lead.

We will defend our security wherever it is threatened -- as we did this summer when we struck at Osama bin Laden's network of terror in Afghanistan and Sudan.

I am proposing a 40% increase in funding to keep terrorists from disrupting computer networks, to prepare local communities for biological and chemical emergencies, and to support research into vaccines and treatments.

We will work to retrain the spread of nuclear weapons, from North Korea to India and Pakistan.

My balanced budget will expand our work with Russia, Ukraine, and the other former Soviet nations to safeguard their weapons and technology so they never fall into wrong hands.

There is another vital step Congress can take. In 1963, the Senate approved the Limited nuclear Test Ban Treaty just two months after President Kennedy signed it. It's been two years since I signed the Comprehensive Test Ban Treaty. By acting now, the Senate can make it harder for new nations to develop nuclear arms, and end nuclear testing forever.

Let me say something to Russia's legislature, the Duma. I ask you to promptly ratify the START II treaty, for the sake of Russia's security as well as our own. We have already agreed on a framework for START III to cut our arsenals by 80 percent from their Cold War height. Together, our nations can do more than any others to lift the cloud of nuclear annihilation from the Earth. For our children, we must do so.

For nearly a decade, Iraq has defied its obligation to destroy its weapons of terror and the missiles to deliver them. America will continue to contain Saddam -- with diplomacy and sanctions when possible, with force when necessary. We also will work for the day when Iraq has a government worthy of its people.

Every American should be proud of the servicemen and women who last month struck at Saddam's deadly arsenal. Our troops were superb; their weapons powerful and precise. Their mission was so flawlessly executed that we risk taking for granted the bravery and skill it required. [x] flew [x] missions, destroying [x] that made [chemical weapons][or whatever]. He is here with us tonight. Let us all honor the 10,000 men and women of Desert Fox.

Republicans and Democrats worked together to streamline our military while ensuring that it remains second to none. In the last nine months, I have asked and Congress has agreed to add nearly \$6 billion to maintain our readiness. My balanced budget calls for an increase of \$12 billion for readiness and modernization -- the start of a sustained six year reversal of the decline in defense spending that began in 1985. It will ensure that our troops can deploy rapidly, with the best training and weapons in the world. And it will provide for them and their families.

America's defenders stand ready at a moment's notice to go where comforts are few and dangers are many, doing what needs to be done as no one else can. They always deliver for America. We must deliver for them.

The new century also demands new partnerships for peace and security.

Six years ago, I said NATO had an unprecedented opportunity to help build a Europe that for the first time is undivided, peaceful and free. This spring, I will convene the leaders of a new NATO in Washington for its 50th anniversary summit. We will ready NATO for the missions of the next 50 years. And we will welcome Hungary, Poland and the Czech Republic as our first new allies from Central Europe. Europe will never again be divided by concrete and barbed wire.

More than ever, we know that the security of America is also linked to the stability of Asia. I have worked to strengthen our relationships with our allies Japan and Korea. Last year, I also traveled to China because our relationship with that country, home to one in five of the world's people, will help determine prospects for peace and prosperity across Asia. I spoke candidly about our shared interests as well as our differences. I said to the leaders of China -- and I will say again tonight -- that in the Information Age, stability cannot be bought at the expense of liberty.

But we must also remember: China will not change if we isolate the Chinese people from the forces of change. The more we bring China into the world, the more the world will bring freedom to China.

Last spring, with some of you, I traveled to Africa, where I saw democracy and reform rising, but being held back by the scars of violence and scourge of disease. We must strive to end conflict and to fortify African democracy, including in Nigeria. And because trade and investment are the keys to African prosperity -- we must finally pass the Africa Growth and Opportunity Act.

In our own Hemisphere, every government but one is freely chosen by its people. Because we are determined that Cuba, too, will know the blessings of liberty, we have taken new steps to help the Cuban people without helping the Castro regime.

We are strengthening ties to the Americas -- to help build a hemisphere of open markets, genuine justice and educated, healthy children. In the wake of Hurricane Mitch, we will continue to help. More than 5000 American troops have helped rebuild roads and homes and lives. Many are there still. I am proud of them -- and proud of the generosity of the American people to our friends and neighbors.

In so many of these efforts I have mentioned, the United Nations plays a crucial role. Unless we want America to take all the risks and pay all the bills in solving the world's problems, we need a strong relationship with an effective UN. I want to work in this new year with this new Congress to pay our dues and our debts.

21ST CENTURY COMMUNITIES [10 minutes]

At the world has changed, so have our own communities -- we must continue to strengthen them for this new time.

Strong communities are safer communities.

[Chestnut & Gibson tribute]

This year, we will reach our goal of putting 100,000 community police officers on the street -- ahead of schedule and under budget. The Brady Bill has stopped a quarter million felons, fugitives, and stalkers from buying guns. Last year, the crime rate dropped for the sixth

straight year, and the murder rate is the lowest in 30 years.

But too many neighborhoods still are not safe. Tonight, I propose a 21st Century crime bill to marshall the latest technologies and tactics in the fight against crime.

My budget provides funds to put up to 50,000 more police on the beat in the areas hardest hit by crime, and gives them 21st Century tools, from crime-mapping computers to digital mug shots.

Congress should restore the mandatory 5-day waiting period for buying a handgun that expired last year, and extend the Brady Bill to prevent juveniles who commit violent crimes from buying handguns for life.

We must break the deadly cycle of drugs and crime. My budget strengthens support for drug testing and treatment. It says to prisoners: If you stay on drugs, you must stay behind bars. And it says to those out on parole: If you want to keep your freedom, you have to keep free of drugs.

We must make our schools the safest places in our communities. Last year there were no more tragic events in America than the killings in our schools. I ask Congress to pass my plan to strengthen the Safe and Drug-Free School Act, and to hire and train 2,000 new community police and school resource officers to keep our kids safe.

Strong communities are livable communities.

A century ago, President Theodore Roosevelt defined our "great, central task" as "leaving this land even a better land for our descendants than it is for us." Today, we are restoring the Florida Everglades, saving Yellowstone, preserving the red-rock canyons of Utah, protecting California's redwoods and our precious coasts.

But our most fateful new challenge is the threat of global warming. Last year's heat waves, ice storms, and floods are but a hint of what future generations may endure if we don't act now.

So tonight, I propose a clean air fund to help communities reduce both greenhouse pollution and smog; new funds for clean energy sources; tax cuts for energy-efficient cars, homes, and appliances; rewards for companies that take early voluntary action to reduce greenhouse pollution; and vigorous new diplomatic efforts to meet this global threat with a global response.

Another new challenge is literally right next door in every neighborhood. As more citizens are buying new homes and sharing in the American Dream, our communities are losing about 7,000 acres of farms and open space every day.

So tonight, Vice President Gore and I propose two major initiatives: first, an

unprecedented Livability Agenda to help communities save open space, ease traffic congestion, and grow in ways that enhance every citizen's quality of life; second, a historic one billion dollar Lands Legacy Initiative to preserve places of natural beauty across America -- from remote wilderness to city parks. We must never forget that the most important park is the one closest to home. We must keep our growing communities livable and green.

To get the most out of your community, you have to give something back to it. That's why I fought to create AmeriCorps -- our national service program that gives today's generation a chance to serve their community and earn money for college.

So far, 100,000 young people have built low-income homes with Habitat for Humanity ... helped churches tutor children ... worked with the American Red Cross to ease the burden of natural disasters ... and performed countless other acts of service that have made America better.

Some of them are with us tonight and we should thank them for their service. And I ask this Congress to thank these young people as only you can: by increasing support for AmeriCorps.

As we work to strengthen our communities, we must work to renew our democracy. Last year, the House passed the bipartisan campaign finance reform legislation sponsored by Reps. Shays and Meehan and Sens. McCain and Feingold. But a partisan minority in the Senate blocked reform and preserved the status quo. To the House I say: Pass reform again, quickly. I ask the Senate: say no to big money and yes to a strong democracy in the Year 2000.

Finally, and most important, we must be truly One America.

Since 1997, our Initiative on Race has sought to bridge the divides between our people. In its report, issued last September, the Initiative's Advisory Board found that Americans want to bring our people together across racial lines -- but that we must do more to close the opportunity gaps that deepen the divides between the races.

We have more to do.

All citizens should have the chance to rise as far as their God-given talents will take them. Discrimination or violence because of ancestry or religion, race or gender, disability or sexual orientation, is wrong. And it should be illegal. Therefore I call upon the Congress to make the Employment Non-Discrimination Act and the Hate Crimes Prevention Act the law of the land.

The face of America will change immeasurably in the next century. Today, one in ten people in America was born in another country. Our newest immigrants are good for America. They are revitalizing our cities, energizing our culture, building our new economy.

We must make them welcome here. And they must take responsibility to learn English and to enter the mainstream of American life. That is why my balanced budget will enhance our efforts to teach immigrants English, our laws, and our system of government.

Whether our ancestors came here on the Mayflower or on slave ships, whether they landed on Ellis Island or at Los Angeles International Airport, whether they arrived yesterday or have been here thousands of years -- we can be, and we must be, one America.

PERORATION: THE MILLENNIUM [5 minutes]

Barely more than 300 days from now, we will cross that bridge into a new millennium. This is a moment, as the First Lady has said, to honor the past and imagine the future.

I honor her -- for leading our Millennium Project -- for all she has done to represent our country at home and abroad -- and for all she has done for our children -- for her historic role in serving this nation and advancing our best ideals.

Last year, Hillary traveled across our country to inspire more communities to work together to Save America's Treasures. I thank the Congress for its support of her efforts to restore the Star Spangled Banner and other national treasures, from Thomas Edison's laboratory to Louis Armstrong's house in Queens, so that American children can better understand who we are as Americans.

I call on all our cities and towns to strive to become "Millennium Communities" -- working to mark the millennium through one shared endeavor, whether by restoring historic landmarks, cleaning up a river or a park, recruiting volunteers to help children. Let us carry forward what George Washington called "the sacred fire of liberty."

Six years ago tomorrow, I came to office in a time of doubt for America. Our economy was troubled; our deficit was high; our people were divided. Some even wondered whether America's best days were behind us. But across this nation, in a thousand neighborhoods, I had seen, even amid the pain and uncertainty of recession, the strength, the idealism, the heart and character of America.

I had no doubt then of what we Americans could do for our country.

Tonight, as I deliver the last State of the Union message of the 20th Century, no one can doubt the enduring resolve of Americans to work for that "more perfect union" of our founders' dreams.

We are near the end of a century when generations of Americans answered the call to greatness, overcoming Depression, lifting up the dispossessed, bringing down barriers of racial prejudice, building up the largest middle class in history, winning two world wars, and the "long twilight struggle" of the Cold War.

Perhaps in the daily press of events, in the clash of controversy, we do not see our time for what it truly is – a new dawn for America.

A hundred years from tonight, an American President will stand in this place to report on the State of our Union. He – or she – will look back on a 21st Century shaped in so many ways by the decisions we make here and now.

Let it be said of us then that we were thinking not only of our time, but of their time; that we reached as high as our ideals; that we put aside our divisions and found a new hour of healing and hopefulness; that in these next two years, with pride in our purpose and the grace of our God, we joined together to serve and strengthen the country we love.

Let us lift our eyes as one nation, and from the mountaintop of this American century, look forward to the next one.

Let us join our spirit and will for the work ahead, and ask God's blessing on our endeavors and our beloved country.

STRONG SCHOOLS FOR THE 21ST CENTURY [9 minutes]

Today there are more elderly than ever -- and there are also more children, from more diverse backgrounds, in our public schools than at any time in our history. Their education must provide the knowledge and nurture the creativity prized by the new economy.

Today we can say something could not say six years ago: with more affordable student loans, more Pell grants for deserving students, 1 million new work-study jobs, education IRAs, and the HOPE scholarship tax cut that more than 5 million Americans will receive this year, we have opened the doors of college to all.

Nearly every state has set higher academic standards for public schools, and we will soon have a voluntary national test to measure the progress of our students. We have supported schools in cracking down on drugs and gangs and guns and violence, in improving learning and discipline with school uniforms, teaching values, and finding a proper place for religious faith.

With our help and the leadership of Vice President Gore, there are 9 times as many classrooms connected to the Internet as there were six years ago. And with over one billion additional dollars coming this year to make Internet connections affordable, we can meet our goal: every classroom and every library connected to the Internet by the dawn of the new century.

We are marshalling a volunteer army of college students to teach young children to read and to mentor middle school children and prepare them for college.

Last fall, we reached across party lines and began to hire 100,000 new highly-trained teachers to reduce class size in the early grades. I ask this Congress to finish our mission of hiring 100,000 new teachers.

Our children are doing better. SAT scores are up. Math scores have risen in nearly all grades nationwide. But there is a problem: While our fourth graders outperform their peers in other developed countries in math and science, our eighth graders are around average, and our twelfth graders rank near the bottom.

Each year the national government invests over \$20 billion in our public schools. I believe we must change the way we invest that money. We know what works -- we must invest in it, and stop investing in what doesn't.

Later this year, I will send Congress a plan that for the first time holds states and school districts accountable for progress and rewards them for results. I propose that every school district receiving federal help must take the following four steps.

First, all schools must end social promotion.

Because we know students can learn what they don't know, we must help all young people to meet higher standards. My balanced budget triples the funding for summer school and after school programs. We can keep one million students learning in the hours after regular school lets out, when parents work and juvenile crime soars.

Three years ago, under Mayor Daley's leadership, Chicago ended social promotion. Students who fail to master the basics go to summer school and get special tutoring until they do pass -- and most do. Math and reading scores are up three years running. Some of the biggest gains have come in what were some of the worst schools in the toughest neighborhoods.

Second, all states and school districts must turn around their worst-performing schools or shut them down. That is the policy established by Gov. Jim Hunt in North Carolina -- and last year, that state's test scores made the biggest gains in the nation. My budget includes \$200 million to help states adopt this policy and turn around their failing schools. We can no longer tolerate schools that deny any young Americans the opportunity to learn and earn their way up.

Third, all states and school districts must be held responsible for the quality of their teachers. None of us would be here tonight if not for our teachers. We must lift them up, not tear them down. But in too many schools, teachers don't have college majors--or even minors--in the subjects they teach. All new teachers must pass skills tests and all teachers should be required to know the subject they are teaching.

To attract talented teachers to the toughest teaching assignments, I recommend a five-fold increase in scholarships for college students who commit to teach in the inner city, in isolated rural areas and on Indian reservations.

Fourth, we must empower parents. In too many communities, it is easier to get information on the quality of local restaurants than the quality of local public schools. Every school district should issue report cards on every school.

We must create a public school system driven by more information, more competition, more choice. When I became President, there was one independent, public charter school in all of America. With our support, there are 900 today. My budget assures that early in the next century, there will be 3000.

If we do these four things -- end social promotion, turn around failing schools, demand and support qualified teachers, and promote accountability, innovation and competition -- we will begin to meet our generation's historic responsibility to create 21st Century schools.

Let's do one more thing for our children. Today, too many of our schools are so old that they're falling apart, or so overcrowded students must learn in trailers. Last fall, Congress missed an opportunity to create a tax break to modernize or build 5000 schools. This year, for the sake of our 53 million schoolchildren, Congress must not miss that

opportunity again.

BUILDING STRONG FAMILIES FOR THE 21st CENTURY [8 minutes]

We must do more to help the millions of working American parents who give their all every day at home and at work. No government can raise or love a child. But government can empower parents to meet their most vital responsibilities.

The most basic tool of all is a decent income. So first, let's raise the minimum wage by one dollar over the next two years.

One of the biggest needs working parents face is quality child care. So again, I ask the Congress to make quality child care more affordable and more accessible. My balanced budget provides tax credits for working families, child care subsidies for small business, and high standards and training for child care providers. Our child care plan also includes a new tax credit for stay-at-home mothers. They need help too.

The Family Medical Leave Act -- the first bill I signed into law -- has helped nearly 20 million Americans care for a new baby or an ailing relative without risking their jobs, at minimal cost to employers. Now let's extend this to workers in smaller companies, and guarantee Family Leave to 10 million more working Americans.

And parents should never face discrimination in the workplace. I will ask Congress to prohibit companies from refusing to hire or promote workers simply because they have children.

America's families deserve the world's best medical care. We must continue our cutting-edge research and pathbreaking innovation.

We have begun testing the first drugs to prevent or reduce risk of cancer. Medical researchers have introduced the first effective drugs to treat AIDS. They have made new discoveries about the process of aging itself -- increasing the odds of developing new treatments to prevent or delay diseases from Parkinsons to Alzheimers to arthritis. I ask Congress keep us on track to increase the budget for the National Institutes of Health by fifty percent.

And as science advances, we cannot let our health care system lag behind.

Managed care has transformed medicine in America -- driving down costs, but threatening to drive down quality as well. Let's make all Americans a promise: This year, we will pass a strong and enforceable patient's bill of rights ... so every American can have the right to the best care, not just the cheapest. The right to see a specialist. And the right to emergency care.

Within my power as President, I am extending these rights to the 85 million Americans served by Medicare, Medicaid, and other federal health plans. But only Congress can enact the Patients Bill of Rights for all Americans. Last year, Congress missed that opportunity. This

year, for the sake of our families, Congress must not miss that opportunity again.

As more of our medical records are stored electronically, the threats to our privacy increase. If Congress does not act by this August, I have the authority to protect the privacy of medical records -- and I will use it.

Two years ago, we extended health insurance to up to 5 million children. Now, we should give people 55 to 65 who lose their health insurance the chance to buy in to Medicare. We should make it easier for small businesses to offer health insurance to their employees. And we should pass the historic bipartisan legislation, introduced by Senators Jeffords, Kennedy, Roth and Moynihan, to allow people with disabilities to keep Medicaid health insurance when they go to work. No one should have to choose between keeping health care and taking a job.

And we should increase support for the community health centers providing basic care for families who lack health coverage altogether.

Next, we must step up our efforts to treat and prevent an illness that brings pain to millions of families -- mental illness. No American should ever be afraid to recognize and treat this disease. This year, we will host a first-ever White House Conference on Mental Health. With sensitivity and commitment, Tipper Gore has led our efforts here -- and I thank her.

As everyone in this chamber knows, our children -- whom the tobacco industry has called "replacement smokers" -- are targets of a massive media campaign to hook them on cigarettes. I ask this Congress to resist the tobacco lobby and pass a bipartisan bill that safeguards our children while protecting farmers.

For decades the tobacco industry has passed too much of the real cost of smoking -- medical care for illnesses from cancer to emphysema -- onto you, the taxpayers. It is time to recover those costs, as the states have done.

Tonight, I am directing the Department of Justice to prepare and bring a lawsuit against the tobacco companies for the costs to Medicare of tobacco-related illnesses. The funds we recover should be used to strengthen Medicare.

In all these areas -- minimum wage, child care, health care, family leave and the safety of our children -- we can begin to meet our historic responsibility to strengthen our families for the 21st Century.

A 21st CENTURY ECONOMY [10 minutes -- 6 minutes of which is international]

Next, we must build a 21st Century economy for all Americans.

Today, America is the most dynamic, competitive, job creating economy in history -- because the qualities that bring success in the global economy are at the core of the American character.

But we can do better.

We must make a place for all our people in the new economy.

Today, there is not so much an income gap as a skills gap. Last year I signed bipartisan legislation to transform our worker training system. With a simple skills grant, Americans eligible for training assistance can now choose the skills they need. Now I recommend a national campaign to increase adult literacy for one of four working people who read at less than a sixth grade level, and a commitment that every American who loses a job will be able to get the training they need.

In the last six years, we have cut the welfare rolls nearly in half. Two years ago, from this podium, I asked five companies to lead a national effort to hire people off the welfare rolls. Tonight, our Welfare to Work Partnership includes 10,000 companies who have hired hundreds of thousands of people. And my budget provides funds to help move another 200,000 people from welfare to work.

We also must bring the spark of private enterprise into inner cities and remote rural areas. My balanced budget provides tax credits to create venture capital funds, supports community banks, and provides tax credits and 100,000 vouchers so people can find affordable housing. We already have an Overseas Private Investment Corporation, to help develop untapped markets abroad. I propose an American Private Investment Corporation to develop untapped markets at home.

And we must bring prosperity back to rural America. Farmers -- the backbone of our country -- are in trouble. Dropping prices and the loss of foreign markets have led to dire economic conditions for too many of our hardworking family farmers. We need to craft a better farm safety net for rural America, with crop insurance reform and income assistance. I am ready to work with Members of Congress of both parties to get it done.

We must strengthen our lead in the new technological economy.

Government investment in computers led to the creation of the Internet. Now I propose a 30% increase in long-term computer research.

We must be ready for the 21st Century from its very first moment. That means solving the "Y2K" computer bug. We have already made sure Social Security checks will keep coming on time. But every business, every city and county, every university must be ready. We all must do our part so the millennium bug will be remembered as the last headache of the 21st Century, not the first crisis of the 21st.

Economic growth at home also depends upon economic growth abroad.

Until recently, one third of our economic growth came from exports. But over the past year and a half, the financial turmoil that began in Asia has put that growth at risk. Today, much

of the world is in recession. Across Asia, an entire generation that worked its way into the middle class has plunged into poverty.

This is the most critical financial crisis in a half century. Last September, I set out a new strategy to spur global growth, to stabilize the global economy and keep the world trading system open, free, and fair.

Together with other nations, America has acted -- reducing interest rates, meeting our obligations to the International Monetary Fund, and taking steps to contain the crisis. The turmoil is not over. But because of America's leadership, the world's economy and ours are more sound than they would have been -- and our economy continues to grow, steady and strong. I thank lawmakers of both parties for your support.

Now we must build a global financial system for the 21st Century that tames the cycles of boom and bust. This spring, I will meet with other world leaders to lay plans for a modern world financial system -- with open books, stronger international bank regulations, an aggressive response to prevent regional problems from becoming global crises, and a strong social safety for the most vulnerable victims of financial turmoil.

We must also build a freer and fairer trading system for the 21st Century -- one that spurs growth, expands opportunity for ordinary citizens, and supports basic labor and environmental standards. Trade has divided Americans for too long. We must find the common ground on which business, workers, environmentalists and government can stand together.

We must do more to help American manufacturers hit hard by the present crisis. I ask the Congress to provide \$2 billion in new credit to promote U.S. manufacturing exports abroad. Protectionism could start a chain reaction, hurting our exports and triggering a global recession. But when imports are unlawfully flood into our nation, we must act. I have already informed the government of Japan that if Japan's sudden surge of cheap steel imports into our country is not reversed, I will respond.

Five times in the past half century, we have negotiated worldwide agreements that have opened markets and lifted prosperity. I will launch a new round of negotiations in the World Trade Organization to expand our exports of farm products, services and manufactures. And we will seek to expand trade with Africa, with the Caribbean and Central American neighbors devastated by the recent hurricanes, and by creating a Free Trade Area of the Americas.

We must also press for trade that promotes the dignity of work and the rights of workers. We must insist that international trade organizations be open to public scrutiny. We must insist that trade rules never be used as a pretext to destroy environmental protections. We must never let vigorous international competition become a race to the bottom among nations.

I ask Congress to join me in this common approach and pass legislation granting the President traditional trade authority to advance our prosperity.

Also, we will work with the International Labor Organization on a new initiative to lift labor standards around the world. And we must act, once and for all, to end the most exploitative trade practices of all: I will sign a new international agreement to ban child labor everywhere in the world.

If we do these things, then we can begin to meet the historic responsibility of this generation to build a 21st Century prosperity for America in a more stable and growing world economy.

A STRONG AMERICA IN A NEW WORLD [13 minutes]

No nation in history has had the opportunity and the responsibility we now have to help shape a world more secure, peaceful and free.

All Americans should be proud that our leadership helped bring peace to Northern Ireland. Now that Protestants and Catholics there have chosen peace, America will help them build it.

All Americans can be proud that our leadership has put Bosnia on the path to peace. This year, we will help that peace take deeper root – and continue to bring our troops home. In Kosovo we will work to sustain a fragile cease fire and to restore self government.

All Americans can be proud that our leadership renewed hope for a lasting peace in the Middle East. Some of you were with me in December as we watched the Palestinian National Council completely renounce its call for the destruction of Israel. I ask the Congress to act now to provide resources to support the Wye Agreement . . . to protect Israel's security, stimulate the Palestinian economy, and support our friends in Jordan. We must not, we cannot, let them down.

As we work for peace, we must also meet threats to our nation's security – including increased dangers from outlaw nations and terrorism. The bombing of our embassies in Kenya and Tanzania reminded us of the risks faced every day by those who represent America to the world. They deserve protection, recognition and support. Let's give them the resources they need so America can continue to lead.

We will defend our security wherever it is threatened -- as we did this summer when we struck at Osama bin Laden's network of terror in Afghanistan and Sudan.

I am proposing a 40% increase in funding to keep terrorists from disrupting computer networks, to prepare local communities for biological and chemical emergencies, and to support research into vaccines and treatments.

We will work to retrain the spread of nuclear weapons, from North Korea to India and Pakistan.

My balanced budget will expand our work with Russia, Ukraine, and the other former Soviet nations to safeguard their weapons and technology so they never fall into wrong hands.

There is another vital step Congress can take. In 1963, the Senate approved the Limited nuclear Test Ban Treaty just two months after President Kennedy signed it. It's been two years since I signed the Comprehensive Test Ban Treaty. By acting now, the Senate can make it harder for new nations to develop nuclear arms, and end nuclear testing forever.

Let me say something to Russia's legislature, the Duma. I ask you to promptly ratify the START II treaty, for the sake of Russia's security as well as our own. We have already agreed on a framework for START III to cut our arsenals by 80 percent from their Cold War height. Together, our nations can do more than any others to lift the cloud of nuclear annihilation from the Earth. For our children, we must do so.

For nearly a decade, Iraq has defied its obligation to destroy its weapons of terror and the missiles to deliver them. America will continue to contain Saddam -- with diplomacy and sanctions when possible, with force when necessary. We also will work for the day when Iraq has a government worthy of its people.

Every American should be proud of the servicemen and women who last month struck at Saddam's deadly arsenal. Our troops were superb; their weapons powerful and precise. Their mission was so flawlessly executed that we risk taking for granted the bravery and skill it required. [x] flew [x] missions, destroying [x] that made [chemical weapons][or whatever]. He is here with us tonight. Let us all honor the 10,000 men and women of Desert Fox.

Republicans and Democrats worked together to streamline our military while ensuring that it remains second to none. In the last nine months, I have asked and Congress has agreed to add nearly \$6 billion to maintain our readiness. My balanced budget calls for an increase of \$12 billion for readiness and modernization -- the start of a sustained six year reversal of the decline in defense spending that began in 1985. It will ensure that our troops can deploy rapidly, with the best training and weapons in the world. And it will provide for them and their families.

America's defenders stand ready at a moment's notice to go where comforts are few and dangers are many, doing what needs to be done as no one else can. They always deliver for America. We must deliver for them.

The new century also demands new partnerships for peace and security.

Six years ago, I said NATO had an unprecedented opportunity to help build a Europe that for the first time is undivided, peaceful and free. This spring, I will convene the leaders of a new NATO in Washington for its 50th anniversary summit. We will ready NATO for the missions of the next 50 years. And we will welcome Hungary, Poland and the Czech Republic as our first new allies from Central Europe. Europe will never again be divided by concrete and barbed wire.

More than ever, we know that the security of America is also linked to the stability of Asia. I have worked to strengthen our relationships with our allies Japan and Korea. Last year, I also traveled to China because our relationship with that country, home to one in five of the world's people, will help determine prospects for peace and prosperity across Asia. I spoke candidly about our shared interests as well as our differences. I said to the leaders of China -- and I will say again tonight -- that in the Information Age, stability cannot be bought at the expense of liberty.

But we must also remember: China will not change if we isolate the Chinese people from the forces of change. The more we bring China into the world, the more the world will bring freedom to China.

Last spring, with some of you, I traveled to Africa, where I saw democracy and reform rising, but being held back by the scars of violence and scourge of disease. We must strive to end conflict and to fortify African democracy, including in Nigeria. And because trade and investment are the keys to African prosperity -- we must finally pass the Africa Growth and Opportunity Act.

In our own Hemisphere, every government but one is freely chosen by its people. Because we are determined that Cuba, too, will know the blessings of liberty, we have taken new steps to help the Cuban people without helping the Castro regime.

We are strengthening ties to the Americas -- to help build a hemisphere of open markets, genuine justice and educated, healthy children. In the wake of Hurricane Mitch, we will continue to help. More than 5000 American troops have helped rebuild roads and homes and lives. Many are there still. I am proud of them -- and proud of the generosity of the American people to our friends and neighbors.

In so many of these efforts I have mentioned, the United Nations plays a crucial role. Unless we want America to take all the risks and pay all the bills in solving the world's problems, we need a strong relationship with an effective UN. I want to work in this new year with this new Congress to pay our dues and our debts.

21ST CENTURY COMMUNITIES [10 minutes]

At the world has changed, so have our own communities -- we must continue to strengthen them for this new time.

Strong communities are safer communities.

[Chestnut & Gibson tribute]

This year, we will reach our goal of putting 100,000 community police officers on the street -- ahead of schedule and under budget. The Brady Bill has stopped a quarter million felons, fugitives, and stalkers from buying guns. Last year, the crime rate dropped for the sixth

straight year, and the murder rate is the lowest in 30 years.

But too many neighborhoods still are not safe. Tonight, I propose a 21st Century crime bill to marshal the latest technologies and tactics in the fight against crime.

My budget provides funds to put up to 50,000 more police on the beat in the areas hardest hit by crime, and gives them 21st Century tools, from crime-mapping computers to digital mug shots.

Congress should restore the mandatory 5-day waiting period for buying a handgun that expired last year, and extend the Brady Bill to prevent juveniles who commit violent crimes from buying handguns for life.

We must break the deadly cycle of drugs and crime. My budget strengthens support for drug testing and treatment. It says to prisoners: If you stay on drugs, you must stay behind bars. And it says to those out on parole: If you want to keep your freedom, you have to keep free of drugs.

We must make our schools the safest places in our communities. Last year there were no more tragic events in America than the killings in our schools. I ask Congress to pass my plan to strengthen the Safe and Drug-Free School Act, and to hire and train 2,000 new community police and school resource officers to keep our kids safe.

Strong communities are livable communities.

A century ago, President Theodore Roosevelt defined our "great, central task" as "leaving this land even a better land for our descendants than it is for us." Today, we are restoring the Florida Everglades, saving Yellowstone, preserving the red-rock canyons of Utah, protecting California's redwoods and our precious coasts.

But our most fateful new challenge is the threat of global warming. Last year's heat waves, ice storms, and floods are but a hint of what future generations may endure if we don't act now.

So tonight, I propose a clean air fund to help communities reduce both greenhouse pollution and smog; new funds for clean energy sources; tax cuts for energy-efficient cars, homes, and appliances; rewards for companies that take early voluntary action to reduce greenhouse pollution; and vigorous new diplomatic efforts to meet this global threat with a global response.

Another new challenge is literally right next door in every neighborhood. As more citizens are buying new homes and sharing in the American Dream, our communities are losing about 7,000 acres of farms and open space every day.

So tonight, Vice President Gore and I propose two major initiatives: first, an

unprecedented Livability Agenda to help communities save open space, ease traffic congestion, and grow in ways that enhance every citizen's quality of life; second, a historic one billion dollar Lands Legacy Initiative to preserve places of natural beauty across America -- from remote wilderness to city parks. We must never forget that the most important park is the one closest to home. We must keep our growing communities livable and green.

To get the most out of your community, you have to give something back to it. That's why I fought to create AmeriCorps -- our national service program that gives today's generation a chance to serve their community and earn money for college.

So far, 100,000 young people have built low-income homes with Habitat for Humanity ... helped churches tutor children ... worked with the American Red Cross to ease the burden of natural disasters ... and performed countless other acts of service that have made America better.

Some of them are with us tonight and we should thank them for their service. And I ask this Congress to thank these young people as only you can: by increasing support for AmeriCorps.

As we work to strengthen our communities, we must work to renew our democracy. Last year, the House passed the bipartisan campaign finance reform legislation sponsored by Reps. Shays and Meehan and Sens. McCain and Feingold. But a partisan minority in the Senate blocked reform and preserved the status quo. To the House I say: Pass reform again, quickly. I ask the Senate: say no to big money and yes to a strong democracy in the Year 2000.

Finally, and most important, we must be truly One America.

Since 1997, our Initiative on Race has sought to bridge the divides between our people. In its report, issued last September, the Initiative's Advisory Board found that Americans want to bring our people together across racial lines -- but that we must do more to close the opportunity gaps that deepen the divides between the races.

We have more to do.

All citizens should have the chance to rise as far as their God-given talents will take them. Discrimination or violence because of ancestry or religion, race or gender, disability or sexual orientation, is wrong. And it should be illegal. Therefore I call upon the Congress to make the Employment Non-Discrimination Act and the Hate Crimes Prevention Act the law of the land.

The face of America will change immeasurably in the next century. Today, one in ten people in America was born in another country. Our newest immigrants are good for America. They are revitalizing our cities, energizing our culture, building our new economy.

We must make them welcome here. And they must take responsibility to learn English and to enter the mainstream of American life. That is why my balanced budget will enhance our efforts to teach immigrants English, our laws, and our system of government.

Whether our ancestors came here on the Mayflower or on slave ships, whether they landed on Ellis Island or at Los Angeles International Airport, whether they arrived yesterday or have been here thousands of years -- we can be, and we must be, one America.

PERORATION: THE MILLENNIUM [5 minutes]

Barely more than 300 days from now, we will cross that bridge into a new millennium. This is a moment, as the First Lady has said, to honor the past and imagine the future.

I honor her -- for leading our Millennium Project -- for all she has done to represent our country at home and abroad -- and for all she has done for our children -- for her historic role in serving this nation and advancing our best ideals.

Last year, Hillary traveled across our country to inspire more communities to work together to Save America's Treasures. I thank the Congress for its support of her efforts to restore the Star Spangled Banner and other national treasures, from Thomas Edison's laboratory to Louis Armstrong's house in Queens, so that American children can better understand who we are as Americans.

I call on all our cities and towns to strive to become "Millennium Communities" -- working to mark the millennium through one shared endeavor, whether by restoring historic landmarks, cleaning up a river or a park, recruiting volunteers to help children. Let us carry forward what George Washington called "the sacred fire of liberty."

Six years ago tomorrow, I came to office in a time of doubt for America. Our economy was troubled; our deficit was high; our people were divided. Some even wondered whether America's best days were behind us. But across this nation, in a thousand neighborhoods, I had seen, even amid the pain and uncertainty of recession, the strength, the idealism, the heart and character of America.

I had no doubt then of what we Americans could do for our country.

Tonight, as I deliver the last State of the Union message of the 20th Century, no one can doubt the enduring resolve of Americans to work for that "more perfect union" of our founders' dreams.

We are near the end of a century when generations of Americans answered the call to greatness, overcoming Depression, lifting up the dispossessed, bringing down barriers of racial prejudice, building up the largest middle class in history, winning two world wars, and the "long twilight struggle" of the Cold War.

Perhaps in the daily press of events, in the clash of controversy, we do not see our time for what it truly is – a new dawn for America.

A hundred years from tonight, an American President will stand in this place to report on the State of our Union. He – or she – will look back on a 21st Century shaped in so many ways by the decisions we make here and now.

Let it be said of us then that we were thinking not only of our time, but of their time; that we reached as high as our ideals; that we put aside our divisions and found a new hour of healing and hopefulness; that in these next two years, with pride in our purpose and the grace of our God, we joined together to serve and strengthen the country we love.

Let us lift our eyes as one nation, and from the mountaintop of this American century, look forward to the next one.

Let us join our spirit and will for the work ahead, and ask God's blessing on our endeavors and our beloved country.