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THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release

January 23, 1996

STATE OF THE UNION ADDRESS
OF THE PRESIDENT

U.S. Capitol

9:14 P.M. EST

THE PRESIDENT: Thank you very much.

Mr. Speaker, Mr. Vice President, members of the 104th Congress, distinguished guests, my fellow Americans all across our land: Let me begin tonight by saying to our men and women in uniform around the world, and especially those helping peace take root in Bosnia and to their families, I thank you. America is very, very proud of you. (Applause.)

My duty tonight is to report on the state of the Union -- not the state of our government, but of our American community; and to set forth our responsibilities, in the words of our Founders, to form a more perfect union.

The state of the Union is strong. (Applause.) Our economy is the healthiest it has been in three decades. We have the lowest combined rates of unemployment and inflation in 27 years. We have completed -- created nearly 8 million new jobs, over a million of them in basic industries, like construction and automobiles. America is selling more cars than Japan for the first time since the 1970s. And for three years in a row, we have had a record number of new businesses started in our country. (Applause.)

Our leadership in the world is also strong, bringing hope for new peace. And perhaps most important, we are gaining ground in restoring our fundamental values. The crime rate, the welfare and food stamp rolls, the poverty rate and the teen pregnancy rate are all down. And as they go down, prospects for America's future go up. (Applause.)

We live in an age of possibility. A hundred years ago we moved from farm to factory. Now we move to an age of technology, information, and global competition. These changes have opened vast new opportunities for our people, but they have also presented them with stiff challenges. While more Americans are living better, too many of our fellow citizens are working harder just to keep up, and they are rightly concerned about the security of their families.

We must answer here three fundamental questions: First, how do we make the American Dream of opportunity for all a reality for all Americans who are willing to work for it? Second, how do we preserve our old and enduring values as we move into the future? And, third, how do we meet these challenges together, as one America?

We know big government does not have all the answers. We know there's not a program for every problem. (Applause.) We know, and we have worked to give the American people a smaller, less bureaucratic government in Washington. And we have to give the American people one that lives within its means. (Applause.) The era of big government is over. (Applause.) But we cannot go back to

MORE

With regard to the ban on ownership of more than one television station in a local market, the Act directs the FCC to conduct a rulemaking to review its regulation and its waiver policy. Currently, the FCC allows ownership of more than one television station only in narrow and compelling circumstances, such as when a station would otherwise go dark, and where local diversity would not be reduced. Any changes in this policy should allow ownership of two stations only when doing so would clearly not reduce the diversity of independent outlets of news and information in a community. My Administration will continue to support a fair balance between economic viability and diversity.

Rates for cable programming services and equipment used solely to receive such services will, in general, be deregulated in about 3 years. Cable rates will be deregulated more quickly in communities where a phone company offers programming to a comparable number of households, providing effective competition to the cable operator. In such circumstances, consumers will be protected from price hikes because the cable system faces real competition.

This legislation also places a strong emphasis on competition in both local and long distance telephone markets, making it possible for the regional Bell companies to offer long distance service, provided that, in the judgment of the FCC, they have opened up their local networks to competitors such as long distance companies, cable operators and others.

To protect the public, the FCC must evaluate any application for entry into the long distance business in light of its public interest test, which gives the FCC discretion to consider a broad range of issues, such as the adequacy of interconnection arrangements to permit vigorous competition. Moreover, in deciding whether to grant the application of a regional Bell company to offer long distance service, the FCC must accord "substantial weight" to the views of the Attorney General. This special legal standard, which I consider essential, ensures that the FCC and the courts will accord full weight to the special competition expertise of the Justice Department's Antitrust Division -- especially its expertise in making predictive judgments about the effect that entry by a Bell company into long distance may have on competition in local and long distance markets. This Act also allows the Attorney General to use any available evidence, including evidence acquired under the Modified Final Judgment, and make a recommendation under any legal standard the Attorney General considers appropriate.

Further, when a regional Bell company establishes a long distance or manufacturing affiliate, the Act bars it from discriminating in favor of its own affiliates and against the interests of competing long distance providers or manufacturers, when such outside companies seek to do business with the regional Bell's local network.

The Act's emphasis on competition is also reflected in its antitrust savings clause. This clause ensures that even for activities allowed under or required by the legislation, or activities resulting from FCC rulemakings or orders, the antitrust laws continue to apply fully.

I am also pleased that the Act requires interstate telecommunications carriers to contribute to a fund to preserve and advance universal service. The fund would be spent to provide and upgrade facilities and services, as prescribed by the FCC. And carriers would receive credit toward their contribution by providing discount service to schools,

meet them, we never fail. That is the key to a more perfect Union. Our individual dreams must be realized by our common efforts.

Tonight I want to speak to you about the challenges we all face as a people. Our first challenge is to cherish our children and strengthen America's families. Family is the foundation of American life. If we have stronger families, we will have a stronger America.

Before I go on, I'd like to take just a moment to thank my own family, and to thank the person who has taught me more than anyone else over 25 years about the importance of families and children -- a wonderful wife, a magnificent mother and a great First Lady. Thank you, Hillary. (Applause.)

All strong families begin with taking more responsibility for our children. I've heard Mrs. Gore say that it's hard to be a parent today, but it's even harder to be a child. So all of us, not just as parents, but all of us in our other roles -- our media, our schools, our teachers, our communities, our churches and synagogues, our businesses, our governments -- all of us have a responsibility to help our children to make it and to make the most of their lives and their God-given capacities.

To the media, I say you should create movies and CDs and television shows you'd want your own children and grandchildren to enjoy. (Applause.)

I call on Congress to pass the requirement for a V chip in TV sets so that parents can screen out programs they believe are inappropriate for their children. (Applause.) When parents control what their young children see, that is not censorship; that is enabling parents to assume more personal responsibility for their children's upbringing. And I urge them to do it. The V chip requirement is part of the important telecommunications bill now pending in this Congress. It has bipartisan support, and I urge you to pass it now. (Applause.)

To make the V chip work, I challenge the broadcast industry to do what movies have done -- to identify your program in ways that help parents to protect their children. And I invite the leaders of major media corporations in the entertainment industry to come to the White House next month to work with us in a positive way on concrete ways to improve what our children see on television. I am ready to work with you. (Applause.)

I say to those who make and market cigarettes, every year a million children take up smoking, even though it's against the law. Three hundred thousand of them will have their lives shortened as a result. Our administration has taken steps to stop the massive marketing campaigns that appeal to our children. We are simply saying: Market your products to adults, if you wish, but draw the line on children. (Applause.)

I say to those who are on welfare, and especially to those who have been trapped on welfare for a long time: For too long our welfare system has undermined the values of family and work, instead of supporting them. The Congress and I are near agreement on sweeping welfare reform. We agree on time limits, tough work requirements, and the toughest possible child support enforcement. But I believe we must also provide child care so that mothers who are required to go to work can do so without worrying about what is happening to their children. (Applause.)

I challenge this Congress to send me a bipartisan welfare reform bill that will really move people from welfare to work and do the right thing by our children. I will sign it immediately. (Applause.)

Let us be candid about this difficult problem. Passing a law, even the best possible law, is only a first step. The next step is to make it work. I challenge people on welfare to make the most of this opportunity for independence. I challenge American businesses to give people on welfare the chance to move into the work force. I applaud the work of religious groups and other who care for the poor. More than anyone else in our society, they know the true difficulty of the task before us, and they are in a position to help.

Everyone of us should join them. That is the only way we can make real welfare reform a reality in the lives of the American people.

To strengthen the family we must do everything we can to keep the teen pregnancy rate going down. I am gratified, as I'm sure all Americans are, that it has dropped for two years in a row. But we all know it is still far too high.

Tonight I am pleased to announce that a group of prominent Americans is responding to that challenge by forming an organization that will support grass-roots community efforts all across our country in a national campaign against teen pregnancy. And I challenge all of us and every American to join their efforts.

I call on American men and women in families to give greater respect to one another. We must end the deadly scourge of domestic violence in our country. (Applause.) And I challenge America's families to work harder to stay together. For families who stay together not only do better economically, their children do better as well.

In particular, I challenge the fathers of this country to love and care for their children. If your family has separated, you must pay your child support. We're doing more than ever to make sure you do, and we're going to do more, but let's all admit something about that, too: A check will substitute for a parent's love and guidance. And only you -- only you can make the decision to help raise your children. No matter who you are, how low or high your station in life, it is the most basic human duty of every American to do that job to the best of his or her ability. (Applause.)

Our second challenge is to provide Americans with the educational opportunities we'll all need for this new century. In our schools, every classroom in America must be connected to the information superhighway, with computers and good software, and well-trained teachers. We are working with the telecommunications industry, educators and parents to connect 20 percent of California's classrooms by this spring, and every classroom and every library in the entire United States by the year 2000. (Applause.) I ask Congress to support this education technology initiative so that we can make sure this national partnership succeeds.

Every diploma ought to mean something. I challenge every community, every school and every state to adopt national standards of excellence; to measure whether schools are meeting those standards; to cut bureaucratic red tape so that schools and teachers have more flexibility for grass-roots reform; and to hold them accountable for results. That's what our Goals 2000 initiative is all about.

I challenge every state to give all parents the right to choose which public school their children will attend; and to let teachers form new schools with a charter they can keep only if they do a good job. (Applause.)

I challenge all our schools to teach character education, to teach good values and good citizenship. And if it means that teenagers will stop killing each other over designer jackets, then our public schools should be able to require their students to wear school uniforms. (Applause.)

I challenge our parents to become their children's first teachers. Turn off the TV. See that the homework is done. And visit your children's classroom. No program, no teacher, no one else can do that for you.

My fellow Americans, higher education is more important today than ever before. We've created a new student loan program that's made it easier to borrow and repay those loans, and we have dramatically cut the student loan default rate. That's something we should all be proud of because it was unconscionably high just a few years ago.

Through AmeriCorps, our national service program, this year 25,000 young people will earn college money by serving their local communities to improve the lives of their friends and neighbors. (Applause.)

These initiatives are right for America and we should keep them going. And we should also work hard to open the doors of college even wider. I challenge Congress to expand work-study and help one million young Americans work their way through college by the year 2000; to provide a \$1000 merit scholarship for the top five percent of graduates in every high school in the United States; -- (applause) -- to expand Pell Grant scholarships for deserving and needy students; and to make up to \$10,000 a year of college tuition tax deductible. It's a good idea for America. (Applause.)

Our third challenge is to help every American who is willing to work for it, achieve economic security in this new age. People who work hard still need support to get ahead in the new economy. They need education and training for a lifetime. They need more support for families raising children. They need retirement security. They need access to health care. More and more Americans are finding that the education of their childhood simply doesn't last a lifetime.

So I challenge Congress to consolidate 70 overlapping, antiquated job-training programs into a simple voucher worth \$2,600 for unemployed or underemployed workers to use as they please for community college tuition or other training. This is a G.I. Bill for America's workers we should all be able to agree on. (Applause.)

More and more Americans are working hard without a raise. Congress sets the minimum wage. Within a year, the minimum wage will fall to a 40-year low in purchasing power. Four dollars and 25 cents an hour is no longer a minimum wage, but millions of Americans and their children are trying to live on it. I challenge you to raise their minimum wage. (Applause.)

In 1993, Congress cut the taxes of 15 million hard-pressed working families to make sure that no parents who work full-time would have to raise their children in poverty, and to encourage people to move from welfare to work. This expanded earned income tax credit is now worth about \$1,800 a year to a family of four living on \$20,000. The budget bill I vetoed would have reversed this achievement and raised taxes on nearly 8 million of these people. We should not do that. We should not do that. (Applause.)

I also agree that the people who are helped under this initiative are not all those in our country who are working hard to do a good job raising their children and at work. I agree that we need a tax credit for working families with children. That's one of

the things most of us in this Chamber, I hope, can agree on. I know it is strongly supported by the Republican majority. And it should be part of any final budget agreement. (Applause.)

I want to challenge every business that can possibly afford it to provide pensions for your employees. And I challenge Congress to pass a proposal recommended by the White House Conference on Small Business that would make it easier for small businesses and farmers to establish their own pension plans. That is something we should all agree on. (Applause.)

We should also protect existing pension plans. Two years ago, with bipartisan support that was almost unanimous on both sides of the aisle, we moved to protect the pensions of 8 million working people and to stabilize the pensions of 32 million more. Congress should not now let companies endanger those workers's pension funds. (Applause.)

I know the proposal to liberalize the ability of employers to take money out of pension funds for other purposes would raise money for the treasury. But I believe it is false economy. I vetoed that proposal last year, and I would have to do so again. (Applause.)

Finally, if our working families are going to succeed in the new economy, they must be able to buy health insurance policies that they do not lose when they change jobs or when someone in their family gets sick. Over the past two years, over one million Americans in working families have lost their health insurance. We have to do more to make health care available to every American. And Congress should start by passing the bipartisan bill sponsored by Senator Kennedy and Senator Kassebaum that would require insurance companies to stop dropping people when they switch jobs, and stop denying coverage for preexisting conditions. Let's all do that. (Applause.)

And even as we enact savings in these programs, we must have a common commitment to preserve the basic protections of Medicare and Medicaid -- not just to the poor, but to people in working families, including children, people with disabilities, people with AIDS, senior citizens in nursing homes.

In the past three years, we've saved \$15 billion just by fighting health care fraud and abuse. We have all agreed to save much more. We have all agreed to stabilize the Medicare Trust Fund. But we must not abandon our fundamental obligations to the people who need Medicare and Medicaid. America cannot become stronger if they become weaker. (Applause.)

The G.I. Bill for workers, tax relief for education and child rearing, pension availability and protection, access to health care, preservation of Medicare and Medicaid -- these things, along with the Family and Medical Leave Act passed in 1993 -- these things will help responsible, hard-working American families to make the most of their own lives.

But employers and employees must do their part, as well, as they are doing in so many of our finest companies -- working together, putting the long-term prosperity ahead of the short-term gain. As workers increase their hours and their productivity, employers should make sure they get the skills they need and share the benefits of the good years, as well as the burdens of the bad ones. When companies and workers work as a team they do better, and so does America.

Our fourth great challenge is to take our streets back from crime and gangs and drugs. At last we have begun to find a way to reduce crime, forming community partnerships with local police

forces to catch criminals and prevent crime. This strategy, called community policing, is clearly working. Violent crime is coming down all across America. In New York City murders are down 25 percent; in St. Louis, 18 percent; in Seattle, 32 percent. But we still have a long way to go before our streets are safe and our people are free from fear.

The Crime Bill of 1994 is critical to the success of community policing. It provides funds for 100,000 new police in communities of all sizes. We're already a third of the way there. And I challenge the Congress to finish the job. Let us stick with a strategy that's working and keep the crime rate coming down. (Applause.)

Community policing also requires bonds of trust between citizens and police. I ask all Americans to respect and support our law enforcement officers. And to our police, I say, our children need you as role models and heroes. Don't let them down.

The Brady Bill has already stopped 44,000 people with criminal records from buying guns. The assault weapons ban is keeping 19 kinds of assault weapons out of the hands of violent gangs. I challenge the Congress to keep those laws on the books. (Applause.)

Our next step in the fight against crime is to take on gangs the way we once took on the mob. I'm directing the FBI and other investigative agencies to target gangs that involve juveniles and violent crime, and to seek authority to prosecute as adults teenagers who maim and kill like adults.

And I challenge local housing authorities and tenant associations: Criminal gang members and drug dealers are destroying the lives of decent tenants. From now on, the rule for residents who commit crime and pedal drugs should be one strike and you're out. (Applause.)

I challenge every state to match federal policy to assure that serious violent criminals serve at least 85 percent of their sentence. (Applause.)

More police and punishment are important, but they're not enough. We have got to keep more of our young people out of trouble, with prevention strategies not dictated by Washington, but developed in communities. I challenge all of our communities, all of our adults, to give our children futures to say yes to. And I challenge Congress not to abandon the Crime Bill's support of these grass-roots prevention efforts. (Applause.)

Finally, to reduce crime and violence we have to reduce the drug problem. The challenge begins in our homes, with parents talking to their children openly and firmly. It embraces our churches and synagogues, our youth groups and our schools.

I challenge Congress not to cut our support for drug-free schools. People like the DARE officers are making a real impression on grade schoolchildren that will give them the strength to say no when the time comes. (Applause.)

Meanwhile, we continue our efforts to cut the flow of drugs into America. For the last two years, one man in particular has been on the front lines of that effort. Tonight I am nominating him,-- a hero of the Persian Gulf War and the Commander in Chief of the United States Military Southern Command -- General Barry McCaffrey, as America's new Drug Czar. (Applause.)

General McCaffrey has earned three Purple Hearts and two Silver Stars fighting for this country. Tonight I ask that he lead

our nation's battle against drugs at home and abroad. To succeed, he needs a force far larger than he has ever commanded before. He needs all of us. Every one of us has a role to play on this team. "

Thank you, General McCaffrey, for agreeing to serve your country one more time. (Applause.)

Our fifth challenge: to leave our environment safe and clean for the next generation. Because of a generation of bipartisan effort we do have cleaner water and air, lead levels in children's blood has been cut by 70 percent, toxic emissions from factories cut in half. Lake Erie was dead, and now it's a thriving resource. But 10 million children under 12 still live within four miles of a toxic waste dump. A third of us breathe air that endangers our health. And in too many communities the water is not safe to drink. We still have much to do.

Yet Congress has voted to cut environmental enforcement by 25 percent. That means more toxic chemicals in our water, more smog in our air, more pesticides in our food. Lobbyists for polluters have been allowed to write their own loopholes into bills to weaken laws that protect the health and safety of our children. Some say that the taxpayer should pick up the tab for toxic waste and let polluters who can afford to fix it off the hook. I challenge Congress to reexamine those policies and to reverse them. (Applause.)

This issue has not been a partisan issue. The most significant environmental gains in the last 30 years were made under a Democratic Congress and President Richard Nixon. We can work together. We have to believe some basic things. Do you believe we can expand the economy without hurting the environment? I do. Do you believe we can create more jobs over the long run by cleaning the environment up? I know we can. That should be our commitment. (Applause.)

We must challenge businesses and communities to take more initiative in protecting the environment, and we have to make it easier for them to do it. To businesses this administration is saying: If you can find a cheaper, more efficient way than government regulations require to meet tough pollution standards, do it -- as long as you do it right. To communities we say: We must strengthen community right-to-know laws requiring polluters to disclose their emissions, but you have to use the information to work with business to cut pollution. People do have a right to know that their air and their water are safe. (Applause.)

Our sixth challenge is to maintain America's leadership in the fight for freedom and peace throughout the world. Because of American leadership, more people than ever before live free and at peace. And Americans have known 50 years of prosperity and security.

We owe thanks especially to our veterans of World War II. (Applause.) I would like to say to Senator Bob Dole and to all others in this Chamber who fought in World War II, and to all others on both sides of the aisle who have fought bravely in all our conflicts since: I salute your service and so do the American people. (Applause.)

All over the world, even after the Cold War, people still look to us and trust us to help them seek the blessings of peace and freedom. But as the Cold War fades into memory, voices of isolation say America should retreat from its responsibilities. I say they are wrong.

The threats we face today as Americans respect no nation's borders. Think of them: terrorism, the spread of weapons of mass destruction, organized crime, drug trafficking, ethnic and

religious hatred, aggression by rogue states, environmental degradation. If we fail to address these threats today, we will suffer the consequences in all our tomorrows. (Applause.)

Of course, we can't be everywhere. Of course, we can't do everything. But where our interests and our values are at stake, and where we can make a difference, America must lead. We must not be isolationist. We must not be the world's policeman. But we can and should be the world's very best peacemaker. (Applause.)

By keeping our military strong, by using diplomacy where we can and force where we must, by working with others to share the risk and the cost of our efforts, America is making a difference for people here and around the world. For the first time since the dawn of the nuclear age -- for the first time since the dawn of the nuclear age -- there is not a single Russian missile pointed at America's children. (Applause.)

North Korea has now frozen its dangerous nuclear weapons program. In Haiti, the dictators are gone, democracy has a new day, the flow of desperate refugees to our shores has subsided. Through tougher trade deals for America -- over 80 of them -- we have opened markets abroad, and now exports are at an all-time high, growing faster than imports and creating good American jobs. (Applause.)

We stood with those taking risks for peace: In Northern Ireland, where Catholic and Protestant children now tell their parents, violence must never return. In the Middle East, where Arabs and Jews who once seemed destined to fight forever now share knowledge and resources, and even dreams.

And we stood up for peace in Bosnia. Remember the skeletal prisoners, the mass graves, the campaign to rape and torture, the endless lines of refugees, the threat of a spreading war. All these threats, all these horrors have now begun to give way to the promise of peace. Now, our troops and a strong NATO, together with our new partners from Central Europe and elsewhere, are helping that peace to take hold.

As all of you know, I was just there with a bipartisan congressional group, and I was so proud not only of what our troops were doing, but of the pride they evidenced in what they were doing. They knew what America's mission in this world is, and they were proud to be carrying it out. (Applause.)

Through these efforts, we have enhanced the security of the American people. But make no mistake about it: important challenges remain.

The START II Treaty with Russia will cut our nuclear stockpiles by another 25 percent. I urge the Senate to ratify it now. (Applause.) We must end the race to create new nuclear weapons by signing a truly comprehensive nuclear test ban treaty this year. (Applause.)

As we remember what happened in the Japanese subway, we can outlaw poison gas forever if the Senate ratifies the Chemical Weapons Convention this year. (Applause.) We can intensify the fight against terrorists and organized criminals at home and abroad if Congress passes the anti-terrorism legislation I proposed after the Oklahoma City bombing now. (Applause.) We can help more people move from hatred to hope all across the world in our own interest if Congress gives us the means to remain the world's leader for peace. (Applause.)

My fellow Americans, the six challenges I have just discussed are for all of us. Our seventh challenge is really

America's challenge to those of us in this hallowed hall tonight: to reinvent our government and make our democracy work for them.

Last year this Congress applied to itself the laws it applies to everyone else. (Applause.) This Congress banned gifts and meals from lobbyists. This Congress forced lobbyists to disclose who pays them and what legislation they are trying to pass or kill. This Congress did that, and I applaud you for it. (Applause.)

Now I challenge Congress to go further -- to curb special interest influence in politics by passing the first truly bipartisan campaign reform bill in a generation. (Applause.) You, Republicans and Democrats alike, can show the American people that we can limit spending and we can open the airwaves to all candidates. (Applause.)

I also appeal to Congress to pass the line-item veto you promised the American people. (Applause.)

Our administration is working hard to give the American people a government that works better and costs less. Thanks to the work of Vice President Gore, we are eliminating 16,000 pages of unnecessary rules and regulations, shifting more decision-making out of Washington, back to states and local communities.

As we move into the era of balanced budgets and smaller government, we must work in new ways to enable people to make the most of their own lives. We are helping America's communities, not with more bureaucracy, but with more opportunities. Through our successful empowerment zones and community development banks, we're helping people to find jobs, to start businesses. And with tax incentives for companies that clean up abandoned industrial property, we can bring jobs back to places that desperately, desperately need them.

But there are some areas that the federal government should not leave and should address and address strongly. One of these areas is the problem of illegal immigration. After years of neglect, this administration has taken a strong stand to stiffen the protection of our borders. We are increasing border controls by 50 percent. We are increasing inspections to prevent the hiring of illegal immigrants. And tonight, I announce I will sign an executive order to deny federal contracts to businesses that hire illegal immigrants. (Applause.)

Let me be very clear about this: We are still a nation of immigrants; we should be proud of it. We should honor every legal immigrant here, working hard to be a good citizen, working hard to become a new citizen. But we are also a nation of laws.

I want to say a special word now to those who work for our federal government. Today our federal is 200,000 employees smaller than it was the day I took office as President. (Applause.) Our federal government today is the smallest it has been in 30 years, and it's getting smaller every day. Most of our fellow Americans probably don't know that. And there's a good reason -- a good reason: The remaining federal work force is composed of hard-working Americans who are now working harder and working smarter than ever before to make sure the quality of our services does not decline. (Applause.)

I'd like to give you one example. His name is Richard Dean. He's a 49 year-old Vietnam veteran who's worked for the Social Security Administration for 22 years now. Last year he was hard at work in the Federal Building in Oklahoma City when the blast killed 169 people and brought the rubble down all around him. He reentered that building four times. He saved the lives of three women. He's here with us this evening, and I want to recognize Richard and

applaud both his public service and his extraordinary personal heroism. (Applause.)

But Richard Dean's story doesn't end there. This last November, he was forced out of his office when the government shut down. And the second time the government shut down he continued helping Social Security recipients, but he was working without pay.

On behalf of Richard Dean and his family, and all the other people who are out there working every day doing a good job for the American people, I challenge all of you in this Chamber: Never, ever shut the federal government down again. (Applause.)

On behalf of all Americans, especially those who need their Social Security payments at the beginning of March, I also challenge the Congress to preserve the full faith and credit of the United States -- to honor the obligations of this great nation as we have for 220 years; to rise above partisanship and pass a straightforward extension of the debt limit and show people America keeps its word. (Applause.)

I know that this evening I have asked a lot of Congress, and even more from America. But I am confident: When Americans work together in their homes, their schools, their churches, their synagogues, their civic groups, their workplace, they can meet any challenge.

I say again, the era of big government is over. But we can't go back to the era of fending for yourself. We have to go forward to the era of working together as a community, as a team, as one America, with all of us reaching across these lines that divide us -- the division, the discrimination, the rancor -- we have to reach across it to find common ground. We have got to work together if we want America to work. (Applause.)

I want you to meet two more people tonight who do just that. Lucius Wright is a teacher in the Jackson, Mississippi, public school system. A Vietnam veteran, he has created groups to help inner-city children turn away from gangs and build futures they can believe in. Sergeant Jennifer Rodgers is a police officer in Oklahoma City. Like Richard Dean, she helped to pull her fellow citizens out of the rubble and deal with that awful tragedy. She reminds us that in their response to that atrocity the people of Oklahoma City lifted all of us with their basic sense of decency and community.

Lucius Wright and Jennifer Rodgers are special Americans. And I have the honor to announce tonight that they are the very first of several thousand Americans who will be chosen to carry the Olympic torch on its long journey from Los Angeles to the centennial of the modern Olympics in Atlanta this summer -- not because they are star athletes, but because they are star citizens, community heroes meeting America's challenges. They are our real champions.

Please stand up. (Applause.)

Now, each of us must hold high the torch of citizenship in our own lives. None of us can finish the race alone. We can only achieve our destiny together -- one hand, one generation, one American connecting to another.

There have always been things we could do together, dreams we could make real which we could never have done on our own. We Americans have forged our identity, our very union, from the very point of view that we can accommodate every point on the planet, every different opinion. But we must be bound together by a faith more powerful than any doctrine that divides us -- by our belief in

progress, our love of liberty, and our relentless search for common ground.

America has always sought and always risen to every challenge. Who would say that having come so far together, we will not go forward from here? Who would say that this age of possibility is not for all Americans?

Our country is and always has been a great and good nation. But the best is yet to come if we all do our parts.

Thank you, God bless you and God bless the United States of America. Thank you. (Applause.)

END

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HEADLINE: Address Before a Joint Session of the Congress on the State of the Union

BODY:

Mr. President, Mr. Speaker, Members of the 104th Congress, my fellow Americans: Again we are here in the sanctuary of democracy, and once again our democracy has spoken. So let me begin by congratulating all of you here in the 104th Congress and congratulating you, Mr. Speaker.

If we agree on nothing else tonight, we must agree that the American people certainly voted for change in 1992 and in 1994. And as I look out at you, I know how some of you must have felt in 1992. [Laughter]

I must say that in both years we didn't hear America singing, we heard America shouting. And now all of us, Republicans and Democrats alike, must say, "We hear you. We will work together to earn the jobs you have given us. For we are the keepers of a sacred trust, and we must be faithful to it in this new and very demanding era."

Over 200 years ago, our Founders changed the entire course of human history by joining together to create a new country based on a single powerful idea: "We hold these truths to be self-evident, that all men are created equal . . . endowed by their Creator with certain unalienable Rights, and among these are Life, Liberty and the pursuit of Happiness."

It has fallen to every generation since then to preserve that idea, the American idea, and to deepen and expand its meaning in new and different times: to Lincoln and to his Congress to preserve the Union and to end slavery; to Theodore Roosevelt and Woodrow Wilson to restrain the abuses and excesses of the industrial revolution and to assert our leadership in the world; to Franklin Roosevelt to fight the failure and pain of the Great Depression and to win our country's great struggle against fascism; and to all our Presidents since to fight the cold war. Especially, I recall two who struggled to fight that cold war in partnership with Congresses where the majority was of a different party: to Harry Truman, who summoned us to unparalleled prosperity at home and who built the architecture of the cold war; and to Ronald Reagan, whom we wish well tonight and who exhorted us to carry on until the twilight struggle against communism was won.

In another time of change and challenge, I had the honor to be the first President to be

elected in the post-cold-war era, an era marked by the global economy, the information revolution, unparalleled change and opportunity and insecurity for the American people. I came to this hallowed Chamber 2 years ago on a mission, to restore the American dream for all our people and to make sure that we move into the 21st century still the strongest force for freedom and democracy in the entire world. I was determined then to tackle the tough problems too long ignored. In this effort I am frank to say that I have made my mistakes, and I have learned again the importance of humility in all human endeavor. But I am also proud to say tonight that our country is stronger than it was 2 years ago. [Applause] Thank you.

Record numbers of Americans are succeeding in the new global economy. We are at peace, and we are a force for peace and freedom throughout the world. We have almost 6 million new jobs since I became President, and we have the lowest combined rate of unemployment and inflation in 25 years. Our businesses are more productive. And here we have worked to bring the deficit down, to expand trade, to put more police on our streets, to give our citizens more of the tools they need to get an education and to rebuild their own communities.

But the rising tide is not lifting all boats. While our Nation is enjoying peace and prosperity, too many of our people are still working harder and harder, for less and less. While our businesses are restructuring and growing more productive and competitive, too many of our people still can't be sure of having a job next year or even next month. And far more than our material riches are threatened, things far more precious to us, our children, our families, our values.

Our civil life is suffering in America today. Citizens are working together less and shouting at each other more. The common bonds of community which have been the great strength of our country from its very beginning are badly frayed. What are we to do about it?

More than 60 years ago, at the dawn of another new era, President Roosevelt told our Nation, "New conditions impose new requirements on Government and those who conduct Government." And from that simple proposition, he shaped the New Deal, which helped to restore our Nation to prosperity and define the relationship between our people and their Government for half a century.

That approach worked in its time. But we today, we face a very different time and very different conditions. We are moving from an industrial age built on gears and sweat to an information age demanding skills and learning and flexibility. Our Government, once a champion of national purpose, is now seen by many as simply a captive of narrow interests, putting more burdens on our citizens rather than equipping them to get ahead. The values that used to hold us all together seem to be coming apart.

So tonight we must forge a new social compact to meet the challenges of this time. As we enter a new era, we need a new set of understandings, not just with Government but, even more important, with one another as Americans.

That's what I want to talk with you about tonight. I call it the New Covenant. But it's grounded in a very, very old idea, that all Americans have not just a right but a solemn responsibility to rise as far as their God-given talents and determination can take them and to give something back to their communities and their country in return. Opportunity and responsibility: They go hand in hand. We can't have one without the other. And our national community can't hold together without both.

Our New Covenant is a new set of understandings for how we can equip our people to meet the challenges of a new economy, how we can change the way our Government works to fit a different time, and, above all, how we can repair the damaged bonds in our society and come together behind our common purpose. We must have dramatic change in our economy, our Government, and ourselves.

My fellow Americans, without regard to party, let us rise to the occasion. Let us put aside partisanship and pettiness and pride. As we embark on this new course, let us put our country first, remembering that regardless of party label, we are all Americans. And let the final test of everything we do be a simple one: Is it good for the American people?

Let me begin by saying that we cannot ask Americans to be better citizens if we are not better servants. You made a good start by passing that law which applies to Congress all the laws you put on the private sector, and I was proud to sign it yesterday. But we have a lot more to do before people really trust the way things work around here. Three times as many lobbyists are in the streets and corridors of Washington as were here 20 years ago. The American people look at their Capital, and they see a city where the well-connected and the well-protected can work the system, but the interests of ordinary citizens are often left out.

As the new Congress opened its doors, lobbyists were still doing business as usual; the gifts, the trips, all the things that people are concerned about haven't stopped. Twice this month you missed opportunities to stop these practices. I know there were other considerations in those votes, but I want to use something that I've heard my Republican friends say from time to time, "There doesn't have to be a law for everything." So tonight I ask you to just stop taking the lobbyists' perks. Just stop. We don't have to wait for legislation to pass to send a strong signal to the American people that things are really changing. But I also hope you will send me the strongest possible lobby reform bill, and I'll sign that, too.

We should require lobbyists to tell the people for whom they work what they're spending, what they want. We should also curb the role of big money in elections by capping the cost of campaigns and limiting the influence of PAC's. And as I have said for 3 years, we should work to open the airwaves so that they can be an instrument of democracy, not a weapon of destruction, by giving free TV time to candidates for public office.

When the last Congress killed political reform last year, it was reported in the press that the lobbyists actually stood in the Halls of this sacred building and cheered. This year, let's give the folks at home something to cheer about.

More important, I think we all agree that we have to change the way the Government works. Let's make it smaller, less costly, and smarter; leaner, not meaner. [Applause]

I just told the Speaker the equal time doctrine is alive and well. [Laughter]

The New Covenant approach to governing is as different from the old bureaucratic way as the computer is from the manual typewriter. The old way of governing around here protected organized interests. We should look out for the interests of ordinary people. The old way divided us by interest, constituency, or class. The New Covenant way should unite us behind a common vision of what's best for our country. The old way dispensed services through large, top-down, inflexible bureaucracies. The New Covenant way should shift these resources and decision-making from bureaucrats to citizens, injecting choice and competition and individual responsibility into national policy. The old way of governing around here actually seemed to reward failure. The New Covenant way should have built-in incentives to reward success. The old way was centralized here in Washington. The New Covenant way must take hold in the communities all across America. And we should help them to do that.

Our job here is to expand opportunity, not bureaucracy, to empower people to make the most of their own lives, and to enhance our security here at home and abroad. We must not ask Government to do what we should do for ourselves. We should rely on Government as a partner to help us to do more for ourselves and for each other.

I hope very much that as we debate these specific and exciting matters, we can go beyond the sterile discussion between the illusion that there is somehow a program for every problem, on the one hand, and the other illusion that the Government is a source of every problem we have. Our job is to get rid of yesterday's Government so that our own people can meet today's and tomorrow's needs. And we ought to do it together.

You know, for years before I became President, I heard others say they would cut Government and how bad it was, but not much happened. We actually did it. We cut over a quarter of a trillion dollars in spending, more than 300 domestic programs, more than 100,000 positions from the Federal bureaucracy in the last 2 years alone. Based on decisions already made, we will have cut a total of more than a quarter of a million positions from the Federal Government, making it the smallest it has been since John Kennedy was President, by the time I come here again next year.

Under the leadership of Vice President Gore, our initiatives have already saved taxpayers \$ 63 billion. The age of the \$ 500 hammer and the ashtray you can break on "David Letterman" is gone. Deadwood programs, like mohair subsidies, are gone. We've streamlined the Agriculture Department by reducing it by more than 1,200 offices. We've slashed the small business loan form from an inch thick to a single page. We've thrown away the Government's 10,000-page personnel manual.

And the Government is working better in important ways: FEMA, the Federal Emergency Management Agency, has gone from being a disaster to helping people in disasters. You can ask the farmers in the Middle West who fought the flood there or the people in California

who have dealt with floods and earthquakes and fires, and they'll tell you that. Government workers, working hand in hand with private business, rebuilt southern California's fractured freeways in record time and under budget. And because the Federal Government moved fast, all but one of the 5,600 schools damaged in the earthquake are back in business.

Now, there are a lot of other things that I could talk about. I want to just mention one because it will be discussed here in the next few weeks. University administrators all over the country have told me that they are saving weeks and weeks of bureaucratic time now because of our direct college loan program which makes college loans cheaper and more affordable with better repayment terms for students, costs the Government less, and cuts out paperwork and bureaucracy for the Government and for the universities. We shouldn't cap that program. We should give every college in America the opportunity to be a part of it.

Previous Government programs gathered dust. The reinventing Government report is getting results. And we're not through. There's going to be a second round of reinventing Government. We propose to cut \$ 130 billion in spending by shrinking departments, extending our freeze on domestic spending, cutting 60 public housing programs down to 3, getting rid of over 100 programs we do not need, like the Interstate Commerce Commission and the Helium Reserve Program. And we're working on getting rid of unnecessary regulations and making them more sensible. The programs and regulations that have outlived their usefulness should go. We have to cut yesterday's Government to help solve tomorrow's problems.

And we need to get Government closer to the people it's meant to serve. We need to help move programs down to the point where States and communities and private citizens in the private sector can do a better job. If they can do it, we ought to let them do it. We should get out of the way and let them do what they can do better. Taking power away from Federal bureaucracies and giving it back to communities and individuals is something everyone should be able to be for.

It's time for Congress to stop passing on to the States the cost of decisions we make here in Washington. I know there are still serious differences over the details of the unfunded mandates legislation, but I want to work with you to make sure we pass a reasonable bill which will protect the national interests and give justified relief where we need to give it.

For years, Congress concealed in the budget scores of pet spending projects. Last year was no difference. There was a \$ 1 million to study stress in plants and \$ 12 million for a tick removal program that didn't work. It's hard to remove ticks. Those of us who have had them know. [Laughter] But I'll tell you something, if you'll give me line-item veto, I'll remove some of that unnecessary spending.

But I think we should all remember, and almost all of us would agree, that Government still has important responsibilities. Our young people -- we should think of this when we cut -- our young people hold our future in their hands. We still owe a debt to our veterans. And our senior citizens have made us what we are. Now, my budget cuts a lot. But it protects education, veterans, Social Security and Medicare, and I hope you will do the same thing.

You should, and I hope you will.

And when we give more flexibility to the States, let us remember that there are certain fundamental national needs that should be addressed in every State, North and South, East and West: Immunization against childhood disease, school lunches in all our schools, Head Start, medical care and nutrition for pregnant women and infants -- [applause] -- medical care and nutrition for pregnant women and infants, all these things, all these things are in the national interest.

I applaud your desire to get rid of costly and unnecessary regulations. But when we deregulate, let's remember what national action in the national interest has given us: safer food for our families, safer toys for our children, safer nursing homes for our parents, safer cars and highways, and safer workplace, cleaner air, and cleaner water. Do we need common sense and fairness in our regulations? You bet we do. But we can have common sense and still provide for safe drinking water. We can have fairness and still clean up toxic dumps, and we ought to do it.

Should we cut the deficit more? Well, of course we should. Of course we should. But we can bring it down in a way that still protects our economic recovery and does not unduly punish people who should not be punished but instead should be helped.

I know many of you in this Chamber support the balanced budget amendment. I certainly want to balance the budget. Our administration has done more to bring the budget down and to save money than any in a very, very long time. If you believe passing this amendment is the right thing to do, then you have to be straight with the American people. They have a right to know what you're going to cut, what taxes you're going to raise, and how it's going to affect them. We should be doing things in the open around here. For example, everybody ought to know if this proposal is going to endanger Social Security. I would oppose that, and I think most Americans would.

Nothing has done more to undermine our sense of common responsibility than our failed welfare system. This is one of the problems we have to face here in Washington in our New Covenant. It rewards welfare over work. It undermines family values. It lets millions of parents get away without paying their child support. It keeps a minority but a significant minority of the people on welfare trapped on it for a very long time.

I've worked on this problem for a long time, nearly 15 years now. As a Governor, I had the honor of working with the Reagan administration to write the last welfare reform bill back in 1988. In the last 2 years, we made a good start at continuing the work of welfare reform. Our administration gave two dozen States the right to slash through Federal rules and regulations to reform their own welfare systems and to try to promote work and responsibility over welfare and dependency.

Last year I introduced the most sweeping welfare reform plan ever presented by an administration. We have to make welfare what it was meant to be, a second chance, not a way of life. We have to help those on welfare move to work as quickly as possible, to

provide child care and teach them skills, if that's what they need, for up to 2 years. And after that, there ought to be a simple, hard rule: Anyone who can work must go to work. If a parent isn't paying child support, they should be forced to pay. We should suspend drivers' license, track them across State lines, make them work off what they owe. That is what we should do. Governments do not raise children, people do. And the parents must take responsibility for the children they bring into this world.

I want to work with you, with all of you, to pass welfare reform. But our goal must be to liberate people and lift them up from dependence to independence, from welfare to work, from mere childbearing to responsible parenting. Our goal should not be to punish them because they happen to be poor.

We should, we should require work and mutual responsibility. But we shouldn't cut people off just because they're poor, they're young, or even because they're unmarried. We should promote responsibility by requiring young mothers to live at home with their parents or in other supervised settings, by requiring them to finish school. But we shouldn't put them and their children out on the street. And I know all the arguments, pro and con, and I have read and thought about this for a long time. I still don't think we can in good conscience punish poor children for the mistakes of their parents.

My fellow Americans, every single survey shows that all the American people care about this without regard to party or race or region. So let this be the year we end welfare as we know it. But also let this be the year that we are all able to stop using this issue to divide America. No one is more eager to end welfare -- [applause] -- I may be the only President who has actually had the opportunity to sit in a welfare office, who's actually spent hours and hours talking to people on welfare. And I am telling you, the people who are trapped on it know it doesn't work; they also want to get off. So we can promote, together, education and work and good parenting. I have no problem with punishing bad behavior or the refusal to be a worker or a student or a responsible parent. I just don't want to punish poverty and past mistakes. All of us have made our mistakes, and none of us can change our yesterdays. But every one of us can change our tomorrows. And America's best example of that may be Lynn Woolsey, who worked her way off welfare to become a Congresswoman from the State of California.

I know the Members of this Congress are concerned about crime, as are all the citizens of our country. And I remind you that last year we passed a very tough crime bill: longer sentences, "three strikes and you're out," almost 60 new capital punishment offenses, more prisons, more prevention, 100,000 more police. And we paid for it all by reducing the size of the Federal bureaucracy and giving the money back to local communities to lower the crime rate.

There may be other things we can do to be tougher on crime, to be smarter with crime, to help to lower that rate first. Well, if there are, let's talk about them, and let's do them. But let's not go back on the things that we did last year that we know work, that we know work because the local law enforcement officers tell us that we did the right thing, because local community leaders who have worked for years and years to lower the crime rate tell us that

they work. Let's look at the experience of our cities and our rural areas where the crime rate has gone down and ask the people who did it how they did it. And if what we did last year supports the decline in the crime rate -- and I am convinced that it does -- let us not go back on it. Let's stick with it, implement it. We've got 4 more hard years of work to do to do that.

I don't want to destroy the good atmosphere in the room or in the country tonight, but I have to mention one issue that divided this body greatly last year. The last Congress also passed the Brady bill and, in the crime bill, the ban on 19 assault weapons. I don't think it's a secret to anybody in this room that several Members of the last Congress who voted for that aren't here tonight because they voted for it. And I know, therefore, that some of you who are here because they voted for it are under enormous pressure to repeal it. I just have to tell you how I feel about it.

The Members of Congress who voted for that bill and I would never do anything to infringe on the right to keep and bear arms to hunt and to engage in other appropriate sporting activities. I've done it since I was a boy, and I'm going to keep right on doing it until I can't do it anymore. But a lot of people laid down their seats in Congress so that police officers and kids wouldn't have to lay down their lives under a hail of assault weapon attack, and I will not let that be repealed. I will not let it be repealed.

I'd like to talk about a couple of other issues we have to deal with. I want us to cut more spending, but I hope we won't cut Government programs that help to prepare us for the new economy, promote responsibility, and are organized from the grassroots up, not by Federal bureaucracy. The very best example of this is the national service corps, AmeriCorps. It passed with strong bipartisan support. And now there are 20,000 Americans, more than ever served in one year in the Peace Corps, working all over this country helping people person-to-person in local grassroots volunteer groups, solving problems and in the process earning some money for their education. This is citizenship at its best. It's good for the AmeriCorps members, but it's good for the rest of us, too. It's the essence of the New Covenant, and we shouldn't stop it.

All Americans, not only in the States most heavily affected but in every place in this country, are rightly disturbed by the large numbers of illegal aliens entering our country. The jobs they hold might otherwise be held by citizens or legal immigrants. The public service they use impose burdens on our taxpayers. That's why our administration has moved aggressively to secure our borders more by hiring a record number of new border guards, by deporting twice as many criminal aliens as ever before, by cracking down on illegal hiring, by barring welfare benefits to illegal aliens. In the budget I will present to you, we will try to do more to speed the deportation of illegal aliens who are arrested for crimes, to better identify illegal aliens in the workplace as recommended by the commission headed by former Congresswoman Barbara Jordan. We are a nation of immigrants. But we are also a nation of laws. It is wrong and ultimately self-defeating for a nation of immigrants to permit the kind of abuse of our immigration laws we have seen in recent years, and we must do more to stop it.

The most important job of our Government in this new era is to empower the American people to succeed in the global economy. America has always been a land of opportunity, a land where, if you work hard, you can get ahead. We've become a great middle class country. Middle class values sustain us. We must expand that middle class and shrink the underclass, even as we do everything we can to support the millions of Americans who are already successful in the new economy.

America is once again the world's strongest economic power: almost 6 million new jobs in the last 2 years, exports booming, inflation down. High-wage jobs are coming back. A record number of American entrepreneurs are living the American dream. If we want it to stay that way, those who work and lift our Nation must have more of its benefits.

Today, too many of those people are being left out. They're working harder for less. They have less security, less income, less certainty that they can even afford a vacation, much less college for their kids or retirement for themselves. We cannot let this continue. If we don't act, our economy will probably keep doing what it's been doing since about 1978, when the income growth began to go to those at the very top of our economic scale and the people in the vast middle got very little growth, and people who worked like crazy but were on the bottom then fell even further and further behind in the years afterward, no matter how hard they worked.

We've got to have a Government that can be a real partner in making this new economy work for all of our people, a Government that helps each and every one of us to get an education and to have the opportunity to renew our skills. That's why we worked so hard to increase educational opportunities in the last 2 years, from Head Start to public schools, to apprenticeships for young people who don't go to college, to making college loans more available and more affordable. That's the first thing we have to do. We've got to do something to empower people to improve their skills.

The second thing we ought to do is to help people raise their incomes immediately by lowering their taxes. We took the first step in 1993 with a working family tax cut for 15 million families with incomes under \$ 27,000, a tax cut that this year will average about \$ 1,000 a family. And we also gave tax reductions to most small and new businesses. Before we could do more than that, we first had to bring down the deficit we inherited, and we had to get economic growth up. Now we've done both. And now we can cut taxes in a more comprehensive way. But tax cuts should reinforce and promote our first obligation: to empower our citizens through education and training to make the most of their own lives. The spotlight should shine on those who make the right choices for themselves, their families, and their communities.

I have proposed the middle class bill of rights, which should properly be called the bill of rights and responsibilities because its provisions only benefit those who are working to educate and raise their children and to educate themselves. It will, therefore, give needed tax relief and raise incomes in both the short run and the long run in a way that benefits all of us.

There are four provisions. First, a tax deduction for all education and training after high school. If you think about it, we permit businesses to deduct their investment, we permit individuals to deduct interest on their home mortgages, but today an education is even more important to the economic well-being of our whole country than even those things are. We should do everything we can to encourage it. And I hope you will support it. Second, we ought to cut taxes \$ 500 for families with children under 13. Third, we ought to foster more savings and personal responsibility by permitting people to establish an individual retirement account and withdraw from it tax free for the cost of education, health care, first-time homebuying, or the care of a parent. And fourth, we should pass a GI bill for America's workers. We propose to collapse nearly 70 Federal programs and not give the money to the States but give the money directly to the American people, offer vouchers to them so that they, if they're laid off or if they're working for a very low wage, can get a voucher worth \$ 2,600 a year for up to 2 years to go to their local community, colleges or wherever else they want to get the skills they need to improve their lives. Let's empower people in this way, move it from the Government directly to the workers of America.

Now, any one of us can call for a tax cut, but I won't accept one that explodes the deficit or puts our recovery at risk. We ought to pay for our tax cuts fully and honestly.

Just 2 years ago, it was an open question whether we would find the strength to cut the deficit. Thanks to the courage of the people who were here then, many of whom didn't return, we did cut the deficit. We began to do what others said would not be done. We cut the deficit by over \$ 600 billion, about \$ 10,000 for every family in this country. It's coming down 3 years in a row for the first time since Mr. Truman was President, and I don't think anybody in America wants us to let it explode again.

In the budget I will send you, the middle class bill of rights is fully paid for by budget cuts in bureaucracy, cuts in programs, cuts in special interest subsidies. And the spending cuts will more than double the tax cuts. My budget pays for the middle class bill of rights without any cuts in Medicare. And I will oppose any attempts to pay for tax cuts with Medicare cuts. That's not the right thing to do.

I know that a lot of you have your own ideas about tax relief, and some of them I find quite interesting. I really want to work with all of you. My test for our proposals will be: Will it create jobs and raise incomes; will it strengthen our families and support our children; is it paid for; will it build the middle class and shrink the underclass? If it does, I'll support it. But if it doesn't, I won't.

The goal of building the middle class and shrinking the underclass is also why I believe that you should raise the minimum wage. It rewards work. Two and a half million Americans, two and a half million Americans, often women with children, are working out there today for \$ 4.25 an hour. In terms of real buying power, by next year that minimum wage will be at a 40-year low. That's not my idea of how the new economy ought to work.

Now, I've studied the arguments and the evidence for and against a minimum wage increase. I believe the weight of the evidence is that a modest increase does not cost jobs and

may even lure people back into the job market. But the most important thing is, you can't make a living on \$ 4.25 an hour, especially if you have children, even with the working families tax cut we passed last year. In the past, the minimum wage has been a bipartisan issue, and I think it should be again. So I want to challenge you to have honest hearings on this, to get together, to find a way to make the minimum wage a living wage.

Members of Congress have been here less than a month, but by the end of the week, 28 days into the new year, every Member of Congress will have earned as much in congressional salary as a minimum wage worker makes all year long.

Everybody else here, including the President, has something else that too many Americans do without, and that's health care. Now, last year we almost came to blows over health care, but we didn't do anything. And the cold, hard fact is that, since last year, since I was here, another 1.1 million Americans in working families have lost their health care. And the cold, hard fact is that many millions more, most of them farmers and small business people and self-employed people, have seen their premiums skyrocket, their copays and deductibles go up. There's a whole bunch of people in this country that in the statistics have health insurance but really what they've got is a piece of paper that says they won't lose their home if they get sick.

Now, I still believe our country has got to move toward providing health security for every American family. But I know that last year, as the evidence indicates, we bit off 104 Jan. 24 more than we could chew. So I'm asking you that we work together. Let's do it step by step. Let's do whatever we have to do to get something done. Let's at least pass meaningful insurance reform so that no American risks losing coverage for facing skyrocketing prices, that nobody loses their coverage because they face high prices or unavailable insurance when they change jobs or lose a job or a family member gets sick.

I want to work together with all of you who have an interest in this, with the Democrats who worked on it last time, with the Republican leaders like Senator Dole, who has a longtime commitment to health care reform and made some constructive proposals in this area last year. We ought to make sure that self-employed people in small businesses can buy insurance at more affordable rates through voluntary purchasing pools. We ought to help families provide long-term care for a sick parent or a disabled child. We can work to help workers who lose their jobs at least keep their health insurance coverage for a year while they look for work. And we can find a way -- it may take some time, but we can find a way -- to make sure that our children have health care.

You know, I think everybody in this room, without regard to party, can be proud of the fact that our country was rated as having the world's most productive economy for the first time in nearly a decade. But we can't be proud of the fact that we're the only wealthy country in the world that has a smaller percentage of the work force and their children with health insurance today than we did 10 years ago, the last time we were the most productive economy in the world. So let's work together on this. It is too important for politics as usual.

Much of what the American people are thinking about tonight is what we've already talked

about. A lot of people think that the security concerns of America today are entirely internal to our borders. They relate to the security of our jobs and our homes and our incomes and our children, our streets, our health, and protecting those borders. Now that the cold war has passed, it's tempting to believe that all the security issues, with the possible exception of trade, reside here at home. But it's not so. Our security still depends upon our continued world leadership for peace and freedom and democracy. We still can't be strong at home unless we're strong abroad.

The financial crisis in Mexico is a case in point. I know it's not popular to say it tonight, but we have to act, not for the Mexican people but for the sake of the millions of Americans whose livelihoods are tied to Mexico's well-being. If we want to secure American jobs, preserve American exports, safeguard America's borders, then we must pass the stabilization program and help to put Mexico back on track.

Now let me repeat: It's not a loan; it's not foreign aid; it's not a bailout. We will be given a guarantee like cosigning a note, with good collateral that will cover our risks. This legislation is the right thing for America. That's why the bipartisan leadership has supported it. And I hope you in Congress will pass it quickly. It is in our interest, and we can explain it to the American people because we're going to do it in the right way.

You know, tonight, this is the first State of the Union Address ever delivered since the beginning of the cold war when not a single Russian missile is pointed at the children of America. And along with the Russians, we're on our way to destroying the missiles and the bombers that carry 9,000 nuclear warheads: We've come so far so fast in this post-cold-war world that it's easy to take the decline of the nuclear threat for granted. But it's still there, and we aren't finished yet.

This year I'll ask the Senate to approve START II to eliminate weapons that carry 5,000 more warheads. The United States will lead the charge to extend indefinitely the Nuclear Non-Proliferation Treaty, to enact a comprehensive nuclear test ban, and to eliminate chemical weapons. To stop and roll back North Korea's potentially deadly nuclear program, we'll continue to implement the agreement we have reached with that nation. It's smart. It's tough. It's a deal based on continuing inspection with safeguards for our allies and ourselves.

This year I'll submit to Congress comprehensive legislation to strengthen our hand in combating terrorists, whether they strike at home or abroad. As the cowards who bombed the World Trade Center found out, this country will hunt down terrorists and bring them to justice.

Just this week, another horrendous terrorist act in Israel killed 19 and injured scores more. On behalf of the American people and all of you, I send our deepest sympathy to the families of the victims. I know that in the face of such evil, it is hard for the people in the Middle East to go forward. But the terrorists represent the past, not the future. We must and we will pursue a comprehensive peace between Israel and all her neighbors in the Middle East.

Accordingly, last night I signed an Executive order that will block the assets in the United

States of terrorist organizations that threaten to disrupt the peace process. It prohibits financial transactions with these groups. And tonight I call on all our allies and peace-loving nations throughout the world to join us with renewed fervor in a global effort to combat terrorism. We cannot permit the future to be marred by terror and fear and paralysis.

From the day I took the oath of office, I pledged that our Nation would maintain the best equipped, best trained, and best prepared military on Earth. We have, and they are. They have managed the dramatic downsizing of our forces after the cold war with remarkable skill and spirit. But to make sure our military is ready for action and to provide the pay and the quality of life the military and their families deserve, I'm asking the Congress to add \$ 25 billion in defense spending over the next 6 years.

I have visited many bases at home and around the world since I became President. Tonight I repeat that request with renewed conviction. We ask a very great deal of our Armed Forces. Now that they are smaller in number, we ask more of them. They go out more often to more different places and stay longer. They are called to service in many, many ways. And we must give them and their families what the times demand and what they have earned.

Just think about what our troops have done in the last year, showing America at its best, helping to save hundreds of thousands of people in Rwanda, moving with lightning speed to head off another threat to Kuwait, giving freedom and democracy back to the people of Haiti. We have proudly supported peace and prosperity and freedom from South Africa to Northern Ireland, from Central and Eastern Europe to Asia, from Latin America to the Middle East. All these endeavors are good in those places, but they make our future more confident and more secure.

Well, my fellow Americans, that's my agenda for America's future: expanding opportunity, not bureaucracy; enhancing security at home and abroad; empowering our people to make the most of their own lives. It's ambitious and achievable, but it's not enough. We even need more than new ideas for changing the world or equipping Americans to compete in the new economy, more than a Government that's smaller, smarter, and wiser, more than all of the Changes we can make in Government and in the private sector from the outside in.

Our fortunes and our posterity also depend upon our ability to answer some questions from within, from the values and voices that speak to our hearts as well as our heads; voices that tell us we have to do more to accept responsibility for ourselves and our families, for our communities, and yes, for our fellow citizens. We see our families and our communities all over this country coming apart, and we feel the common ground shifting from under us. The PTA, the town hall meeting, the ball park, it's hard for a lot of overworked parents to find the time and space for those things that strengthen the bonds of trust and cooperation. Too many of our children don't even have parents and grandparents who can give them those experiences that they need to build their own character and their sense of identity.

We all know what while we here in this Chamber can make a difference on those things, that the real differences will be made by our fellow citizens, where they work and where they live and that it will be made almost without regard to party. When I used to go to the

softball park in Little Bock to watch my daughter's league, and people would come up to me, fathers and mothers, and talk to me, I can honestly say I had no idea whether 90 percent of them were Be- publicans or Democrats. When I visited the relief centers after the floods in California, northern California, last week, a woman came up to me and did something that very few of you would do. She hugged me and said, "Mr. President, I'm a Republican, but I'm glad you're here." [Laughter]

Now, why? We can't wait for disasters to act the way we used to act every day, because as we move into this next century, everybody matters. We don't have a person to waste. And a lot of people are losing a lot of chances to do better. That means that we need a New Covenant for everybody.

For our corporate and business leaders, we're going to work here to keep bringing the deficit down, to expand markets, to support their success in every possible way. But they have an obligation when they're doing well to keep jobs in our communities and give their workers a fair share of the prosperity they generate.

For people in the entertainment industry in this country, we applaud your creativity and your worldwide success, and we support your freedom of expression. But you do have a responsibility to assess the impact of your work and to understand the damage that comes from the incessant, repetitive, mindless violence and irresponsible conduct that permeates our media all the time.

We've got to ask our community leaders and all kinds of organizations to help us stop our most serious social problem, the epidemic of teen pregnancies and births where there is no marriage. I have sent to Congress a plan to target schools all over this country with antipregnancy programs that work. But

Government can only do so much. Tonight I call on parents and leaders all across this country to join together in a national campaign against teen pregnancy to make a difference. We can do this, and we must.

And I would like to say a special word to our religious leaders. You know, I'm proud of the fact the United States has more houses of worship per capita than any country in the world. These people who lead our houses of worship can ignite their congregations to carry their faith into action, can reach out to all of our children, to all of the people in distress, to those who have been savaged by the breakdown of all we hold dear. Because so much of what must be done must come from the inside out and our religious leaders and their congregations can make all the difference, they have a role in the New Covenant as well.

There must be more responsibility for all of our citizens. You know, it takes a lot of people to help all the kids in trouble stay off the streets and in school. It takes a lot of people to build the Habitat for Humanity houses that the Speaker celebrates on his lapel pin. It takes a lot of people to provide the people power for all of the civic organizations in this country that made our communities mean so much to most of us when we were kids. It takes every parent to teach the children the difference between right and wrong and to encourage

them to learn and grow and to say no to the wrong things but also to believe that they can be whatever they want to be.

I know it's hard when you're working harder for less, when you're under great stress to do these things. A lot of our people don't have the time or the emotional stress, they think, to do the work of citizenship.

Most of us in politics haven't helped very much. For years, we've mostly treated citizens like they were consumers or spectators, sort of political couch potatoes who were supposed to watch the TV ads either promise them something for nothing or play on their fears and frustrations. And more and more of our citizens now get most of their information in very negative and aggressive ways that are hardly conducive to honest and open conversations. But the truth is, we have got to stop seeing each other as enemies just because we have different views.

If you go back to the beginning of this country, the great strength of America, as de Tocqueville pointed out when he came here a long time ago, has always been our ability to associate with people who were different from ourselves and to work together to find common ground. And in this day, everybody has a responsibility to do more of that. We simply cannot want for a tornado, a fire, or a flood to behave like Americans ought to behave in dealing with one another.

I want to finish up here by pointing out some folks that are up with the First Lady that represent what I'm trying to talk about -- citizens. I have no idea what their party affiliation is or who they voted for in the last election. But they represent what we ought to be doing.

Cindy Perry teaches second graders to read in AmeriCorps in rural Kentucky. She gains when she gives. She's a mother of four. She says that her service inspired her to get her high school equivalency last year. She was married when she was a teenager -- stand up, Cindy. She was married when she was a teenager. She had four children. But she had time to serve other people, to get her high school equivalency, and she's going to use her AmeriCorps money to go back to college.

Chief Stephen Bishop is the police chief of Kansas City. He's been a national leader -- stand up, Steve. He's been a national leader in using more police in community policing, and he's worked with AmeriCorps to do it. And the crime rate in Kansas City has gone down as a result of what he did.

Corporal Gregory Depestre went to Haiti as part of his adopted country's force to help secure democracy in his native land. And I might add, we must be the only country in the world that could have gone to Haiti and taken Haitian-Americans there who could speak the language and talk to the people. And he was one of them, and we're proud of him.

The next two folks I've had the honor of meeting and getting to know a little bit, the Reverend John and the Reverend Diana Cherry of the AME Zion Church in Temple Hills, Maryland. I'd like to ask them to stand. I want to tell you about them. In the early

eighties, they left Government service and formed a church in a small living room in a small house, in the early eighties. Today that church has 17,000 members. It is one of the three or four biggest churches in the entire United States. It grows by 200 a month. They do it together. And the special focus of their ministry is keeping families together.

Two things they did make a big impression on me. I visited their church once, and I learned they were building a new sanctuary closer to the Washington, DC, line in a higher crime, **higher drug rate** area because they thought it was part of their ministry to change the lives of the people who needed them. The second thing I want to say is that once Reverend Cherry was at a meeting at the White House with some other religious leaders, and he left early to go back to this church to minister to 150 couples that he had brought back to his church from all over America to convince them to come back together, to save their marriages, and to raise their kids. This is the kind of work that citizens are doing in America. We need more of it, and it ought to be lifted up and supported.

The last person I want to introduce is Jack Lucas from Hattiesburg, Mississippi. Jack, would you stand up? Fifty years ago, in the sands of Iwo Jima, Jack Lucas taught and learned the lessons of citizenship. On February 20th, 1945, he and three of his buddies encountered the enemy and two grenades at their feet. Jack Lucas threw himself on both of them. In that moment, he saved the lives of his companions, and miraculously in the next instant, a medic saved his life. He gained a foothold for freedom, and at the age of 17, just a year older than his grandson who is up there with him today -- and his son, who is a West Point graduate and a veteran -- at 17, Jack Lucas became the youngest Marine in history and the youngest soldier in this century to win the Congressional Medal of Honor. All these years later, yesterday, here's what he said about that day: "It didn't matter where you were from or who you were, you relied on one another. You did it for your country."

We all gain when we give, and we reap what we sow. That's at the heart of this New Covenant. Responsibility, opportunity, and citizenship, more than stale chapters in some remote civic book, they're still the virtue by which we can fulfill ourselves and reach our God-given potential and be like them and also to fulfill the eternal promise of this country, the enduring dream from that first and most sacred covenant. I believe every person in this country still believes that we are created equal and given by our Creator the right to life, liberty and the pursuit of happiness. This is a very, very great country. And our best days are still to come.

Thank you, and God bless you all. NOTE: The President spoke at 9:14 p.m. in the House Chamber of the Capitol.

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BODY:

Thank you very much. Mr. Speaker, Mr. President, Members of the 103d Congress, my fellow Americans"

I'm not at all sure what speech is in the TelePrompTer tonight -- [laughter] -- but I hope we can talk about the state of the Union.

I ask you to begin by recalling the memory of the giant who presided over this Chamber with such force and grace. Tip O'Neill liked to call himself "a man of the House." And he surely was that. But even more, he was a man of the people, a bricklayer's son who helped to build the great American middle class. Tip O'Neill never forgot who he was, where he came from, or who sent him here. Tonight he's smiling down on us for the first time from the Lord's gallery. But in his honor, may we, too, always remember who we are, where we come from, and who sent us here. If we do that we will return over and over again to the principle that if we simply give ordinary people equal opportunity, quality education, and a fair shot at the American dream, they will do extraordinary things.

We gather tonight in a world of changes so profound and rapid that all nations are tested. Our American heritage has always been to master such change, to use it to expand opportunity at home and our leadership abroad. But for too long and in too many ways, that heritage was abandoned, and our country drifted.

For 30 years, family life in America has been breaking down. For 20 years, the wages of working people have been stagnant or declining. For the 12 years of trickle-down economics, we built a false prosperity on a hollow base as our national debt quadrupled. From 1989 to 1992, we experienced the slowest growth in a half century. For too many families, even when both parents were working, the American dream has been slipping away.

In 1992, the American people demanded that we change. A year ago I asked all of you to join me in accepting responsibility for the future of our country. Well, we did. We replaced drift and deadlock with renewal and reform. And I want to thank every one of you here who heard the American people, who broke gridlock, who gave them the most successful teamwork between a President and a Congress in 30 years.

This Congress produced a budget that cut the deficit by half a trillion dollars, cut spending,

and raised income taxes on only the wealthiest Americans. This Congress produced tax relief for millions of low-income workers to reward work over welfare. It produced NAFTA. It produced the Brady bill, now the Brady law. And thank you, Jim Brady, for being here, and God bless you, sir.

This Congress produced tax cuts to reduce the taxes of 9 out of 10 small businesses who use the money to invest more and create more jobs. It produced more research and treatment for AIDS, more childhood immunizations, more support for women's health research, more affordable college loans for the middle class, a new national service program for those who want to give something back to their country and their communities for higher education, a dramatic increase in high-tech investments to move us from a defense to a domestic high-tech economy. This Congress produced a new law, the motor voter bill, to help millions of people register to vote. It produced family and medical leave. All passed. All signed into law with not one single veto. These accomplishments were all commitments I made when I sought this office. And in fairness, they all had to be passed by you in this Congress. But I am persuaded that the real credit belongs to the people who sent us here, who pay our salaries, who hold our feet to the fire.

But what we do here is really beginning to change lives. Let me just give you one example. I will never forget what the family and medical leave law meant to just one father I met early one Sunday morning in the White House. It was unusual to see a family there touring early Sunday morning, but he had his wife and his three children there, one of them in a wheelchair. I came up, and after we had our picture taken and had a little visit, I was walking off and that man grabbed me by the arm and he said, "Mr. President, let me tell you something. My little girl here is desperately ill. She's probably not going to make it. But because of the family leave law, I was able to take time off to spend with her, the most important time I ever spent in my life, without losing my job and hurting the rest of my family. It means more to me than I will ever be able to say. Don't you people up here ever think what you do doesn't make a difference. It does."

Though we are making a difference, our work has just begun. Many Americans still haven't felt the impact of what we've done. The recovery still hasn't touched every community or created enough jobs. Incomes are still stagnant. There's still too much violence and not enough hope in too many places. Abroad, the young democracies we are strongly supporting still face very difficult times and look to us for leadership. And so tonight, let us resolve to continue the journey of renewal, to create more and better jobs, to guarantee health security for all, to reward work over welfare, to promote democracy abroad, and to begin to reclaim our streets from **violent crime and drugs and gangs**, to renew our own American community.

Last year we began to put our house in order by tackling the budget deficit that was driving us toward bankruptcy. We cut \$ 255 billion in spending, including entitlements, and over 340 separate budget items. We froze domestic spending and used honest budget numbers.

Led by the Vice President, we launched a campaign to reinvent Government. We cut staff, cut perks, even trimmed the fleet of Federal limousines. After years of leaders whose rhetoric

attacked bureaucracy but whose action expanded it, we will actually reduce it by 252,000 people over the next 5 years. By the time we have finished, the Federal bureaucracy will be at its lowest point in 30 years.

Because the deficit was so large and because they benefited from tax cuts in the 1980's we did ask the wealthiest Americans to pay more to reduce the deficit. So on April the 15th, the American people will discover the truth about what we did last year on taxes. Only the top 1 -- [applause] -- yes, listen, the top 1.2 percent of Americans, as I said all along, will pay higher income tax rates. Let me repeat: Only the wealthiest 1.2 percent of Americans will face higher income tax rates, and no one else will. And that is the truth.

Of course, there were, as there always are in politics, naysayers who said this plan wouldn't work. But they were wrong. When I became President, the experts predicted that next year's deficit would be \$ 300 billion. But because we acted, those same people now say the deficit is going to be under \$ 180 billion, 40 percent lower than was previously predicted.

Our economic program has helped to produce the lowest core inflation rate and the lowest interest rates in 20 years. And because those interest rates are down, business investment and equipment is growing at 7 times the rate of the previous 4 years. Auto sales are way up. Home sales are at a record high. Millions of Americans have refinanced their homes, and our economy has produced 1.6 million private sector jobs in 1993, more than were created in the previous 4 years combined.

The people who supported this economic plan should be proud of its early results. Proud. But everyone in this Chamber should know and acknowledge that there is more to do.

Next month I will send you one of the toughest budgets ever presented to Congress. It will cut spending in more than 300 programs, eliminate 100 domestic programs, and reform the ways in which governments buy goods and services. This year we must again make the hard choices to live within the hard spending ceilings we have set. We must do it. We have proved we can bring the deficit down without choking off recovery, without punishing seniors or the middle class, and without putting our national security at risk. If you will stick with this plan, we will post 3 consecutive years of declining deficits for the first time since Harry Truman lived in the White House. And once again, the buck stops here.

Our economic plan also bolsters our strength and our credibility around the world. Once we reduced the deficit and put the steel back into our competitive edge, the world echoed with the sound of falling trade barriers. In one year, with NAFTA, with GATT, with our efforts in Asia and the National Export Strategy, we did more to open world markets to American products than at any time in the last two generations. That means more jobs and rising living standards for the American people, low deficits, low inflation, low interest rates, low trade barriers, and high investments. These are the building blocks of our recovery. But if we want to take full advantage of the opportunities before us in the global economy, you all know we must do more.

As we reduce defense spending, I ask Congress to invest more in the technologies of

tomorrow. Defense conversion will keep us strong militarily and create jobs for our people here at home. As we protect our environment, we must invest in the environmental technologies of the future which will create jobs. This year we will fight for a revitalized Clean Water Act and a Safe Drinking Water Act and a reformed Superfund program. And the Vice President is right, we must also work with the private sector to connect every classroom, every clinic, every library, every hospital in America into a national information super highway by the year 2000.

Think of it, instant access to information will increase productivity, will help to educate our children. It will provide better medical care. It will create jobs. And I call on the Congress to pass legislation to establish that information super highway this year.

As we expand opportunity and create jobs, no one can be left out. We must continue to enforce fair lending and fair housing and all civil rights laws, because America will never be complete in its renewal until everyone shares in its bounty.

But we all know, too, we can do all these things, put our economic house in order, expand world trade, target the jobs of the future, guarantee equal opportunity, but if we're honest, we'll all admit that this strategy still cannot work unless we also give our people the education, training, and skills they need to seize the opportunities of tomorrow.

We must set tough, world-class academic and occupational standards for all our children and give our teachers and students the tools they need to meet them. Our Goals 2000 proposal will empower individual school districts to experiment with ideas like chartering their schools to be run by private corporations or having more public school choice, to do whatever they wish to do as long as we measure every school by one high standard: Are our children learning what they need to know to compete and win in the global economy? Goals 2000 links world-class standards to grassroots reforms. And I hope Congress will pass it without delay.

Our school to work initiative will for the first time link school to the world of work, providing at least one year of apprenticeship beyond high school. After all, most of the people we're counting on to build our economic future won't graduate from college. It's time to stop ignoring them and start empowering them.

We must literally transform our outdated unemployment system into a new reemployment system. The old unemployment system just sort of kept you going while you waited for your old job to come back. We've got to have a new system to move people into new and better jobs, because most of those old jobs just don't come back. And we know that the only way to have real job security in the future, to get a good job with a growing income, is to have real skills and the ability to learn new ones. So we've got to streamline today's patchwork of training programs and make them a source of new skills for our people who lose their jobs. Reemployment, not unemployment, must become the centerpiece of our economic renewal. I urge you to pass it in this session of Congress.

And just as we must transform our unemployment system, so must we also revolutionize

our welfare system. It doesn't work. It defies our values as a Nation. If we value work, we can't justify a system that makes welfare more attractive than work if people are worried about losing their health care. If we value responsibility, we can't ignore the \$ 34 billion in child support absent parents ought to be paying to millions of parents who are taking care of their children. If we value strong families, we can't perpetuate a system that actually penalizes those who stay together. Can you believe that a child who has a child gets more money from the Government for leaving home than for staying home with a parent or a grandparent? That's not just bad policy, it's wrong. And we ought to change it.

I worked on this problem for years before I became President, with other Governors and with Members of Congress of both parties and with the previous administration of another party. I worked on it with people who were on welfare, lots of them. And I want to say something to everybody here who cares about this issue. The people who most want to change this system are the people who are dependent on it. They want to get off welfare. They want to go back to work. They want to do right by their kids.

I once had a hearing when I was a Governor, and I brought in people on welfare from all over America who had found their way to work. The woman from my State who testified was asked this question: What's the best thing about being off welfare and in a job? And without blinking an eye, she looked at 40 Governors, and she said, "When my boy goes to school and they say what does you mother do for a living, he can give an answer." These people want a better system, and we ought to give it to them.

Last year we began this. We gave the States more power to innovate because we know that a lot of great ideas come from outside. Washington, and many States are already using it. Then this Congress took a dramatic step. Instead of taxing people with modest incomes into poverty, we helped them to work their way out of poverty by dramatically increasing the earned-income tax credit. It will lift 15 million working families out of poverty, rewarding work over welfare, making it possible for people to be successful workers and successful parents. Now that's real welfare reform.

But there is more to be done. This spring I will send you a comprehensive welfare reform bill that builds on the Family Support Act of 1988 and restores the basic values of work and responsibility. We'll say to teenagers, "If you have a child out of wedlock, we will no longer give you a check to set up a separate household. We want families to stay together;" say to absent parents who aren't paying their child support, "If you're not providing for your children, we'll garnish your wages, suspend your license, track you across State lines, and if necessary, make some of you work off what you owe." People who bring children into this world cannot and must not walk away from them. But to all those who depend on welfare, we should offer ultimately a simple compact. We'll provide the support, the job training, the child care you need for up to 2 years. But after that, anyone who can work, must, in the private sector wherever possible, in community service, if necessary. That's the only way we'll ever make welfare what it ought to be, a second chance, not a way of life.

I know it will be difficult to tackle welfare reform in 1994 at the same time we tackle health care. But let me point out, I think it is inevitable and imperative. It is estimated that

one million people are on welfare today because it's the only way they can get health care coverage for their children. Those who choose to leave welfare for jobs without health benefits, and many entry-level jobs don't have health benefits, find themselves in the incredible position of paying taxes that help to pay for health care coverage for those who made the other choice to stay on welfare. No wonder people leave work and go back to welfare to get health care coverage. We've got to solve the health care problem to have real welfare reform.

So this year, we will make history by reforming the health care system. And I would say to you, all of you, my fellow public servants, this is another issue where the people are way ahead of the politicians. That may not be popular with either party, but it happens to be the truth.

You know, the First Lady has received now almost a million letters from people all across America and from all walks of life. I'd like to share just one of them with you. Richard Anderson of Reno, Nevada, lost his job and with it, his health insurance. Two weeks later his wife, Judy, suffered a cerebral aneurysm. He rushed her to the hospital, where she stayed in intensive care for 21 days. The Andersons' bills were over \$ 120,000. Although Judy recovered and Richard went back to work at \$ 8 an hour, the bills were too much for them, and they were literally forced into bankruptcy. "Mrs. Clinton," he wrote to Hillary, "no one in the United States of America should have to lose everything they've worked for all their lives because they were unfortunate enough to become ill." It was to help the Richard and Judy Andersons of America that the First Lady and so many others have worked so hard and so long on this health care reform issue. We owe them our thanks and our action.

I know there are people here who say there's no health care crisis. Tell it to Richard and Judy Anderson. Tell it to the 58 million Americans who have no coverage at all for some time each year. Tell it to the 81 million Americans with those preexisting conditions. Those folks are paying more, or they can't get insurance at all. Or they can't ever change their jobs because they or someone in their family has one of those preexisting conditions. Tell it to the small businesses burdened by the skyrocketing cost of insurance. Most small businesses cover their employees, and they pay on average 35 percent more in premiums than big businesses or Government. Or tell it to the 76 percent of insured Americans, three out of four whose policies have lifetime limits. And that means they can find themselves without any coverage at all just when they need it the most. So if any of you believe there's no crisis, you tell it to those people, because I can't.

There are some people who literally do not understand the impact of this problem on people's lives. And all you have to do is go out and listen to them. Just go talk to them anywhere in any congressional district in this country. They're Republicans and Democrats and independents; it doesn't have a lick to do with party. They think we don't get it. And it's time we show them that we do get it.

From the day we began, our health care initiative has been designed to strengthen what is good about our health care system: the world's best health care professionals, cutting-edge research and wonderful research institutions, Medicare for older Americans. None of this,

none of it should be put at risk.

But we're paying more and more money for less and less care. Every year fewer and fewer Americans even get to choose their doctors. Every year doctors and nurses spend more time on paperwork and less time with patients because of the absolute bureaucratic nightmare the present system has become. This system is riddled with inefficiency, with abuse, with fraud, and everybody knows it. In today's health care system, insurance companies call the shots. They pick whom they cover and how they cover them. They can cut off your benefits when you need your coverage the most. They are in charge.

What does it mean? It means every night millions of well-insured Americans go to bed just an illness, an accident, or a pink slip away from having no coverage or financial ruin. It means every morning millions of Americans go to work without any health insurance at all, something the workers in no other advanced country in the world do. It means that every year, more and more hard-working people are told to pick a new doctor because their boss has had to pick a new plan. And countless others turn down better jobs because they know if they take the better job, they will lose their health insurance. If we just let the health care system continue to drift, our country will have people with less care, fewer choices, and higher bills.

Now, our approach protects the quality of care and people's choices. It builds on what works today in the private sector, to expand employer-based coverage, to guarantee private insurance for every American. And I might say, employer-based private insurance for every American was proposed 20 years ago by President Richard Nixon to the United States Congress. It was a good idea then, and it's a better idea today.

Why do we want guaranteed private insurance? Because right now 9 out of 10 people who have insurance get it through their employers. And that should continue. And if your employer is providing good benefits at reasonable prices, that should continue, too. That ought to make the Congress and the President feel better.

Our goal is health insurance everybody can depend on: comprehensive benefits that cover preventive care and prescription drugs; health premiums that don't just explode when you get sick or you get older; the power, no matter how small your business is, to choose dependable insurance at the same competitive rates governments and big business get today; one simple form for people who are sick; and most of all, the freedom to choose a plan and the right to choose your own doctor.

Our approach protects older Americans. Every plan before the Congress proposes to slow the growth of Medicare. The difference is this: We believe those savings should be used to improve health care for senior citizens. Medicare must be protected, and it should cover prescription drugs, and we should take the first steps in covering longterm care. To those who would cut Medicare without protecting seniors, I say the solution to today's squeeze on middle-class working people's health care is not to put the squeeze on middle-class retired people's health care. We can do better than that.

When it's all said and done, it's pretty simple to me. Insurance ought to mean what it used to mean" You pay a fair price for security, and when you get sick, health care's always there, no matter what.

Along with the guarantee of health security, we all have to admit, too, there must be more responsibility on the part of all of us in how we use this system. People have to take their kids to get immunized. We should all take advantage of preventive care. We must all work together to stop the violence that explodes our emergency rooms. We have to practice better health habits, and we can't abuse the system. And those who don't have insurance under our approach will get coverage, but they'll have to pay something for it, too. The minority of businesses that provide no insurance at all and in so doing shift the cost of the care of their employees to others, should contribute something. People who smoke should pay more for a pack of cigarettes. Everybody can contribute something if we want to solve the health care crisis. There can't be any more something for nothing. It will not be easy but it can be done.

Now, in the coming months I hope very much to work with both Democrats and Republicans to reform a health care system by using the market to bring down costs and to achieve lasting health security. But if you look at history we see that for 60 years this country has tried to reform health care. President Roosevelt tried. President Truman tried. President Nixon tried. President Carter tried. Every time the special interests were powerful enough to defeat them. But not this time.

I know that facing up to these interests will require courage. It will raise critical questions about the way we finance our campaigns and how lobbyists yield their influence. The work of change, frankly, will never get any easier until we limit the influence of well-financed interests who profit from this current system. So I also must now call on you to finish the job both Houses began last year by passing tough and meaningful campaign finance reform and lobby reform legislation this year.

You know, my fellow Americans, this is really a test for all of us. The American people provide those of us in Government service with terrific health care benefits at reasonable costs. We have health care that's always there. I think we need to give every hard-working, tax-paying American the same health care security they have already given to us.

I want to make this very clear. I am open, as I have said repeatedly, to the best ideas of concerned Members of both parties. I have no special brief for any specific approach, even in our own bill, except this: If you send me legislation that does not guarantee every American private health insurance that can never be taken away, you will force me to take this pen, veto the legislation, and we'll come right back here and start all over again.

But I don't think that's going to happen. I think we're ready to act now. I believe that you're ready to act now. And if you're ready to guarantee every American the same health care that you have, health care that can never be taken away, now, not next year or the year after, now is the time to stand with the people who sent us here. Now.

As we take these steps together to renew our strength at home, we cannot turn away from our obligation to renew our leadership abroad. This is a promising moment. Because of the agreements we have reached this year, last year, Russia's strategic nuclear missiles soon will no longer be pointed at the United States, nor will we point ours at them. Instead of building weapons in space, Russian scientists will help us to build the international space station.

Of course, there are still dangers in the world: rampant arms proliferation, bitter regional conflicts, ethnic and nationalist tensions in many new democracies, severe environmental degradation the world over, and fanatics who seek to cripple the world's cities with terror. As the world's greatest power, we must, therefore, maintain our defenses and our responsibilities.

This year, we secured indictments against terrorists and sanctions against those who harbor them. We worked to promote environmentally sustainable economic growth. We achieved agreements with Ukraine, with Belarus, with Kazakhstan to eliminate completely their nuclear arsenal. We are working to achieve a Korean Peninsula free of nuclear weapons. We will seek early ratification of a treaty to ban chemical weapons worldwide. And earlier today, we joined with over 30 nations to begin negotiations on a comprehensive ban to stop all nuclear testing.

But nothing, nothing is more important to our security than our Nation's Armed Forces. We honor their contributions, including those who are carrying out the longest humanitarian air lift in history in Bosnia, those who will complete their mission in Somalia this year and their brave comrades who gave their lives there. Our forces are the finest military our Nation has ever had. And I have pledged that as long as I am President, they will remain the best equipped, the best trained, and the best prepared fighting force on the face of the Earth.

Last year I proposed a defense plan that maintains our post-cold-war security at a lower cost. This year many people urged me to cut our defense spending further to pay for other Government programs. I said, no. The budget I send to Congress draws the line against further defense cuts. It protects the readiness and quality of our forces. Ultimately, the best strategy is to do that. We must not cut defense further. I hope the Congress, without regard to party, will support that position.

Ultimately, the best strategy to ensure our security and to build a durable peace is to support the advance of democracy elsewhere. Democracies don't attack each other, they make better trading partners and partners in diplomacy. That is why we have supported, you and I, the democratic reformers in Russia and in the other states of the former Soviet bloc. I applaud the bipartisan support this Congress provided last year for our initiatives to help Russia, Ukraine, and the other states through their epic transformations.

Our support of reform must combine patience for the enormity of the task and vigilance for our fundamental interest and values. We will continue to urge Russia and the other states to press ahead with economic reforms. And we will seek to cooperate with Russia to solve regional problems, while insisting that if Russian troops operate in neighboring states, they do so only when those states agree to their presence and in strict accord with international

standards.

But we must also remember as these nations chart their own futures -- and they must chart their own futures -- how much more secure and more prosperous our own people will be if democratic and market reforms succeed all across the former Communist bloc. Our policy has been to support that move, and that has been the policy of the Congress. We should continue it.

That is why I went to Europe earlier this month, to work with our European partners, to help to integrate all the former Communist countries into a Europe that has a possibility of becoming unified for the first time in its entire history, its entire history, based on the simple commitments of all nations in Europe to democracy, to free markets, and to respect for existing borders.

With our allies we have created a Partnership For Peace that invites states from the former Soviet bloc and other non-NATO members to work with NATO in military cooperation. When I met with Central Europe's leaders, including Lech Walesa and Vaclav Havel, men who put their lives on the line for freedom, I told them that the security of their region is important to our country's security.

This year we must also do more to support democratic renewal and human rights and sustainable development all around the world. We will ask Congress to ratify the new GATT accord. We will continue standing by South Africa as it works its way through its bold and hopeful and difficult transition to democracy. We will convene a summit of the Western Hemisphere's democratic leaders from Canada to the tip of South America. And we will continue to press for the restoration of true democracy in Haiti. And as we build a more constructive relationship with China, we must continue to insist on clear signs of improvement in that nation's human rights record.

We will also work for new progress toward the Middle East peace. Last year the world watched Yitzhak Rabin and Yasser Arafat at the White House when they had their historic handshake of reconciliation. But there is a long, hard road ahead. And on that road I am determined that I and our administration will do all we can to achieve a comprehensive and lasting peace for all the peoples of the region.

Now, there are some in our country who argue that with the cold war, America should turn its back on the rest of the world. Many around the world were afraid we would do just that. But I took this office on a pledge that had no partisan tinge, to keep our Nation secure by remaining engaged in the rest of the world. And this year, because of our work together, enacting NAFTA, keeping our military strong and prepared, supporting democracy abroad, we have reaffirmed America's leadership, America's engagement. And as a result, the American people are more secure than they were before.

But while Americans are more secure from threats abroad, I think we all know that in many ways we are less secure from threats here at home. Every day the national peace is shattered by crime. In Petaluma, California, an innocent slumber party gives way to

agonizing tragedy for the family of Polly Klaas. An ordinary train ride on Long Island ends in a hail of 9-millimeter rounds. A tourist in Florida is nearly burned alive by bigots simply because he is black. Right here in our Nation's Capital, a brave young man named Jason White, a policeman, the son and grandson of policemen, is ruthlessly gunned down. Violent crime and the fear it provokes are crippling our society, limiting personal freedom, and fraying the ties that bind us.

The crime bill before Congress gives you a chance to do something about it, a chance to be tough and smart. What does that mean? Let me begin by saying I care a lot about this issue. Many years ago, when I started out in public life, I was the attorney general of my State. I served as a Governor for a dozen years. I know what it's like to sign laws increasing penalties, to build more prison cells, to carry out the death penalty. I understand this issue. And it is not a simple thing.

First, we must recognize that most violent crimes are committed by a small percentage of criminals who too often break the laws even when they are on parole. Now those who commit crimes should be punished. And those who commit repeated, violent crimes should be told, "When you commit a third violent crime, you will be put away, and put away for good. Three strikes, and you are out."

Second, we must take serious steps to reduce violence and prevent crime, beginning with more police officers and more community policing. We know right now that police who work the streets, know the folks, have the respect of the neighborhood kids, focus on high crime areas, we know that they are more likely to prevent crime as well as catch criminals. Look at the experience of Houston, where the crime rate dropped 17 percent in one year when that approach was taken.

Here tonight is one of those community policemen, a brave, young detective, Kevin Jett, whose beat is eight square blocks in one of the toughest neighborhoods in New York. Every day he restores some sanity and safety and a sense of values and connections to the people whose lives he protects. I'd like to ask him to stand up and be recognized tonight. Thank you, sir. [Applause]

You will be given a chance to give the children of this country, the law-abiding working people of this country -- and don't forget, in the toughest neighborhoods in this country, in the highest crime neighborhoods in this country, the vast majority of people get up every day and obey the law, pay their taxes, do their best to raise their kids. They deserve people like Kevin Jett. And you're going to be given a chance to give the American people another 100,000 of them, well trained. And I urge you to do it.

You have before you crime legislation which also establishes a police corps to encourage young people to get an education and pay it off by serving as police officers; which encourages retiring military personnel to move into police forces, an inordinate resource for our country; one which has a safe schools provision which will give our young people the chance to walk to school in safety and to be in school in safety instead of dodging bullets. These are important things.

The third thing we have to do is to build on the Brady bill, the Brady law, to take further steps to keep guns out of the hands of criminals. I want to say something about this issue. Hunters must always be free to hunt. Law-abiding adults should always be free to own guns and protect their homes. I respect that part of our culture; I grew up in it. But I want to ask the sportsmen and others who lawfully own guns to join us in this campaign to reduce gun violence. I say to you, I know you didn't create this problem, but we need your help to solve it. There is no sporting purpose on Earth that should stop the United States Congress from banishing assault weapons that out-gun police and cut down children.

Fourth, we must remember that drugs are a factor in an enormous percentage of crimes. Recent studies indicate, sadly, that drug use is on the rise again among our young people. The crime bill contains -- all the crime bills contain -- more money for drug treatment for criminal addicts and boot camps for youthful offenders that include incentives to get off drugs and to stay off drugs. Our administration's budget, with all its cuts, contains a large increase in funding for drug treatment and drug education. You must pass them both. We need them desperately.

My fellow Americans, the problem of violence is an American problem. It has no partisan or philosophical element. Therefore, I urge you to find ways as quickly as possible to set aside partisan differences and pass a strong, smart, tough crime bill. But further, I urge you to consider this: As you demand tougher penalties for those who choose violence, let us also remember how we came to this sad point. In our toughest neighborhoods, on our meanest streets, in our poorest rural areas, we have seen a stunning and simultaneous breakdown of community, family, and work, the heart and soul of civilized society. This has created a vast vacuum which has been filled by violence and **drugs and gangs**. So I ask you to remember that even as we say "no" to crime, we must give people, especially our young people, something to say "yes" to.

Many of our initiatives, from job training to welfare reform to health care to national service, will help to rebuild distressed communities, to strengthen families, to provide work. But more needs to be done. That's what our community empowerment agenda is all about, challenging businesses to provide more investment through empowerment zones, ensuring banks will make loans in the same communities their deposits come from, passing legislation to unleash the power of capital through community development banks to create jobs, opportunity, and hope where they're needed most.

I think you know that to really solve this problem, we'll all have to put our heads together, leave our ideological armor aside, and find some new ideas to do even more. And let's be honest, we all know something else too: Our problems go way beyond the reach of Government. They're rooted in the loss of values, in the disappearance of work, and the breakdown of our families and our communities.

My fellow Americans, we can cut the deficit, create jobs, promote democracy around the world, pass welfare reform and health care, pass the toughest crime bill in history, but still leave too many of our people behind. The American people have got to want to change from

within if we're going to bring back work and family and community. We cannot renew our country when within a decade more than half of the children will be born into families where there has been no marriage. We cannot renew this country when 13-year-old boys get semi-automatic weapons to shoot 9-year-olds for kicks. We can't renew our country when children are having children, and the fathers walk away as if the kids don't amount to anything. We can't renew the country when our businesses eagerly look for new investments and new customers abroad but ignore those people right here at home who would give anything to have their jobs and would gladly buy their products if they had the money to do it. We can't renew our country unless more of us -- I mean, all of us -- are willing to join the churches and the other good citizens, people like all the ministers I've worked with over the years or the priests and the nuns I met at Our Lady of Help in east Los Angeles or my good friend Tony Campollo in Philadelphia, unless we're willing to work with people like that, people who are saving kids, adopting schools, making streets safer. All of us can do that. We can't renew our country until we realize that governments don't raise children, parents do.

Parents who know their children's teachers and turn off the television and help with the homework and teach their kids right from wrong, those kinds of parents can make all the difference. I know, I had one. I'm telling you, we have got to stop pointing our fingers at these kids who have no future and reach our hands out to them. Our country needs it, we need it, and they deserve it.

So I say to you tonight, let's give our children a future. Let us take away their guns and give them books. Let us overcome their despair and replace it with hope. Let us, by our example, teach them to obey the law, respect our neighbors, and cherish our values. Let us weave these sturdy threads into a new American community that can once more stand strong against the forces of despair and evil because everybody has a chance to walk into a better tomorrow.

Oh, there will be naysayers who fear that we won't be equal to the challenges of this time. But they misread our history, our heritage. Even today's headlines, all those things tell us we can and we will overcome any challenge.

When the Earth shook and fires raged in California, when I saw the Mississippi deluge the farmlands of the Midwest in a 500-year flood, when the century's bitterest cold swept from North Dakota to Newport news, it seemed as though the world itself was coming apart at the seams. But the American people, they just came together. They rose to the occasion, neighbor helping neighbor, strangers risking life and limb to save total strangers, showing the better angels of our nature.

Let us not reserve the better angels only for natural disasters, leaving our deepest and most profound problems to petty political fighting. Let us instead be true to our spirit, facing facts, coming together, bringing hope, and moving forward.

Tonight, my fellow Americans, we are summoned to answer a question as old as the Republic itself: What is the state of our Union? It is growing stronger, but it must be stronger still. With your help, and God's help, it will be.

Thank you, and God bless America.

NOTE: The President spoke at 9:15 p.m. in the House Chamber of the Capitol.

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BODY:

Mr. President, Mr. Speaker, Members of the House and the Senate, distinguished Americans here as visitors in this Chamber, as am I. It is nice to have a fresh excuse for giving a long speech. [Laughter]

When Presidents speak to Congress and the Nation from this podium, typically they comment on the full range and challenges and opportunities that face the United States. But this is not an ordinary time, and for all the many tasks that require our attention, I believe tonight one calls on us to focus, to united, and to act. And that is our economy. For more than anything else, our task tonight as Americans is to make our economy thrive again.

Let me begin by saying that it has been too long, at least three decades, since a President has come and challenged Americans to join him on a great national journey, not merely to consume the bounty of today but to invest for a much greater one tomorrow.

Like individuals, nations must ultimately decide how they wish to conduct themselves, how they wish to be thought of by those with whom they live, and later, how they wish to be judged by history. Like every individual, man and woman, nations must decide whether they are prepared to rise to the occasions history presents them.

We have always been a people of youthful energy and daring spirit. And at this historic moment, as communism has fallen, as freedom is spreading around the world, as a global economy is taking shape before our eyes, Americans have called for change. And now it is up to those of us in this room to deliver for them.

Our Nation needs a new direction. Tonight I present to you a comprehensive plan to set our Nation on that new course. I believe we will find our new direction in the basic old values that brought us here over the last two centuries: a commitment to opportunity, to individual responsibility, to community, to work, to family, and to faith. We must now break the habits of both political parties and say there can be no more something for nothing and admit frankly that we are all in this together.

The conditions which brought us as a Nation to this point are well-known: two decades of low productivity, growth, and stagnant wages; persistent unemployment and underemployment; years of huge Government deficits and declining investment in our future;

exploding health care costs and lack of coverage for millions of Americans; legions of poor children; education and job training opportunities inadequate to the demand of this tough, global economy. For too long we have drifted without a strong sense of purpose or responsibility or community:

And our political system so often has seemed paralyzed by special interest groups, by partisan bickering, and by the sheer complexity of our problems. I believe we can do better because we remain the greatest nation on Earth, the world's strongest economy, the world's only military superpower. If we have the vision, the will, and the heart to make the changes we must, we can still enter the 21st century with possibilities our parents could not even have imagined and enter it having secured the American dream for ourselves and for future generations.

I well remember 12 years ago President Reagan stood at this very podium and told you and the American people that if our national debt were stacked in thousand-dollar bills, the stack would reach 67 miles into space. Well, today that stack would reach 267 miles. I tell you this not to assign blame for this problem. There is plenty of blame to go around in both branches of the Government and both parties. The time has come for the blame to end. I did not seek this office to place blame. I come here tonight to accept responsibility, and I want you to accept responsibility with me. And if we do right by this country, I do not care who gets the credit for it.

The plan I offer you has four fundamental components. First, it shifts our emphasis in public and private spending from consumption to investment, initially by jump-starting the economy in the short term and investing in our people, their jobs, and their incomes over the long run. Second, it changes the rhetoric of the past into the actions of the present by honoring work and families in every part of our public decisionmaking. Third, it substantially reduces the Federal deficit honestly and credibly by using in the beginning the most conservative estimates of Government revenues, not, as the executive branch has done so often in the past, using the most optimistic ones. And finally, it seeks to earn the trust of the American people by paying for these plans first with cuts in Government waste and efficiency; second, with cuts, not gimmicks, in Government spending; and by fairness, for a change, in the way additional burdens are borne.

Tonight I want to talk with you about what Government can do because I believe Government must do more. But let me say first that the real engine of economic growth in this country is the private sector, and second, that each of us must be an engine of growth and change. The truth is that as Government creates more opportunity in this new and different time, we must also demand more responsibility in turn.

Our immediate priority must be to create jobs, create jobs now. Some people say, "Well, we're in a recovery, and we don't have to do that." Well, we all hope we're in a recovery, but we're sure not creating new jobs. And there's no recovery worth its salt that doesn't put the American people back to work.

To create jobs and guarantee a strong recovery, I call on Congress to enact an immediate package of jobs investments of over \$ 30 billion to put people to work now, to create a half a million jobs: jobs to rebuild our highways and airports, to renovate housing, to bring new life to rural communities, and spread hope and opportunity among our Nation's youth. Especially I want to emphasize, after the events of last year in Los Angeles and the countless stories of despair in our cities and in our poor rural communities, this proposal will create almost 700,000 new summer jobs for displaced, unemployed young people alone this summer. And tonight I invite America's business leaders to join us in this effort so that together we can provide over one million summer jobs in cities and poor rural areas for our young people.

Second, our plan looks beyond today's business cycle because our aspirations extend into the next century. The heart of this plan deals with the long term. It is an investment program designed to increase public and private investment in areas critical to our economic future. And it has a deficit reduction program that will increase the savings available for the private sector to invest, will lower interest rates, will decrease the percentage of the Federal budget claimed by interest payments, and decrease the risk of financial market disruptions that could adversely affect our economy.

Over the long run, all this will bring us a higher rate of economic growth, improved productivity, more high-quality jobs, and an improved economic competitive position in the world. In order to accomplish both increased investment and deficit reduction, something no American Government has even been called upon to do at the same time before, spending must be cut, and taxes must be raised.

The spending cuts I recommend were carefully thought through in a way to minimize any adverse economic impact, to capture the peace dividend for investment purposes, and to switch the balance in the budget from consumption to more investment. The tax increases and the spending cuts were both designed to assure that the cost of this historic program to face and deal with our problems will be borne by those who could readily afford it the most. Our plan is designed, furthermore, and perhaps in some ways most importantly, to improve the health of American business through lower interest rates, more incentives to invest, and better trained workers.

Because small business has created such a high percentage of all the new jobs in our Nation over the last 10 or 15 years, our plan includes the boldest targeted incentives for small business in history. We propose a permanent investment tax credit for the smallest firms in this country, with revenues of under \$ 5 million. That's about 90 percent of the firms in America, employing about 40 percent of the work force but creating a big majority of the net new jobs for more than a decade. And we propose new rewards for entrepreneurs who take new risks. We propose to give small business access to all the new technologies of our time. And we propose to attack this credit crunch which has denied small business the credit they need to flourish and prosper.

With a new network of community development banks and \$ 1 billion to make the dream of enterprise zones real, we propose to bring new hope and new jobs to store-fronts and factories from south Boston to south Texas to south central Los Angeles. This plan invests in

our roads, our bridges, our transit systems, in high-speed railways, and high-tech information systems. And it provides the most ambitious environmental cleanup in partnership with State and local government of our time, to put people to work and to preserve the environment for our future.

Standing as we are on the edge of a new century, we know that economic growth depends as never before on opening up new markets overseas and expanding the volume of world trade. And so, we will insist on fair trade rules in international markets as a part of a national economic strategy to expand trade, including the successful completion of the latest round of world trade talks and the successful completion of a North American Free Trade Agreement, with appropriate safeguards for our workers and for the environment.

At the same time -- and I say this to you in both parties and across America tonight, all the people who are listening -- it is not enough to pass a budget or even to have a trade agreement. This world is changing so fast that we must have aggressive, targeted attempts to create the high-wage jobs of the future. That's what all our competitors are doing. We must give special attention to those critical industries that are going to explode in the 21st century but that are in trouble in America today, like aerospace. We must provide special assistance to areas and to workers displaced by cuts in the defense budget and by other unavoidable economic dislocations.

And again I will say we must do this together. I pledge to you that I will do my best to see that business and labor and Government work together for a change.

But all of our efforts to strengthen the economy will fail -- let me say this again; I feel so strongly about this -- all of our efforts to strengthen the economy will fail unless we also take this year, not next year, not 5 years from now but this year, bold steps to reform our health care system.

In 1992, we spent 14 percent of our income on health care, more than 30 percent more than any other country in the world, and yet we were the only advanced nation that did not provide a basic package of health care benefits to all of its citizens. Unless we change the present pattern, 50 percent of the growth in the deficit between now and the year 2000 will be in health care costs. By the year 2000 almost 20 percent of our income will be in health care. Our families will never be secure, our businesses will never be strong, and our Government will never again be fully solvent until we tackle the health care crisis. We must do it this year.

The combination of the rising cost of care and the lack of care and the fear of losing care are endangering the security and the very lives of millions of our people. And they are weakening our economy every day. Reducing health care costs can liberate literally hundreds of billions of dollars for new investment in growth and jobs. Bringing health costs in line with inflation would do more for the private sector in this country than any tax cut we could give and any spending program we could promote. Reforming health care over the long run is critically essential to reducing not only our deficit but to expanding investment in America.

Later this spring, after the First Lady and the many good people who are helping her all across the country complete their work, I will deliver to Congress a comprehensive plan for health care reform that finally will bring costs under control and provide security to all of our families, so that no one will be denied the coverage they need but so that our economic future will not be compromised either. We'll have to root out fraud and overcharges and make sure that paperwork no longer chokes your doctor. We'll have to maintain the highest American standards and the right to choose in a system that is the world's finest for all those who can access it. But first we must make choices. We must choose to give the American people the quality they demand and deserve with a system that will not bankrupt the country or further drive more Americans into agony.

Let me further say that I want to work with all of you on this. I realize this is a complicated issue. But we must address it. And I believe if there is any chance that Republicans and Democrats who disagree on taxes and spending or anything else could agree on one thing, surely we can all look at these numbers and go home and tell our people the truth. We cannot continue these spending patterns in public or private dollars for health care for less and less and less every year. We can do better. And I will work to do better.

Perhaps the most fundamental change the new direction I propose offers is its focus on the future and its investment which I seek in our children. Each day we delay really making a commitment to our children carries a dear cost. Half of the 2-year-olds in this country today don't receive the immunizations they need against deadly diseases. Our plan will provide them for every eligible child. And we know now that we will save \$ 10 later for every \$ 1 spend by eliminating preventable childhood diseases. That's a good investment no matter how you measure it.

I recommend that the women, infants, and children's nutrition program be expanded so that every expectant mother who needs the help gets it. We all know that Head Start, a program that prepares children for school, is a success story. We all know that it saves money, but today it just reaches barely over one-third of all the eligible children. Under this plan, every eligible child will be able to get a head start. This is not just the right thing to do; it is the smart thing to do. For every dollar we invest today we'll save \$ 3 tomorrow. We have to start thinking about tomorrow. I've heard that somewhere before. [Laughter]

We have to ask more in our schools of our students, our teachers, our principals, our parents. Yes, we must give them the resources they need to meet high standards, but we must also use the authority and the influence and the funding of the Education Department to promote strategies that really work in learning. Money alone is not enough. We have to do what really works to increase learning in our schools.

We have to recognize that all of our high school graduates need some further education in order to be competitive in this global economy. So we have to establish a partnership between businesses and education and the Government for apprenticeship programs in every State in this country to give our people the skills they need. Lifelong learning must benefit not just young high school graduates but workers too, throughout their career. The average 18-year-old today will change jobs seven times in a lifetime. We have done a lot in this

country on worker training in the last few years, but the system is too fractured. We must develop a unified, simplified, sensible, streamlined worker-training program so that workers receive the training they need regardless of why they lost their jobs or whether they simply need to learn something new to keep them. We have got to do better on this.

And finally, I propose a program that got a great response from the American people all across this country last year: a program of national service to make college loans available to all American and to challenge them at the same time to give something back to their country as teachers or police officers or community service workers; to give them the option to pay the loans back, but at tax time so they can't beat the bill, but to encourage them instead to pay it back by making their country stronger and making their country better and giving us the benefit of their knowledge.

A generation ago when President Kennedy proposed and the United States Congress embraced the Peace Corps, it defined the character of a whole generation of Americans committed to serving people around the world. In this national service program, we will provide more than twice as many slots for people before they go to college to be in national service than ever served in the Peace Corps. This program could do for this generation of Members of Congress what the land grant college act did and what the GI bill did for former Congressmen. In the future, historians who got their education through the national service loan will look back on you and thank you for giving America a new lease on life, if you meet this challenge.

If we believe in jobs and we believe in learning, we must believe in rewarding work. If we believe in restoring the values that make America special, we must believe that there is dignity in all work, and there must be dignity for all workers. To those who care for our sick, who tend our children, who do our most difficult and tiring jobs, the new direction I propose will make this solemn, simple commitment: By expanding the refundable earned income tax credit, we will make history. We will reward the work of millions of working poor Americans by realizing the principle that if you work 40 hours a week and you've got a child in the house, you will no longer be in poverty.

Later this year, we will offer a plan to end welfare as we know it. I have worked on this issue for the better part of a decade. And I know from personal conversations with many people that no one, no one wants to change the welfare system as badly as those who are trapped in it. I want to offer the people on welfare the education, the training, the child care, the health care they need to get back on their feet, but say after 2 years they must get back to work, too, in private business if possible, in public service if necessary. We have to end welfare as a way of life and make it a path to independence and dignity.

Our next great goal should be to strengthen our families. I compliment the Congress for passing the Family and Medical Leave Act as a good first step, but it is time to do more. This plan will give this country the toughest child support enforcement system it has ever had. It is time to demand that people take responsibility for the children they bring in this world.

And I ask you to help to protect our families against the violent crime which terrorizes our people and which tears our communities apart. We must pass a tough crime bill. I support not only the bill which didn't quite make it to the President's desk last year but also an initiative to put 100,000 more police officers on the street, to provide bootcamps for first-time nonviolent offenders for more space for the hardened criminals in jail, and I support an initiative to do what we can to keep guns out of the hands of criminals. Let me say this. I will make you this bargain: If you will pass the Brady bill, I'll sure sign it.

Let me say now, we should move to the harder parts.

I think it is clear to every American, including every Member of Congress of both parties, that the confidence of the people who pay our bills in our institutions in Washington is not high. We must restore it. We must begin again to make Government work for ordinary taxpayers, not simply for organized interest groups. And that beginning must start with real political reform. I am asking the United States Congress to pass a real campaign finance reform bill this year. I ask you to increase the participation of the American people by passing the motor voter bill promptly. I ask you to deal with the undue influence of special interest by passing a bill to end the tax deduction for lobbying and to act quickly to require all the people who lobby you to register as lobbyists by passing the lobbying registration bill.

Believe me, they were cheering that last section at home. I believe lobby reform and campaign finance reform are a sure path to increased popularity for Republicans and Democrats alike because it says to the voters back home, "This is your House. This is your Senate. We're your hired hands, and every penny we draw is your money."

Next, to revolutionize Government we have to ensure that we live within our means, and that should start at the top and with the White House. In the last few days I have announced a cut in the White House staff of 25 percent, saving approximately \$ 10 million. I have ordered administrative cuts in budgets of Agencies and Departments. I have cut the Federal bureaucracy, or will over the next 4 years, by approximately 100,000 positions, for a combined savings of \$ 9 billion. It is time for Government to demonstrate, in the condition we're in, that we can be as frugal as any household in America.

And that's why I also want to congratulate the Congress. I noticed the announcement of the leadership today that Congress is taking similar steps to cut its costs. I think that is important. I think it will send a very clear signal to the American people.

But if we really want to cut spending, we're going to have to do more, and some of it will be difficult. Tonight I call for an across-the-board freeze in Federal Government salaries for one year. And thereafter, during this 4-year period, I recommend that salaries rise at one point lower than the cost of living allowance normally involved in Federal pay increases.

Next, I recommend that we make 150 specific budget cuts, as you know, and that all those who say we should cut more be as specific as I have been.

Finally, let me say to my friends on both sides of the aisle, it is not enough simply to cut Government; we have to rethink the whole way it works. When I became President I was amazed at just the way the White House worked, in ways that added lots of money to what taxpayers had to pay, outmoded ways that didn't take maximum advantage of technology and didn't do things that any business would have done years ago to save taxpayers' money.

So I want to bring a new spirit of innovation into every Government Department. I want to push education reform, as I said, not just to spend more money but to really improve learning. Some things work, and some things don't. I'd like to use that Superfund to clean up pollution for a change and not just pay lawyers.

In the aftermath of all the difficulties with the savings and loans, we must use Federal bank regulators to protect the security and safety of our financial institutions, but they should not be used to continue the credit crunch and to stop people from making sensible loans.

I'd like for us to not only have welfare reform but to reexamine the whole focus of all of our programs that help people, to shift them from entitlement programs to empowerment programs. In the end we want people not to need us anymore. I think that's important.

But in the end we have to get back to the deficit. For years there's been a lot of talk about it but very few credible efforts to deal with it. And now I understand why, having dealt with the real numbers for 4 weeks. But I believe this plan does; it tackles the budget deficit seriously and over the long term. It puts in place one of the biggest deficit reductions and one of the biggest changes in Federal priorities, from consumption to investment, in the history of this country at the same time over the next 4 years.

Let me say to all the people watching us tonight who will ask me these questions beginning tomorrow as I go around the country and who've asked it in the past: We're not cutting the deficit just because experts say it's the thing to do or because it has some intrinsic merit. We have to cut the deficit because the more we spend paying off the debt, the less tax dollars we have to invest in jobs and education and the future of this country. And the more money we take out of the pool of available savings, the harder it is for people in the private sector to borrow money at affordable interest rates for a college loan for their children, for a home mortgage, or to start a new business.

That's why we've got to reduce the debt, because it is crowding out other activities that we ought to be engaged in and that the American people ought to be engaged in. We cut the deficit so that our children will be able to buy a home, so that our companies can invest in the future and in retraining their workers, so that our Government can make the kinds of investments we need to be a stronger and smarter and safer nation.

If we don't act now, you and I might not even recognize this Government 10 years from now. If we just stay with the same trends of the last 4 years, by the end of the decade the deficit will be \$ 635 billion a year, almost 80 percent of our gross domestic product. And paying interest on that debt will be the costliest Government program of all. We'll still be the world's largest debtor. And when Members of Congress come here, they'll be devoting over

20 cents on the dollar to interest payments, more than half of the budget to health care and to other entitlements. And you'll come here and deliberate and argue over 6 or 7 cents on the dollar, no matter what America's problems are. We will not be able to have the independence we need to chart the future that we must. And we'll be terribly dependent on foreign funds for a large portion of our investment.

This budget plan, by contrast, will by 1997 cut \$ 140 billion in that year alone from the deficit, a real spending cut, a real revenue increase, a real deficit reduction, using the independent numbers of the Congressional Budget Office. [Laughter] Well you can laugh, my fellow Republicans, but I'll point out that the Congressional Budget Office was normally more conservative in what was going to happen and closer to right than previous Presidents have been.

I did this so that we could argue about priorities with the same set of numbers. I did this so that no one could say I was estimating my way out of this difficulty. I did this because if we can agree together on the most prudent revenues we're likely to get if the recovery stays and we do right things economically, then it will turn out better for the American people than we say. In the last 12 years, because there were differences over the revenue estimates, you and I know that both parties were given greater elbow room for irresponsibility. This is tightening the rein on the Democrats as well as the Republicans. Let's at least argue about the same set of numbers so the American people will think we're shooting straight with them.

As I said earlier, my recommendation makes more than 150 difficult reductions to cut the Federal spending by a total of \$ 246 billion. We are eliminating programs that are no longer needed, such as nuclear power research and development. We're slashing subsidies and canceling wasteful projects. But many of these programs were justified in their time, and a lot of them are difficult for me to recommend reductions in, some really tough ones for me personally. I recommend that we reduce interest subsidies to the Rural Electric Administration. That's a difficult thing for me to recommend. But I think that I cannot exempt the things that exist in my State or in my experience, if I ask you to deal with. We're going to have to have no sacred cows except the fundamental abiding interest of the American people.

I have to say that we all know our Government has been just great at building programs. The time has come to show the American people that we can limit them too; that we can not only start things, that we can actually stop things.

About the defense budget, I raise a hope and a caution. As we restructure our military forces to meet the new threats of the post-cold-war world, it is true that we can responsibly reduce our defense budget. And we may all doubt what that range of reductions is, but let me say that as long as I am President, I will do everything I can to make sure that the men and women who serve under the American flag will remain the best trained, the best prepared, the best equipped fighting force in the world. And every one of you should make that solemn pledge. We still have responsibilities around the world. We are the world's only superpower. This is still a dangerous and uncertain time, and we owe it to the people in uniform to make sure that we adequately provide for the national defense and for their

interests and needs. Backed by an effective national defense and a stronger economy, our Nation will be prepared to lead a world challenged as it is everywhere by ethnic conflict, by the proliferation of weapons of mass destruction, by the global democratic revolution, and by challenges to the health of our global environment.

I know this economic plan is ambitious, but I honestly believe it is necessary for the continued greatness of the United States. And I think it is paid for fairly, first by cutting Government, then by asking the most of those who benefited the most in the past, and by asking more Americans to contribute today so that all of us can prosper tomorrow.

For the wealthiest, those earning more than \$ 180,000 per year, I ask you all who are listening tonight to support a raise in the top rate for Federal income taxes from 31 to 36 percent. We recommend a 10-percent surtax on incomes over \$ 250,000 a year, and we recommend closing some loopholes that let some people get away without paying any tax at all.

For businesses with taxable incomes in excess of \$ 10 million we recommend a raise in the corporate tax rate, also to 36 percent, as well as a cut in the deduction for business entertainment expenses. Our plan seeks to attack tax subsidies that actually reward companies more for shutting their operations down here and moving them overseas than for staying here and reinvesting in America. I say that as someone who believes that American companies should be free to invest around the world and as a former Governor who actively sought investment of foreign companies in my State. But the Tax Code should not express a preference to American companies for moving somewhere else, and it does in particular cases today.

We will seek to ensure that, through effective tax enforcement, foreign corporations who do make money in America simply pay the same taxes that American companies make on the same income.

To middle class Americans who have paid a great deal for the last 12 years and from whom I ask a contribution tonight, I will say again as I did on Monday night: You're not going alone any more, you're certainly not going first, and you're not going to pay more for less as you have too often in the past. I want to emphasize the facts about this plan: 98.8 percent of America's families will have no increase in their income tax rates, only 1.2 percent at the top.

Let me be clear: There will also be no new cuts in benefits for Medicare. As we move toward the 4th year, with the explosion in health care costs, as I said, projected to account for 50 percent of the growth of the deficit between now and the year 2000, there must be planned cuts in payments to providers, to doctors, to hospitals, to labs, as a way of controlling health care costs. But I see these only as a stopgap until we can reform the entire health care system. If you'll help me do that, we can be fair to the providers and to the consumers of health care. Let me repeat this, because I know it matters to a lot of you on both sides of the aisle. This plan does not make a recommendation for new cuts in Medicare benefits for any beneficiary.

Secondly, the only change we are making in Social Security is one that has already been publicized. The plan does ask older Americans with higher incomes, who do not rely solely on Social Security to get by, to contribute more. This plan will not affect the 80 percent of Social Security recipients who do not pay taxes on Social Security now. Those who do not pay tax on Social Security now will not be affected by this plan.

Our plan does include a broad-based tax on energy, and I want to tell you why I selected this and why I think it's a good idea. I recommend that we adopt a BTU tax on the heat content of energy as the best way to provide us with revenue to lower the deficit because it also combats pollution, promotes energy efficiency, promotes the independence, economically, of this country as well as helping to reduce the debt, and because it does not discriminate against any area. Unlike a carbon tax, that's not too hard on the coal States; unlike a gas tax, that's not too tough on people who drive a long way to work; unlike an ad valorem tax, it doesn't increase just when the price of an energy source goes up. And it is environmentally responsible. It will help us in the future as well as in the present with the deficit.

Taken together these measures will cost an American family with an income of about \$ 40,000 a year less than \$ 17 a month. It will cost American families with incomes under \$ 30,000 nothing because of other programs we propose, principally those raising the earned income tax credit.

Because of our publicly stated determination to reduce the deficit, if we do these things, we will see the continuation of what's happened just since the election. Just since the election, since the Secretary of the Treasury, the Director of the Office of Management and Budget, and others who have begun to speak out publicly in favor of a tough deficit reduction plan, interest rates have continued to fall long-term. That means that for the middle class, who will pay something more each month, if they had any credit needs or demands, their increased energy costs will be more than offset by lower interest costs for mortgages, consumer loans, credit cards. This can be a wise investment for them and their country now.

I would also point out what the American people already know, and that is because we're a big, vast country where we drive long distances, we have maintained far lower burdens on energy than any other advanced country. We will still have far lower burdens on energy than any other advanced country. And these will be spread fairly, with real attempts to make sure that no cost is imposed on families with incomes under \$ 30,000 and that the costs are very modest until you get into the higher income groups where the income taxes trigger in.

Now, I ask all of you to consider this: Whatever you think of the tax program, whatever you think of the spending cuts, consider the cost of not changing. Remember the numbers that you all know. If we just keep on doing what we're doing, by the end of the decade we'll have a \$ 650-billion-a-year deficit. If we just keep on doing what we're doing, by the end of the decade 20 percent of our national income will go to health care every year, twice as much as any other country on the face of the globe. If we just keep on doing what we're doing, over 20 cents on the dollar will have to go to service the debt.

Unless we have the courage now to start building our future and stop borrowing from it, we're condemning ourselves to years of stagnation interrupted by occasional recessions, to slow growth in jobs, to no more growth in income, to more debt, to more disappointment. Worse, unless we change, unless we increase investment and reduce the debt to raise productivity so that we can generate both jobs and incomes, we will be condemning our children and our children's children to a less life than we enjoyed. Once Americans looked forward to doubling their living standards every 25 years. At present productivity rates, it will take 100 years to double living standards, until our grandchildren's grandchildren are born. I say that is too long to wait.

Tonight the American people know we have to change. But they're also likely to ask me tomorrow and all of you for the weeks and months ahead whether we have the fortitude to make the changes happen in the right way. They know that as soon as I leave this Chamber and you go home, various interest groups will be out in force lobbying against this or that piece of this plan, and that the forces of conventional wisdom will offer a thousand reasons why we well ought to do this but we just can't do it.

Our people will be watching and wondering, not to see whether you disagree with me on a particular issue but just to see whether this is going to be business as usual or a real new day, whether we're all going to conduct ourselves as if we know we're working for them. We must scale the walls of the people's skepticisms, not with our words but with our deeds. After so many years of gridlock and indecision, after so many hopeful beginnings and so few promising results, the American people are going to be harsh in their judgments of all of us if we fail to seize this moment.

This economic plan can't please everybody. If the package is picked apart, there will be something that will anger each of us, won't please anybody. But if it is taken as a whole, it will help all of us. So I ask you all to begin by resisting the temptation to focus only on a particular spending cut you don't like or some particular investment that wasn't made. And nobody likes the tax increases, but let's just face facts. For 20 years, through administrations of both parties, incomes have stalled and debt has exploded and productivity has not grown as it should. We cannot deny the reality of our condition. We have got to play the hand we were dealt and play it as best we can.

My fellow Americans, the test of this plan cannot be what is in it for me. It has got to be what is in it for us. If we work hard and if we work together, if we rededicate ourselves to creating jobs, to rewarding work, to strengthening our families, to reinventing our Government, we can lift our country's fortunes again.

Tonight, I ask everyone in this Chamber and every American to look simply into your heart, to spark your own hopes, to fire your own imagination. There is so much good, so much possibility, so much excitement in this country now that if we act boldly and honestly, as leaders should, our legacy will be one of prosperity and progress. This must be America's new direction. Let us summon the courage to seize it.

Thank you. God bless America.



STATE OF THE UNION

ADDRESS TO THE 104th CONGRESS



SECOND SESSION

To Mike McCury
with thanks

Bill Clinton

President William J. Clinton

JANUARY 23, 1996 • WASHINGTON, D.C.

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

Mr. Speaker, Mr. Vice President, members of the 104th Congress, distinguished guests, my fellow Americans all across our land:

Let me begin tonight by saying to our men and women in uniform around the world, and especially those helping peace take root in Bosnia and to their families, I thank you. America is very, very proud of you.

My duty tonight is to report on the state of the Union—not the state of our government, but of our American community; and to set forth our responsibilities, in the words of our Founders, to form a more perfect union.

The state of the union is strong. Our economy is the healthiest it has been in three decades. We have the lowest combined rates of unemployment and inflation in 27 years. We have created nearly 8 million new jobs, over a million of them in basic industries, like construction and automobiles. America is selling more cars than Japan for the first time since the 1970s. And for three years in a row, we have had a record number of new businesses started in our country.

Our leadership in the world is also strong, bringing hope for new peace. And perhaps most important, we are gaining ground in restoring our fundamental values. The crime rate, the welfare and food stamp rolls, the poverty rate and the teen pregnancy rate are all down. And as they go down, prospects for America's future go up.

We live in an age of possibility. A hundred years ago we moved from farm to factory. Now we move to an age of technology, information, and global competition. These changes have opened vast new opportunities for our people, but they have also presented them with stiff challenges. While more Americans are living better, too many of our fellow citizens are working harder just to keep up, and they are rightly concerned about the security of their families.

We must answer here three fundamental questions: First, how do we make the American Dream of opportunity for all a reality for all Americans who are willing to work for it? Second, how do we preserve our old and enduring values as we move into the future? And, third, how do we meet these challenges together, as one America?

We know big government does not have all the answers. We know there's not a program for every problem. We have worked to give the American people a smaller, less bureaucratic government in Washington. And we have to give the American people one that lives within its means.

The era of big government is over. But we cannot go back to the time when our citizens were left to fend for themselves. Instead, we must go forward as one America, one nation working together to meet the challenges we face together. Self-reliance and teamwork are not opposing virtues; we must have both.

I believe our new, smaller government must work in an old-fashioned American way, together with all of our citizens through state and local governments, in the workplace, in religious, charitable and civic associations. Our goal must be to enable all our people to make the most of their own lives—with stronger families, more educational opportunity, economic security, safer streets, a cleaner environment in a safer world.

To improve the state of our Union, we must ask more of ourselves, we must expect more of each other, and we must face our challenges together.

Here, in this place, our responsibility begins with balancing the budget in a way that is fair to all Americans. There is now broad bipartisan agreement that permanent deficit spending must come to an end.

I compliment the Republican leadership and the membership for the energy and determination you have brought to this task of balancing the budget. And I thank the Democrats for passing the largest deficit reduction plan in history in 1993, which has already cut the deficit nearly in half in three years.

Since 1993, we have all begun to see the benefits of deficit reduction. Lower interest rates have made it easier for businesses to borrow and to invest and to create new jobs. Lower interest rates have brought down the cost of home mortgages, car payments and credit card rates to ordinary citizens. Now, it is time to finish the job and balance the budget.

Though differences remain among us which are significant, the combined total of the proposed savings that are common to both plans is more than enough, using the numbers from your Congressional Budget Office to balance the budget in seven years and to provide a modest tax cut.

These cuts are real. They will require sacrifice from everyone. But these cuts do not undermine our fundamental obligations to our parents, our children, and our future, by endangering Medicare, or Medicaid, or education, or the environment, or by raising taxes on working families.

I have said before, and let me say again, many good ideas have come out of our negotiations. I have learned a lot about the way both Republicans and Democrats view the debate before us. I have learned a lot about the good ideas that we could all embrace.

We ought to resolve our remaining differences. I am willing to work to resolve them. I am ready to meet tomorrow. But I ask you to consider that we should at least enact these savings that both plans have in common and give the American people their balanced budget, a tax cut, lower interest rates, and a brighter future. We should do that now, and make permanent deficits yesterday's legacy.

Now it is time for us to look also to the challenges of today and tomorrow, beyond the burdens of yesterday. The challenges are significant. But America was built on challenges, not promises. And when we work together to meet them, we never fail. That is the key to a more perfect Union. Our individual dreams must be realized by our common efforts.

Tonight I want to speak to you about the challenges we all face as a people.

Our first challenge is to cherish our children and strengthen America's families. Family is the foundation of American life. If we have stronger families, we will have a stronger America.

Before I go on, I would like to take just a moment to thank my own family, and to thank the person who has taught me more than anyone else over 25 years about the importance of families and children—a wonderful wife, a magnificent mother and a great First Lady. Thank you, Hillary.

All strong families begin with taking more responsibility for our children. I have heard Mrs. Gore say that it's hard to be a parent today, but it's even harder to be a child. So all of us, not just as parents, but all of us in our other roles—our media, our schools, our teachers, our communities, our churches and synagogues, our businesses, our governments—all of us have a responsibility to help our children to make it and to make the most of their lives and their God-given capacities.

To the media, I say you should create movies and CDs and television shows you'd want your own children and grandchildren to enjoy.

I call on Congress to pass the requirement for a V-chip in TV sets so that parents can screen out programs they believe are inappropriate for their children. When parents control what their young children see, that is not censorship; that is enabling parents to assume more personal responsibility for their children's upbringing. And I urge them to do it. The V-chip requirement is part of the important telecommunications bill now pending in this Congress. It has bipartisan support, and I urge you to pass it now.

To make the V-chip work, I challenge the broadcast industry to do what movies have done—to identify your programming in ways that help parents to protect their children. And I invite the leaders of major media corporations in the entertainment industry to come to the White House next month to work with us in a positive way on concrete ways to improve what our children see on television. I am ready to work with you.

I say to those who make and market cigarettes: every year a million children take up smoking, even though it is against the law. Three hundred thousand of them will have their lives shortened as a result. Our administration has taken steps to stop the massive marketing campaigns that appeal to our children. We are simply saying: Market your products to adults, if you wish, but draw the line on children.

I say to those who are on welfare, and especially to those who have been trapped on welfare for a long time: For too long our welfare system has undermined the values of family and work, instead of supporting them. The Congress and I are near agreement on sweeping welfare reform. We agree on time limits, tough work requirements, and the toughest possible child support enforcement. But I believe we must also provide child care so that mothers who are required to go to work can do so without worrying about what is happening to their children.

I challenge this Congress to send me a bipartisan welfare reform bill that will really move people from welfare to work and do the right thing by our children. I will sign it immediately.

Let us be candid about this difficult problem. Passing a law, even the best possible law, is only a first step. The next step is to make it work. I challenge people on welfare to make the most of this opportunity for independence. I challenge American businesses to give people on welfare the chance to move into the work force. I applaud the work of religious groups and others who care for the poor. More than anyone else in our society, they know the true difficulty of the task before us, and they are in a position to help. Every one of us should join them. That is the only way we can make real welfare reform a reality in the lives of the American people.

To strengthen the family we must do everything we can to keep the teen pregnancy rate going down. I am gratified, as I'm sure all Americans are, that it has dropped for two years in a row. But we all know it is still far too high.

Tonight I am pleased to announce that a group of prominent Americans is responding to that challenge by forming an organization that will support grass-roots community efforts all across our country in a national campaign against teen pregnancy. And I challenge all of us and every American to join their efforts.

I call on American men and women in families to give greater respect to one another. We must end the deadly scourge of domestic violence in our country. And I challenge America's families to work harder to stay together. For families who stay together not only do better economically, their children do better as well.

In particular, I challenge the fathers of this country to love and care for their children. If your family has separated, you must pay your child support. We're doing more than ever to make sure you do, and we're going to do more, but let's all admit something about that, too: A check will not substitute for a parent's love and guidance. And only you—only you can make the decision to help raise your children. No matter who you are, how low or high your station in life, it is the most basic human duty of every American to do that job to the best of his or her ability.

Our second challenge is to provide Americans with the educational opportunities we will all need for this new century. In our schools, every classroom in America must be connected to the information superhighway, with computers and good software, and well-trained teachers. We are working with the telecommunications industry, educators and parents to connect 20 percent of California's classrooms by this spring, and every classroom and every library in the entire United States by the year 2000. I ask Congress to support this education technology initiative so that we can make sure this national partnership succeeds.

Every diploma ought to mean something. I challenge every community, every school and every state to adopt national standards of excellence; to measure whether schools are meeting those standards; to cut bureaucratic red tape so that schools and teachers have more flexibility for grass-roots reform; and to hold them accountable for results. That's what our Goals 2000 initiative is all about.

I challenge every state to give all parents the right to choose which public school their children will attend; and to let teachers form new schools with a charter they can keep only if they do a good job.

I challenge all our schools to teach character education, to teach good values and good citizenship. And if it means that teenagers will stop killing each other over designer jackets, then our public schools should be able to require their students to wear school uniforms.

I challenge our parents to become their children's first teachers. Turn off the TV. See that the homework is done. And visit your children's classroom. No program, no teacher, no one else can do that for you.

My fellow Americans, higher education is more important today than ever before. We've created a new student loan program that's made it easier to borrow and repay those loans, and we have dramatically cut the student loan default rate. That's something we should all be proud of, because it was unconscionably high just a few years ago. Through AmeriCorps, our national service program, this year 25,000 young people will earn college money by serving their local communities to improve the lives of their friends and neighbors. These initiatives are right for America and we should keep them going.

And we should also work hard to open the doors of college even wider. I challenge Congress to expand work-study and help one million young Americans work their way through college by the year 2000; to provide a \$1000 merit scholarship for the top five percent of graduates in every high school in the United States; to expand Pell Grant scholarships for deserving and needy students; and to make up to \$10,000 a year of college tuition tax deductible. It's a good idea for America.

Our third challenge is to help every American who is willing to work for it, achieve economic security in this new age. People who work hard still need support to get ahead in the new economy. They need education and training for a lifetime. They need more support for families raising children. They need retirement security. They need access to health care. More and more Americans are finding that the education of their childhood simply doesn't last a lifetime.

So I challenge Congress to consolidate 70 overlapping, antiquated job-training programs into a simple voucher worth \$2,600 for unemployed or underemployed workers to use as they please for community college tuition or other training. This is a G.I. Bill for America's workers we should all be able to agree on.

More and more Americans are working hard without a raise. Congress sets the minimum wage. Within a year, the minimum wage will fall to a 40-year low in purchasing power. Four dollars and 25 cents an hour is no longer a minimum wage, but millions of Americans and their children are trying to live on it. I challenge you to raise their minimum wage.

In 1993, Congress cut the taxes of 15 million hard-pressed working families to make sure that no parents who work full-time would have to raise their children in poverty, and to encourage people to move from welfare to work. This expanded earned income tax credit is now worth about \$1,800 a

year to a family of four living on \$20,000. The budget bill I vetoed would have reversed this achievement and raised taxes on nearly 8 million of these people. We should not do that.

I also agree that the people who are helped under this initiative are not all those in our country who are working hard to do a good job raising their children and at work. I agree that we need a tax credit for working families with children. That's one of the things most of us in this Chamber, I hope, can agree on. I know it is strongly supported by the Republican majority. And it should be part of any final budget agreement.

I want to challenge every business that can possibly afford it to provide pensions for your employees. And I challenge Congress to pass a proposal recommended by the White House Conference on Small Business that would make it easier for small businesses and farmers to establish their own pension plans. That is something we should all agree on.

We should also protect existing pension plans. Two years ago, with bipartisan support that was almost unanimous on both sides of the aisle, we moved to protect the pensions of 8 million working people and to stabilize the pensions of 32 million more. Congress should not now let companies endanger those workers' pension funds. I know the proposal to liberalize the ability of employers to take money out of pension funds for other purposes would raise money for the treasury. But I believe it is false economy. I vetoed that proposal last year, and I would have to do so again.

Finally, if our working families are going to succeed in the new economy, they must be able to buy health insurance policies that they do not lose when they change jobs or when someone in their family gets sick. Over the past two years, over one million Americans in working families have lost their health insurance. We have to do more to make health care available to every American. And Congress should start by passing the bipartisan bill sponsored by Senator Kennedy and Senator Kassebaum that would require insurance companies to stop dropping people when they switch jobs, and stop denying coverage for preexisting conditions. Let's all do that.

And even as we enact savings in these programs, we must have a common commitment to preserve the basic protections of Medicare and Medicaid—not just to the poor, but to people in working families, including children, people with disabilities, people with AIDS, and senior citizens in nursing homes.

In the past three years, we've saved \$15 billion just by fighting health care fraud and abuse. We have all agreed to save much more. We have all agreed to stabilize the Medicare Trust Fund. But we must not abandon our fundamental obligations to the people who need Medicare and Medicaid. America cannot become stronger if they become weaker.

The G.I. Bill for workers, tax relief for education and child rearing, pension availability and protection, access to health care, preservation of Medicare and Medicaid—these things, along with the Family and Medical Leave Act passed in 1993—these things will help responsible, hard-working American families to make the most of their own lives.

But employers and employees must do their part, as well, as they are doing in so many of our finest companies—working together, putting the long-term prosperity ahead of the short-term gain. As workers increase their hours and their productivity, employers should make sure they get the skills they need and share the benefits of the good years, as well as the burdens of the bad ones. When companies and workers work as a team they do better, and so does America.

Our fourth great challenge is to take our streets back from crime and gangs and drugs. At last we have begun to find a way to reduce crime, forming community partnerships with local police forces to catch criminals and prevent crime. This strategy, called community policing, is clearly working. Violent crime is coming down all across America. In New York City murders are down 25 percent; in St. Louis, 18 percent; in Seattle, 32 percent. But we still have a long way to go before our streets are safe and our people are free from fear.

The Crime Bill of 1994 is critical to the success of community policing. It provides funds for 100,000 new police in communities of all sizes. We're already a third of the way there. And I challenge the Congress to finish the job. Let us stick with a strategy that's working and keep the crime rate coming down.

Community policing also requires bonds of trust between citizens and police. I ask all Americans to respect and support our law enforcement officers. And to our police, I say, our children need you as role models and heroes. Don't let them down.

The Brady Bill has already stopped 44,000 people with criminal records from buying guns. The assault weapons ban is keeping 19 kinds of assault weapons out of the hands of violent gangs. I challenge the Congress to keep those laws on the books.

Our next step in the fight against crime is to take on gangs the way we once took on the mob. I'm directing the FBI and other investigative agencies to target gangs that involve juveniles and violent crime, and to seek authority to prosecute as adults teenagers who maim and kill like adults.

And I challenge local housing authorities and tenant associations: Criminal gang members and drug dealers are destroying the lives of decent tenants. From now on, the rule for residents who commit crime and peddle drugs should be one strike and you're out.

I challenge every state to match federal policy to assure that serious violent criminals serve at least 85 percent of their sentence.

More police and punishment are important, but they're not enough. We have got to keep more of our young people out of trouble, with prevention strategies not dictated by Washington, but developed in communities. I challenge all of our communities, all of our adults, to give our children futures to say yes to. And I challenge Congress not to abandon the Crime Bill's support of these grass-roots prevention efforts.

Finally, to reduce crime and violence we have to reduce the drug problem. The challenge begins in our homes, with parents talking to their chil-

dren openly and firmly. It embraces our churches and synagogues, our youth groups and our schools.

I challenge Congress not to cut our support for drug-free schools. People like the DARE officers are making a real impression on grade school-children that will give them the strength to say no when the time comes.

Meanwhile, we continue our efforts to cut the flow of drugs into America. For the last two years, one man in particular has been on the front lines of that effort. Tonight I am nominating him—a hero of the Persian Gulf War and the Commander in Chief of the United States Military Southern Command—General Barry McCaffrey, as America's new Drug Czar.

General McCaffrey has earned three Purple Hearts and two Silver Stars fighting for this country. Tonight I ask that he lead our nation's battle against drugs at home and abroad. To succeed, he needs a force far larger than he has ever commanded before. He needs all of us. Every one of us has a role to play on this team.

Thank you, General McCaffrey, for agreeing to serve your country one more time.

Our fifth challenge: to leave our environment safe and clean for the next generation. Because of a generation of bipartisan effort we do have cleaner water and air, lead levels in children's blood has been cut by 70 percent, toxic emissions from factories cut in half. Lake Erie was dead, and now it's a thriving resource. But 10 million children under 12 still live within four miles of a toxic waste dump. A third of us breathe air that endangers our health. And in too many communities, the water is not safe to drink. We still have much to do.

Yet Congress has voted to cut environmental enforcement by 25 percent. That means more toxic chemicals in our water, more smog in our air, more pesticides in our food. Lobbyists for polluters have been allowed to write their own loopholes into bills to weaken laws that protect the health and safety of our children. Some say that the taxpayer should pick up the tab for toxic waste and let polluters who can afford to fix it off the hook. I challenge Congress to reexamine those policies and to reverse them.

This issue has not been a partisan issue. The most significant environmental gains in the last 30 years were made under a Democratic Congress and President Richard Nixon. We can work together. We have to believe some basic things. Do you believe we can expand the economy without hurting the environment? I do. Do you believe we can create more jobs over the long run by cleaning the environment up? I know we can. That should be our commitment.

We must challenge businesses and communities to take more initiative in protecting the environment, and we have to make it easier for them to do it. To businesses this administration is saying: If you can find a cheaper, more efficient way than government regulations require to meet tough pollution standards, do it—as long as you do it right. To communities we say: We must strengthen community right-to-know laws requiring polluters to disclose their emissions, but you have to use the information to work with business

to cut pollution. People do have a right to know that their air and their water are safe.

Our sixth challenge is to maintain America's leadership in the fight for freedom and peace throughout the world. Because of American leadership, more people than ever before live free and at peace. And Americans have known 50 years of prosperity and security.

We owe thanks especially to our veterans of World War II. I would like to say to Senator Bob Dole and to all others in this Chamber who fought in World War II, and to all others on both sides of the aisle who have fought bravely in all our conflicts since: I salute your service, and so do the American people.

All over the world, even after the Cold War, people still look to us and trust us to help them seek the blessings of peace and freedom. But as the Cold War fades into memory, voices of isolation say America should retreat from its responsibilities. I say they are wrong.

The threats we face today as Americans respect no nation's borders. Think of them: terrorism, the spread of weapons of mass destruction, organized crime, drug trafficking, ethnic and religious hatred, aggression by rogue states, environmental degradation. If we fail to address these threats today, we will suffer the consequences in all our tomorrows.

Of course, we can't be everywhere. Of course, we can't do everything. But where our interests and our values are at stake, and where we can make a difference, America must lead. We must not be isolationist.

We must not be the world's policeman. But we can and should be the world's very best peacemaker. By keeping our military strong, by using diplomacy where we can and force where we must, by working with others to share the risk and the cost of our efforts, America is making a difference for people here and around the world. For the first time since the dawn of the nuclear age, there is not a single Russian missile pointed at America's children.

North Korea has now frozen its dangerous nuclear weapons program. In Haiti, the dictators are gone, democracy has a new day, the flow of desperate refugees to our shores has subsided. Through tougher trade deals for America—over 80 of them—we have opened markets abroad, and now exports are at an all-time high, growing faster than imports and creating good American jobs.

We stood with those taking risks for peace: In Northern Ireland, where Catholic and Protestant children now tell their parents, violence must never return. In the Middle East, where Arabs and Jews who once seemed destined to fight forever now share knowledge and resources, and even dreams.

And we stood up for peace in Bosnia. Remember the skeletal prisoners, the mass graves, the campaign to rape and torture, the endless lines of refugees, the threat of a spreading war. All these threats, all these horrors have now begun to give way to the promise of peace. Now, our troops and a strong NATO, together with our new partners from Central Europe and elsewhere, are helping that peace to take hold.

As all of you know, I was just there with a bipartisan congressional group, and I was so proud not only of what our troops were doing, but of the pride they evidenced in what they were doing. They knew what America's mission in this world is, and they were proud to be carrying it out.

Through these efforts, we have enhanced the security of the American people. But make no mistake about it: important challenges remain.

The START II Treaty with Russia will cut our nuclear stockpiles by another 25 percent. I urge the Senate to ratify it—now. We must end the race to create new nuclear weapons by signing a truly comprehensive nuclear test ban treaty—this year.

As we remember what happened in the Japanese subway, we can outlaw poison gas forever if the Senate ratifies the Chemical Weapons Convention—this year. We can intensify the fight against terrorists and organized criminals at home and abroad if Congress passes the anti-terrorism legislation I proposed after the Oklahoma City bombing—now. We can help more people move from hatred to hope all across the world in our own interest if Congress gives us the means to remain the world's leader for peace.

My fellow Americans, the six challenges I have just discussed are for all of us. Our seventh challenge is really America's challenge to those of us in this hallowed hall tonight: to reinvent our government and make our democracy work for them.

Last year this Congress applied to itself the laws it applies to everyone else. This Congress banned gifts and meals from lobbyists. This Congress forced lobbyists to disclose who pays them and what legislation they are trying to pass or kill. This Congress did that, and I applaud you for it.

Now I challenge Congress to go further—to curb special interest influence in politics by passing the first truly bipartisan campaign reform bill in a generation. You, Republicans and Democrats alike, can show the American people that we can limit spending and open the airwaves to all candidates.

I also appeal to Congress to pass the line-item veto you promised the American people.

Our administration is working hard to give the American people a government that works better and costs less. Thanks to the work of Vice President Gore, we are eliminating 16,000 pages of unnecessary rules and regulations, shifting more decision-making out of Washington, back to states and local communities.

As we move into the era of balanced budgets and smaller government, we must work in new ways to enable people to make the most of their own lives. We are helping America's communities, not with more bureaucracy, but with more opportunities. Through our successful Empowerment Zones and Community Development Banks, we are helping people to find jobs, to start businesses. And with tax incentives for companies that clean up abandoned industrial property, we can bring jobs back to places that desperately, desperately need them.

But there are some areas that the federal government should not leave and should address and address strongly. One of these areas is the problem of illegal immigration. After years of neglect, this administration has taken a

strong stand to stiffen the protection of our borders. We are increasing border controls by 50 percent. We are increasing inspections to prevent the hiring of illegal immigrants. And tonight, I announce I will sign an executive order to deny federal contracts to businesses that hire illegal immigrants.

Let me be very clear about this: We are still a nation of immigrants; we should be proud of it. We should honor every legal immigrant here, working hard to become a new citizen. But we are also a nation of laws.

I want to say a special word now to those who work for our federal government. Today our federal government is 200,000 employees smaller than it was the day I took office as President.

Our federal government today is the smallest it has been in 30 years, and it's getting smaller every day. Most of our fellow Americans probably don't know that. And there is a good reason: The remaining federal work force is composed of Americans who are now working harder and working smarter than ever before, to make sure the quality of our services does not decline.

I'd like to give you one example. His name is Richard Dean. He is a 49 year-old Vietnam veteran who's worked for the Social Security Administration for 22 years now. Last year he was hard at work in the Federal Building in Oklahoma City when the blast killed 169 people and brought the rubble down all around him. He reentered that building four times. He saved the lives of three women. He's here with us this evening, and I want to recognize Richard and applaud both his public service and his extraordinary personal heroism.

But Richard Dean's story doesn't end there. This last November, he was forced out of his office when the government shut down. And the second time the government shut down he continued helping Social Security recipients, but he was working without pay.

On behalf of Richard Dean and his family, and all the other people who are out there working every day doing a good job for the American people, I challenge all of you in this Chamber: Never, ever shut the federal government down again.

On behalf of all Americans, especially those who need their Social Security payments at the beginning of March, I also challenge the Congress to preserve the full faith and credit of the United States—to honor the obligations of this great nation as we have for 220 years; to rise above partisanship and pass a straightforward extension of the debt limit and show people America keeps its word.

I know that this evening I have asked a lot of Congress, and even more from America. But I am confident: When Americans work together in their homes, their schools, their churches, their synagogues, their civic groups, their workplace, they can meet any challenge.

I say again, the era of big government is over. But we can't go back to the era of fending for yourself. We have to go forward to the era of working together as a community, as a team, as one America, with all of us reaching across these lines that divide us—the division, the discrimination, the ran-

cor—we have to reach across it to find common ground. We have got to work together if we want America to work.

I want you to meet two more people tonight who do just that. Lucius Wright is a teacher in the Jackson, Mississippi, public school system. A Vietnam veteran, he has created groups to help inner-city children turn away from gangs and build futures they can believe in. Sergeant Jennifer Rodgers is a police officer in Oklahoma City. Like Richard Dean, she helped to pull her fellow citizens out of the rubble and deal with that awful tragedy. She reminds us that in their response to that atrocity the people of Oklahoma City lifted all of us with their basic sense of decency and community.

Lucius Wright and Jennifer Rodgers are special Americans. And I have the honor to announce tonight that they are the very first of several thousand Americans who will be chosen to carry the Olympic torch on its long journey from Los Angeles to the centennial of the modern Olympics in Atlanta this summer—not because they are star athletes, but because they are star citizens, community heroes meeting America's challenges. They are our real champions.

Now, each of us must hold high the torch of citizenship in our own lives. None of us can finish the race alone. We can only achieve our destiny together—one hand, one generation, one American connecting to another.

There have always been things we could do together—dreams we could make real—which we could never have done on our own. We Americans have forged our identity, our very union, from every point of view and every point on the planet, every different opinion. But we must be bound together by a faith more powerful than any doctrine that divides us—by our belief in progress, our love of liberty, and our relentless search for common ground.

America has always sought and always risen to every challenge. Who would say that having come so far together, we will not go forward from here? Who would say that this age of possibility is not for all Americans?

Our country is and always has been a great and good nation. But the best is yet to come, if we all do our part.

Thank you, God bless you and God bless the United States of America. Thank you.

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1995 State of the Union Address

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[booklet]

STATE OF THE UNION

ADDRESS TO THE 104th CONGRESS • FIRST SESSION



President William J. Clinton

January 24, 1995

Washington, D.C.

President: Carter

State of the Union Address: 1-19-78

December 12:

*meeting w/administration
officials to discuss budget.

December 13:

*meeting w/administration
officials to discuss budget.

December 14:

*Charles Schultz, Chairman of
the Council of Economic
Advisors (CEA).

December 15:

*meeting w/administration
officials to discuss budget.

December 16:

*meeting w/administration
officials to discuss budget.

December 19:

*meeting w/VP, Treasury Sec.,
Dir. of OMB, etc. to discuss
economic policy.

*meeting w/administration
officials & members of Congress
to discuss budget.

December 20:

*meeting w/administration
officials to discuss budget.

December 28:

*meeting w/Sec. of Energy
*meeting w/administration
officials to discuss budget.

President: Carter

State of Union Address: 1-23-79

January 23:
State of The Union Address

January 24:
*meeting with new Senators of
96th Congress.
*Director of OMB

January 25:
*meeting with Sec. Treasury,
Chair of CEA, etc.
*news conference w/Chair of CEA
on Economic Report of Pres.

January 26:
*meeting w/ a group of editors
and news directors.

President: Reagan

State of The Union Address: 1-26-82

December 8:

*meeting w/VP, Sec. of Treasury, & members of White House Staff, to discuss fiscal year 1983 budget.

*meeting w/WH Staff to discuss foreign assistance ofr fiscal years '83 and '84.

December 10:

*meeting w/President's Economic Policy Advisory Board.

*w/WH Staff & officials of Dept. Labor & Energy to discuss fiscal year budget '83.

December 11:

*meeting w/Republican Members of the House of Representatives.

December 15:

*meeting w/group of Republican members of House.

*w/WH staff to discuss the fiscal year '83 budget.

*statement of approval for House continuing resolution for '82 appropriations.

December 17:

*meeting w/WH staff and members to discuss fiscal year 1983.

December 18:

*meeting w/WH staff and other officials to discuss '83 budget.

*House Minority Leader to discuss '83 budget and '82 legislative initiatives.

*Senate Majority Leader to discuss '83 budget and '82 legislative initiative.

*w/group of Senators to discuss '83 budget and '82

December 21:

*meeting w/WH staff to discuss '83 budget.

*w/WH staff to '83 buget and fiscal year '83 economic forces

December 22:

*w/WH staff to discuss '83 budget.

*WH released "Review of First Year"

*press briefing of end-of-year report.

December 23:

*w/WH staff to discuss '83 budget.

*release address to Nation about Christmas.

January 7:

*meeting w/economic & budget advisors, Chairman of CEA, & WH staff to discuss '83 budget.

*w/Cabinet to discuss past year and budget situation

January 8:

*meeting w/budget & economic advisors to discuss '83 budget.

*w/Cabinet Council on Commerce & Trade to discuss auto industry.

January 11:

*meeting w/ WH staff.

*w/Republican leaders of the House of Representatives

January 12:

*meeting w/Senior Policy Advisor to discuss IRS policy on tax exemptions for private educational institutions.

*w/Sec. Housing & Urban Development to discuss IRS policy on tax exemptions.

*w/Senators Dole, Strom Thurmond, etc. to discuss IRS policy on tax exemptions.

January 13:

*met w/WH staff.

January 15:

*met w/WH staff.

*Cabinet Council on Human

January 15 cont'd:

Resources.

*Republican leaders of Senate.

January 20:

*met w/group of administration officials on economic recovery program, including details of Budget and the State of the Union Address.

January 21:

*met w/members of U.S. Chamber of Commerce.

*w/Sec. of Treasury, Sec. of HUD, and local bipartisan elected officials to discuss urban development & enterprise zone concept w/tax incentives for revitalizing distressed areas.

January 25:

*met w/small group of business owner/operators.

*Request Congress to consider additional appropriations for '82 and for Dept. of AG.

January 26:

*met w/WH staff

*w/Republican Congressional Leaders

*w/Cabinet to discuss State of the Union Address (tonight).

*Press Briefing on President's meeting w/Republican congressional leaders.

January 27:

*Press Briefing on State of the Union Address.

January 28:

*met w/group of black Republican Leaders

*w/Cabinet Council on Economic Affairs.

*w/members of local elected Republican leaders.

February 1:

*met w/WH staff

*request Congress for

additional appropriations for '82 budget & for Dept. Labor.

*Release supplemental appropriations request of unemployment insurance & employment service.

February 4:

*Release background info. on paperwork & regulatory relief for small businesses.

February 8:

*met w/WH staff

*w/bipartisan congressional leaders.

*met w/Republicans congressional leaders.

February 10:

*Press Briefing on the Economic Report of President.

February 11:

*met w/Senate Majority Leader & House Minority Leader

*w/Cabinet Council on Economic Affairs to discuss housing and employment training.

February 12:

*met w/WH staff

*w/administration spokesmen

President: Reagan

December 10:

*met w/members of Congress

December 12:

*First Family participated in taping of NBC program "Christmas in Washington"

December 13:

*Hosted Christmas party for members of Congress

December 14:

*met w/Republican congressional leaders.

*w/administration officials and WH staff to discuss Nation's economy & Federal Budget of '84.

*hosted Christmas party for members of press.

December 15:

*met w/administration officials and WH staff to discuss Nation's economy & Federal Budget of '84.

*hosted Christmas party for members of press.

December 16:

*met w/WH staff

*w/Cabinet to discuss education issues.

*transmitted to Congress '83 budget request of \$20mil. for creation of two reclamation project loans.

December 17:

*met w/WH staff

*w/Cabinet Council on Economic Affairs, to discuss the Federal Financing Bank.

*w/Cabinet Council on Commerce & Trade to discuss trade policy.

*Requested Congress raise limitation on Fed. Housing Administration-insured loans by \$6.1mil. to combat lowered interest rates. (Revitalizing

State of The Union Address: 1-25-83

economy through the lowering of interest rates on loans).

December 20:

*met w/group of advisers for a budget review session.

December 22:

*met w/WH staff

*w/Joint Chiefs of Staff

December 23:

*met w/WH staff

*w/Cabinet Council on Mgmt & Admin.

*Press Briefing on 2nd 6-month report to Pres. by President's Council on Integrity & Efficiency.

December 25:

*Christmas Day radio address to nation.

January 1:

*Radio Address to Nation on New Year's Day.

January 3:

*met w/group of advisers to discuss budget.

*w/several members of Congress to discuss budget.

*Hosted dinner for bipartisan congressional leadership.

January 4:

*met w/group of Republican Senators to discuss budget.

January 5:

*met w/WH staff.

January 6:

*met w/group of advisers to discuss budget.

*w/members of Congress to discuss budget.

*w/Cabinet Council on Economic Affairs to discuss employment initiatives.

*Hosted dinner for new members of Congress.

January 7:

*met w/WH staff.
*w/group of advisers to discuss budget.

January 12:

*met w/WH staff.
*w/Cabinet Council on Economic Policy to discuss employment & tax initiatives for education.

January 13:

*Press Briefing on '83 info. collection budget by Info. & Regulatory Affairs.

January 17:

*met w/WH staff.
*w/U.S. Trade Representative, group of ag., bus., & labor leaders to discuss trade policies.
*Hosted reception for Republican Senate & House staff members.

January 18:

*met w/WH staff
*w/Cabinet to discuss recommended bipartisan solution to SS & the budget.

January 21:

*met w/WH staff.
*w/Cabinet Council on Economic Affairs to discuss education issues.
*Press Briefing on Consumer Price Index for December.

January 24:

*met w/WH staff.
*w/members of President's Economic Policy Advisory Board.

January 25:

*met w/WH staff
*w/Republican congressional Leaders to discuss State of the Union Address (tonight).

January 26:

*met w/WH staff.

*w/members of U.S. Conference of Mayors.

January 28:

*met w/WH staff
*w/Republican congressional Leaders.
*w/Republican members of Congress to discuss the fiscal year '84 budget.
*Press Briefing on Index of Leading Economic Indicators for December.

January 31:

*met w/WH staff
*w/bipartisan congressional leaders
*w/members of Congress.

February 1:

*attended reception for Republican Party contributors.

February 2:

*Press Briefing on Economic Report of the President by Council of Economic Advisers.

February 3:

*Transmitted to Congress '80 & '81 Nat'l Advisory Council report on Adult Education.
*Transmitted '82 nat'l housing production report.

February 7:

*met w/WH staff
*w/newly elected Republican members of House.

February 8:

*Question & Answer session w/editorial page writers.

February 10:

*met w/WH staff
*w/Cabinet Council on Economic Affairs.
*w/Chief executive officers of businesses to discuss economic policy & international trade.

President: Reagan

State of The Union Address: 1-25-84

December 13:

*met w/WH staff
*w/members of Congress from North Carolina & South Carolina to discuss textile imports.
*Hosted Christmas party for Members of Congress.

December 14:

*met w/WH staff
*Question & Answer session on foreign policy issues w/editors of Gannett newspaper.
*Hosted Christmas party for members of press.

December 15:

*met w/WH staff
*Requested that Congress provide \$1.8 mil. supplemental appropriation for '84 budget.
*Hosted Christmas Party for members of Press.

December 16:

*met w/WH staff
*w/Cabinet Council on Commerce & Trade to discuss textile imports.
*Release of U.S. Textile trade policy & procedures by Deputy Press Sec.

December 19:

*met w/WH staff

December 20:

*met w/WH staff

December 21:

*met w/WH staff

December 23:

*met w/WH staff
*Requested that Congress provide \$50 mil. '84 supplemental appropriation for grants to store & distribute food donations by Commodity Credit Corporation.

January 3:

*met w/WH staff

*w/Cabinet Council on Human Resource to discuss violence in schools.

*w/Senators: Baker, Dole, Domenici, to discuss budget.

January 4:

*met w/WH staff
*w/Education Policy Task Force of the Republican Research Committee.

January 5:

*met w/WH staff
*w/group of foreign policy advisers
*w/leaders of agricultural organizations to discuss agricultural trade.
*w/Cabinet Council on Mgmt. & Admin. to discuss paperwork reduction goals and the semiannual report of the President's Council on Integrity and Efficiency.

January 6:

*met w/WH staff
*Press Briefing on progress reducing waste & abuse in Fed. Gov't.

January 11:

*met w/WH staff
*w/President's Economic Policy Advisory Board

January 12:

*met w/representatives of the Small Business Legislative Council.
*w/Cabinet Council on Economic Affairs to discuss Fed. audit activities, monetary policy, and financial market developments.

January 17:

*met w/WH staff
*w/Cabinet Council on Natural Resources & Environment to discuss issues that will apply to the budget.

January 18, 19:

*met w/WH staff

January 20:

*met w/WH staff

*Declaration of Fourth Quarter rise in Nat'l GNP.

January 23:

*met w/WH staff

*telephoned House Majority Leader, House Republican Whip, Senate Majority Leader, and Senate Minority Leader.

January 25:

*met w/WH staff

*gave "State of The Union Address" to Nation.

January 26:

*Remarked at Southern Republican Leadership Conference in Atlanta, GA.

January 27:

*Attended reception for Nat'l Conference of Republican Mayors & Municipal elected officials.

January 29:

*Announced Reagan/Bush reelection candidacies.

*Attended Republican Party reception.

January 31:

*met w/WH staff

*w/Republican members of the House & Senate, to discuss '85 Federal Budget.

February 1:

*met w/WH staff

*w/Cabinet to discuss political issues.

*w/group of trade association leaders, to discuss the '85 Federal Budget.

February 2:

*met w/WH staff.

*Press Briefing on Economic

Report of the President

*Remarked at luncheon w/Republican members of Senate & House.

February 4:

*met w/WH staff.

February 9:

*Requested that Congress provide \$200 mil. for '84 fiscal year for low-income house energy assistance for unreasonably cold winter.

February 13:

*met w/WH staff

February 15:

*met w/WH staff

*w/Sec. of Treasury, Federal Reserve Board, and Chief of Staff.

February 16:

*met w/WH staff

*w/Cabinet Council on Commerce & Trade to discuss international trade.

*w/Emergency Committee for American Trade to discuss international trade.

President: Reagan

State of The Union Address: 2-4-85

December 12:

- *met w/ WH staff
- *w/representatives of Gannett newspapers & television stations.
- *w/members of International Private Enterprise Task Force.
- *w/group of Cabinet-level officials and WH staff members, to discuss defense spending budget.
- *Hosted Christmas Party for members of the press

December 13:

- *met w/WH staff
- *Hosted Christmas party for members of press.

December 14:

- *met w/WH staff
- *w/group of intergovernmental leaders.
- *Released Producer Price Index for November.

December 20:

- *met w/WH staff
- *Authorized the award of \$1mil. to U.S.-Asean Center for Technology Exchange by the Agency for International Development.

December 21:

- *met w/WH staff

December 24:

- *met w/WH staff.

January 1:

- *met w/Sec. of Defense to discuss upcoming U.S.-Soviet arms control talks.

January 3:

- *met w/representatives of several Fed. departments to discuss their budgets.

January 4:

- *met w/bipartisan congressional leaders, to discuss upcoming U.S.-Soviet arms control talks.
- *w/representatives of several Fed. departments to discuss their budgets.

January 7:

- *met w/WH staff.

January 8:

- *met w/WH staff.
- *Telephoned Sec. of State and President for Nat'l Security Affairs, to discuss the U.S.-Soviet arms control talks.

January 9:

- *Released Unemployment rate figures for December.

January 10:

- *met w/WH staff
- *w/Cabinet, to discuss gov't reorganization for trade, education, and discussions of US-Soviet arms control talks.

January 11:

- *met w/WH staff

January 14:

- *met w/WH staff

January 15:

- *met w/WH staff
- *w/members of the Council for a Black Economic Agenda
- *w/representatives of Business community, American Bus. Conference, and the Nat'l Federation of Independent Business, to discuss the budget deficit.
- *Released Industrial production and retail sales figures for December '84.

January 16:

- *met w/WH staff
- *w/members of committee for Next Agenda to discuss policy

January 16 cont'd:

initiatives for 2nd term.

*w/various Republican Mayors in town.

January 17:

*met w/WH staff

*w/Cabinet for a report on current status of budget.

*Release housing starts & permit figures for December '84.

January 18:

*Released Personal Income & Consumption Expenditure figures for Nov/Dec. '84.

*Press Briefing on US-Soviet nuclear & space arms negotiations.

January 22:

*met w/WH staff

*w/bipartisan congressional leadership, to discuss budget & arms control issues.

*Press Briefing on Economic Statistics & Trends.

January 23:

*met w/WH staff

*w/VP, Sec. State, Sec. Treasury, to overview economic objectives of Bonn Economic Summit meeting.

*Released Consumer Price Index.

January 24:

*met w/WH staff

*w/Cabinet Council Commerce & Trade, to discuss report on President's Commission on Industrial Competitiveness.

January 25:

*met w/WH staff

January 28:

*met w/WH staff

*w/representatives of financial institutions & housing industry to discuss Fed. budget deficit.

*w/Republican members of the Senate Finance Committee &

House Ways and Means Committee, to discuss tax reforms.

*w/members of House Republican Whip organization, to discuss upcoming legislation.

January 29:

*met w/WH staff

*w/Cabinet, to discuss Fed. Government Mgmt. & Efficiency issues.

*Hosted reception for freshman members of Congress.

January 30:

*met w/WH staff

*w/members of House Appropriations Committee, to discuss defense issues.

*Requested \$1.8 bil. for military assistance to Israel, out of '86 budget.

January 31:

*met w/WH staff

*w/House Armed Services Committee, to discuss defense issues.

February 4:

*met w/WH staff

*Gave "State of The Union Address" to nation.

February 5:

*met w/WH staff

*w/National Security Council
*w/leaders of high-technology industries to discuss Fed. budget.

*w/Cabinet, to discuss Economic Report of President & Fed. Gov't. Mgmt. Report.

*Press Briefing of Economic Report of President.

February 6:

*met w/WH staff

*w/Republican congressional leadership, to discuss State of the Union Address.

*Press Briefing on meeting w/Republican Congressional

leadership & State of the Union
Address.

February 8:

- *met w/WH staff
- *Transmitted to Congress report
on Nat'l Defense Stockpile.

February 11 & 12:

- *met w/WH staff

February 13:

- *Release of Retail Sales
Figures for January.

February 19:

- *met w/WH staff
- *w/freshmen members of 99th
Congress.
- *Release of Home startings &
permits for January.

President: Reagan

State of the Union Address: 2-4-86

December 10:

- *met w/WH staff
- *w/bipartisan congressional leadership, to discuss continuing resolution of Gramm-Rudman-Hollings balanced budget legislation, and tax reforms.
- *Released statement on Economic studies of 2 House tax reform proposals.
- *Host Christmas dance for members of Congress.

December 11:

- *met w/WH staff
- *w/Republican members of Congress, to discuss tax reform.
- *Telephoned members of Congress to discuss tax reform legislation.

December 12:

- *met w/WH staff
- *w/Cabinet, to discuss budget.
- *Telephoned members of Congress to discuss tax reform legislation.
- *Posted Retail Sales Figures for November.

December 13:

- *met w/WH staff
- *w/leadership of Nat'l Conference of State Legislatures.
- *Posted Producer Price Index figures for November.

December 16:

- *met w/WH staff
- *w/Republican members of House.
- *Telephoned Speaker of House, to discuss pending tax reform legislation.

December 17:

- *met w/WH staff
- *w/Republican members of Congress to discuss tax reform legislation.

December 20:

- *Released Consumer Price Index for November.

December 23:

- *met w/WH staff
- *Requested Congress provide \$4.0 bil. for '86 budget for Dept. AG.

December 27:

- *Announced Soviet leader Mikhail Gorbachev & President will mutually exchange New Year's Greetings to be televised.

December 28:

- *Telephoned Lou Rawls telethon to help raise money for United Negro College Fund.

December 30:

- *Released Leading Economic & coincident indicators for November.

January 6 - 10:

- *met w/WH staff
- *Released Unemployment Rate & Producer Price Index for December '85.

January 13:

- *met w/WH staff
- *w/Council for Black Economic Agenda.

January 14:

- *Released Retail Sales for December '85.

January 15:

- *Press Briefing on Fed. budget & Gramm-Rudman-Hollings amendment.

January 16:

*met w/WH staff

January 17:

*Released Housings starts for December '85.

January 21:

*met w/WH staff

*w/Republican congressional leadership

January 22:

*met w/WH staff

*w/Republican Senators.

*Posted Real gross nat'l product for 4th quarter of '85.

January 23:

*met w/WH staff

*w/Republican Senators, to discuss legislative agenda.

*w/President's Economic Policy Advisory Board, to discuss '86 economic projections & budget.

*w/Cabinet, to discuss budget, State of the Union Address, and economic report.

*w/corporate chief executive officers, to discuss '87 budget.

*Attended recpetion for Republican Nat'l Committee.

*Posted Personal Income & Spending figures for December '85.

January 24:

*met w/WH staff

*w/Republican Senators

*w/Republican Mayors & municipal elected officials.

January 27:

*met w/WH staff

*w/chief corporate executive officers, to discuss '87 budget.

January 28:

*met w/WH staff

*w/congressional leaders.

***State of Union Address postponed due to Challenger

shuttle tragedy***

January 29:

*met w/WH staff

*w/Presidential representatives to discuss Tokyo Economic Summit.

January 30:

*met w/WH staff

*w/Republican congressmen.

*w/citizen's group to discuss budget.

*Posting of Leading & coincident economic indicators for December '85.

February 3:

*met w/WH staff

*w/Presidential appointees, to discuss '87 budget, and State of the Union Address.

*w/Chief corporate executive officers, to discuss '87 budget, and the State of the Union Address.

February 4:

*met w/WH staff

*Gave "State of The Union Address"

February 5:

*Press Briefing on the President's '87 budget.

February 7:

*Posting of Unemployment rate figures for January.

February 11:

*met w/WH staff

*w/Economic Policy Council, to discuss trade with Caribbean.

February 14:

*Posting Producer Price Index for January.

February 18:

*met w/WH staff

*w/Domestic Policy Council, to discuss trade policy.

President: Reagan

State of The Union Address: 1-27-87

December 14:

*Taped NBC's "Christmas in Washington: television program.

December 16:

*met w/WH staff

*w/group of Republican members of Congress, to discuss President's '87 agenda, & State of the Union.

*w/Cabinet, to discuss President's '87 agenda.

December 17:

*met w/WH staff

*w/Economic Policy Council, to discuss problems of American Ag.

*Revised estimate of the gross nat'l product for third quarter.

December 18:

*met w/WH staff

*w/group of domestic policy advisers, to review welfare reform proposals.

*w/Economic Policy Council, to discuss US competitiveness in international trade.

December 19:

*Release of Consumer Price Index for November.

December 24:

*Telephoned members of Armed Services to thank them for serving Nation during Holiday.

December 30:

*Press Briefing on US international trade.

*Leading economic indicators for November '86 are released.

January 5:

*met w/Chief of Staff to discuss Federal Budget.

*Press Briefing on the President's '88 fiscal year budget.

January 6:

*met w/Nat'l Security Affairs to discuss domestic & foreign policy issues.

January 9:

*Unemployment rate and inflation for December '86 and the Dow Jones Industrial Average are posted.

*Press Briefing on the Nation's economy given.

January 12:

*met w/VP, Chief of Staff, National Security Affairs, and Special counsellor to President, discuss Iran arms and contra controversy.

January 13:

*met w/VP, Chief of Staff, National Security Affairs, and Special Counsellor to President.

*w/Cabinet, to discuss foreign policy.

January 14:

*met w/VP, Chief of Staff, National Security Affairs, and Special Counsellor to President, to discuss Iran arms and contra controversy.

*Posted Retail sales for December '86.

January 16:

*Press Statement of Industrial Production in December.

January 21:

*Annual & monthly rate of inflation and December '86 housing starts and building permits rates posted.

January 22:

*Release of Gross Nat'l Product for fourth quarter of '86.

January 26:

*met w/VP, Sec. of Treasury, Chief of Staff, and Council of Economic Advisers, to discuss economy. (Iran grouping)

January 27:

*met w/Iran contra grouping.
*w/Republican congressional leadership, to discuss State of the Union Address.

January 28:

*met w/Iran contra grouping.

January 29:

*Press Briefing on the Economic Report of the President.

January 30:

*US trade deficit for December and the year '86 are released to public.

February 2:

*met w/Iran contra grouping.

February 3:

*met w/WH staff
*w/Republican congressional leadership, to discuss '88 budget, impact on foreign policy, and national defense.
*leading economic indicators for December '86 are posted.

February 4 - 12:

*met w/Iran contra grouping.

February 6:

*Unemployment rate for January '87 are listed.

President: Reagan

State of The Union Address: 1-25-88

December 14:

*met w/VP, Chief of Staff,
Nat'l Security Affairs.
*w/WH staff for issues briefing
W/Cabinet, to discuss recent
Soviet-US summit and Federal
budget.

December 15:

*met w/Iran Contra grouping.
*w/Republican congressional
leadership to discuss the
Federal budget.

December 16 - 23:

*met w/Iran contra grouping.

December 23:

*Press Briefing on
administration's economic
forecast for 1988-1993.

December 24:

*Telephoned members of Armed
Services to thank them for
serving Nation during a
Holiday.

January 4:

*met w/Iran contra grouping.

January 5:

*met w/Iran contra grouping.
*w/WH staff to discuss '89
fiscal year Federal Budget.

January 6 - 11:

*met w/Iran contra grouping.

January 12:

*met w/Iran contra grouping.
*w/Economic Policy Council &
Nat'l Security Council, to
discuss US-Japan relations.

January 13 - 20:

*met w/Iran contra grouping.

January 21:

*met w/Iran contra grouping.
*w/representatives of Free
Trade Unions.

January 22 - 24:

*met w/Iran contra Grouping.

January 25:

*met w/WH staff
*gave :state of the Union
Address.

January 26:

*met w/Iran contra grouping.
*w/Republican congressional
leadership.
*w/bipartisan congressional
leadership.

January 27 - 30:

*met w/ Iran contra grouping.

February 1:

*met w/Iran contra grouping.
*w/WH staff to discuss briefing
issues.

February 2:

*met w/Iran Contra Grouping.
*w/Members of Congress (2x).

Febraury 3 - 5:

*met w/Iran contra groupings

President: Bush

State of The Union Address: 1-31-90

*** The President never held any regular meetings to prepare himself for the State of The Union Address, unless these meeting were executed off-the-record. Thus, the only scheduled event held everyday was the Briefings by Scowcroft re: CIA.

Overall, the necessary info. is unavailable to construct a sample guide of Bush's Administration for use in preparing for a State of the Union Address. ***