

**STATE OF THE UNION ADDRESS
JANUARY 2000**

THE WHITE HOUSE
WASHINGTON

December 23, 1999

MEMORANDUM FOR THE PRESIDENT

FROM: J. TERRY EDMONDS
PRESIDENTIAL SPEECHWRITERS

CC: MARIA ECHAVESTE

SUBJECT: STATE OF THE UNION OUTREACH

As in previous years, we have invited thinkers from around the country to submit memoranda to help you prepare for your State of the Union address. Their contributions are collected in this book.

The first section contains the memoranda and draft language submitted by these outside advisors, some of whom you know well. Many of these memos address the big challenges of the next century, e.g. the digital divide, race, aging of America, globalization, guns and violence.

The second section contains selected speeches. Especially noteworthy are the remarks from the Presidents before you who delivered eighth and final year State of the Union addresses – particularly Jackson, Truman and Reagan. Also included are Prime Minister Tony Blair's address at the Labour Party Conference this past fall; Vaclav Havel's speech to the Canadian Senate and the House of Commons; and your recent Third Way speech in Florence.

This section also includes several recent magazine and newspaper articles.

The third section contains the text of your State of the Union addresses from 1996, 1997, 1998 and 1999.

We will continue to reach out to members of your administration and others as we develop themes, proposals, and language. Please let us know if there is anyone else whom you would like us to contact – or if you would like us to arrange personal meetings or conversations with any of the contributors. Thank you.

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Outside Contributors

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CONTRIBUTORS

Don Baer

Diane Blair

Taylor Branch is the author of *Parting the Waters* and *Pillar of Fire*.

Alan Brinkley is a professor of American history at Columbia University. His most recent book is *The End of Reform: New Deal Liberalism in Recession and War*; and he is currently at work on a book on Henry Luce.

Vinton Cerf is known as a "Father of the Internet" for his work with the Department of Defense's Advanced Research Projects Agency (DARPA) where he played a key role in the development of Internet technologies. He is now senior vice president of Internet Architecture and Technology for MCI WorldCom. In December 1997, he was awarded the U.S. Medal of Technology. In September 1999, he was a presenter at a White House Millennium Evening.

Henry Cisneros, former HUD Secretary, is President of Univision.

Ken Dychtwald is often described as the nation's foremost visionary on the aging of America. He is a psychologist and gerontologist, and his books include *Age Power*, *Age Wave*, and *Bodymind*.

Thomas L. Friedman is the Pulitzer Prize-winning columnist for the *New York Times*. His first book, *From Beirut to Jerusalem*, won the National Book Award in 1988. His most recent book is *The Lexus and the Olive Tree: Understanding Globalization*.

Al From is President of the Democratic Leadership Council.

Bill Galston is a former Deputy Assistant for Domestic Policy in the Clinton White House. He is now a professor of public affairs at the University of Maryland and Director of the Institute for Philosophy and Public Policy.

James Garbarino, who participated in the May 1999 White House strategy session on youth violence, is the co-director of Cornell University's Family Life Development Center. He is the author, most recently, of *Lost Boys: Why Our Sons Turn Violent and How We Can Save Them* and *Raising Children in a Socially Toxic Environment*.

Howard Gardner is the Hobbs Professor in Cognition and Education and co-director of Project Zero at the Harvard Graduate School of Education. The author of 18 books and several hundred articles, including the acclaimed *Intelligence Reframed: Multiple Intelligences for the 21st Century*, Gardner is best known in educational circles for his theory of multiple intelligences.

Earl Graves is founder and publisher of *Black Enterprise* magazine.

Paul Hill is a research professor at the Graduate School of Public Affairs, University of Washington; director of the Center on Reinventing Public Education; and non-resident fellow at the Brookings Institution. He is author of the books *Fixing Urban Schools* and *Reinventing Public Education: How Contracting can Transform America's Schools*.

Paul Hawken, a businessman and environmentalist, is the co-author (with Amory and Hunter Lovins) of *Natural Capitalism: Creating the Next Industrial Revolution*. Hawken also produced and hosted a 17-part PBS TV series, now shown in more than 115 countries, based on his book *Growing a Business*.

David M. Kennedy is a professor of history at Stanford University. He has written books on the First World War and on Margaret Sanger, and his most recent work is *Freedom From Fear: The American People in Depression and War, 1929-1945*, which is part of the Oxford History of the United States.

Eric Lander is Director of the Whitehead Institute/MIT Center for Genome Research. He has helped develop many of the tools of modern genome research.

Martha Nussbaum is Ernst Freund Professor of Law and Ethics at the University of Chicago Law School. Her latest book, *Women and Human Development: The Capabilities Approach*, will be published in February. She is a frequent contributor to *The New Republic* magazine.

Robert Pinsky is serving his third term as poet laureate of the United States. His numerous honors include the Academy of American Poets' prestigious Landon Prize, for his translation of *The Inferno of Dante* (1994); the Lenore Marshall Prize, for his collected poems, *The Figured Wheel* (1996); and election to the American Academy of Arts and Letters earlier this year.

Bill Shore is the founder and executive director of Share Our Strength, one of the nation's leading anti-hunger and anti-poverty organizations. Shore is author of the recently released book *The Cathedral Within*, which provides a blueprint for charitable action in the next century.

Leonard Steinhorn is an assistant professor of communications at American University, a former political speechwriter and media strategist. He writes and lectures on race relations, popular culture and American politics. His latest book is *By the Color of Our Skin: The Illusion of Integration and the Reality of Race*.

Kathleen Sullivan is the Dean of Stanford Law School and the author of articles on a range of constitutional issues, including affirmative action, abortion, freedom of religion, and freedom of speech. She is the co-author of a leading case book on constitutional law.

Don Tapscott, is Chairman of the Alliance for Converging Technologies, a think-tank that is currently investigating the ways the Internet and new media are transforming business, government and society. He has authored several best-selling works *Growing Up Digital: The Rise of the Net Generation* and *The Digital Economy: Promise and Peril in the Age of Networked Intelligence*.

Michael Waldman

Sean Wilentz is a professor of history at Princeton University. He has written and edited several books on the early American republic and is a frequent contributor to the *New Republic* and other periodicals.

December 19, 1999

To: Terry Edmonds
From: Diane Blair
Re: 2000 State of Union

I think much of the core of what the President should be saying is there in his December 12 speech to the Little Rock Chamber of Commerce, which I've read and re-read: what a uniquely favorable situation our nation now enjoys, and what an opportunity/obligation that provides for finishing the job and doing more.

The phrase that keeps occurring to me, from the Preamble to the Constitution, is to "secure the Blessings of Liberty to ourselves and our Posterity". Isn't that what we now have an incomparable opportunity to do? To secure the gains made? For everyone? Well into the future?

In fact, if one believes (as I do) that one of the great Clinton achievements is restoring faith in a discredited federal government, then it might be useful to use that majestic and resonant preamble and its promises/premises ("establish Justice, insure domestic Tranquility, provide for the common defense, promote the general Welfare") as a way of both a) reviewing accomplishments, and b) outlining what those concepts mean in the 2000 context.

"Justice" today means equalizing opportunities in schools, eliminating the "digital divide," passing a patient's bill of rights, enacting hate crimes legislation, etc. "Promoting the general welfare" must now be translated into a new America (the global economy, an aging America, balancing work and family, minorities becoming the majority, etc.)

I think people will be listening hard to this speech, and hoping for an uplifting, inspiring vision of their America - a national agenda, not a legislative laundry list.

A handwritten signature in cursive script, appearing to read "Diane", with a long horizontal line extending from the end of the name.

COLUMBIA UNIVERSITY

IN THE CITY OF NEW YORK

DEPARTMENT OF HISTORY

December 17, 1999

TO: The President

FROM: Alan Brinkley

Once again, I am honored to have the opportunity to offer my thoughts about your approaching State of the Union Address, the first of the new century and possibly the last of your presidency.

It is my understanding that you do not want this address to be a valedictory; that you want it to look forward, not backward. And I think that is a good idea. There is still over a year left in your administration; and if 1996 is an example, it is possible that the approach of the election will make some policy initiatives not less likely, as conventional wisdom suggests, but more possible. In any case, an election year is clearly a time to try to lay out an agenda for the nation to consider – and clearly a time to make a case for the principles your administration has defended and that you hope the next administration will embrace.

The record of the last seven years, constricted as it has been by a difficult political environment and some enormous distractions, can, I believe, be understood as the opening up of a new set of directions in public policy. After an era in which liberal/progressive thinking focused on large, centralized, bureaucratic solutions to public problems; and after another era in which liberal/progressive thinking was awash in recriminations and cultural battles, your administration has refocused attention on the underlying economic issues that lie at the heart of our hopes for a good and successful society. We have experienced a period of astonishing, sustained economic success, and along with it significant progress in dealing with some of our most intractable social problems. And at the same time, public policy has moved, slowly and incompletely, toward a new set of paradigms, many of which you outlined near the beginning of your administration. These new paradigms rest on a respect for the need for corporations to have a large measure of freedom to pursue markets and growth in a globalizing economy, but also accept a state responsibility for assisting workers (at all levels of the economy) in adjusting to the less stable and secure environment of this new age. During your presidency, in other words, it has become possible again to talk about economic issues, even about class issues, without engaging in what many like to call "class war." It has become possible to combine a commitment to growth and broad market freedom with a commitment to assisting those Americans who do not automatically benefit from growth.

An achievable agenda for the future, it seems to me, would be to expand on the progress already made in helping working-class and middle-class people fare better in an economy that mostly rewards the highly educated. One way to do that is to make it easier for more people to attain a good education – a subject that has preoccupied much of public debate for over a decade and one for which solutions remain elusive. But another way to do that is to concede, at least tacitly, that there will always be substantial numbers of people who will not have high-skilled, knowledge-based jobs and to think of ways to help them. Raising the minimum wage; strengthening the EITC; enhancing opportunities for basic (not necessarily high-tech) job training; strengthening the health-care system in at least incremental ways; thinking more earnestly and creatively about child-care: all would be contributions to this discussion. Undoubtedly there are many others. I think most Americans believe in the importance of sustained economic growth and do not want to see policies implemented that will imperil that (Seattle notwithstanding). But I also think most Americans believe that everyone should share to some degree, if not necessarily to an equal degree, in our increasing wealth.

Beyond the policy demands of the moment, however, it seems to me that this State of the Union Address, in particular, could be a moment for reflection on the longer-term future – reflection perhaps based in part on a sense of the past. You will be speaking in January 2000, the first month of a new century, and you might want to give some thought to the way new centuries, now as in the past, often produce much larger visions of the future than more ordinary moments do. Some of those visions, of course, are apocalyptic (all the more so this millennial year), be they religious visions of the end of days or secular visions of Y2K disasters. But the ends of centuries have also been times of bold, progressive optimism – of large, even ecstatic visions of the future that, even though seldom realized, help create a sense of real possibilities. My own sense is that the last days of the twentieth century have been dominated, if not by apocalyptic visions, then at least by skeptical and somewhat sour ones. The demonstrators in Seattle (some of whom, I should say, raised perfectly legitimate questions) were one example of the sense that the world today is moving in the wrong direction. There are many others.

But it should be possible, in January 2000 – after the various predicted apocalypses have, we hope, failed to appear – to see in our present predicaments a sense of a better, not a darker future. I've mentioned to you before how at the end of the nineteenth century there were no end of bold and excited predictions of what the twentieth-century would bring, of the large leaps in human progress and social justice it would create. Theodore Roosevelt was among those making such predictions. And despite the many terrible things that the twentieth century has produced (things that may well outweigh the benefits it has brought mankind), it is nevertheless true that the lives of most people in the United States, and in much of the world, are considerably better – materially, certainly, and I think it could be argued in many other ways as well – than they were a century ago. This is a century that, in our country at least, has raised the vast majority of citizens from bare subsistence to considerable comfort and affluence; a century that has enshrined human rights and racial and gender equality as widely shared values to which we are collectively committed; a century of astonishing technological and scientific progress that has transformed the way we live, much of it greatly for the better.

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I think it would be worth considering, therefore, devoting at least some portion of your speech to some reflections on the twentieth century as we begin the twenty-first: to acknowledging, certainly, some of the terrible things that we hope the century has taught us to avoid, but suggesting as well that the bold imaginings of our ancestors in 1900 and 1800 were not without value and result; and that we should not ourselves shy from thinking boldly about our own future.

I hope these reflections are of some help to you. And as always, I hope you will let me know if I can be of any further help on this or any other matter.

My very best to you and your family for a happy Christmas and New Year.

17 December 1999

The Honorable William J Clinton
President of the United States
The White House
Washington, DC

Dear Mr. President:

It was with considerable pleasure that I received your recent kind and thoughtful letter. Like you, I found the October 12 Millennium Evening extraordinarily stimulating. The First Lady's idea is producing dividends, not the least of which has been to draw many people, who might otherwise not take the opportunity, into deeper contemplation of things past and future. My mind still buzzes with ideas unleashed by that two hour conversation that seemed to last only a few minutes!

A half Millennium ago, our Western civilization began the exploration of a New World, beginning a five hundred year saga of expansion and discovery. As we cross the threshold of the next Millennium, we are poised to begin a thousand year adventure powered by the twin engines of digital information and communication technologies.

It is already clear that this will be a Millennium of Medical Miracles. Our increasing knowledge of the human body, its physiology and genetics, together with extraordinary developments that interface electronic devices to our neural systems, promise remarkable treatments for disabilities and disease.

The intense global proliferation of Internet services portends a time when an increasing fraction of human knowledge will be literally at our finger tips. Our ability to share our thoughts, ideas, experiences and dreams across the boundaries of space and time, can bind our species together in a glistening web of wisdom and wealth.

The networking of America may help us overcome congestion and pollution, trading commuting for computing. It will surely increase the pace of product and service invention, and link businesses and consumers together in an ethereal skein of software and systems. Our environment will become more aware of and responsive to our presence through the ubiquitous deployment of intelligent, programmable sensors. Internet-enabled appliances will help us tame an ocean of information, discovering and putting to work facts and figures, processes and procedures in a dazzling dance of data.

These benefits cannot be achieved without overcoming challenges. Making these technologies affordable and accessible to everyone is no modest proposition. A certain minimum infrastructure is necessary to take significant advantage of the Net. What better moment, than at this dramatic rollover of the calendar, to commit ourselves to the realization of a dream - to make certain that the Internet is indeed for everyone?

Sigrid and I look forward to wishing you, Mrs. Clinton and Chelsea a most auspicious New Year on December 31.

Warmest personal wishes,

Vint Cerf



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December 20, 1999

President William Jefferson Clinton
The White House
Washington, DC

Dear President Clinton,

Thank you for the honor of allowing me to share some thoughts with you regarding the challenges and opportunities of the aging of America. During the past twenty-five years, I have been deeply immersed in an examination of the impact that my own generation – the baby boomers – will have on all aspects of life in America as we age.

In this memo, I have selected several themes that I thought you might find particularly relevant as you prepare for your State of the Union address.

Postponing Old Age and the Emergence of a “Cyclic” Life Paradigm

As you know, throughout 99 percent of human history, the average life expectancy at birth was less than 18 years. Thanks to 20th century advances in public health and medicine, the average life expectancy has vaulted upwards from 47 to 76 years. And, given impending breakthroughs in a wide range of scientific fields – from nutraceuticals and hormone therapies to organ cloning and telomere manipulation – there is a very high likelihood that tens of millions of boomers will live decades longer than previous cohorts.

Aging boomers will be growing “old” much later as well. When Otto Von Bismarck picked 65 to be the marker of old age in the 1880's, in preparation for Germany's first pension plan, the average life expectancy was only 45. On the day that Social Security began, the average American could only expect to live 63 years.

However, the increasing longevity and vitality of today's elders – who are serving as new role models for maturity – are causing a dramatic redefinition of what it means to be “old.” In 1997, former President George Bush celebrated his 72nd birthday by parachuting from a plane to commemorate his last parachute jump, when he'd escaped from a crippled airplane in World War II. U.S. Senator John Glenn recently returned to space at 77 as a silver-haired “payload specialist.” At 82, Lena Horne remains talented and beautiful, and 69-year-old Sean Connery is still considered one of the world's sexiest men. Today, Bush, Glenn, Horne and Connery are just a few of the most prominent “age pioneers” out of an emerging wave of healthy, productive mature men and women.

Increasing longevity will not only postpone the arrival of old age, but, in all likelihood, will also cause all of the stages of adulthood to stretch and shift significantly: a new stage, middlelence, will characterize the period from 40-60; late adulthood will occupy the period from 60-80; old

age will be postponed to begin at 80, and the fastest growing lifestage, centenarian, will encompass the 100+ period.

The boomers' propensity for personal growth and new lifestyle challenges will also render obsolete the traditional "linear life" paradigm - in which people migrate in lockstep first through education, then work, then leisure/retirement. Indeed, a new "cyclic life" paradigm in which education, work and leisure are interspersed repeatedly throughout the life span is emerging. Phased retirements and "rehirements" will become common options for elder boomers who'll either need to or want to continue working. To counter the increasing rate of skills obsolescence, continuing education and career re-direction will be required throughout our life spans. And assuming that we can smash the "silver ceiling" of age discrimination, it will become normal for 50, 60 and 70 year olds to repeatedly re-invent themselves through new careers.

With our nation's free-spirited lifestyles, depth and availability of adult education programs and leadership in social experimentation, I expect we'll see a higher concentration of second chances and "late blooming" here than anywhere else in the world.

Tithonus' Revenge or Healthy Aging?

In an ancient Greek fable, Eos the beautiful goddess of the dawn, falls in love with the warrior Tithonus. Distraught over his mortality, she begs Zeus to grant her lover immortality. As Eos leaves Zeus's chamber, she realizes in shock that she forgot to ask that Tithonus also remain eternally young and healthy. With each passing year, she looks on with horror as he grows older and sicker. His skin withers and becomes cancerous. His organs rot, and his brain grows feeble. Ultimately, the once-proud warrior is reduced to a collection of pained, foul, and broken bones—but he continues to live forever.

Tithonus' story is a fitting allegory for what is occurring in our healthcare system today. While we have eliminated many of the childhood diseases that took our ancestors' lives, our healthcare system is woefully inept at preventing or treating the chronic health problems that arise in life's later years. Age-related chronic conditions such as Alzheimer's - sometimes referred to as "elderly AIDS" - arthritis, heart disease, prostate and breast cancer, osteoporosis and diabetes are reaching pandemic proportions. And although we spend a higher percentage of our GDP on healthcare, dozens of countries throughout the world now boast a higher life expectancy than ours.

The most troublesome challenges ahead, however, will largely be due to the rising incidence of the diseases among the oldest old. Although some of today's 85+ population are fit and independent, 62.5 percent are so disabled that they are no longer able to manage the basic activities of daily living without help, and 47 percent suffer from some form of dementia. (Note: we currently have approximately the same number of Americans over 85 - nearly four million - as there were total Americans the day the Declaration of Independence was signed.)

Unfortunately, we have not oriented or equipped our healthcare system to provide excellent geriatric care nor have we directed sufficient scientific resources to eradicate these mounting horrors. Every medical school in the United Kingdom and half of the medical schools in Japan have geriatrics departments—but there are only three such departments in the entire United States (in New York, Oklahoma and Arkansas). In fact, 112 of America's 126 medical schools

do not require even a single course in geriatrics, and fewer than 4 percent of medical students take an elective course in the subject. Of almost 100,000 medical residency and fellowship programs that Medicare has helped to support, only 324 have been in geriatric medicine. In addition, while Medicare paid nearly \$7 billion in graduate medical education costs in fiscal year 1998, only a tiny fraction of those dollars were directed toward the clinical education of physicians who focus on the healthcare needs of older adults.

Similarly, insufficient funds are directed toward the scientific research required to delay or eliminate some of the troublesome geriatric diseases. It is estimated that postponing physical dependency for older Americans by just one month would save the nation \$5 billion in annual healthcare and custodial costs. A five-year delay in the onset of cardiovascular disease could save an estimated \$69 billion per year. Postponing the onset of Alzheimer's disease by five years would reduce the incidence of this disease by 50 percent and would cause half of all the nursing-home beds in America to empty.

Without a dramatic shift in scientific priorities and healthcare skills/competencies toward "healthy aging," costly epidemics of chronic disease could become the social and economic sinkhole of the 21st century.

A New Purpose for Maturity

In some ways, the biggest challenges facing aging Americans will be psychological. America has always considered itself a young nation, a new society—not an old one. Although medical science has focused on how to prolong life, political and community leaders have not yet created a compelling vision for what tens of millions of long-lived men and women might do with those additional years. While we have created a wonderful new third of life, we have done a far less effective job of envisioning a new sense of purpose to go with it.

In spite of the fact that research has repeatedly shown that the more active and involved older adults are, the better they feel, 40 million U.S. retirees currently spend an average of 43 hours a week watching television and today's elderly have the lowest volunteerism rate of all adult age groups. Unfortunately, mature-oriented affinity/advocacy organizations have become more concerned about what their constituency might get from society than what they might give. Unless we envision and mobilize a new, productive role and useful purpose to life's later years, an elder wasteland could emerge in which more than 70 million boomer retirees drift through their mature years watching TV, surfing the Internet and wandering through malls while siphoning off society's resources.

At the dawn of the new millennium, it's ironic that two parallel problems exist in our society: One is the growing wasteland of so many older people sitting idle in their homes, and the other is the fact that we have tens of millions of young people considered at risk, and without enough funding or human resources to help them.

What if we took these two dynamics and brought them together through a National Elder Corps? An Elder Corps would exemplify and pass on the ideals of wisdom and generativity that would benefit our culture substantially. The seeds for such a social invention were planted in 1963 by President Kennedy as he envisioned a National Service Corps, and since then, many wonderful programs such as Foster Grandparents, Green Thumb, Service Corps of Retired Executives, and

Retired and Senior Volunteer Program have grown. However, progress has been hamstrung by an absence of an overarching vision and strong national leadership. If the public and private sectors joined forces to recruit and sponsor retirees in order to create a full-blown Elder Corps, millions of elders could become mentors in the workplace, friends to latchkey children, teachers' helpers in our schools, and leaders in their communities.

These elder volunteers would have a chance to re-ignite our society's flickering sense of community and impart a powerful base of values that we're about to lose. Maturity has never had so many high-spirited, motivated men and women who, with their deeds and values, could clear a new and more hopeful path to our future. As a fellow of the World Economic Forum, I have observed that all of the industrialized nations could benefit from a better orchestrated merging of the needs and resources of the young and old. By initiating an Elder Corps, the U.S. could become the "alpha site" for what could ultimately become a global revolution in forging trans-generational social solutions.

From Baby Boom to Age Wave

In youth, boomers were self-indulgent in their priorities. In their late teens and twenties, many shared an idealistic commitment to bettering society. During the past several decades of career building and child-rearing, many of their early ideals have been submerged. In the decades ahead, the boomers will complete America's transformation into a "gerontocracy," when, as elders, they will take control of the nation's social and economic power.

If they can step outside their generational tendency toward self-centeredness and wield this power with wisdom and compassion, they could rise to their greatest height and make a remarkable success of history's first multi-ethnic, multi-racial, and multi-generational melting pot. Or if, like silver-haired velociraptors, they use their size and influence to bully younger generations and gobble up all of the available resources, we could be creating a "Gerassic Park" in which the young lash out in anger and frustration at the weighty demands elder boomers place on their increasingly strained resources.

However, if this generation can learn to exemplify a new kind of wise, mature leadership, when the boomers' time on earth is over, perhaps they will be remembered not just as the largest generation in history, but the finest.

The choice is ours.

President Clinton, if you have found any of the thoughts or notions presented in this brief memo intriguing, I would certainly welcome the chance to discuss them with you in greater detail. Thank you again for the special honor of allowing me to share some of my thoughts with you at this historic moment.

Respectfully,

Ken Dychtwald, Ph.D.
President and CEO

THE WHITE HOUSE

WASHINGTON
December 21, 1999

MEMORANDUM FOR THE PRESIDENT

THROUGH: TERRY EDMONDS
FROM: JEFF SHESOL
SUBJECT: NOTES ON MEETING WITH THOMAS L. FRIEDMAN

This memorandum summarizes a lengthy conversation I have just had with the columnist Thomas L. Friedman about your 2000 State of the Union Address. The rules of the *New York Times* forbid him from writing a memo to you directly, as we had requested; but he was willing to contribute in this more informal fashion. He also forwarded, for your review, new and updated sections of *The Lexus and the Olive Tree* (which will appear in the paperback edition, in March). These are included in your State of the Union Contributors Book (tab TK).

Friedman believes this State of the Union Address is an important opportunity for you to "leave a road map" for future Administrations. He predicts the next 8 years will see changes at least as powerful as those that have transformed America during your tenure. That raises the stakes considerably for your successor. But he believes we will, in the main, benefit from further globalization. "Globalization," Friedman says, "is us" – it's American values of freedom and democracy writ large – and so no one has less to fear or more to gain.

On the role of government: Globalization will make government and institutions even more important than they are today – in protecting privacy, in recasting tax policy (namely, he believes e-commerce will require a national sales tax). Friedman argues that "the Third Way is the only way," and that the most important function for government in the 21st Century will be as a catalyst – as a coalition-builder among business, labor, NGOs, and others.

On trade: Friedman believes Seattle was a wake-up call to us all. He agrees that the peaceful protestors helped alert the WTO to the importance of labor and environmental issues. He believes you should make the point even more forcefully – and concretely – that trade and commerce are our best means to improve labor standards and environmental conditions. He says: "The protestors could have done more for the environment by buying a cappuccino – and supporting Starbucks' efforts to save the rainforests – than by waving a sign or throwing a rock."

On the politics of globalization: Friedman believes that candidates will increasingly be judged on whether they "get" globalization. "We've been very lucky that President Clinton gets it," Friedman told me. "Gore does, too. Bradley and McCain, it's unclear. But what is clear is that Bush doesn't get any of this, that he doesn't see that government and rules and international institutions are going to matter more, not less, in the future."

A GEOPOLITICS FOR THE AGE OF GLOBALIZATION

It is not easy for this generation of Americans to grasp how important America is to the world in the era of globalization. Historically, the United States either has been isolated and aloof from world affairs or has been compelled to enter deeply into the world as part of a moral crusade to fend off another aggressive threatening power. Isolation is easy to explain and understand. Engagement in a bipolar world -- with a big, menacing, nuclear-armed Soviet bear always growling on the other side -- was easy to explain and understand. But what is not easy to explain or understand is engagement in a world in which the United States is the biggest beneficiary and the sole superpower, with multiple secondary powers, and with no immediately visible threat, but with many little threats and an abstract, complex globalization system to maintain. But this is the world we have, and in this world we can't afford either isolation or waiting around for some smaller adversary to become a life-threatening foe.

America, as noted earlier, is the Michael Jordan of geopolitics. It's great to be Michael Jordan, and like the commercial said, a lot of people wanted to be like Mike. But as good as Michael Jordan was, he was nothing without the NBA, with its twenty-nine teams and its global television contracts to showcase his skills. So it is with America. We're nothing without the rest of the world, and the world cannot thrive without us. Other nations may want to beat America's brains out in many endeavors. But, save for the Super-Empowered Angry Men, most of the world also understands that, without a strong America, the world would be a much less stable place.

Sustainable globalization requires a stable power structure, and no country is more essential for this than the United States. All the Internet and other technologies that Silicon Valley is designing to carry digital voices, videos and data around the world, all the trade and financial integration it is promoting through its innovations, and all the wealth this is generating, are happening in a world stabilized by a benign superpower, with its capital in Washington, D.C. The fact that no two countries have gone to war since they both got McDonald's is partly due to

economic integration, but it is also due to the presence of American power and America's willingness to use that power against those who would threaten the system of globalization -- from Iraq to North Korea. The hidden hand of the market will never work without a hidden fist. Markets function and flourish only when property rights are secure and can be enforced, which, in turn, requires a political framework protected and backed by military power. ``To ignore the role of military security in an era of economic and information growth is like forgetting the importance of oxygen to our breathing," said Harvard University government specialist Joseph Nye. Indeed, McDonald's cannot flourish without McDonnell Douglas, the designer of the U.S. Air Force F-15. And the hidden fist that keeps the world safe for Silicon Valley's technologies to flourish is called the U.S. Army, Air Force, Navy and Marine Corps. And these fighting forces and institutions are paid for by American taxpayer dollars.

With all due respect to Silicon Valley, ideas and technology don't just win and spread on their own. ``Good ideas and technologies also need a strong power that promotes those ideas by example and protects those ideas by winning on the battlefield," says foreign-policy historian Robert Kagan. ``If a lesser power were promoting our ideas and technologies, they would not have the global currency that they have. And when a strong power, the Soviet Union, promoted its bad ideas, they had a lot of currency for more than half a century." This fact is simply too easily forgotten today. For too many executives in Silicon Valley there is no geography or geopolitics anymore. There are only stock options and electrons. When I asked an all too typical tech exec on a 1998 visit to Silicon Valley when was the last time he had talked about Iraq or Russia or any foreign war, he proudly answered: ``Not more than once a year. We don't even care about Washington. Money is extracted by Silicon Valley and then wasted by Washington. I want to talk about people who create wealth and jobs. I don't want to talk about unhealthy and unproductive people. If I don't care about the wealth destroyers in my own country, why would I care about the wealth destroyers in another country?"

This view that Washington is the enemy, and that any tax dollar paid there is a tax dollar wasted, is grotesque. There is a saying in Silicon Valley that ``loyalty is just one mouse click away." But you can take that too far. Execs there make boasts like: ``We are not an American company. We are IBM U.S., IBM Canada, IBM Australia, IBM China." Oh yeah? Well, then, the next time IBM China gets in trouble in China, call Jiang Zemin for help. And the next time

Congress closes another military base in Asia -- and you don't care because you don't care about Washington -- call Microsoft's navy to secure the sea lanes of the Pacific. And the next time the freshman Republicans want to close more U.S. embassies, call Amazon.com to order a new passport.

Sure, it may seem unfair that America assumes a disproportionate burden for sustaining globalization. It means there are a lot of free riders, many of whom, like the French, will piggyback on us while criticizing us all along the way. It comes with the job. Did you ever hear Michael Jordan complain about having to carry his team or even the whole NBA on his back? This doesn't mean America needs to be involved everywhere all the time. There are big, important places and there are small, unimportant places, and diplomacy is about knowing the difference between the two, and knowing how to mobilize others to act where we cannot or should not go alone. The very reason we need to support the United Nations and the IMF, the World Bank and the various world development banks is that they make it possible for the United States to advance its interests without putting American lives or treasure on the line everywhere, all the time.

In order to sustain such a policy, it's pretty clear that those who care about American internationalism are going to have to build a new coalition to support it. The constituency that sustained American internationalism for fifty years and appreciated the importance of America to the rest of the world was the so-called Eastern Intellectual Establishment. That Eastern Establishment, to the extent it even exists today, doesn't carry much weight with the I'm-an-idiot-and-proud-of-it congressmen and senators who don't even own passports and boast that they never leave the country. The Administration, from whichever party is in power, is going to have to start to try to bring together the new globalizers -- from the software writers to the human rights activists, from the Iowa farmers to the environmental activists, from the industrial exporters to the high-tech assembly-line workers -- to form a new twenty-first-century coalition that can sustain American internationalism.

I know this is not going to be easy. Americans were ready to pay any price and bear any burden in the Cold War because there was a compelling and immediate sense that their own homes and way of life were at stake. But a large majority don't feel that way about North Korea, Iraq, or Kosovo, and while Russia may still have the capability to pose a lethal threat to America

today, it is not doing so at this time. That's why Americans are in the odd position now of being held responsible for everything, while being reluctant to die for anything.

That's why in the globalization era, counterinsurgency is out; baby-sitting is in. House-to-house fighting is out; cruise missiles are in. Green Berets are out; UN blue helmets are in. In today's world, it seems, there is no war America can lose for long abroad and no war that it can sustain for long at home. So when the American President today is faced with a military threat, his first question is not ``What strategy will work to fundamentally put an end to this threat?'' Rather, his first question is ``How much do I have to pay to get this show off CNN so I can forget about it?'' Everything gets contained, but nothing gets solved.

America truly is the ultimate benign hegemon and reluctant enforcer. But history also teaches us that if you take this reluctance too far, you can threaten the stability of the whole system. Paul Schroeder, professor emeritus of international history at the University of Illinois, is one of the great international historians of the twentieth century. He once remarked to me, ``If you look at history, the periods of relative peace are those in which there is a durable, stable and tolerable hegemon who does the adjusting and preserves the minimal necessary norms and rules of the game. And that hegemon always pays a disproportionate share of the collective costs, even forgoes opportunities for conquest or restrains itself in other ways, so as not to not build up resentments and to make sure the system stays tolerable for others.''

This was true, for instance, of the so-called Vienna system, from 1815 to 1848, which was dominated by Britain and Russia, two aloof but relatively benign hegemonies who enforced the basic rules but also allowed a lot of local autonomy and prosperity. It was also true in the so-called Bismarckian period, under Germany, from 1871 to 1890. ``The difficulty,''' says Schroeder, ``comes when the benign hegemonic power which is responsible for keeping the system stable is unable, or unwilling, to pay the disproportionate costs to do so, or its hegemony becomes intolerable and predatory rather than benign, or when enough actors rebel against its rules and insist upon a different kind of system that may not benefit that hegemon.''

That is what we must avoid. The globalization system cannot hold together without an activist and generous American foreign policy. Attention Kmart shoppers: Without America on duty, there will be no America Online.

OLIVE TREES FOR THE AGE OF GLOBALIZATION

After this book was first published, I was shipping a boxload of books to a friend in San Francisco and a deliveryman came to my house to pick them up. The delivery man was a heavy-set, middle-aged African-American and I invited him into the kitchen to wait while I was signing and packing up the books. Sitting at my kitchen table, he picked up a book and started leafing through it. After a few minutes, he put the book down and said to me, ``So the Lexus -- that represents technology and computers and stuff?''

That's right, I said.

``And the olive tree -- that represents community and family and things like that.``

That's right, I said, ``You've got it!''

``So tell me something,'' he said. ``Where does God fit into all this? I have been the presence of our Lord Jesus Christ. Where does he fit in?''

I had to chuckle, only because I have been asked that question so many times while speaking to groups about this book. Indeed, some of the most oft asked questions I have gotten are: Is God in cyberspace? How do I raise my kids in this Fast World? And what's it going to do to me and my community? I believe all three of these questions come from the same source. It is people asking: Even if we can get the right politics, geopolitics, geo-economics and geo-management for sustainable globalization, there is another, less tangible, set of policies that needs to be kept in mind. It involves recognizing the olive-tree needs in all of us -- the need for community, for spiritual meaning, and for values with which to raise our children. Those have to be protected and nurtured as well for globalization to be sustainable. One could write a book about these themes alone. Let me sketch out here in broad strokes how one might begin to think about them.

Let's start with the issue of religion. Is God in cyberspace? That depends what your view of God is. If your view of God is that he makes his presence felt through divine intervention, through the hand of God at work in the world, then you would have to say that either God is not present in cyberspace or cyberspace has made you an atheist. Because it is hard to look at cyberspace and say that it is being shaped by the hand of God, given the fact that the most popular sites in cyberspace are pornography, gambling and rock music. Indeed, it is said that the

most oft-used three-letter words on the worldwide Web are ``sex'' and ``MP3,'' the protocol for downloading rock music -- not ``God.''

My own view of God, growing out of my own Jewish tradition, however is different. I share the post-Biblical view of God. In the Biblical view of God, He is always intervening. He is responsible for our actions. He punishes the bad and rewards the good. The post-Biblical view of God is that we make God present by our own choices and our own decisions. In the post-Biblical view of God, in the Jewish tradition, God is always hidden, whether in cyberspace or the neighborhood shopping center, and to have God in the room with you, whether it's a real room or a chat room, you have to bring him there yourself by your own behavior, by the moral or immoral choices and mouse clicks you make.

My teacher Rabbi Tzvi Marx pointed out to me that there is a verse in Isaiah, which says, ``You are my witness. I am the Lord.''' According to Rabbi Marx, second-century rabbinic commentators interpreted that verse to be saying, ``If you are my witness, I am the Lord. And if you are not my witness, I am not the Lord.''' In other words, said Rabbi Marx, unless we bear witness to God's presence by our own good deeds, he is not present. Unless we behave as though he were running things, he isn't running things. In the post-Biblical world we understand that from the first day of the world God trusted man to make choices, when he entrusted Adam to make the right choices about which fruit to eat in the Garden of Eden. We are responsible for making God's presence manifest by what we do. And the reason that this issue is most acute in cyberspace is because no one else is in charge there. There is no place in today's world where you encounter the freedom to choose that God gave man, in its purest form, than in cyberspace.

So what I should have told that deliveryman was that God is not in cyberspace, but he wants to be there -- but only we can bring him there by how we act there. God celebrates a universe of such human freedom. Because He knows that the only way he is truly manifest in the world is not if He intervenes, but if we all choose sanctity and morality in an environment where we are free to choose anything. As Rabbi Marx puts it: ``In the post-Biblical Jewish view of the world, you cannot be moral unless you are totally free, because if you are not free you are really not empowered and if you are not empowered the choices that you make are not entirely your own. What God says about cyberspace is that you are really free there, and I hope you make the right choices, because if you do I will really be present.''

There is nothing about globalization or the Internet that eliminates the need for ideals or codes of restraint on human behavior. In fact, the more we are dependent on this technology, the more we need to come to it armed with our own ideals and codes of restraint. Indeed, the reason God so much wants to be in cyberspace, and the reason we should want him there, argues Israeli religious philosopher David Hartman, is because in some ways cyberspace is the world that the prophets spoke about -- ``a place where all mankind can be unified and be totally free. The danger is that we are unifying mankind in cyberspace -- all speaking one language, all using one medium -- but without God.`` And we certainly don't want to be unifying mankind through the Internet without any value system, without any filters, without any alternative conception of meaning other than business, and without any alternative view of human beings other than as consumers looking for the lowest price.

But these much-needed values are best learned in the olive grove, off-line, outside the Internet. The only way people are going to find God on the Internet is if they bring him there in their own heads and hearts from the values they learn in the terrestrial world -- in the olive groves of your own parents home, church, community, synagogue, temple or mosque.

* * * * *

Which leads to another frequently asked olive tree question: How do I prepare my kids for the Fast World? A lot more parents in America started to think about that after they realized that the news stories about the 1999 shootings at Columbine High School contained two sets of initials you never saw thrown together in the news before: N.R.A. and A.O.L. That the N.R.A., the National Rifle Association, should feel guilty about the Columbine massacres went without saying. The idea that two high school kids were able to use their allowances to amass an arsenal that included the Intratec AB-10 -- a finger-print resistant, high-volume, paramilitary assault weapon, a Hi-Point 9-millimeter carbine, a sawed-off pump-action shot-gun and a sawed-off double-barreled shot-gun should make anyone who opposes gun control ashamed of themselves.

But what about A.O.L., America Online, the Internet provider which housed the warped Web site of Eric Harris, one of the student gunmen? The A.O.L. Web postings attributed to Mr. Harris included instructions on how to build pipe bombs, (``shrapnel is very important''), an

illustration of a creature toting a shotgun and a knife while standing on a pile of skulls, and the song lyrics: ``What I don't do I don't like. What I don't like I waste.''

Should we as parents be as worried about the Internet as the Intratec? The short answer is no. A.O.L. is not the equivalent of the N.R.A. -- but that doesn't quite end the matter.

As the Internet moves into the center of our lives -- how we communicate, educate and do business in the new millennium -- we have to remember something essential: What makes the Internet so exciting and troubling is that, unlike the New York Times for example, it has no editor, no publisher and no censor. You and your kids interact with the network totally naked. But precisely because the Internet is such a neutral, free, open and unregulated vehicle for commerce, education and communication, personal judgement and responsibility are critical when using this technology. The only real filter is the one your kids bring in their own heads or hearts when they go online, and since kids often lack the judgment microchip, it is even more critical that parents and educators provide it. If we all don't take responsibility for building the internal software into our kids so that they can interact with this naked technology properly, we are going to have a problem.

I grew up in a small suburb of Minneapolis. You had to go at least an hour from my house to find trouble. On the Internet, trouble is just a mouse-click away. With one mouse click you can wander into a neo-Nazi beer hall or a pornographer's library, hack the NASA computers or roam the Sorbonne library, and no one is there to stop or direct you. To put it another way, the more the Internet makes us all broadcasters, all researchers, all consumers and all retailers and, alas, all potential bomb-makers, the more critical it is that our teachers, parents and communities are still making us all citizens. That's work that can only be done off line. The Internet and computers are just tools -- wonderful tools that can extend and expand one's reach enormously. But you still need to know what to grasp and how to get the best out of them. These tools can make you smarter, but they can't make you smart. They can browse but they can't evaluate. They can enable you to interact far and wide, but they teach you nothing about how to be a friend. They can enable you to touch the lives of many people, but they can't tell you what to say or why to say it. That's the parenting paradox of the Internet. The best thing parents can do to prepare their kids for the Internet age is not to teach them more whiz-bang, high-tech skills, or buy their kids faster modems and computers, but rather to stress more old-fashioned

fundamentals. The faster your kid's modem, the faster they can get on line, the stronger must be their own personal software, if you want to see them thrive. And personal software can only be built the old-fashioned way: by stressing reading, writing and arithmetic, church, synagogue, temple, mosque and family. It can't be downloaded from the Internet; it can only be uploaded by parents and teachers, priests and rabbis. And that's why if I had one wish it would be that every modem that is sold would come with a Surgeon General's warning on it. It would say:

``Judgement Not Included.'' You have to provide that yourself -- the old-fashioned way.

* * * * *

I began this book with a discussion of Cain and Abel and I will end it with a discussion of the Tower of Babel. What was the problem with the Tower of Babel? Isn't it what globalizers dream about today -- a world in which we all speak the same language, have the same currency, follow the same accounting practices? It was precisely their sameness that allowed the people of the world in biblical times to cooperate and build that Tower of Babel -- to build a tower that might actually reach to the heavens. I was talking about this one afternoon with my friend Rabbi Marx when he suddenly looked up from his coffee and asked: ``Was the Tower of Babel the original version of the Internet?'' After all, the Internet too is a sort of universal language outside the bounds of any particular culture. It is a universal mode of communication that, at least on the surface, seems to make us all intelligible to one another, even if we don't all speak the same language. And it allows us to connect with all sorts of people with whom we never shared an olive grove.

But what did God do with the Tower of Babel? He put a stop to it. And how did he put a stop to it? By making the people all speak different languages so they could no longer cooperate. Why did God do that? Rabbi Marx explains it like this: ``God did it in part because He felt that the people were trying to transcend their own human limitations in building a tower to the heavens, in a way that might challenge Him. But He also destroyed the tower because He felt that their common language and approach was ultimately dehumanizing. It denied all particularity in men and women in favor of a universal language and a universal project. And therefore God's solution and his punishment was to stop the tower by making all the people speak different

languages." It was God's way of getting people back in touch with, and in balance with, their olive trees, which reflect their own individuality and their particular links to a place, a community, a culture, a tribe and a family. Yes, globalization and the Internet can bring together people who have never been connected before -- like my mom and her French Internet bridge partners. But rather than creating new kinds of communities, this technology often just creates a false sense of connection and intimacy. It's like two beepers communicating with one another. Can we really connect with others through E-mail or Internet bridge or chat rooms? Or is all this standardizing technology just empowering us to reach farther into the world while exempting us from the real work required to build relationships and community with the folks next door? I used to chat with and meet people from all over the world while riding the ski lifts up the mountains in Colorado. I still ride the lifts, but now everyone has a cellular phone. So, instead of meeting people from all over the world on the lifts, now I just overhear their conversations on their cellular phones with their offices all over the world. I really hate that. E-mail is not building a community -- attending a PTA meeting is. A chat room is not building a community -- working with your neighbors to petition city hall for a new road is. Can we really build cybercommunities that will replace real communities? I'm very dubious. That's why I, for one, won't be surprised if I wake up one day and discover that the Almighty has made the Internet crash just the way He did the Tower of Babel.

I keep thinking about this young Kuwaiti I met at the Internet Cafe in Kuwait City who told me: ``When I was a student we didn't have the Internet. What we had were a few liberal professors and we would get together with them quietly in their homes and talk about politics. Now as a student you can sit at home and converse with the whole world." But, he confessed, he and his professors don't get together anymore like they used to. There is a danger that as a result of the Internetting of society, the triumph of all this technology in our lives, and globalization uber Alles, people will wake up one morning and realize that they don't interact with anyone except through a computer. When this happens, people will really become vulnerable to those preachers and New Age religious fantasies that come along and promise to reconnect us to our bodies, our souls and the olive tree in us all. This is when you will start to see truly crazy revolts against monotony and standardization -- people being different for the sake of being different, but not on the basis of any real historical memory, roots or traditions.

Balancing a Lexus with an olive tree is something every society has to work on every day. It is also what America, at its best, is all about. America at its best takes the needs of markets, individuals and communities all utterly seriously. And that's why America, at its best, is not just a country. It's a spiritual value and role model. It's a nation that is not afraid to go to the moon, but also still loves to come home for Little League. It is the nation that invented both cyberspace and the backyard barbecue, the Internet and the social safety net, the SEC and the ACLU. These dialectics are at the heart of America, and they should never be resolved in favor of one over the other. But they also should never be taken for granted. They have to be constantly nurtured, tended to and preserved -- and we can do this by supporting our public schools, paying our taxes, understanding that the government is not the enemy and always making sure we're still getting to know our neighbors over the fence and not over the Web.

America is not at its best every day, but when it's good, it's very, very good. In the winter of 1994, my oldest daughter, Orly, was in the fourth-grade chorus at Burning Tree Elementary School in Bethesda, Maryland. At Christmastime all the choruses from the local public elementary schools got together for a huge performance in the Bethesda town square. I came to hear my daughter sing. The chorus conductor was an African American man, and for the holiday songfest he wore a Santa Claus outfit. The first song the chorus sang that evening was the Hanukkah classic, ``Maoztur,' to the tune of ``Rock of Ages.' Watching this scene, and hearing that song, brought tears to my eyes. When I got home, my wife, Ann, asked me how it was. And I said to her: ``Honey, I just saw a black man dressed up as Santa Claus directing four hundred elementary-school kids singing `Maoztur' in the town square of Bethesda, Maryland. God Bless America.'"

A healthy global society is one that can balance the Lexus and the olive tree all the time, and there is no better model for this on earth today than America. And that's why I believe so strongly that for globalization to be sustainable America must be at its best -- today, tomorrow, all the time. It not only can be, it must be, a beacon for the whole world. Let us not squander this precious legacy.

AL FROM

December 14, 1999

MEMORANDUM FOR THE PRESIDENT

FROM: BILL GALSTON

SUBJ: 2000 STATE OF THE UNION

Introduction

In my judgment, crafting the 2000 State of the Union presents challenges unlike those of previous years. The key to success is balance between competing imperatives.

In the first place, I believe you must strike a delicate balance between too much and too little. An agenda as expansive as in years past might be received as out of touch and unrealistic. On the other hand, an excessively cautious or minimalist agenda could create a vacuum and open the door to unproductive political combat. You need a way of focusing on an agenda that is ambitious but limited and doable.

Second, I believe you must strike a balance between two different audiences--the American people as a whole, and the Republican congressional majority. As always, mobilizing broad public support is essential. On the other hand, if the focused agenda I am recommending for the year 2000 is to succeed legislatively as well as rhetorically, it must gain substantial bipartisan congressional support -- a necessity that has implications for the tone as well as substance of your speech.

Third, I believe you must strike a new balance between the past and the future. While laying out a forward-looking agenda is important (as always), at this point in your term it would also be appropriate to devote a significant portion of your speech to explaining how far we have come as a nation since the beginning of your presidency and, I would suggest, since the beginning of the 20th century as well. From this account of our past, you could draw principles and lessons that would then serve as the thematic frame for your vision of America's never-ending experiment with self-government in the 21st century.

In the remainder of this memorandum, I will offer brief comments on each of these three recommendations.

A Bold but Focused Agenda

There is, I believe, a way of using the timing of the speech to define your agenda. Here's my recommendation:

1. Begin by candidly acknowledging that we are in a presidential election year and that it is proper as well as inevitable that some large issues will be addressed in the electoral rather than legislative arena. You could say, for example: "If the issue is a huge tax cut, which I believe would undermine both the balanced budget and our values, we will not

agree. If the issue is the privatization of Social Security, which I believe would expose workers and retired Americans to unacceptable risks, we will not agree. If the issue is diverting public funds to private schools, which I believe would impede the real reform of public education, we will not agree. If the issue is a treaty banning the testing of nuclear weapons, which I believe is in the national security interests of the United States, I say with deep regret that evidently we will not agree. These are the kinds of choices that the people as a whole must make in November."

2. Go on to make the point that, notwithstanding deep differences between the administration and congressional Republicans, the people rightly expect us to put progress over partisanship and to deal with the people's business in a responsible way. You could say, "We do not have the luxury of wasting a year that we could devote to the people's business, and we certainly have no right to do that. We must search for the areas where we can agree, and then do everything possible to find common ground."

3. Set forth your bold but focused agenda for 2000 by defining the areas of potential agreement. A sequence of challenging questions might be effective. For example:

- Can we agree that Social Security funds should be reserved for Social Security? At the end of our deliberations this year, we will honestly be able to reassure the American people that we haven't diverted a dollar of their Social Security payroll taxes for other purposes?
- Can we agree on a package of reforms that invests more in our schools and demands more of teachers, administrators, and students in return? Can we set our other differences aside and come together around the principle of accountability for results?
- Can we agree that our health care system must ensure the rights of patients and allow doctors to exercise their professional judgment without needless outside interference?
- Can we agree on a reasonable program of gun safety that protects our kids and reduces violence on our streets while preserving the legitimate rights of hunters and sportsmen?
- Can we agree that there is a national interest in reducing crime and rebuilding neighborhoods by helping our communities put more police on the streets?
- Can we agree that Americans who work full-time shouldn't be living in poverty, and can we come together around a reasonable increase in the minimum wage that won't hurt jobs or growth?
- Can we agree that it is in our national interest to foster a lasting peace in the Middle East, and to do our part to help the parties carry out its terms?

- Can we agree that it is in our national interest to subject China to the same rules that govern the conduct of most other countries in the world economy?

You could conclude this list by expressing your confidence that "Without surrendering our deeply held principles, some of which will continue to divide us on key issues, we can agree on all these matters and more -- if we have the will to do it. And we should. The American people have hired us to make progress on their problems every day -- including years that happen to have elections -- and we have an obligation to earn our pay."

The Dual Audience

As the foregoing indicates, I believe that to a greater extent than in the past, this year's State of the Union must directly address Congress as well as the people, and do so in a firm but conciliatory tone that bespeaks a willingness to put past bitterness aside and seek common ground. To put the same point differently: the people's tolerance for what they see as unproductive partisan bickering is at a very low ebb. By publicly reaching out to your adversaries, you will also be communicating with the people in a manner that they are likely to welcome and respect.

You could reinforce this message by emphasizing your willingness to sit down with the congressional leadership, not in the fall, but early on, to explore seriously the possibilities for narrowing differences. I believe you should say very bluntly that it serves no one's interests -- least of all the people's -- to stake out fixed positions in the spring and then throw rocks at one another for the next six months. "The people want us to set aside all calculations of short-term political advantage and put their concerns first. To the best of my ability, that's what I'm going to do. I hope everyone in this historic chamber -- the people's house -- will join me."

The Lessons of History

Americans have notoriously short memories, and a sense of history is one of our weak suits. I don't think most people understand just how far we've come since January 1993, in part because they don't remember how deep a hole we were in. It would be appropriate to remind them:

"The State of our Union is good, because year by year we've made steady progress toward some goals that all Americans endorse -- fiscal discipline and low inflation, more jobs and economic growth, less dependency and crime. Let's look at the facts . . ."

"Our good fortune does not mean that we've solved all our problems. There are still gaping holes in the fabric of our country. And too many parents are forced to spend too much time worried sick about their children's physical safety, about their economic opportunity, and about the moral climate that surrounds them."

We can't get complacent. Instead, we should redouble our efforts. Our unprecedented prosperity unparalleled opportunity to address America's unfinished agenda: quality education

December 17, 1999

TO: President Bill Clinton,
The White House
Washington, DC

FROM: James Garbarino, PhD
Elizabeth Lee Vincent Professor of Human Development
Cornell University

RE: Agenda for the State of the Union Address

In setting out a national agenda to deal with youth violence in our country I would highlight the following four themes. These recommendations are based upon the research contained in my book **Lost Boys: Why Our Sons Turn Violent and How We Can Save Them** (NY: The Free Press, 1999).

1. **Promote investment in mental health services at the elementary, middle, and secondary levels.** From 1970 to 1990 the proportion of our children troubled enough to need professional mental health services doubled (from about 10% to about 20%). Troubled kids—particularly boys—are at high risk for developing problems with aggression and violence. Yet mental health services based in the schools have been under attack and retrenchment in many places. Yet they are vital in offering a frontline structure to respond to kids who share disturbing information or adults who detect disturbing behavior. At present the number and sophistication of counselors and therapists are both problems that need addressing. It takes a great deal of time and energy to form an attachment with troubled and disaffected children and youth. It takes special expertise to deal with youth violence. Current staffing patterns rarely permit this. Program contact: Dr. Donald Cohen, Yale Child Study Center, New Haven CT.



Twenty Five Years of Strengthening Families and Communities

2. **Promote "character education programs" on a national basis, including a strong emphasis on spiritual development for all children and youth, and "kindness education" for "in groups".** These programs can address three core problems that underlie lethal youth violence. First, they provide a basis for efforts to replace the "spiritual emptiness" evident in many kids who kill with a stronger connection to positive structures of meaning—the universality of love, respect for moral limits, and reverence for life. This can be done without running afoul of constitutional "church-state" issues. Second, they provide the basis for "kindness training" needed for the adolescent "in-groups" and "elites" who now play a role in promoting the alienation, rage and sadness of the "out groups," the "outsiders," the "loners," the "losers," and other marginalized groups in the high school. These programs should teach collaboration and inclusiveness rather than competition among various cliques within the school setting. In addition, such programs should focus on bullying, preventing it before it happens and stopping it once it does. Third, they can help break the "code of silence" among youth that prevents them from sharing important information with adults who can act effectively. These efforts should parallel the progress made in the drunk driving field, with its slogan "good friends don't let friends drive drunk." Kids need to embrace the idea that it is an act of friendship and caring to share disturbing information about their peers with adults: "good friends share information when kids are in trouble." Character education programs that involve schools and all other community institutions (including private enterprises) can provide the structures for doing this. Program Contact: Tom Lickona, Character Education Program, State University of New York at Cortland, Cortland, NY.
3. **Promote smaller high schools.** Research conducted in the 1950's and 1960's revealed that small high schools promote participation, integration across adolescent peer groups, monitoring and security, and the students' sense of connection. These positive effects are mainly experienced among the marginal students most at-risk for dropping out, feeling alienated, and getting in trouble. This research suggested that schools with more than 500 students grades 9-12 are "big" and schools with smaller enrollments are "small." In the 1950's the average size of American high schools was 500; by the 1970's it was 1500. National support to make the transition back to small high schools would be a very positive step. It would amplify all other efforts aimed at increase the physical and psychological security of the schools – e.g. by making the task of on-site law enforcement officers more feasible and their efforts more effective.
4. **Make the world safer for and from troubled angry boys.** This includes promoting efforts to prevent access to guns by all minors via community mobilization efforts— such as the Boston Gun Project—and promoting the use of product liability laws to restrain access of minors to violent imagery through television, movies, video games, and the Internet. Research from around the world documents that exposure of children to violent images increases the likelihood that they will behave aggressively, and the effect is about as strong as the effect of smoking on cancer. Minors are a vulnerable group that require protection from toxic influences—be they lead and PCB's or violent and dehumanizing images. Producers of these toxic influences should be held legally and financially accountable if they do not take strong measures to prevent their "products" from being accessed by minors.

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December 15, 1999

To: President Bill Clinton
From: Howard Gardner

I appreciate your soliciting my views about education in the coming era. Throughout the world, education is inherently a conservative institution and that's not a bad thing. At any time, we need to make sure that important traditional missions are being carried out, even as we are vigilant about new challenges and opportunities.

Four Traditional Missions:

1. Training basic literacies, skills, and disciplines. All our students must continue to master the three Rs, learn to think critically and creatively, and understand major disciplinary ways of thinking (historical, mathematical, scientific, artistic).
2. Understanding American history, government, and the rights and duties of citizenship.
3. Developing character. While certainly not the exclusive province of schools, the character of our future citizens must significantly be shaped in our educational institutions—in the era of Columbine and "it takes a village..."
4. Mastering important technologies. Just as students in earlier eras had to learn to deal with printed matter and slide rules, students today must become comfortable with computers, video technology, and the internet.

Two New Missions

1. Being in command of the Information Revolution. It's been said that Matthew Arnold was the last man (sic) to have mastered all that was known. Nowadays, given the deluge of information, it is crucial that all citizens be able to sift through materials and judge what is important and what is reliable. Information is not knowledge and it certainly is not wisdom! As users, we will contribute to the information deluge and it is important that we do so in a responsible way. We must avoid the Scylla of too much inadequately processed information,

on the one hand, and the Charybdis of top-down control, censorship, or domination of the media by a few multinational corporations on the other. Jefferson can be our guide here.

2. Understanding and Making Judicious Choices in the Time of the Genetics Revolution For the first time in world history, we will not only have complete understanding of our genetic heritage but also have the awesome option of altering it. Despite the Kansas curriculum decision, our students must understand the nature of biological evolution and the risks in attempting to redirect it. As adults, we will have to deal with detailed knowledge of our individual future courses, and we will have to make fateful personal decisions about genetic engineering of our own bodies and those of our offspring. With respect to questions like stem cell research, cross-species experimentation, and cloning, we need to direct our elected representatives about which courses of actions they should allow and which they should prohibit. The wisdom of Solomon will be at a premium.

Bill Damon, Mihaly Csikszentmihalyi, and I speak of "the challenge of remaining in control of our memes and genes." Unless these issues are explicated in schools and on the media, by individuals who are knowledgeable and responsible, we risk making dangerously short-sided decisions.

I hope that these notes are useful to you. Of course, I'd be happy to expand on them. We will miss you at Renaissance Weekend this year. The Gardners send you and your family the very best wishes for the new year and beyond.



MEMORANDUM

TO: The Honorable William Jefferson Clinton
President of the United States

FROM: Earl G. Graves
Chairman, Editor & Publisher, Black Enterprise Magazine

RE: Comments for the State of the Union Address

DATE: December 23, 1999

With the dawning of a new millennium, our prospects for the future could not appear brighter. Our nation is entering the eighth year of the longest economic expansion in history. An environment of low inflation and interest rates has bolstered individual and institutional investment. This era of prosperity has enabled millions to realize their dreams of entrepreneurship and home ownership. It has created a platform for technological innovation to dynamically transform mainstream business and reshape global communications. These economic policies that have propelled America forward will serve as part of the rich legacy of the Clinton Administration. It is a clear demonstration that a rising tide can truly lift all boats.

There are paradoxes though. Against this backdrop, personal bankruptcies have grown to staggering levels. Moreover, our national savings rate continues to be one of the lowest in the industrialized world. In fact, a great number of Americans have let the most spectacular bull market in history—and wealth-building opportunities—pass them by. Why? When we polled our readership, BLACK ENTERPRISE Magazine found that those who failed to invest their money cited the following reasons: inadequate funds, lack of information and fear of losing money. As a result, too many people are fretting about whether they will be financially secure in their golden years.

Americans can no longer afford to buy their future on borrowed dollars. Our legacy to our children should represent more than a piece of plastic. It should be a diversified portfolio that enables them to finance their education, begin their future careers and make solid contributions to our society. We must break the cycle of the debt culture. We must close the wealth chasm—one in which the net worth of African Americans and other minorities still lags dramatically behind their white counterparts. By encouraging our citizens to take responsibility and individual action, we can bolster our communities and build a stronger America.

This is why Black Enterprise Magazine has developed a comprehensive program specific to our readership but applicable to all citizens. We call it the Black Wealth Initiative. It is our clarion call for African Americans to make financial fitness a priority in their lives. It has always been my belief that the cornerstones of financial enrichment are equity, education, enterprise and excellence. The core component of this philosophy is the mastery of money.

Our initiative is not merely a platitude. We have given it teeth by challenging our readers to make hard-and-fast financial commitments through the adoption of the BLACK ENTERPRISE Declaration of Financial Empowerment. This unprecedented document seeks to change the behavior of our readers by sharing with them 10 financial principles that foster saving, investing and disciplined consumerism. We encourage them to sign the document and live by its tenets.

I believe that financial and technical literacy is one of the most important skills that we can impart to our children. We have put this concept into practice through our Kidpreneurs program. Each year, hundreds of youth, between the ages of 8 to 17, gather to learn about, among other things, balance sheets, income statements and value investing. Not only do we give these youngsters a much-needed dose of reality and a healthy respect for money, but we teach them the value of teamwork, character and leadership. This program lays the foundation for the development of a generation of productive citizens.

By embracing the aforementioned principles, Americans give themselves the resources to make choices --and make a difference. We must pass these lessons onto future generations. We owe it to ourselves and our children to do so.

December 17, 1999

President William Clinton
The White House
Washington DC

Dear Mr. President:

Thank you for inviting me to suggest some topics, ideas, and content for the State of the Union address, specifically with reference to Natural Capitalism. Having written speeches, I have a tendency to envision them as a whole, and prefer to work on them in that way. Barring that, with your permission, I would like to offer some general comments and suggestions, from someone who listens and watches political speeches rather intently.

The temptation is to do a millennial speech. A speech that didn't deal with the millennium would be seen as incomplete if not odd. However, in addressing the calendar threshold, it is critical to go beyond the "look behind/look ahead" rhetoric because it loses people. It is too distant from their lives, from what they feel, what they worry about, what makes them tick and respond. On the other hand, people all want a better future, first for themselves, and then for others. One of the subtexts of the State of the Union address should be to show that each depends on the other. The birdseye view of time provided by the millennium is a powerful context within which important ideas can be nested.

The elections will be less than ten months away when this speech is given. There may be a tendency in the media to see this speech as less important than prior addresses, millennium or not, because you have less time to implement your agenda, and your successor will not be known. For that reason, I believe you are free to express your ideas and thoughts in a new way and should seize the opportunity to do so.

I would urge you to move away from the vernacular in the speech and make it more rhetorical, in the original sense of the term—not extravagant, but elegant and eloquent. I would encourage you to pose questions for which there are no easy answers. There comes a time when being aware of the right questions is more statesmanlike than purportedly having the answers. I think the speech should provoke thought, reflection, hope, compassion, and appreciation. To rephrase Mr. Bond, people should be shaken and stirred.

Specifics:

Don't speak to the privileged in or outside the room. I believe there is an undercurrent of resentment in the US towards people of wealth and privilege.

Don't speak to the Republicans or the Congress. It is not that you don't speak to them in the room, you do, but just as you would if they were the American people sitting there.

Speak in Biblical terms to the City on the Hill. I wouldn't use that term of course, as it has been used before. ("You are the light of the world. A city set on a hill cannot be hidden." Matthew 5:14)

Be quotable, eloquent, and reflective. In other words, make people listen to every word. Try not to telegraph what is coming next.

Don't have people stand up in the galleries this year. Like the apple grower at the Port of Seattle talking about free trade. I am sure that tracks well in polls, but this occasion should be different. Keep center stage.

Not too long. No more than 50-60 minutes. Leave them wanting more, literally.

Be poetic. Directly, or through meter, rhythm, and flow.

Speak to the contradictions that need to be resolved in the coming century, i.e. more wealth, more hunger;

Avoid lists of success and failures, e.g. this is what we have done, this is what we still need to do going forward.

Keep the audience on the edge of their seats. Create tension. All great speeches have three acts.

Quietly surprise the audience, the press, and viewers.

Move people deeply. Cut to the core. Create forgiveness, don't ask for it.

Use litanies, cadenced series of issues, statements, problems, etc. that create rhythm, within which applause lines are buried, so that you speak on top of the applause, like a surfer on waves.

Issues (in no order)

Threats to democracy (the biggest are internal):

Apathy

Oligarchies, concentration of wealth and power

Globalization – loss of sovereignty, deracination.

Unipolar world. What is the proper role of the US?

Poverty, here and abroad, the disenfranchised as seedbeds of terrorism.

Trade, What it means and doesn't mean. How to create a consensus around trade issues.

Education.

Healthcare, Medicaid, Social Security, etc.

I think the real issue is how we feel as a nation. This speech will be given after the euphoria and platitudes of the millennium have passed. I would use all the specific and requisite issues to speak to larger concerns, and would refrain from drilling down to deeply. Although it is necessary to make specific proposals, I would try to emphasize more strongly who we are as a nation, and where we are heading.

Text

You asked specifically about Natural Capitalism. I think the way to get to this topic is to present both the context and the apparent contradictions. I have also included some sample text on free trade as well since it has become an issue of growing public awareness.

Natural Capitalism. The challenge of the 21st century is to create the conditions that are conducive to life—for our children, for our families, for our cities, for our earth. A world that is getting more prosperous by any account is steadily losing its living systems and the valuable services provided by nature (climatic stability, ocean fisheries, forest cover, flood protection, pure water, etc). The result is that people, who are already poor, have to work harder or pay more for fuel, water and food. With ten thousand people arriving every hour, by the middle of the next century, the resources available per person will drop in half. For two centuries, increases in material prosperity have been attained at the expense of the environment. And for the past decades, the environment has been seen as a special interest issue.

When the first industrial revolution began some two hundred fifty years ago, it was inconceivable that one human being could do more than a set amount of work in a day. Today, and every day, each of us does one to two hundred times more work than our ancestors, and we think nothing of it. In the next century, we will make our kilowatts, natural gas, timber, and resources work ten, twenty, even 100 times more productively, a prospect that is just as unbelievable today as was improving human productivity was back then. We have now an array of off the shelf technologies that can radically reduce the amount of energy and material required in industrialized countries, a reduction that will simultaneously improve the quality of people's lives. These technologies, systems, and processes will allow developing countries to leapfrog the material and energy intensity industrial nations required, allowing them to improve their quality of life more rapidly and cleanly than otherwise. For example:

- Interface Corporation, a carpet company in Georgia, working with Shell Oil, has invented a new form of carpet tile that can be continuously replaced and remanufactured into new carpet with virtually no waste. Not only can it be replaced selectively, it uses less material to begin with, lasts twice as long, and in addition, it is manufactured using renewable solar energy. The result over the lifetime of the material is a 97 percent reduction in energy and material used, but you would never know it if you walk on it.
- The Xerox Corporation is producing state-of-the-art digital computers in this country that will never be thrown away. Each part, piece, and component is designed and labeled to be continuously reused by Xerox in future products.
- Refrigerators use one-sixth of the nation's electricity. In the past ten years, new design breakthroughs have eliminated two-thirds of the energy required. The very best use only 13 percent of the energy previously required.
- Net shape manufacturing is saving some companies 90 percent of the materials they once used.
- Fuel cell powered cars are already in showrooms. These vehicles, may literally be our power plants of the future. We will plug our buildings into our car fleet to get cheap

electricity rather than plugging cars into our houses. And fuel-cell power cars will provide safe, inexpensive transportation for the world with no emissions except for water.

The old idea was that we had to use less or harm the environment. This was unacceptable to people in both developed and developing countries. Today, we can see the beginnings of a new industrial revolution that will allow us to increase the productivity of water, wood, oil, steel, electricity, and minerals. It may seem unglamorous in the age of the Internet to talk about a next industrial revolution, but the primary challenge facing the world in the next century is not wiring it, but the feeding, caring, clothing, and housing of the three billion people who live on less than three dollars a day.

The critical problem today is that we have an abundance of human beings and a shrinking world of resources to care for them with. We must now create a world where every citizen, every new child, every man and woman, feels welcome, honored, and respected. We cannot do that if people do not have meaningful, family-wage jobs that provide them with hope for the future. According to the ILO, over one billion people who want to work cannot or have jobs so menial and trivial they cannot support themselves. For all the successes of the past twenty-five years, this number is growing more rapidly than employment. If America is to have a secure and meaningful future, it must participate in securing everyone's future. It is their right, it our honor, and a real opportunity for all.

Free Trade. When we talk about free trade, we must not only speak of rules, tariffs, and barriers. We must first speak of choice, possibilities, and hope. The most important item to be traded is a sense of fairness and opportunity, the idea that America stands ready to work with all people to improve the condition of human life on earth. That is the rock on which our country was founded, and must guide our deliberations and actions going forward. Free trade must first be freely accepted. Corporations and ministers cannot mandate it, it cannot be regulated in secret, and it must not favor the rich. That is forced trade and will be resisted. The American people have been given much. Free trade should be seen as generous, not exploitative. In today's globalized village, if half of the world is in poverty, the world is impoverished. If half of the world is less developed, the world is underdeveloped. If half of the world is illiterate, the world is illiterate. We need to work with our allies and all democratic nations to make a world united in its commitment to health, security, education, and opportunity. The paradox of one world is that there must be greater respect for differences, for culture, for disagreement. Globalization does not mean a few powerful people get to speak louder, it means more of us have to listen to each other more carefully. Globalization should not create a new form of commercial imperialism, but a newfound and localized understanding of economic self-sufficiency, resourcefulness, and pride.

This completes what I have been asked to do. I would gladly write text on other issues if requested to do so but do not want to overstay my welcome on this memo. If Santa came early, I would be given the opportunity to write a lot more. I hope you find this useful and helpful.

Sincerely,

Paul Hawken

December 22, 1999

MEMORANDUM FOR THE PRESIDENT

FROM: PAUL T. HILL
SENIOR FELLOW
THE BROOKINGS INSTITUTION

For the State of the Union Address I would recommend a strong statement about the need to use every possible resource to turn around big-city school systems that do not educate children.

Suggested language:

Since the early 1960s, the federal government has funded programs to improve teaching and learning in now-income schools. My administration has strengthened that effort, but it has not been enough. Big-city children, most poor and from minority groups, are still half as likely to graduate from high school and to reach adulthood in command of basic skills, as other American children.

Much more can be done. Our greatest cities are treasure houses filled with human talent and great institutions – museums and universities, orchestras, churches, and foundations, all of them dedicated to learning and to uplifting the human spirit. Unfortunately, the way we now run public education has kept these institutions on the sidelines. They can give money and moral support, but they cannot create or operate public schools – nor can their musicians, scientists, writers and artists teach students, except before and after school hours or as volunteers.

We need to find ways of making all the resources of big cities relevant to the education of city children. This will require many changes – more aggressive use of charter school laws to create new schooling options, more flexible uses of federal funds, fewer barriers to private investment in schools, and greater openness to allowing experts in their fields to teach in schools without abandoning their other careers.

These changes require local initiative, and cooperation with the states. But the habit of treating the public education system as a bureaucracy separate from the other resources of a city is hard to break. People who are dedicated to education of the public's children must be prepared to take risks, accept experiments, track results, and abandon arrangements that do not work.

The federal government cannot mandate these things to happen. But the federal government, and I personally can help city leaders forge new compacts to strengthen public education. In my last year as President I will call a series of small White House Conferences that will bring the government and private leaders of big cities together, one city at a time, to hammer out new arrangements for using all a city's assets for the education of its children. I will come ready to help and counsel, just as I have done in the diplomatic field. I will also come, with the Secretary of Education, prepared to reallocate federal funds and waive regulations that might get in the way of cities' initiatives.

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President Bill Clinton
The White House
Washington, D.C.

December 17, 1999

Dear Mr. President:

At the request of Jeffrey Shesol in the White House Speechwriter's office, I am submitting some thoughts pertinent to your January 2000 State of the Union Address.

My premise is that you want to craft an address with longer historical legs than the usual annual message – something that will take advantage of the millennial moment to be more reflective than programmatic, and something that will prove durable as retrospect, prospect, and policy orientation.

I might note that my own thinking about the millennial turn has been influenced by a little essay written at this century's dawn by the renowned Yale economist William Graham Sumner. It's entitled "The Bequests of the Nineteenth Century to the Twentieth," and I enclose a copy. Though Sumner's reservations about popular democracy appear misplaced, many of these themes are peculiarly resonant for our own time. For example:

"So far as we can see ahead there is every reason for even rash optimism in regard to the material or economic welfare of mankind."

But: "A mere optimist is an idiot who will not think, or be prudent, or listen to reason. He seems to be in fashion just now, and in the popular use pessimist is a term of opprobrium. Every man of sense is a pessimist; that is to say, he is cautious."

And: "[T]he nineteenth century bequeaths to the twentieth a great degree of social confusion, both in ideas and in institutions, which is due to the maladjustment between the industrial [i.e., economic] system and the political system."

"Before the twentieth century is out, men will know more about democracy....[T]he man-on-the-curbstone ... is now in full control, and his day of glory will be the twentieth century. He is ignorant, noisy, self-sufficient, dogmatic, and impatient of opposition.... He is one of the most marked products of the nineteenth century, and the twentieth will have its woes before it has done with him."

Sumner's views are well worth re-visiting now, when we can look back on the century he was trying to foresee – especially his ideas about the proper adjustment between the economic and political spheres. In that spirit, I offer the following observations:

◆ THE CENTURY OF DEMOCRACY

This one Sumner surely had wrong. As Henry Wallace later said, this has been “the century of the common man,” and just to that extent it's been a glorious century. In this country we have extended the circle of “we the people” to women, African-Americans, and tens of millions of immigrants, and we are the healthier for it. What's more, we have dramatically increased educational levels (fewer than 10% of American finished high school at the century's opening; today 75% do), ensuring that democracy is informed by knowledge and reason. Abroad we have helped to supervise de-Nazification in Germany and de-militarization in Japan, and have supported decolonization in Asia and Africa. Today democracy is not just one among many competing political ideologies. It has fulfilled the dream of eighteenth-century philosophers, including the American founding fathers, by establishing itself as the only legitimate form of political organization, world-wide.

◆ GLOBALIZATION

Since World War II, the United States has taken the lead in fostering an international order remarkable for the extent and accelerating complexity of its inter-connections. “Globalization” -- the explosion in world trade, investment, and cultural mingling -- is the signature and lasting international achievement of our era, one all but certain to overshadow the Cold War in its long-term historical consequences. What are likely to be its implications?

In a famous exchange recounted in Arthur Schlesinger's Thousand Days, André Malraux once observed to John F. Kennedy that “In the nineteenth century, the ostensible issue within the European states was the monarchy vs. the republic. But the real issue was capitalism vs. the proletariat. In the twentieth century the ostensible issue is capitalism vs. the proletariat. But the world has moved on. What is the real issue now?” Kennedy is reported to have answered (somewhat drably, in my view) “the management of industrial society – a problem, he said, not of ideology but of administration.”

In the post-Cold War, triumphantly free-market environment we now happily inhabit, it has become too easy to assume that we have at last witnessed “the end of ideology” (or even “the end of history”), and that all future problems will be merely matters of management. In fact, victory over communism will neither extinguish nor reconcile all human passions, and even the most robust markets will not satisfy all human needs. To rephrase the Malraux-Kennedy conversation: if the ostensible issue of the coming century is the management of what we now see as *rapidly internationalizing post-industrial*

society, the real issue may be globalization vs. the nation-state – a looming contest between a planet-girdling surge of capitalist expansion and the stubborn particularities of distinct peoples, polities, religions, and cultures.

That contest may well excite still-vibrant ideologies of national identity and it may well quicken historical antagonisms (both within and between states) too easily assumed to be inevitably soluble in the elixir of spreading material prosperity. (The recent ruckus surrounding the WTO meetings in Seattle is a case in point.) It may pit peoples against one another in ways previously unimaginable, in confrontations that may grotesquely expand the inventory of human cunning and devilry.

Karl Marx and Friedrich Engels said long ago (in The Communist Manifesto – probably not a document you want to quote directly!) that “the bourgeoisie, by the rapid improvement of all instruments of production, by the immensely facilitated means of communication, draws all, even the most barbarian, nations into civilization.” That was the good news – the bad news followed axiomatically: “The bourgeoisie compels all nations to conform to the capitalist mode of production on pain of extinction.”

If one substitutes “the Americans” for “the bourgeoisie” in that passage, it provides a pretty good description of much of the world’s reaction to “globalization.” It helps explain why so many nations, from France to China and not excluding elements in the United States itself, are conflicted between the desire to be part of the “new economy” and the wish not to be extinguished, in the process, as distinctive societies and sovereign states. And it reminds us that if globalization is to be sustainable, its principal agents, especially this country, must be at once sensitive to cultural differences and attentive to matters beyond the strictly economic. (Which is why I thought you were correct, incidentally, to put environmental and labor standards on the table in Seattle.)

So what might the future of the nation-state be? Closer to home, what does globalization imply for the American people? Still more concretely, what does it mean for the role of government in America?

◆ THE ROLE OF THE NATION-STATE

Here an historical analogy is in order. It is an analogy between the historic role of government in the national context in the past century, and the prospective role of government in the international context in the coming century.

The great achievement of American government in this century has been to make the lives of individual citizens more secure -- and through that security to hold the country together, not least in the potentially catastrophic crisis of the Great Depression. Not incidentally, security has also permitted and encouraged the economic growth that has also made the lives of those same citizens richer, fuller, at once more adventurous, more comfortable –

and more compassionate and just as well. Security has in fact been the servant of justice. It was no accident that only in the midst of the great post-WWII economic boom did this country finally summon up the confidence and the courage to grasp the nettle of racial justice for African-Americans.

The very name of the greatest New Deal reform, Social Security, emphatically reminds us of that achievement, but a host of other political initiatives have contributed to the same end: the Securities and Exchange Commission, the Federal Reserve System, FHA and VA home-mortgage guarantees, minimum wage laws, Medicare, Medicaid, pure food and drug regulations, and environmental protection measures. All have the common objective of reducing risk and providing, in FDR's phrase, "security against the hazards and vicissitudes of life." (In his State of the Union address of January 17, 1935.) That, in a nutshell, is the chief legacy of the New Deal, and, indeed, the legacy of the great liberal reform tradition that stretches from Theodore Roosevelt through Woodrow Wilson to FDR and LBJ – and beyond.

It has become common in our time to hear those kinds of measures denounced as illegitimate encumbrances on the efficiencies of the free market. That perspective is surely mistaken. They are proper goals of social policy in their own right. Together they form the fabled "social safety net" whose weaving has been the major project of government for the last several generations, with the wide-spread assent and encouragement of strong majorities of the citizenry.

No less important, the New Deal-era reforms created the essential latticework on which the fabulously successful post-WWII economy grew like kudzu. Sustaining and even strengthening the social safety-net has in fact provided *the best guarantee* that the fullest possible benefits have been harvested from the workings of the free market itself.

That connection between social security and economic growth (and social justice) is as true of globalization now as it was of the national economy half a century ago. By furnishing individuals with a measure of protection from the vagaries and volatilities of the market, the safety net protects free enterprise from extravagant and truly harmful political disruptions. (This is what FDR had in mind when he said that he was trying "to save our system, the capitalist system, from crackpot ideas." Herbert Hoover, of all people, probably had something similar in mind when he said that "the only trouble with capitalism is capitalists; they're too damn greedy.")

◆ THE ROLE OF GOVERNMENT

In short, it may be not merely prudent but *necessary* to continue the tradition of government responsibility to "promote the general welfare," as the very means of fulfilling that other constitutional mandate "to secure the blessings of liberty to ourselves and our posterity."

In a New York Times Magazine article (March 28, 1999), Thomas L. Friedman put it this way:

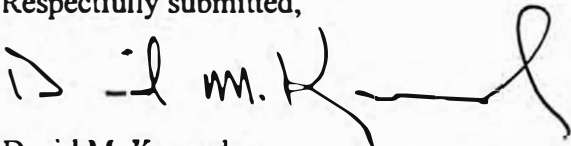
"I believe you dare not be a globalizer without being a safety-netter and social democrat, because if you don't equip the have-nots, know-nots and turtles to survive in the new system, they will eventually produce a backlash that will choke off your country from the world. And I believe you dare not be a safety-netter or social democrat without being a globalizer, because without ever-increasing integration, you will never generate the incomes and absorb the technologies to keep standards of living rising."

◆ **SOME CONCLUDING THOUGHTS**

William Graham Sumner, writing in 1901, also remarked on the dizzying speed of social change in his era. Henry Adams made the notion of history's accelerating pace the centerpiece of his Education, and the observation has ever since become something of a cliché. (Franklin Roosevelt, in a 1926 speech, noted that "the lives of the great majority of people are more different from the lives of 1875 than were our grandfathers' lives from those of the year 1500.") But cliché or not, that perspective remains valuable to our own time. It reminds us that history is still full of surprises. (Roosevelt, for example, for all he knew that things were a-changin' in the 1920s, surely did not foresee the Great Depression, nor did any one else in his generation.) If nothing else, the prospect of surprise stands as a warning against complacency – especially the seductive assumption that free-market capitalism, having apparently vanquished its traditional historical foes, will provide us a trouble-free ride into an unrelievedly blissful future.

The past century has held surprises both great and grisly: breathtaking scientific breakthroughs as well as appalling human atrocities. We close the century with giddy expectations of further technological advances and a chastened sense of mankind's capacity for evil, but with renewed faith in democracy. The dying century thus bequeaths to the rising one an urgent need to match moral progress with material progress, to grow in wisdom and grace as well as in power and ambition, to face squarely the perils as well as the promises of the future.

Respectfully submitted,



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THE BEQUESTS OF THE NINETEENTH CENTURY TO THE TWENTIETH¹

MANY have invited us to a proud review of the increased inheritance of economic power which the nineteenth century hands down to the twentieth. The talent which was received from the eighteenth century is bequeathed with grand usury. The increase is so great that what the nineteenth century got from the eighteenth seems insignificant. The new powers and devices, which are just in their infancy, are a legacy at whose ultimate value we can only guess. The outlying parts of the earth are made available and stand open to the use of the next generations. The nineteenth century bequeaths to the twentieth new land and new arts, which are the prime conditions of material welfare. The capital at the disposal of the human race is immensely greater per capita than it ever was before. There are inexhausted improvements all over the globe which the nineteenth century undertook and paid for, the gain of which will come to the twentieth. Science has a mass of acquired knowledge and processes to confide to the coming generation whose power and value in the struggle for existence are beyond imagination.

¹ *The Yale Review*, Summer 1935, XXII, 732-754.

The original manuscript of the following essay came accidentally to light twenty-three years after the author's death. Internal evidence indicates that it was written in 1901 and later revised. With insignificant omissions, it stands here as it was left by the author, through the courtesy of whose two sons it now appears in these pages.

There are acquisitions in the higher branches of pure mathematics, which are fruitless at present but which are certain to prove of inestimable value to sustain the development of the applications of electricity. The population of the globe is far below the number which it could support with the present resources. Consequently men are in demand. The conjuncture favors numbers. While numbers increase, the comfort per capita will increase. Popular education will pay. The life-conditions will improve. The chances for those who inherit nothing will be good provided that they are industrious, prudent, and temperate. The competition of life is so mild that men are hardly conscious of it. So far as we can see ahead there is every reason for even rash optimism in regard to the material or economic welfare of mankind.

No one will deny that the enterprises of territorial acquisition on the part of the great states which are now being undertaken or which will be undertaken in the twentieth century are very likely to bring them into collision with each other. Already England finds Russia, Germany, and France arrayed in more or less hostile attitude to her because she has priority and advantage in this scramble. Other combinations will be formed in which the United States will be a party. The probability is great that war will result, and even that the century will be as full of war as the eighteenth century was and for the same reasons. The case of China is already actual, and the course of things suggests doubt and fear of the future. The possibilities of disturbance and mischief are very great, and they will so far as they occur traverse the realization of economic welfare which the economic powers and organization promise. It is not, however, the purpose of the present article to dwell upon this outlook of practical international politics, for in that domain one

could at best predict and speculate. The prospect that the programme of action will cause war touches upon our subject only so far as it is political. Our present purpose is to notice those elements in the social and political world of to-day which we are handing down together with the above described elements of economic gain, and which are certain to affect the realization of the optimistic prospects above described.

Along with all economic knowledge and industrial effort there must go always decisions of industrial policy. Success in industrial production and success in the selection of wise lines of policy are two very different things. The questions of policy are generally nowadays questions of politics, and here is where the existing conditions contain elements of peril. Pessimistic views of the situation from the side of politics are as thoroughly justified as optimistic views from the side of economic power. A mere optimist is an idiot who will not think, or be prudent, or listen to reason. He seems to be in fashion just now, and in the popular use pessimist is a term of opprobrium. Every man of sense is a pessimist; that is to say, he is cautious. He knows that he must expect some bad luck and that things never turn out all smooth and easy as they are planned — he tries to prepare for evil contingencies by precautions and an "anchor to windward."

These decisions must nowadays be made by the concurrence of large bodies of men because the industrial organization is so large and complex. The decisions of policy affect the relations of parties in the industrial organization, that is to say, they affect rights. The decisions also call into being institutions or provide for ways of using existing institutions by methods which are due to "understandings" or agreements. In the majority of cases these decisions must be made by the legislature

and take the form of law. They then affect the interests of the whole population and the rights of individuals and groups. The problem of justice in these cases is a serious one. It is rendered more serious by the speed with which the changes occur, on account of which there is not time to revise and correct one policy before another supersedes it. The coercion of the state to enforce a policy decided upon by the legislature is indispensable. The state is an organization of force. In its origin it was an organization of force for conquest and subjugation, and it produced plunder, slavery, and the exploitation of one group by another. In its highest forms it has become an organization of force to enforce rights and to give efficiency to institutions according to the views and policy which prevail in the community at the time. The co-operation of the state, therefore, with industrial enterprise, to maintain peace and order, to ensure the regular operation of civil institutions, and to guarantee rights is indispensable to industry. This is the connection of economics and politics.

During the nineteenth century the state, as it was inherited from the eighteenth century, has undergone great improvement. The nineteenth century inherited from the eighteenth vague notions of political beatification. To abolish kings and get a "republic" would, it was expected, bring universal and endless peace and happiness. Then the idea was to get the "rights of man" declared and sworn to. Then the result was to come from universal suffrage in the republic. Then democracy was to be the realizer of hope and faith. It was thought that a democracy never would be warlike or extravagant in expenditure. Then faith was put in constitutional government, whether republican or monarchical. Next hope turned to representative institutions as the key to the

right solution. The century ends with despondency as to each and all of these notions. Now social democracy and state socialism seem to be the divinities which are to beatify us. The faith that beatification is possible and that some piece of political machinery can get it for us seems to be as strong as ever. In the details of life and practice much has been gained in regard to peace, security, conditions of welfare, and actual experience in the body politic, beyond what existed a hundred years ago. The security of life, property, and honor, for men and women, is greater in all civilized countries than it was.

Wherever there is a force in human society the problem is to use it and regulate it; to get the use and prevent the abuse of it. The state is no exception; on the contrary, it is the chief illustration. In all the forms of the state which ever have existed families, groups, classes, corporations have struggled with each other to get into their hands the power of the state. To get control of this power is to win the industrial products (wealth), after other people have made them, without labor of one's own. This is the real objection to all class government, and it is just as strong to-day against the democratic mass or the middle class joint stock company as it ever was against king or aristocracy. The great and standing abuse of the political organization is the control of it by a clique or faction so that they can use it to serve their own interests at the expense of everybody else. No state ever has existed which has not been subject to this abuse, for, in practice, the power of the state must be in the hands of some group of men. The theory of the state is that this group is to use the power for the welfare of all. In practice they have always used the power for their own advantage.

The nineteenth century bequeaths to the twentieth a state organization which is still infected with this vice

under new forms which conform to the middle class constitutional state with representative institutions, whether it is monarchical or republican, aristocratic or democratic. In fact, the immense increase in all facilities of transportation and communication has made it not only possible but necessary to organize industry in co-operative combinations which reach over state boundaries and embrace the whole globe. It is idle to criticise or bewail this fact. The genii whom we call up will obey, but there are consequences of using genii and he who uses them must take the consequences. If we use steam and electricity we must get space for their evolutions, and we must adjust our plans to their incidental effects. Organization on a grand scale is a necessary consequence of steam and electricity. The little independent man is forced into a place in a great organization where he may win more but will lose his independence. It is as inevitable as the introduction of machinery and the consequences of machinery.

The corresponding function of the state and the importance of the political element (legislation) have increased in equal degree. The modern industrial state transfers millions on a punctuation mark in an act of the legislature. To get the legislative machine into one's control is worth ever so much more than it ever was before. To get the use and avoid the abuse of the state is harder than it ever was before. It is harder in the democratic republic than in any other form of the state. There are thousands of men in public life or in the lobby who suppose that this is all as it should be. They suppose that to elect a legislature and then work bills through it which will be to somebody's profit is the regular order of things. That, they suppose, is what it is all for. There is not a civilized state with parliamentary institutions which has not had a financial scandal within ten years.

It is a great mistake to say, as we hear people say every day, that this abuse is perpetrated by capitalists and corporations. It is perpetrated by everybody. Capitalists try to get a protective tariff. They turn to the laborers and say the tariff will raise their wages, and the laborers respond at once to the pocket argument. Everybody who can get a pension votes for pensions regardless of justice, right, truth, public welfare, and all those other noble things. Socialistic schemes are without exception appeals to the greed of the masses, for the propositions all mean taking from those who have and giving to them who have not. Policemen, teachers, and other employees organize politically to further their pecuniary interests at the public expense.

Populism or social democracy is the abuse of democracy which is parallel to the older abuses of earlier forms of the state. In democracy the power resides in the masses. In social democracy the masses are organized to win materialistic advantages for themselves by the use of their political power. In all our discussions we talk as if political functions ought to be exercised in obedience to some abstract notions of political and societal welfare. In practice they are exercised to serve interests. Debtors *vs.* creditors, tenants *vs.* landlords, shippers *vs.* transporters, wage receivers *vs.* wage givers, passengers *vs.* carriers, *et cetera* are, of course, antagonistic in their interests. Their antagonism is in the industrial organization. They have recourse to political engineering that they try to direct against each other for victory in their economic battles. If a group of us are passengers, let us get passage rates fixed by law. Why then may not the carriers at the next session get a majority and advance their own interests at the expense of passengers? The temperance people took to politics to crush the saloon. The saloon organized

politically first for defense, then for aggression, and it became a permanent power in politics. This retaliation or reaction is to be counted upon, and it results in turning politics into a scramble of interests. The interstate commerce law was thought to be a great gain when it was passed. It was planned to satisfy certain views and to override and destroy certain usages. The assailed interests defended themselves and sought escape. Whoever imagined that the law would have the effect which it has had on the railroad organization of the country, although it was fully predicted that its effects would be far other than those which were expected and intended? The lawmaker who goes to work with his face in one direction expecting to advance on a chosen line will find that he always has reactions to deal with and that they may be far stronger than his purpose.

Evidently all this tends towards an alternative question. Can the state find anywhere power to repel all the special interests and keep uppermost the one general interest or the welfare of all? Will the state itself degenerate into the instrument of an attack on property, and will it cripple wealth-making or will the wealth-making interest, threatened by the state, rise up to master it, corrupt it, and use it? This is the alternative which the twentieth century must meet. It is the antagonism of democracy and plutocracy. It is the most momentous antagonism which has ever arisen in human society because it is internal; it is in the vitals of society. We have had a foretaste of it in the last two presidential elections in which the voters have shown that they would disregard everything else in order to secure property interests and the public order which is essential to wealth production. The problem would be far easier to solve if it were not for the easy political optimism which is another of the

bequests of the nineteenth century to the twentieth. We are told to "trust the people"; that the people will decide all questions wisely; that the people will protect its institutions and will correct all abuses. Who is "the people" as the term is used in these hard-worn phrases? Where does it stay? How can it be reached? Where does it utter its oracles? How can we test and verify what is asserted about the people? We have been trained in a habit of "wanting to know" on all the other fields. Why may we not demand to be allowed to employ the same processes here? The people is what is called nowadays a "political symbol." It is a mythological product and has no definition. It is an object of reverence and faith like Fate or Destiny. We know that it is not the population. It is a part of the population but an undefined part, a lost part absorbed or immanent somewhere in the total. The word is one of the counters with which party editors, politicians, and half-educated platform orators juggle. Why does not the people do some of the things which we are told that it can do, so that we might believe in it? There are tasks enough undone, which are the people's business. The people is said to rule in a democratic republic. It fills no offices. We see it nowhere. It has reserved to itself the function of selecting legislative bodies from time to time. This is the way in which it rules. The rest of the time it is quiescent. We go into the legislatures, and we see what kind of men the people has selected. We see then how it has performed this function.

The eighteenth-century republicans were sure that if the people elected the legislature, it would select men of brains, character, virtue, independence, and so forth. We have found that this expectation was a delusion as much as the notion that democracies would be unwarlike

and frugal. The point now is, however, that it is the legislature which the people elects which has got to meet the assaults of special interests which were described above. The root of all our troubles at present and in the future is in the fact that the people fails of what was assumed about it and attributed to it. If the people is (as the newspapers say it is) angry at the raids of plutocrats on the legislatures, why does not the people elect legislatures which cannot be raided? He who rules is responsible, be it Tsar, Pope, Emperor, Aristocracy, Oligarchy, or Demos. Some people wax very indignant against anybody who, as they say, bribes a legislator. It takes two to perpetrate bribery. The relation between the two may vary through a very wide scale. It is possible that a man may buy a legislature to get what he ought not to have. It is also possible that a legislature may blackmail a man before giving him what he ought to have. There are many grades between these two extremes. The bribee is in any case more base than the briber, for he betrays a public trust. Why does not the people elect legislators who will do their duty and not take bribes at all? The indignant denouncers of bribers stand with their backs to the truth. No one would ever bribe a legislator if he could get what he wanted without it and could not get what he wanted even with it. Of course this is no apology for the briber. It is an attempt to analyze the case in order to see the real elements in it and their relation to each other. Our popular preachers and teachers will not entertain the possibility that the people is at fault. In fact, the people is altogether at fault. It has not done its first duty in the premises, and therefore the whole institution has gone astray.

The current answer which is given with confidence is that the people is controlled by politicians. It is true,

but it is a fatal answer. What shall be said of an oracle which pleads that somebody deceived it? What shall be said of a sovereign who says that he was dictated to by somebody?

Democracy is another "political symbol." It is unanalyzed. The term is used as if it had a single and simple definition. Democracy includes Jacobinism, Sansculotism, Social Democracy or Populism, Mobocracy, besides two or three legitimate forms. When it is glorified in orations and books one kind is meant. When it is in operation another kind is at work. Before the twentieth century is out, men will know more about democracy. It answers our present purpose to note only that democracy is the power of numbers. It assumes that numbers have a right in the nature of things to rule. Of course that is entirely untrue. There is nobody who, in the nature of things, ought to rule. The doctrine that the "voice of the people is the voice of God," is just as silly as the doctrine that the voice of the autocrat is the voice of God. We have had the fetish man (king priest) and the fetish book. Now we have the fetish crowd. The sum of superstition in the world seems to be a constant quantity. The divine right of a big (or bigger) number to rule is just as false as the divine right of one to rule. No one has a right to rule. It is all a question of expediency to get our affairs carried on satisfactorily. Why not have done with "natural right," and "divine authority," and the rest? We have got rid of them in metaphysics and theology. Why should a hard-headed and practical people transfer all this old superstition over into politics? Why get up a new political mythology and a new apparatus of fictions and humbugs? Why not look at things as they are; not at words? Democracy is like every other —ocracy, a dogmatic system; and we are surfeited with

phrases, catchwords, cant, dogmas about democracy which are false. The trouble with them is that they are popular. People like them. They know that they are falsehoods, but they are flattering to human nature. There is a great deal of pathos about democracy, using pathos in the original Greek sense. It is surrounded with a halo of sentiment and emotion, and is enveloped in affectionate concessions which protect it from scrutiny. It is a pet notion which is in fashion, and so there are penalties against anyone who touches it rudely as he might touch monarchy or aristocracy. It is elevated into the plane of a social religion and is given the prestige of political orthodoxy.

It is in the nature of things that a set of conventional falsehoods and stereotyped dogmas should produce false institutions. You begin by attributing to numbers an authority which numbers never possess and cannot exercise; and you end with a legislature which has not the brains or the integrity to stand a raid by the lobby. You look for some representation of *all* which shall defend *all* against some. This, as has been shown above, is the great need in any and every form of the state. You find agents of *all* ready to betray *all* to some. Democracy is jealous of the power of wealth. It denies the right of wealth to political power and ostracizes it. What happens? Wealth is power. Everybody knows it. It is a just social power. In modern society wealth (capital) is the power which has supplanted rank and which moves the world. Its power in society is even made subject of exaggeration and denunciation. This surely is recognition of it. Socialism, denouncing property, is only trying to get property (other people's — that of the rich to give it to the poor). All schemes of social amelioration or improvement aim to make poor people richer. It always has been so. Plu-

ocracy has existed in all society in all ages. In truth, it is not as efficient now as in any former age, assertions to the contrary notwithstanding. The jealousy and hostility of democracy to plutocracy are due to the fact that democracy recognizes its adversary.

The economic state of the world at the present time, as described at the beginning of this article, is the cause of the power of democracy. Numbers are now economically demanded. The man is superior, for the time being, to the dinner or the dollar. In other states of things men will be present in greater supply than the demand will employ. Then the dinner will be greater than the man, as it has been many and many a time in the course of human history. During the twentieth century the men will be in demand, and democracy will be strong, but the wealth, denied recognition and legitimate power in politics, will do what we now see it do; it will exert an illicit and corrupting power because its processes will be secret and unavowable. It is amusing to hear "publicity" advocated as a cure when secrecy is a minor symptom only of the disease. Plutocracy is not every form of the power of wealth, much less is the word properly used when, as often occurs, it is used for great wealth and luxury. Plutocracy means properly a form of societal organization in which wealth is the ruling power. Hence a democracy turns into a plutocracy not when it recognizes wealth as a legitimate form of social power in any state but when after trying to exclude it from any power a state of things is produced in which wealth is the real power by secret, illicit, and corrupt operation.

The state of things which results is well known to us, but the current discussion of it is very one-sided. No one appears to admit that democracy can be at fault. What are the facts? Legislative strikes, "hold ups," and

special legislation are complementary forms of abuse. The kind of legislature which "the people" elects goes to work to threaten wealth, especially corporate wealth, with hostile legislation or, when asked to pass acts which are needed to organize industry, it makes interested opposition. The men to whom great corporate interests are entrusted have to meet the situation. If they did not attend to the matter before the legislature was elected they would find themselves in calamity a little later. This aspect of the matter is either ignored or denied; but one must have little knowledge of affairs as they go on to dispute the truth of it. The next development is the boss. The money interests would never meddle with legislation if they could help it. It is dangerous. They prefer to deal with a boss who holds no office, who is an individual, who can be held responsible to them but not to the public, who wants only campaign funds. This is a new and very evident corruption of the democracy, for it strengthens the evolution of the boss. When the money interests and the boss have formed their alliance, it is available to enable the plutocrats to get what they ought not to have. The action and reaction of these operations is disastrous to the political system; and this reaction is exactly what forms the chief part of legislative activity to-day. The twentieth century inherits it as a system in full operation whose consequences the next generations must meet and whose remedy they must find. There ought to be a free and pitiless exposition of democracy, as a political system and philosophy, which would show just what it is and is not.

The evolution of democracy has produced a type of person in the nineteenth century which is now to be bequeathed to the twentieth. This is the man-on-the-curbstone. He is now in full control, and his day of glory

will be the twentieth century. He is ignorant, noisy, self-sufficient, dogmatic, and impatient of opposition or remonstrance. He is ready to talk at any time about anything, but he prefers to talk of public affairs. He talks a great deal. Often he edits a newspaper. The newspapers bow down to him, flatter him, and treat him as the specimen type of "the people." It is in the name of that venerated "symbol" that he commonly speaks. When he wants to say a thing he says that the people says it. When he wants a thing he says that the people wants it. Taine called him the *cuisire*, for he is well known in France, where he is almost always an editor. He is also in authority in England. He is the typical person who is referred to as the common man, the average citizen, and who is credited with superhuman insight and wisdom. His cleverness is put in especially strong contrast with that of the learned. The doctrine seems to be that if a man who once was humble and ignorant uses all the means mortals have in order to try to find out something, the result is that he knows less than his humble and ignorant comrades who never made any such attempt. The man-on-the-curbstone is not one of the quiet people who go about their own affairs and who, since they make no noise, are neglected. He puts himself in evidence, and seeks opportunity to make demonstrations with badges, with shouts and cries. He responds very promptly to the military appeal. That is exactly in his line. There is no need to know or think much. The affair is one of noise and hurrah, bells and trumpets, flags and drums, speeches and poetry. He is always great on patriotism. He supposes that patriotism is an affair of enthusiasm and brag and bluster. He calls the flag "Old Glory" and wants a law that it shall be raised on all schoolhouses. Such matters as this occupy his mind. He has taken us

and since the Spanish War and has fixed the destiny of this country. The people who knew better have nearly thought it policy not to oppose the popular current by this type of person. The newspapers have taken their cue from him, and our destiny has been settled without any reason or sense, without regard to history or political philosophy. That the press, the pulpit, the universities, the magazines could have so given up their positions and prostrated themselves before this organ of fear, for fear of falling out of sympathy with the man-on-the-curbstone, would have been incredible if we had lived through it. What is the use of trying to learn anything? What is the use of preaching to young men that they should stick to what they think is true and should act from principle not from popularity? Their parents and teachers do not do it. What is the use of preaching "commercialism" and the power of money? All humbug, if we know that everybody does and will do from gain or policy when the occasion arises. What is the use of talking about making good citizens in our universities when our young men see that what everybody does is to listen for the keynote from the man-on-the-curbstone and then begin to shout it as hard as he can without regard to anything else. All humbug is shameful and disgusting. If commercialism is the code, let us avow it.

The man-on-the-curbstone is not a speechmaker. His method is emphatic conversation with anyone who comes along. He writes frequent letters to the newspapers which appear in the column of "Letters from the People." No one who ever reads that column will be able to retain a truth in the people." Perhaps the most remarkable display of what the man-on-the-curbstone is capable of was his letters to the newspapers on the Sampson-Schley

controversy, in which he stated his valuable opinion on the strategy of the naval battle of Santiago. He (and his wife) assails legislatures with fads about the naval canteen, vivisection, textbooks of physiology, the age of consent, for he prides himself on being a reformer and a man of moral motives. This is the ruling class in the United States. He is one of the most marked products of the nineteenth century, and the twentieth will have its woes before it has done with him.

The eighteenth century bequeathed to the nineteenth notions of the state of nature, natural rights, social compact, equality of all men, sovereignty of the people, fighting doctrines. The nineteenth century is bequeathing to the twentieth a large assortment of popular or semi-popular notions about economic facts and relations. It is current doctrine in large circles of the ruling classes that the laborer (wage class) is entitled to the whole of the product; that all the wealth which the rich accumulate is taken away from others, especially from the poor; that land is a gratuitous gift of God which never ought to be appropriated by anybody; that God provided a fund (*viz.* the unearned increment from land) to pay the expenses of the civil organization; that there is some danger from large aggregations of capital; that it is not the man who creates the wealth which he accumulates but the society around him so that this society may justly confiscate it when he dies; that there is some innate tendency in things which is called progress, meaning a tendency all the time to become more and more as men would like to have them. The natural and necessary effect of the increased material comfort of the nineteenth century is to increase discontent. This is perfectly correct in human nature. The contented man is he who never had anything and never had any expectation that he ever could get anything.

To get something opens the mind to hope for more and produces discontent. The countries in which the gain has been greatest are those in which the discontent is greatest. A writer who knew Russia said that there was no discontent there except amongst those who expected an order or title on the last royal birthday and did not get it. The social and political philosophy which has been spread abroad in the nineteenth century has nourished a doctrine that if a man wants anything which he has not got it is the fault of somebody else who ought to be found and compelled to give it to him. The age is fond of phrases. It cajoles itself with words. Its literary and rhetorical purveyors treat it as if it would take nothing but honey and pie. The future historian, if he ever reads the newspapers of to-day, will wonder whether the American people of to-day really were so unwilling to listen to reason that it was necessary to feed them all the time with flattery, appeals to national vanity, gratification of their ill-educated prejudices, and reiterated assurances of their greatness, wisdom, and virtue. The real interests of the country and these matters with which popular attention is all the time occupied stand in glaring contrast to each other. It is the combination of all these tendencies which gives significance to the above mentioned economic notions. The United States has its peculiar phases, but other states suffer from the same popular delusions. The rage of disillusion and disappointment will have to be met by the inheriting century.

The bequest of economic and social confusion and contradiction, not to say fallacy, which the dying century leaves to the coming one is a formidable charge of peril and societal burden.

The mode of thought according to which popularity is a test of truth, right, or wisdom leads people to say that

few believe in a certain proposition or hold a certain opinion, as if that was conclusive as to the truth or correctness of the proposition or opinion. No one could seriously believe this. The number of people who believe a thing to be true does not even create a presumption about it one way or the other. If it did, why not open the polls and get the oracle to solve some of the hard questions in the domain of science, for instance, the monogenistic or polygenistic origin of the human race. Are political and social questions so easy that the poll plan may be applicable to them and not to abstruse scientific questions? Quite the contrary. The questions of social policy which are mooted to-day are the hardest questions with which we have to deal because we have no positive and specific processes by which to solve them. They also bear the heaviest weight of consequences for the weal or woe of men. But the great point in connection with this matter of popularity is this — What is the use of education, learning, training, discipline, if the numbers can solve the questions? or if numbers hold the ultimate test by which to revise and verify the results? Of course we have no ultimate tests of truth and wisdom. That is a reason for caution and study; it is not a reason for throwing every interest into the street to be kicked around in the crowd and amongst the newspapers, to be caught up by politicians, when it has got a certain vogue, so that they think they can make capital out of it, and to be embodied in crude and hasty legislation whose consequences will be utterly different from what was expected. The history of every year which passes is full of cases of this kind.

Everybody is passing judgment on the way in which his neighbors choose to live. Why not let each other be happy each in his own way? Every man, every group resents the criticism and regulation when he or they are

affected by it. The farmers want an oleomargarine law, but if a dairy law is proposed they resist it with all the doctrines of the "let alone" policy. What everybody wants for himself is "peace and quiet." It is what the age needs for the recuperation of its nerves, but society is full of schemers eager to "get a majority" so as to use it to meddle with some other people's way of living their lives. The young century inherits turmoil and clamor with little knowledge or sense. The newspapers are, according to the conditions of the case, forced to catch everything as it flies. They have no time for quiet and sober reflection. They never finish anything. They never go deeply into anything and never go back to correct mistakes. The methods are those of haste and superficiality, and what tells is the most striking phase of a matter which at the critical moment happens to be uppermost. In the turmoil and clamor what is most effective is anything which can capture attention and hold it for a moment before the chance passes. Hence the point of what is here said is not, for instance, the question whether the imperialists or the anti-imperialists are right; it is whether what is done either way shall be decided by sober knowledge and reason and whether the discussion of the matter shall be conducted on a plane of considerations which are appropriate for an enlightened society. The popular talk about "Destiny" and "Providence" has this much sense in it, that it recognizes and expresses the fact that we have been whirled along by quite other methods than these, at the sport of forces which we set loose but cannot control, and loaded with consequences which we find it hard to bear.

The opposite of the popularity theory of truth, wisdom, and right is the expert theory. According to this we must look for truth and wisdom to the specialists in each case,

and the work of society is to be carried on by combining the knowledge which they all bring to the common stock. Every man of sense acts on this theory except in politics. Popular discussions are generally carried on in the form of submitting the facts and leaving the hearers to form their own opinions. Is it true that "forming opinions" is the easy part which anyone can do for himself? Quite the contrary. The greatest astronomer living, if he wanted to know what to think about a question in biology, would go to a biologist and ask him what he ought to think about it. Of course he could not do otherwise since he would have questions in chemistry, physics, political economy, and so on without end, and he would need a hundred lifetimes in which to "form opinions" on them all. "Authority" is out of date, but everyone must know that competent authority (on everything but political and social questions) is what we have to live by. All that has helped mankind to gain anything (what is commonly called progress) is *knowledge* of the world in which we live. The masses have never won knowledge. Instead of numbers, it has always been individuals who have won knowledge. It has not come of itself to "those who eddy round and round." It has cost toil and sacrifice. In every domain except politics the authority of the specialist and expert is being more and more definitely acknowledged. Especially in the arts, as they go on to more complex development, the scientific training is more essential and is commanding its authority. Are political and social affairs any proper exception? As they become grander and the interests affected by them become greater, the forces of greed, vanity, chicane, passion which enter into them are, as we see, more powerful. How shall our affairs prosper in this domain except by knowledge and special training? The new century may well complain

that the last one hands down to it political institutions and machinery which are in irrational contrast to other societal developments and to the tasks which are handed down at the same time.

The man-on-the-curbstone resents expert advice and the whole theory of special knowledge. He says that it is undemocratic, un-American, and that it shows distrust of the people. He is conscious of the issue which it raises, for the expert theory of human affairs would dethrone him from his position. He cannot afford to take expert advice, for he would confess his own incapacity for the functions which he has undertaken. He is like an incompetent autocrat who must be acted upon by a clever minister, by suggestion and insinuation, so that he may believe or at least pretend that the ideas originated in his own mind. Our politicians treat the man-on-the-curbstone in the same way. Civil service reform is the first positive measure in which the expert theory and the numbers theory have come in collision, and the history of that effort is instructive for the understanding of the issue and the obstacles which it will meet. The more the economic system expands and the greater its power to produce wealth becomes, the greater also the responsibilities and tasks of the state become by territorial expansion, the greater will be the harm from institutions and usages built on delusive dogmas of political power and wisdom. The young century will have a right to complain that the penalty of all these dogmas and usages has been passed down upon it.

It is very easy to take sides in regard to the antagonisms which have been noted and to say that, of course, the other side is doing wrong and therefore is to blame for all the trouble. Democracy and plutocracy make each other worse by their conflict. That democratic institu-

tions are corrupted to their core by the plutocratic legislation which has been described is obvious. There is nothing left of democracy when politicians squeeze money out of capitalists and corporations with which to win elections and pay it back by jobbing legislation. The most essential interests of everybody who has any property, from the man who has a hundred dollars in the savings bank up to the millionaire, are imperilled by legislative strikes and jobs and crank legislation according to a Henry George or some other half-educated apostle of the millennium, in which everybody is to have everything for nothing by recognizing and securing to him the gifts of God — as if the world bore any evidence that God had made it to be a paradise for everybody without any trouble. Everybody applauds denunciations of plutocracy or of democracy according to his adopted standpoint and pet notions. Everybody dreams of a victory for his pet ideas "in the twentieth century." They will all be disappointed. They will produce great strife and confusion and loss, but the bigger force will prevail over the smaller in 2001 just as surely as it does to-day. Now, what is the greater force — the man or the dollar (we should say the dinner)? There are those who say that the men are, and they wax indignantly eloquent at the idea of putting the dinner above the man.

Now note the facts of experience: (1) the cases of the tariff, the pensions, the socialistic devices, in short, all the cases in which men make friends with the steal when they get into it, prove the power of the dinner over the man, because they show the man repudiating his principles in favor of his interests. (2) All the achievements of the plutocrats which are denounced prove that they are men of transcendent ability, more powerful than thousands of other men put together simply by force of brains.

Every disputant who enters the debate affirms these two facts. They are the foundation of the case of all who believe in numbers. Now put them together. Then we have the men of intellectual force, with the force of capital in their hands, and the very arena in which they have shown their power is that of "votes" and of the democratic legislature, where the orators of lunar political economy say that they expect to defeat them. What is the conclusion? That the plutocrats should be allowed to have their own way? Not by any means; but that the lunar politics should be discarded and not allowed to form the platform of attacks on property. Property is the strongest, deepest, most universal interest of mankind. It is the most fundamental condition of the struggle for existence; that is to say, of the welfare of mankind. It does not mean millions of dollars; it means cents. It must be aggregated in large masses under personal control or the work of society cannot go on. It is silly to get into states of excitement about "large aggregations of capital" or the "excessive wealth of individuals." If the legislature were pure and if it restricted itself to its proper business, it would have no trouble at all in regulating any arrogance of wealth whenever it showed itself. The contest of democracy and plutocracy is the contest between the economic power and opportunity mentioned at the outset and the political conditions under which it must be carried on.

In the history of the United States the conflict between democracy and plutocracy began when the protective system was adopted, and the protective system has been the origin of all the ramifications of the special abuses of legislation which have come in since, for the evil methods were invented in connection with tariff legislation, and the great device for forcing legislation on behalf of other

special interests has been to threaten to break the steal if not admitted into it. The protectionists have necessarily been forced to help every other job. It has, therefore, become a question in regard to every "reform" whether it is a real contest against an abuse for the purpose of destroying it or only a means of forcing admission for another party into the profits of the abuse. The reforms all die, one after another, when the clamor ceases, and that comes when those who made the outcry have been appeased by a slice of the plunder. There are very few groups of reformers who have not succumbed to these bribes. The statesman who put into a formula the determination to fight the steal or get into it deserves the honors of the debate. The ship subsidy is the biggest and most shameless proposition to perpetrate a job and a steal in the face of the whole country which has yet been made. It may be taken as a landmark in political jobbery to show at the turning point of the century how far we have come. The pensions, the oleomargarine law, the attacks on trusts and department stores, and the formulated demands of populists and "organized labor" are only other incidents in the rising war inside of society between democracy and plutocracy.

The protective system is another problem which is bequeathed to the new century, not only as a part of plutocracy but as a positive device. Free trade is not a matter of political economy. It is a matter of common sense and enlightenment. As the great modern inventions draw the world together and consolidate the whole into one great economic unit, the state lines which mark off political control are found to break the prosperous action of the economic functions. The protective laws of the different states of the world are now a gigantic attempt to defeat the action of all the great modern industrial

forces and in spite of them to give arbitrary form to the local industries of each separate state. Can it be done? No intelligent man can believe that it can be done for long. The attempt can produce only confusion and loss. Every interest which is staked on it is in peril every moment, for a new invention at any moment may make all the tariff apparatus futile and ridiculous. There must come a time when it is a question of life or death to all the interests inside of the protective system to take it down, and the problem how to take it down is a very serious one from any point of view. The generation which has to take it down will not see in it any reason to bless their fathers for building it. Already experience has shown us some of the contradictions between being a state with a stringent protective system and being a world power. The contradictions will work out a solution which the twentieth century will have to meet. It is no enviable task.

No statement of the bequests of the nineteenth century to the twentieth would be complete if there was no mention of the newspaper press. It may be thought that popular prejudices have been assailed with considerable boldness in this paper but no one will wonder that courage fails when it comes to doing any justice to the press. The newspaper may be said to be a creation of the nineteenth century, for what was inherited from the eighteenth hardly deserves mention. No one could put a worse stigma on "the people" of today than what an editor recently said: "A people gets as good a paper as they deserve." If one of the newspapers which people are seen reading in the greatest numbers in the cars is examined and if the inference is drawn that this is what meets their intellectual taste, then democracy is doomed to perish after running a course of social corruption and decay. It is idle to deny that the worst papers are the most popular and make the

most money. The newspaper is put in the sharpest corner between the demands of a high social calling and the allurements of money-gain. As the antagonism of these two standards of action is more and more sharply accentuated in society, the newspaper is driven to a crisis of decision, which may be compromised for a time but not long. The universities and the church are pushed into it also, but the newspaper is in the heart of the social strife and turmoil. The result is that the press is, on the one side, an institution of indispensable social utility, and on the other side a foul nuisance. It exerts a tyranny which no one dare brave. One of the most remarkable facts, however, about the newspaper at this turn of the century is that a great newspaper becomes an entity independent of the opinion or will of its managers. It gets headway and drags them along with it. It has a reputation and policy and becomes subject to the law of consistency. Its managers are hampered by considerations, and obligations, and if they try to do justice to them all, they dare utter only colorless platitudes. If then they get a chance to "pitch into" something or somebody who has no power of defence they seize the opportunity to manifest freedom and independence. The result is blackguardism. The young century deserves pity when it accepts this bequest. What priestcraft was to the fourteenth century, presscraft is to the twentieth.

The summary of the line of thought in this paper is that while the outlook on the twentieth century from the industrial standpoint is in the highest degree encouraging, the outlook from the political standpoint is of the opposite character. It is essential to the interests of human society that its institutions should be developed harmoniously; its political institutions and methods must be adequate to perform in a healthful manner the func-

tions which they are called on to perform in order to sustain the development of the industrial organization. Such is not now the case, and the consequence is that the nineteenth century bequeaths to the twentieth a great degree of social confusion, both in ideas and in institutions, which is due to the maladjustment between the industrial system and the political system. It is plain that each of these systems has a sphere of legitimate and independent activity. A victory either of democracy over plutocracy or of plutocracy over democracy would be disastrous to civilization. For the present and the immediate future the purification of political institutions is the most urgent task which demands our effort, and it seems that the most effective effort in that direction is to dispel the illusions and popular notions which now prevail in this domain.

GLOBALIZATION AND WORLD CITIZENSHIP

To: President Clinton
From: Martha Nussbaum

One of the most contested issues in American politics is of course the relationship between America and the world. Sometimes Americans tend to favor isolationism; sometimes they tend to suggest that we should follow military and economic self-interest, and nothing else; some people suggest that human suffering beyond our borders is of no concern to us. It would be extremely good if the State of the Union address could be explicit about a new direction, one that is attracting broad support at the end of the millenium, but that also receives support from writers and thinkers two millenia before. On that view, human beings are, among other things, "citizens of the world," and the idea of this broader citizenship should be part of their individual conduct, and the conduct of their nations.

Almost two thousand years ago, the Roman Stoic philosopher Seneca wrote that each one of us is a member of two communities: the national community of our birth, and the community of all human beings, which is "truly great and truly common... in which we look neither to this corner nor to that, but measure the boundaries of our state by the sun." Thus, to use a phrase the Stoics made famous, we are all "citizens of the world." Although we are members of a nation, we are also human beings; recognizing the worth and dignity of humanity makes us members of a moral community that transcends nationality. This moral community, the Stoics thought, imposes duties on us all, in our conduct with fellow human beings who live at a distance. These include duties not to wage aggressive warfare, and to intervene on behalf of the oppressed; duties of hospitality to aliens on our soil; duties not to use cruelty or deception in our relations with any human being anywhere.

According to this way of seeing things, which lies at the heart of the Western tradition of political philosophy, all human beings are in a very deep sense our fellow citizens; when someone is wronged in a distant part of the globe, we cannot and should not be indifferent, for it is one of our fellow "world citizens", in that great republic of humanity, who is suffering. As German philosopher Immanuel Kant put the same point in 1795, at the dawn of the Enlightenment, in a work called Perpetual Peace:

The peoples of the earth have...entered in varying degrees into a universal community, and it has developed to the point where a violation of laws in one part of the world is felt everywhere. The idea of a cosmopolitan law is therefore not fantastic and overstrained; it is a necessary complement to the unwritten code of political and international law, transforming it into a universal law of humanity.

Kant did not wish for a world state; he thought in fact that it was a good thing if people continued to live in separate states, so long as these were governed by republican institutions -- for local forms of government are more accountable to the people whom they serve. But he did think that all nations, and their citizens, must acknowledge a larger moral community made up of the human needs and aspirations of all human beings, and create a system of cosmopolitan law and morality that would prevent aggression and create the conditions in which all human beings would be able to live flourishing lives, lives worthy of human dignity. He envisaged a federation of free republican states that would observe the moral duties that respect for human dignity generates, putting an end to war and promoting the freedom and well-being of all.

Today we live in a world that is, in one way, the very world Kant wished for. There are more and more free republican states, and these states have increasingly entered into relations with one another. Today it surely would be impossible for events in one part of the world not to be known and felt in another; the idea of universal connectedness has been made a vivid reality by the internet and the global market.

But in another way, it is not at all clear that this world is the world the Stoics and Kant wished for. For our relations with other human beings around the world are all too often governed by norms of expediency and profit, rather than by moral norms and a

respect for human dignity. The global market connects us all: but often the connection is not a richly human one. And the market can tolerate, and even promote, conditions of labor, and environmental conditions, that undermine human flourishing and violate human dignity. For Kant, our central duty is to treat humanity, in ourselves or in others, as an end in itself, and never merely as a means. All too often, the market treats human beings as means, not as ends.

The question is now before us: will globalization be a process of amoral and ruthless profit-making? Or will it be a process of truly human development, where the imperatives of human flourishing constrain and shape the practices of governments and corporations? As the late Mahbub ul Haq (leading development economist and former director of the United Nations Development Programme) wrote in the first of the Human Development Reports of the UNDP, "The real wealth of a nation is its people. And the purpose of development is to create an enabling environment for people to enjoy long, healthy, and creative lives. This simple but powerful truth is too often forgotten in the pursuit of material and financial wealth."

America, prosperous and free, has an unprecedented opportunity to influence the outcome of the globalization process. If we are to make globalization wear a human face, we must hold ourselves to a high moral standard in our actions with our fellow world citizens. For the private sector, this means observing high standards in policies affecting labor and the environment, even when local laws in a foreign country do not make this mandatory. The 1999 Human Development Report commends several U.S. corporations for just such courageous moral standtaking. For government and the private sector, it means supporting education and health around the globe, and giving vigilant support to the free democratic institutions that are the best way we know to support both dignity and happiness. For our nation as a whole, it means the courage to intervene on behalf of the victims of genocidal violence, of political oppression, of natural disasters, and of famines. It means supporting the well-being of women and

children, who are especially at risk in the globalization process, frequently doomed to lives of illiteracy and crushing menial labor.

Above all, being a world citizen means seeing and imagining: looking at distant lives with more than a casual tourist's interest, looking to see the humanity that is either being crushed or enabled.

We don't always act morally in our relations with our fellow Americans: often people exploit other people, or abuse them, or in other ways treat them as mere means to their ends. But our Constitution and our American laws and institutions express an ideal of respect for humanity. They tell us that treating our fellow citizens as ends requires allowing them political freedom and freedom of speech; not subjecting them to violence; not abusing them in the workplace; ensuring that all children have an education, and access to basic health and the necessities of life. It would be a moral outrage if we were to hold ourselves to these high standards at home, while contributing to exploitation and abuse abroad. We must work to make our moral ideals real in our dealings with all our fellow human beings. We are all Americans, whatever else we are. But we can no longer pretend that we are citizens of America only. We are citizens of the world. Let us strive to make that world a morally decent one, where human beings can flourish.

Generations of Americans before us, the heroes and heroines of war and hard times, of immigration and struggle, the ones to whom we owe a debt, dreamed of someday hanging up their shields and weapons—the armaments still shining in readiness but at rest, as proud reminders— and in the ripeness of time turning wholeheartedly to the instruments of peace. The difficult victories of those past generations have provided us, now, with the moment of opportunity. The plough and the olive-press are ready while the sword is still bright.

Let us not mismanage the harvest, but conduct it wisely, in respect for the past and for the good of those who come after us.

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In Joseph's parable to Pharaoh, the seven dreamed-of good years of rich harvest presented not a mere reward but a challenge: not an occasion for indulgence in luxury, but rather a responsibility—an occasion, in one word, for work.

We who have inherited the inspiring military victory over fascism in the middle of the Twentieth Century, we who have witnessed the crumbling of communist tyrannies at the close of the century, we whose parents and grandparents prevailed despite the Great Depression—we, now, must deal directly with the great question that underlies those historical struggles:

Will freedom thrive? The answer may lie less in how we deal with enemies than how we deal with ourselves. Will the new century bring individual people more dignity, greater security, enhanced well-being—or less? Will the power of twenty-first-century technology bring people liberty or squash them into helplessness? Will a worldwide economy bring individuals respect, or doom them to anonymity?

The answer is largely in the hands of us living Americans: will we choose to care for our common needs, or will we choose abject selfishness? Will we manage technology with consideration for human values, or will greed win out, so we allow our own inventions to trivialize us, isolate us and regiment us?

That is up to us.

It is up to us to decide: the cliché is: we have made the physical world smaller— will that accomplishment make our human lives larger? Will the devices of control protect life, liberty and the pursuit of happiness, or constrict them? In the new world of linked, global systems, we need the old ideals to help us. There is no standing still. We will either become more free, and better able to care for one another—it is up to us— or we will surrender to meanness in our communal life, an inner tyranny that would echo the old defeated tyrannies of the past.

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Can freedom thrive? Yes it can, if we see to it.

The Twentieth Century, for all its horrors, witnessed democracy defended in the heat of battle and in Cold War; human and civil rights extended; the needs of the elderly, the sick, the weak provided for at unprecedented levels. For that, we can thank those generations before us: besides their victories over dictatorship, they also attended to the aspirations of families; they preserved reverence for cultural differences and variety as a source of our strength; they fostered our system of public schools and universities—in these vital areas of daily life, the Americans who came before us have left us an abundance of civic wealth: a spiritual storehouse that, way beyond our material prosperity, endows us with this time of rich harvest.

It is up to us, now, to fill the storehouses for the future.

It is up to us, now, to live up to those inherited values: for what we enjoy today those earlier generations labored, and endured hardship, and sometimes gave their lives. We need to pass on the goods, for the future: to stand still is to slide back: to enjoy the inherited gifts without contributing to them would be to squander the treasure and mismanage the harvest. We must be good stewards.

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The scientific discoveries born in the demands of war and cold war have supplied peacetime wonders, improving transportation and medicine and many other areas, with astonishing gadgets and vital means from the compact disc to the CAT scan, from gene-splicing to the digital computer. But depending how we use them, these wonders from the foundry of battle have potential for damage as well as good—damage to our freedom, to our communal spirit, to the civic processes of our political life, to our environment, even to life itself.

To me, this double potential of technology, for good or bad, epitomizes the potential for good or bad in all our American material strengths in this new Century. We have inherited the mighty, magical instruments of transformation—and we must deal with them. Idealism is ready in our children—we must recognize and guide it.

The common saying is that the world is changing: indeed it is, and we must either use the changes to protect our ancient national treasures—our ideals, not our gadgets— or else succumb helplessly, and drifting without will, gorging only for the present, lose that inherited trove, the trove embodied in our founding documents and the work of generations who defended those spiritual goods, and stored them up for us.

In meeting that challenge, government will have to rise above the trite formulas and stereotypes of mere electioneering. To deal with transformation, we must rely on our deepest convictions, not partisan advantage. The old, Eighteenth-Century ideals of the Bill of Rights are not less relevant in the Age of Information, but more vital than ever.

Though in partisan debate about specific matters we will disagree, and argue strenuously, it is time to forge a new understanding of freedom and a new understanding of care. It is time to agree that protecting freedom and caring for community must inform every decision. Policy must be rooted in respect for the dignity of people. In the coming century we need to maintain the American tradition of care for individuals, transcending differences—in taste, in religion, in ethnicity, in needs, in sexual preference, in opinion, in culture, in all the variety that has been a cornerstone of our greatest accomplishments.

It is not enough merely to have preserved the victories of the Twentieth Century, as it is not enough merely to celebrate our oldest ideals, like trophies under glass—we must keep them bright with use.

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If we cannot use our brains and apply our ideas to preserve the victories of the past for the benefit of the future, then woe to us. If we cannot rise above partisan ambition and greed, if we cannot extend the double heritage of individual freedom and communal care, if we cannot harvest and store up the gifts of the past for the good of the future, then woe to us. For it is up to us, now.

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This is, profoundly, a practical matter, though it is nothing less than a spiritual goal. Practically speaking, how do we refine our tax system so that every individual and family is treated fairly? Practically speaking, how can we educate our children to be not just skillful workers but judicious voters and fit public servants for a democracy? Practically speaking, how do we keep the avenues of communication open for truly free expression, for the dynamic variety that has characterized American culture? Practically speaking, how do we protect our civic spaces and schools from the technologies of weaponry that were undreamed-of in the age of the musket--whether the new technology of death is in the hands of disturbed children or of terrorists? How in these good-harvest years will we assure decent medical care for all? How do we apply the astonishing new medical technologies fairly and ethically? And practically speaking, how do we make sure that all Americans share in our abundance an abundance that otherwise will be stale, fruitless and even fearsome for all of us.

We must decide, and our decision, in the Twenty-First Century, needs more than ever to be guided by ideals of individual dignity and communal care that hark back to the Eighteenth Century, to the Declaration of Independence, the Constitution and the Bill of Rights.

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Our country is large and diverse, but Americans have found ways to hold it together in common purpose. Our unity has been imperfect, even fragmented and it has sometimes been broken in strange ways: our historic racial division, which we are still trying to heal, is only the most egregious of these fragmentations—but when challenged Americans have

always found ways to work together to defend our ideals. Our victories have been victories by all, and if our nation has authority in striving to resolve conflicts elsewhere in the world, that authority is not merely a matter of power, but a recognition that we are—despite all our faults—truly a democracy; we truly believe in equality; and we truly have taken up arms in search of victory, not conquest.

We are not one folk or one race, or one religion, but many; and just the same, we are one nation: one nation held together by our ideals, and by the foregoers who conceived those ideals, and the foregoers who defended those ideals, as a precious seed-stock, for us.

Let us provide for the storehouses by cleaving to that spirit of unity that respects difference.

If the members of Congress, and all of us who hold office, find ways to formulate laws and policies guided by our real needs and our oldest principles, we can defend the victories of the century before.

If all Americans approach our civic life in the generous, optimistic spirit of our heritage, we can overcome the internal enemies of cynicism and despair.

And if young Americans, those who are still students, bring their skills and energy to the patriotic work of making our country more fair in practice, more generous in care, more free and tolerant in custom, then we can truly make a great harvest—in the storehouse of the future, we can fulfill the dreams of our ancestral heroines and heroes.

As we benefit from the gifts and sacrifices of the past, let us sacrifice some of our partisan advantage to serve our country, sacrifice some of our personal gain to serve others, sacrifice narrow self-interest to serve a greater good.

Let the old dream of the seven good years muster our imaginations toward a hundred.

MEMO

To: President Clinton

Fr: Bill Shore

Dt: 12/16/99

Re: State of the Union

Thank you for the opportunity to suggest several themes that might be deserving of reflection as you prepare your State of the Union message. I've not presumed to weave them into a speech, but instead set them out in a tasting menu to see whether any match your appetite. What they share is an affinity for taking the long view, which seems particularly appropriate at this time.

(1) If there is one thing upon which both friend and foe can agree as your Administration nears its end, it is that for all of the triumphs and failures, our work as a nation remains unfinished. And so it will always be. At our best we aspire to build on a scale that inspires and endures. But that is not something that can be achieved in our lifetimes alone. I've always been in awe of the great cathedral builders because their work has endured for centuries and often took as long to complete. The second largest gothic cathedral in the world, the Cathedral of Milan, took 513 years to build. That means that everyone who worked on it could only have known one thing for certain and that is that they would not see their work finished in their lifetime. That did not detract from their dedication and craftsmanship. It actually enhanced it. It's not an ethic that is necessarily prevalent in our society today, but it is one we must aspire to.

(2) The social paradox of our time is that prosperity hides poverty. Good times distract us from the bad. Prosperity creates comfort and comfort is the enemy of change. The Center on Budget and Policy Priorities reports that in 1999 the wealthiest one-percent of the population is projected to receive as much after-tax income as the bottom 38% combined. One response to this must be to create a new kind of wealth, community wealth, through business enterprise, marketing partnerships, licensing, and other mechanisms that enable community organizations to literally create their own wealth.

(3) Nothing undermines a prescribed course of action more profoundly than a flawed diagnosis. Because of the persistence of issues like hunger, poverty, illiteracy, teen pregnancy, etc., most people think, and most grantmakers act like, we do not know what the solutions are to these and other social problems. But the facts and our experience as a nation suggest that just the opposite is the case. We see, and often fund, many solutions that are having the impact they are supposed to have. The Rheedlen Center in Harlem is an integrator of critical services for at-risk youth. Through teaching, training, feeding, and mentoring, Rheedlen has demonstrably transformed the lives of countless boys and girls. Mary's Center in Washington DC has reversed infant mortality statistics and poor maternal and child health statistics for thousands of families. The Enterprise Foundation and the Local Initiatives Support Corporation have enabled community development organizations to build hundreds of thousands of homes and businesses. Each of these organizations has a track record of effectiveness and broad support that crosses political and ideological lines. What they do works. Almost every community in the country has examples of such solutions. What we have not done well is figure out how to make those

solutions affordable, sustainable, replicable, and how to get them to scale. That is a very different challenge, and one that requires new strategies and new tools. Until now, one to which far too little attention has been paid to it. Our future success in fighting hunger and poverty demands a shift in focus.

4) American democracy self-corrects, slowly but surely. The old order, just when it seems most entrenched, invariably yields to the new. Whenever the body politic sprains an ankle, it finds a way to shift its weight to the other one. That is what we're witnessing now in the shift from political activism to direct community service. Our political institutions may be limping, but fortunately a truly vibrant democracy is not made up of political institutions alone.

The beauty of a democracy like ours is that everyone is free to have an opinion about what should be done in the national interest. What's as beautiful, though perhaps less apparent, is that everyone is free to do more than have an opinion. Everyone is also free to actually serve the national interest by serving in their community. The danger of expecting heroics from our leaders, besides their obvious human fallibility, is that we expect less from ourselves. When it comes time to figure out how to keep the country on track, what if instead of staring into the television, we stared into the mirror?

I would be glad to expand on any of the themes above if that is of interest. Good luck.

Bill Shore



AMERICAN UNIVERSITY

W A S H I N G T O N , D C

December 17, 1999

TO: President William Jefferson Clinton

FR: Leonard Steinhorn
Professor, School of Communication
American University

RE: Thoughts on Your Upcoming State of the Union Address

Mr. President, let me first express my thanks for the opportunity to contribute some thoughts on your upcoming State of the Union address. Though there's still a year left in your term, in many ways this will be the valedictory speech of your presidency, your last formal address before a national audience, the last time you will be laying out an agenda and setting a direction for the nation. It will also be the first presidential speech of the new century, and while Americans today seem to be taking this fin de siècle in stride and lack the wondrous turn-of-the-century awe our ancestors felt 100 years ago, it's still a time for reflection, taking stock, looking ahead, hugging loved ones.

And so I would imagine this speech to be a bit different in tone and texture from your previous State of the Union addresses. I imagine it to be a speech of vision rather than policy, of direction rather than prescription, of leadership rather than legislation. I imagine it to be a speech that helps us as a nation make sense of who we are, where we're going, and what we need to do to make this a more moral, compassionate, better society. This is your final chance to shape the way we interpret our public life, and how we look at the canvas will largely depend on the colors and brushstrokes you apply to this speech. It is in this spirit that I write this memo and make the following three thematic recommendations.

Making Sense of Our Media Age

When Americans of a century ago sought to make sense of their lives and all that was happening around them, they looked to home, family and community institutions for guidance – to the house of worship, the school, the union, the local town meeting, the voluntary organization, the uncles and aunts who lived down the street. These mediating institutions helped us to order and understand the swirl of our lives, to put our hopes and dreams in perspective, to give meaning to the sweat of our labor and the pursuit of our happiness.

But since mid-century that has begun to change. Mass media – particularly television – has become the primary mediating institution of our lives. Today our children spend more time watching television than they do in school – by age 15 they will have spent 11,000 hours in the classroom and

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18,000 hours in front of the tube. For many kids the television has replaced the parent and the grandparent as their primary source of socialization. Time in front of the TV means less time volunteering and participating in the community. Nor is it just television. The average American consumes about 3,400 hours per year with the media -- which includes TV and radio, the two top media outlets, but also an endless loop of video, film, music, magazines, books, electronic games, the internet, e-mail, 'zines, movie trailers and all the other entertainment media. That translates to about 40 percent of our lives, more time than we spend sleeping and far more than we spend working, and with the increase in internet use that number appears to be going up. It's also estimated that the average American sees about 38,000 television ads per year, which means almost 3 million ads over a typical lifetime, and that doesn't include ads from all the other media. Young people today are no longer the Me Generation -- they're the Media Generation.

If the old Soviet Union tried to pump this many messages into our society, we would have responded with a national outcry and sophisticated defenses against the seduction of their propaganda. But our current media inundation has been met with a deafening national silence. Sure, we hear the usual outcry about media sex and violence when tragedies like Columbine hit, but little effort is made to move beyond the shibboleths and to help us look at the full impact of media on our lives.

It could be argued, for example, that young people are less influenced by the violence they see on television than by the images of perfection, beauty, athleticism and success that mass media and advertising stream daily into our lives. It could be argued that our appreciation of history is increasingly being driven by the Hollywood style of storytelling, that our understanding of our collective past -- slavery, World War II, civil rights, Richard Nixon, the Fifties, the Sixties, JFK, Richard Nixon, Shakespeare -- is now filtered through the prism of celluloid images. It could be argued that the media has profoundly altered our public life by shortening our collective attention span and by turning the news into a made-for-TV morality play built around entertainment values.

Indeed it could be argued that the segmentation of media through cable and the internet is leaving us without any common culture -- that with kids increasingly having TV sets and computers in their rooms, families don't even share common media anymore. It could be argued that our intellectual life is being redrawn as publishers seek out only those authors with celebrity or publicity value. It could be argued that the visual image -- with its emotive power and immediate impact -- has superseded the word as the primary language of public and political discourse, a phenomenon perhaps best illustrated by the fact that all the words in a typical evening news broadcast would barely make up the top fold of a typical newspaper page. And it could be argued that mass media has turned us into a restless society, with a 24-hour news and work culture -- driven by camera cutaways and mouse clicks -- that makes us more and more fidgety for results and impatient both with each other and with the natural rhythms of community life.

The point is not to make value judgments about the role of media in our lives, but rather to acknowledge the role and to ask why we talk so little about what it means. Certainly something so prominent deserves more discussion. So I would recommend the following: that you appoint a blue ribbon presidential commission to look at the media's role in American life and to help us

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understand what it's doing to us and how it's changing us. The commission would have two purposes: to issue a report that hopefully would spark national discussion, and to come up with recommendations to help communities and school districts integrate media literacy programs into their curriculum. The school component is critical: no longer can we settle for teaching only the three "R's" when the "M" – media – has become a primary text of our society that few of us are fully prepared to comprehend and read. Your State of the Union can start us on the process of mastering the media culture before it completely masters us.

From Mainstream to Mixed Stream

As with almost any other issue in American life, we tend to talk about race relations only when things seem to hit a crisis point. So there was little dialogue before the Los Angeles riots, and then we all seemed to be shouting at one another. Race was again on the back burner before the O.J. Simpson trial, but once the verdict came in we talked loudly and often past each other. You should be applauded for raising the issue of race in the absence of an immediate racial crisis – perhaps the first time any president has done so. But the point here is not to praise you but to suggest that you gently recommend continuing the national racial dialogue that you created with your initiative. We simply can't afford to start all over the next time misunderstanding leads to conflict.

An ongoing racial dialogue will certainly not solve our nearly 400 year old racial dilemma, but it can serve the very important purpose of framing the national debate and shaping the way we look at each other. Perhaps most important, we need to reorient our view of what mainstream America is – that's it's really a mixed stream of people from all different backgrounds and colors. The association of middle class with white and special interests with black does more damage to our national community than perhaps any other notion. It's this association that somehow leads to the Adams Mark hotel situation – or to the fact that black homeowners who want to sell homes in predominantly white communities are quietly advised to hide all family photos and mementos so that the potential buyers will not identify the owners as black. If our nation is ever to make real progress on race, we need to change the popular image of what the American mainstream is, and right now there's no better way to do it than through the dialogue you began in your race initiative. So challenge us – and the next president – to keep it going.

By the way, I'm the co-author of the recently published book, *By the Color of Our Skin: The Illusion of Integration and The Reality of Race*.

American Heroes

Look at almost any newspaper or news show and it's hard not to be overwhelmed with images of this new dotcom gilded age. There are the Silicon Valley billionaires, the newly minted IPO rich, the 28-year old dotcom entrepreneurs, the Wall Street bonus babies. Everyone wants in – lawyers, executives, politicians, doctors, academics and even journalists are looking for a piece of the dotcom wealth. Politicians hobnob with the wealthy who hobnob with celebrities. You're not in the game if you don't drive a luxury SUV or have someone driving it for you. Like it or not, wealth has

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become the measure of value in American life. Indeed there's something almost quaint about the Regis Philbin hit TV show, where ordinary people vie for a prize that will barely pay for a couple of kids to go to college.

Now there's nothing wrong with making money, and our remarkably vigorous economy benefits us all. But somehow we're losing sight of the other things that should mean a lot to us as Americans – and the other role models we should want our kids to admire. There are the teachers who give their lives to children at barely livable pay – and without them to inspire our kids we will produce fewer future leaders and entrepreneurs. Indeed I think of my daughter's second grade teacher, a guy who could do anything and make a bundle of money but he's chosen to give his life to our kids. There are the caregivers who spend their days with the elderly and make sure that old age maintains the dignity that our society increasingly wants to reserve for the young. There are the historians who hole up for months in dusty libraries to enrich our culture and make sure that the legacy of our past is handed down the generations of the future. There are research scientists who painstakingly seek out incremental victories in the war against cancer. I can go on, but what I'm trying to say is that you could use your speech to help make us think about all of our heroes, about all of the things we should value, about the real people – not the media images of wealth and celebrity – who day after day make this nation the extraordinary community it truly is.

Mr. President, I would be honored to discuss these and any other ideas with you. Terry Edmonds knows how to reach me, but the vitals are: (w) 202-885-2031; (h) 301-229-1784; lsteh@american.edu.

I wish you all the best for the holidays and the New Year.



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December 23, 1999

The President of the United States
The White House
Washington, D.C.

Dear Mr. President,

I am honored to be invited to suggest some possible themes for you to consider covering in your millennial State of the Union address. I will focus on themes related to law and our constitutional traditions.

First, you might compare this turn of the century to the two previous turns of the century that the nation has undergone since the Founding. At the turn of the nineteenth century, we had a nascent federal government that had barely begun the task of uniting the states into a national market economy. At the turn of the twentieth, we had booming interstate commerce via railroad and large-scale national corporations. At the turn of the twenty-first, with dramatically lowered costs of transportation and communication that enable labor and capital as well as digital bits to travel seamlessly across national borders, we must think of our own booming national economy as part of a larger global market. The challenge for arriving at wise economic, trade, labor and environmental policies in a global market is great because we must rely on cooperation among nations rather than on any supervening central government. But it is worth undertaking because global markets today present unprecedented opportunities for prosperity and growth.

A second comparison that might be drawn with prior national turns of the century concerns human rights. At the turn of the nineteenth century, portions of the nation still had slavery and the vote was the province of propertied white males. At the turn of the twentieth century, formal equality on the basis of race had been established but patterns of racial segregation were well entrenched and the Supreme Court had permitted a regime of so-called separate but equal in many areas of public life. At the turn of the twenty-first century, the nation can be extraordinarily proud of its advances in the legal protection of equal citizenship, worth and dignity regardless of race, gender, or membership in other groups that have been subjected historically to prejudice or discrimination. Constitutional amendments have expanded the franchise to women and young people, the Supreme Court has invalidated practices of segregation and inequality based on race or gender, and Congress has enacted statutes to ensure that voting, employment, housing and public accommodations are not withheld on prejudiced grounds. A continuing challenge in the next century is to ensure that we achieve not only formal but substantive equality – for example, that women are not disadvantaged in the workplace because they are disproportionately the primary caretakers of young children, or that members of minority groups are not disproportionately stranded on the downside of the digital divide.

Another challenge in the next century is to ensure the extension of equal treatment to groups that have not yet been liberated from officially sanctioned prejudice and discrimination, such as gay men and women. And a final challenge in the next century is for this nation to be a leader in the extension of basic human rights around the globe.

A third theme you might sound is the importance of our judicial branch to the smooth and peaceful operation of our nation. As just mentioned, our courts have played a vital role in the protection of human rights in our constitutional democracy. They help to provide the stability and predictability of governing norms that are essential to a prosperous economy. They also handle a wide variety of disputes of vital importance in everyday life. The key to the success of our federal courts is our robust protection of judicial independence. The importance of an independent judiciary is becoming increasingly clear as the concept of the rule of law extends to nascent democracies and transitional economies around the world. Nations in which courts are corrupted by private interests or beholden to their own political branches are nations that by and large are unlikely to prosper. And yet the vital functions of the courts are often too invisible to the people, for the judiciary is, in Alexander Hamilton's famous phrase from Federalist No. 78, the least dangerous branch, lacking power of sword or purse. Our courts are the envy of the rest of the world, which admires their independence and our traditions of respect for their decrees. Our courts are thus worthy of the citizenry's admiration, celebration and support – and here you might take credit for the number, quality and diversity of the judicial appointments you have made during your tenure. It is vital that vacancies on the courts not go unfilled in the coming year based on partisan political motives.

Fourth, you might devote some attention to the Internet and the dramatic ways in which the digital and information revolutions are transforming our everyday lives. The Internet is potentially a great vehicle for democratization, as it makes information about and relevant to citizenship and governance far more cheaply and widely accessible. It is also an example of American ingenuity and innovation worth celebrating. But it poses numerous challenges that we must address in the coming year: how to protect the privacy of personal data, how to protect intellectual property interests, how to ensure equality of digital access, how to ensure the free flow of information without undue bottlenecks or control of content. These may well be challenges for national policy as well as for market solutions.

I hope you find these brief suggestions helpful, and thank you for the opportunity to offer them. With all best wishes.

Sincerely,

A handwritten signature in black ink, appearing to read "Kathleen", with a stylized flourish at the end.

Kathleen M. Sullivan



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December 17, 1999

President Bill Clinton
The White House

Dear Mr. President,

You and your administration set the conditions for economic prosperity and the transformation of America to the Digital Economy. You now have an historic opportunity to also reenergize citizen participation in the governing process and revitalize democracy for the 21st century.

You were correct in seeing the power of the Net as a new infrastructure for the creation of wealth. You encouraged its growth, avoiding unnecessary regulation and taxes. You helped nurture the development of the converging computer, telecommunications and content industries – that now directly contribute over \$1 trillion to the US economy. As a result of the Internet, new business models are emerging that are destroying the old models of the firm and leading to unprecedented economic prosperity. Agoras like eBay, Aggregations like E*trade, Digital Value Chains like Cisco, Self-organizing Alliances like Linux and the new Distributive Networks like Enron and FEDEX are all driving commerce. For the first time ever we see the possibility of long-term, sustainable economic growth. We are entering a new economy where the Internet changes the rules for success and transforms the basic institutions for the creation of goods and services,

But to paraphrase John Kennedy, we should not ask what governments can do for the Net, it's what the Net can do for governance. So far there has been considerable progress in using new technology to improve the functioning of governments — better cheaper government, in the words of Vice-President Al Gore. As consumers of government services and laws, citizens are receiving increasingly improved products. In this area much remains to be done, such as delivering more services electronically, flattening government structures, and streamlining bureaucracy.

However, the next challenge is to rethink the citizen as a shareholder or owner of government and revitalize the process of governance itself. The Internet is a powerful tool that could dramatically improve the working relationship between citizens and the state.

You were the first President to initiate online chats where people from all walks of life could ask you questions. In doing so you made the fireside chat a real exchange. However this is just a hint of the possibilities offered by the Net. The Net can catalyze new democratic processes, empowering people -- enabling them to learn, influence lawmakers in new ways, and influence each other, perhaps even breaking down so many of the walls that divide us in America.

Mr. President
from Don Tapscott
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Our democracy is clearly ailing. Voter participation has slumped to record low levels. Citizens feel increasingly detached from the electoral process. Political figures often appear to be obsessed with the wrong issues and locked into intransigent positions. Voters see government as something that is done *to* the people and not *by* the people.

Government in the industrial era was built on representative institutions, with citizen involvement being limited to periodic elections. In the digital era, the demand will be for participatory models in which "having your say" means more than a trip to the polling booth every four years. Citizens will insist on moving from being passive consumers to active partners.

We shouldn't be surprised that a new medium of human communications would lead to a new world of possibilities for governance. Libraries based on clay documents enabled the priest-based monopoly of knowledge in ancient Babylon. The invention of papyrus scrolls and the alphabet was a key to the limited democracy of Greek city states and the rule of law in ancient Rome. The improved portability, ease of use and durability of parchment-based, bound books created by the papacy and monastic orders were critical to the speed of conversion to Christianity. Paper and the printing press reproduced religious text in the vernacular and led to the Reformation, the end of feudalism and the emergence of parliamentary democracy in tandem with the industrial revolution.

Once again the economic and technological genie has been unleashed from its bottle. Summoned, perhaps unwillingly or unknowingly by the drive for profit, the genie is now at our service to transform the political power grid established by the old order of economic life.

Today's "ordinary people" are armed with more robust information than ever before. They are empowered – perhaps even overwhelmed at times – by the ready availability of knowledge and choices that previous generations could only dream about. The Internet creates the opening for new forms of interaction with the citizen, to allow real-time participation in the governmental and democratic process. The new information technologies are collaborative, immediate, involving, empowering — not words always associated with government consultations or policy development exercises.

In the 1992 election, many people cringed when Ross Perot proposed the electronic town hall, conjuring the image of the electronic mob. To many observers, voting "yes" or "no" from your home or place of work could be dangerous. In addition to possible manipulation, such daily referenda could actually undermine a true democratic process that is based on participation. Motions put to a vote are usually well refined distillations of large and complex issues. They result from a long process involving conflicts, contradictions and compromises. To understand a motion and to vote responsibly citizens need to participate in some form of refining process.

But as an alternative to the electronic town hall, technology could be used to tap into the diverse insights and expertise in a community. An interactive system could allow people to ask questions, make suggestions and give opinions to a legislative body. These inputs influence the legislators, who as elected representatives are the final decision-makers.

Alternately, the Internet could enable new groups of like interests and views to come together in ways that previously would have been unfeasible or impractical. Instead of relying on geographical boundaries, voting districts could be allocated to affinity groups that reach certain thresholds of size.

The technology can also be used to simulate various outcomes and understand the impact of various decisions. For example, rhetoric about cuts to social programs for deficit reduction is easy. But through simulating the impact of cuts on other aspects of the economy, various demographic and racial groups, lawmakers and other stakeholders can come to a deeper understanding of the impact of legislation on complex systems.

A number of promising experiments are underway via the Web to re-engage citizen interest and involvement. While many participants are excited about the possibilities no one knows for sure what the new democracy should look like.

Rather than government leaders trying to work all this out in isolation and then informing citizens, you could initiate a broad process to force a new consensus – using the Net itself. Prototype the new process of governance. Discussion papers could be posted on the Web. You could hold a series of online forums that could extend over weeks or even months. Interest groups could be encouraged to use the Net to stimulate discussion within their own organizations. Experts could be involved and make their expertise available to the public. Every so often votes could be held to suggest the direction of further discussion or suggest what other methods of online brainstorming could be employed.

One of the most important things you could do is to involve youth in these discussions. They will be profoundly affected by any changes and also be the leaders for the 21st century. Most important, they will be a key source of insights. The children of the baby boom, aged 2-22, are the Net Generation – the first generation to grow up surrounded by digital media digital. Today's kids are so bathed in bits that they think it's all part of the natural landscape. To them the digital technology is no more intimidating than a VCR or toaster.

For the first time in history, children are more comfortable, knowledgeable, and literate than their parents about an innovation central to society. And it is through the use of the digital media that the Net-Generation will develop and superimpose its culture on the rest of society. Already these kids are learning, playing, communicating, working, and creating communities very differently than their parents. They are a force for social transformation.

Mr. President
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Moms and dads are reeling from the challenges of raising confident, plugged-in, and digital-savvy children who know more about technology than they do. Few parents even know what their children are doing in cyberspace. School officials are grappling with the reality of students often being far smarter on cyber-issues and new ways of learning than the teachers. Corporations are wondering what these kids will be like as employees since they are accustomed to very different ways of working, collaborating, and creating and they reject many basic assumptions of today's companies. Marketers have little comprehension of how this wave will shop and influence purchases of goods and services.

This generation is accustomed to empowerment, open discussion, and immediacy—all antithetical to the disempowerment, myopic discussion, and bureaucratic governance processes of today. They want to interact and get to the bottom of things, to sift information and decide. They care deeply about social problems and cannot comprehend why governments seem so ineffectual. Their orientation is their neighborhood and their global virtual communities, not the nation state. They are used to being actors not spectators. Their insight will be critical to fully exploiting the Web's potential.

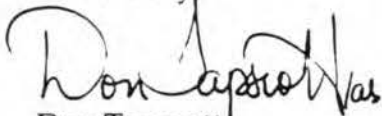
Why not have one of the first policy discussions focus on the digital divide? No initiative to revitalize democracy, however well meaning and attractive, can be considered effective when access to the Internet is not universal. Without full access, no proposal to reinvigorate the governing process can be deemed fundamentally democratic. For the health of the country and our political process, we must eliminate the growing digital divide.

Begin on a Monday and end the first round on a Friday. You could frame the issue as you did in your December 9 press briefing. Co-ordinate the discussion and summarize some suggested next steps at the end, including the creation of sub groups. One might address the issue of taxation and examine the feasibility of an Internet-access tax credit for low-income families. Another could focus on corporate initiatives like funding and nourishing the creation of community computing centers. Educators could create a discussion on the challenges of getting access in the schools.

The Internet's potential for generating fresh insight, engaging and empowering citizens is truly unlimited.

If we do this right, in a decade or two democracy in America will be much different and much better than it is today.

Yours truly,

A handwritten signature in black ink that reads "Don Tapscott". The signature is stylized with a large, looping "D" and a cursive "Tapscott".

Don Tapscott
Chairman, The Alliance for Converging Technologies
President and CEO, New Paradigm Learning Corporation

MEMORANDUM

To: The President of the United States
From: Sean Wilentz, Princeton University
Date: December 20, 1999
Ref: State of the Union Address, 2000

Dear Mr. President:

At the start of any President's final year in office, there is an inevitable need to balance the future and the past, prospect and retrospect. As ever, I am confident that you will use the State of the Union message to impel Congress and the nation forward, moving on into the 21st century, tackling new challenges as well as completing unfinished business. That is the prospect.

But to see where we are going, especially now, it's important to take a glance at where we've been. Over the last seven years, you have consistently tried to break with dogmatic thinking, to lead the nation in the spirit of bold experimentation associated with Theodore and Franklin Roosevelt. Your adversaries – our adversaries – in the media and elsewhere have done their mightiest to obscure this.

So, I'd urge you to put the past seven years in some historical perspective. Just as the 1890's were watershed years, when America had to cope with the new forces of heavy industrialism, we have passed into a dazzling new economy of global production and instant information transfers. From an older America of segregation and opportunity for some, we have moved dramatically toward greater racial reconciliation and opportunity for all. And abroad, we have seen empires and dictatorships tumble, and the independent, democratic spirit encircle the globe.

None of this was inevitable. It has required the enormous exertion, dedication, and sacrifice of several generations. But to honor those incredible achievements, to build on them with fresh ideas amid bewildering changes – and doing so beholden to our highest traditions but unafraid of experimentation – has been the lot of this generation, not unlike the burden shouldered by the generation of Theodore Roosevelt and Woodrow Wilson.

The end of the American Century does not mark an end of America's promise – but it demands a renewal of that promise, to suit our very different times.

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Selected Speeches And Articles

Divider Title: _____

SELECTED SPEECHES & ARTICLES

Speeches

President Andrew Jackson -- Eighth Annual Message, December 5, 1836.

President Harry S. Truman -- Annual Message on the State of the Union, January 7, 1953.

President Ronald Reagan -- Address on the State of the Union, January 25, 1988.

President Vaclav Havel -- Remarks on Kosovo and the End of the Nation-State, April 29, 1999.

Prime Minister Tony Blair -- Remarks at Labour Party Conference, September 28, 1999.

President Bill Clinton -- Remarks at Conference on Progressive Governance, November 20, 1999.

Articles

Alan S. Blinder, "Eight Steps to a New Financial Order", *Foreign Affairs*, September/ October 1999.

Gary Burtless, "Squeezed for Time: American Inequality and the Shortage of Leisure", *Brookings Review*, Fall 1999.

Peter F. Drucker, "Beyond the Information Revolution", *The Atlantic Monthly*, October 1999.

Francis Fukuyama, "The Great Disruption: Human Nature and the Reconstitution of the Social Order", *The Atlantic Monthly*, May 1999.

Tamar Jacoby, "Color Blind: The African-American Absence in High-Tech", *The New Republic*, March 29, 1999.

Will Marshall, "Democratic Realism: The Third Way", *Blueprint*, Winter 2000.

George Packer, "Trickle-Down Civil Rights", *The New York Times Magazine*, December 12, 1999.

Orlando Patterson, "The Liberal: What Liberalism Still Needs to Learn About Freedom", *The New Republic*, November 8, 1999.

William Julius Wilson, "Affirming Opportunity", *The American Prospect*, September/ October 1999.

President Andrew Jackson -- Eighth Annual Message

features of our system that one of its most important securities consists in the separation of the legislative and executive powers at the same time that each is held responsible to the great source of authority, which is acknowledged to be supreme, in the will of the people constitutionally expressed. My reflection and experience satisfy me that the framers of the Constitution, although they were anxious to mark this feature as a settled and fixed principle in the structure of the Government, did not adopt all the precautions that were necessary to secure its practical observance, and that we can not be said to have carried into complete effect their intentions until the evils which arise from this organic defect are remedied.

Considering the great extent of our Confederacy, the rapid increase of its population, and the diversity of their interests and pursuits, it can not be disguised that the contingency by which one branch of the Legislature is to form itself into an electoral college can not become one of ordinary occurrence without producing incalculable mischief. What was intended as the medicine of the Constitution in extreme cases can not be frequently used without changing its character and sooner or later producing incurable disorder.

Every election by the House of Representatives is calculated to lessen the force of that security which is derived from the distinct and separate character of the legislative and executive functions, and while it exposes each to temptations adverse to their efficiency as organs of the Constitution and laws, its tendency will be to unite both in resisting the will of the people, and thus give a direction to the Government antirepublican and dangerous. All history tells us that a free people should be watchful of delegated power, and should never acquiesce in a practice which will diminish their control over it. This obligation, so universal in its application to all the principles of a republic, is peculiarly so in ours, where the formation of parties founded on sectional interests is so much fostered by the extent of our territory. These interests, represented by candidates for the Presidency, are constantly prone, in the zeal of party and selfish objects, to generate influences unmindful of the general good and forgetful of the restraints which the great body of the people would enforce if they were in no contingency to lose the right of expressing their will. The experience of our country from the formation of the Government to the present day demonstrates that the people can not too soon adopt some stronger safeguard for their right to elect the highest officers known to the Constitution than is contained in that sacred instrument as it now stands.

It is my duty to call the particular attention of Congress to the present condition of the District of Columbia. From whatever cause the great depression has arisen which now exists in the pecuniary concerns of this District, it is proper that its situation should be fully understood and such relief or remedies provided as are consistent with the powers of Congress. I earnestly recommend the extension of every

political right to the citizens of this District which their true interests require, and which does not conflict with the provisions of the Constitution. It is believed that the laws for the government of the District require revisal and amendment, and that much good may be done by modifying the penal code so as to give uniformity to its provisions.

Your attention is also invited to the defects which exist in the judicial system of the United States. As at present organized the States of the Union derive unequal advantages from the Federal judiciary, which have been so often pointed out that I deem it unnecessary to repeat them here. It is hoped that the present Congress will extend to all the States that equality in respect to the benefits of the laws of the Union which can only be secured by the uniformity and efficiency of the judicial system.

With these observations on the topics of general interest which are deemed worthy of your consideration, I leave them to your care, trusting that the legislative measures they call for will be met as the wants and the best interests of our beloved country demand.

EIGHTH ANNUAL MESSAGE.

WASHINGTON, December 5, 1836.

Fellow-Citizens of the Senate and House of Representatives:

Addressing to you the last annual message I shall ever present to the Congress of the United States, it is a source of the most heartfelt satisfaction to be able to congratulate you on the high state of prosperity which our beloved country has attained. With no causes at home or abroad to lessen the confidence with which we look to the future for continuing proofs of the capacity of our free institutions to produce all the fruits of good government, the general condition of our affairs may well excite our national pride.

I can not avoid congratulating you, and my country particularly, on the success of the efforts made during my Administration by the Executive and Legislature, in conformity with the sincere, constant, and earnest desire of the people, to maintain peace and establish cordial relations with all foreign powers. Our gratitude is due to the Supreme Ruler of the Universe, and I invite you to unite with me in offering to Him fervent supplications that His providential care may ever be extended to those who follow us, enabling them to avoid the dangers and the horrors of war consistently with a just and indispensable regard to the rights

and honor of our country. But although the present state of our foreign affairs, standing, without important change, as they did when you separated in July last, is flattering in the extreme, I regret to say that many questions of an interesting character, at issue with other powers, are yet unadjusted. Amongst the most prominent of these is that of our northeastern boundary. With an undiminished confidence in the sincere desire of His Britannic Majesty's Government to adjust that question, I am not yet in possession of the precise grounds upon which it proposes a satisfactory adjustment.

With France our diplomatic relations have been resumed, and under circumstances which attest the disposition of both Governments to preserve a mutually beneficial intercourse and foster those amicable feelings which are so strongly required by the true interests of the two countries. With Russia, Austria, Prussia, Naples, Sweden, and Denmark the best understanding exists, and our commercial intercourse is gradually expanding itself with them. It is encouraged in all these countries, except Naples, by their mutually advantageous and liberal treaty stipulations with us.

The claims of our citizens on Portugal are admitted to be just, but provision for the payment of them has been unfortunately delayed by frequent political changes in that Kingdom.

The blessings of peace have not been secured by Spain. Our connections with that country are on the best footing, with the exception of the burdens still imposed upon our commerce with her possessions out of Europe.

The claims of American citizens for losses sustained at the bombardment of Antwerp have been presented to the Governments of Holland and Belgium, and will be pressed, in due season, to settlement.

With Brazil and all our neighbors of this continent we continue to maintain relations of amity and concord, extending our commerce with them as far as the resources of the people and the policy of their Governments will permit. The just and long-standing claims of our citizens upon some of them are yet sources of dissatisfaction and complaint. No danger is apprehended, however, that they will not be peacefully, although tardily, acknowledged and paid by all, unless the irritating effect of her struggle with Texas should unfortunately make our immediate neighbor, Mexico, an exception.

It is already known to you, by the correspondence between the two Governments communicated at your last session, that our conduct in relation to that struggle is regulated by the same principles that governed us in the dispute between Spain and Mexico herself, and I trust that it will be found on the most severe scrutiny that our acts have strictly corresponded with our professions. That the inhabitants of the United States should feel strong prepossessions for the one party is not surprising. But this circumstance should of itself teach us great caution, lest it lead us

into the great error of suffering public policy to be regulated by partiality or prejudice; and there are considerations connected with the possible result of this contest between the two parties of so much delicacy and importance to the United States that our character requires that we should neither anticipate events nor attempt to control them. The known desire of the Texans to become a part of our system, although its gratification depends upon the reconciliation of various and conflicting interests, necessarily a work of time and uncertain in itself, is calculated to expose our conduct to misconstruction in the eyes of the world. There are already those who, indifferent to principle themselves and prone to suspect the want of it in others, charge us with ambitious designs and insidious policy. You will perceive by the accompanying documents that the extraordinary mission from Mexico has been terminated on the sole ground that the obligations of this Government to itself and to Mexico, under treaty stipulations, have compelled me to trust a discretionary authority to a high officer of our Army to advance into territory claimed as part of Texas if necessary to protect our own or the neighboring frontier from Indian depredation. In the opinion of the Mexican functionary who has just left us, the honor of his country will be wounded by American soldiers entering, with the most amicable avowed purposes, upon ground from which the followers of his Government have been expelled, and over which there is at present no certainty of a serious effort on its part being made to reestablish its dominion. The departure of this minister was the more singular as he was apprised that the sufficiency of the causes assigned for the advance of our troops by the commanding general had been seriously doubted by me, and there was every reason to suppose that the troops of the United States, their commander having had time to ascertain the truth or falsehood of the information upon which they had been marched to Nacogdoches, would be either there in perfect accordance with the principles admitted to be just in his conference with the Secretary of State by the Mexican minister himself, or were already withdrawn in consequence of the impressive warnings their commanding officer had received from the Department of War. It is hoped and believed that his Government will take a more dispassionate and just view of this subject, and not be disposed to construe a measure of justifiable precaution, made necessary by its known inability in execution of the stipulations of our treaty to act upon the frontier, into an encroachment upon its rights or a stain upon its honor.

In the meantime the ancient complaints of injustice made on behalf of our citizens are disregarded, and new causes of dissatisfaction have arisen, some of them of a character requiring prompt remonstrance and ample and immediate redress. I trust, however, by tempering firmness with courtesy and acting with great forbearance upon every incident that has occurred or that may happen, to do and to obtain justice, and thus avoid the necessity of again bringing this subject to the view of

Congress.

It is my duty to remind you that no provision has been made to execute our treaty with Mexico for tracing the boundary line between the two countries. Whatever may be the prospect of Mexico's being soon able to execute the treaty on its part, it is proper that we should be in anticipation prepared at all times to perform our obligations, without regard to the probable condition of those with whom we have contracted them.

The result of the confidential inquiries made into the condition and prospects of the newly declared Texan Government will be communicated to you in the course of the session.

Commercial treaties promising great advantages to our enterprising merchants and navigators have been formed with the distant Governments of Muscat and Siam. The ratifications have been exchanged, but have not reached the Department of State. Copies of the treaties will be transmitted to you if received before, or published if arriving after, the close of the present session of Congress.

Nothing has occurred to interrupt the good understanding that has long existed with the Barbary Powers, nor to check the good will which is gradually growing up from our intercourse with the dominions of the Government of the distinguished chief of the Ottoman Empire.

Information has been received at the Department of State that a treaty with the Emperor of Morocco has just been negotiated, which, I hope, will be received in time to be laid before the Senate previous to the close of the session.

You will perceive from the report of the Secretary of the Treasury that the financial means of the country continue to keep pace with its improvement in all other respects. The receipts into the Treasury during the present year will amount to about \$47,691,898; those from customs being estimated at \$22,523,151, those from lands at about \$24,000,000, and the residue from miscellaneous sources. The expenditures for all objects during the year are estimated not to exceed \$32,000,000, which will leave a balance in the Treasury for public purposes on the 1st day of January next of about \$41,723,959. This sum, with the exception of \$5,000,000, will be transferred to the several States in accordance with the provisions of the act regulating the deposits of the public money.

The unexpended balances of appropriation on the 1st day of January next are estimated at \$14,636,062, exceeding by \$9,636,062 the amount which will be left in the deposit banks, subject to the draft of the Treasurer of the United States, after the contemplated transfers to the several States are made. If, therefore, the future receipts should not be sufficient to meet these outstanding and future appropriations, there may be soon a necessity to use a portion of the funds deposited with the States.

The consequences apprehended when the deposit act of the last session received a reluctant approval have been measurably realized. Though

an act merely for the deposit of the surplus moneys of the United States in the State treasuries for safe-keeping until they may be wanted for the service of the General Government, it has been extensively spoken of as an act to give the money to the several States, and they have been advised to use it as a gift, without regard to the means of refunding it when called for. Such a suggestion has doubtless been made without a due consideration of the obligations of the deposit act, and without a proper attention to the various principles and interests which are affected by it. It is manifest that the law itself can not sanction such a suggestion, and that as it now stands the States have no more authority to receive and use these deposits without intending to return them than any deposit bank or any individual temporarily charged with the safe-keeping or application of the public money would now have for converting the same to their private use without the consent and against the will of the Government. But independently of the violation of public faith and moral obligation which are involved in this suggestion when examined in reference to the terms of the present deposit act, it is believed that the considerations which should govern the future legislation of Congress on this subject will be equally conclusive against the adoption of any measure recognizing the principles on which the suggestion has been made.

Considering the intimate connection of the subject with the financial interests of the country and its great importance in whatever aspect it can be viewed, I have bestowed upon it the most anxious reflection, and feel it to be my duty to state to Congress such thoughts as have occurred to me, to aid their deliberation in treating it in the manner best calculated to conduce to the common good.

The experience of other nations admonished us to hasten the extinguishment of the public debt; but it will be in vain that we have congratulated each other upon the disappearance of this evil if we do not guard against the equally great one of promoting the unnecessary accumulation of public revenue. No political maxim is better established than that which tells us that an improvident expenditure of money is the parent of profligacy, and that no people can hope to perpetuate their liberties who long acquiesce in a policy which taxes them for objects not necessary to the legitimate and real wants of their Government. Flattering as is the condition of our country at the present period, because of its unexampled advance in all the steps of social and political improvement, it can not be disguised that there is a lurking danger already apparent in the neglect of this warning truth, and that the time has arrived when the representatives of the people should be employed in devising some more appropriate remedy than now exists to avert it.

Under our present revenue system there is every probability that there will continue to be a surplus beyond the wants of the Government, and it has become our duty to decide whether such a result be consistent with the true objects of our Government.

Should a surplus be permitted to accumulate beyond the appropriations, it must be retained in the Treasury, as it now is, or distributed among the people or the States.

To retain it in the Treasury unemployed in any way is impracticable; it is, besides, against the genius of our free institutions to lock up in vaults the treasure of the nation. To take from the people the right of bearing arms and put their weapons of defense in the hands of a standing army would be scarcely more dangerous to their liberties than to permit the Government to accumulate immense amounts of treasure beyond the supplies necessary to its legitimate wants. Such a treasure would doubtless be employed at some time, as it has been in other countries, when opportunity tempted ambition.

To collect it merely for distribution to the States would seem to be highly impolitic, if not as dangerous as the proposition to retain it in the Treasury. The shortest reflection must satisfy everyone that to require the people to pay taxes to the Government merely that they may be paid back again is sporting with the substantial interests of the country, and no system which produces such a result can be expected to receive the public countenance. Nothing could be gained by it even if each individual who contributed a portion of the tax could receive back promptly the same portion. But it is apparent that no system of the kind can ever be enforced which will not absorb a considerable portion of the money to be distributed in salaries and commissions to the agents employed in the process and in the various losses and depreciations which arise from other causes, and the practical effect of such an attempt must ever be to burden the people with taxes, not for purposes beneficial to them, but to swell the profits of deposit banks and support a band of useless public officers.

A distribution to the people is impracticable and unjust in other respects. It would be taking one man's property and giving it to another. Such would be the unavoidable result of a rule of equality (and none other is spoken of or would be likely to be adopted), inasmuch as there is no mode by which the amount of the individual contributions of our citizens to the public revenue can be ascertained. We know that they contribute *unequally*, and a rule, therefore, that would distribute to them *equally* would be liable to all the objections which apply to the principle of an equal division of property. To make the General Government the instrument of carrying this odious principle into effect would be at once to destroy the means of its usefulness and change the character designed for it by the framers of the Constitution.

But the more extended and injurious consequences likely to result from a policy which would collect a surplus revenue for the purpose of distributing it may be forcibly illustrated by an examination of the effects already produced by the present deposit act. This act, although certainly designed to secure the safe-keeping of the public revenue, is

not entirely free in its tendencies from any of the objections which apply to this principle of distribution. The Government had without necessity received from the people a large surplus, which, instead of being employed as heretofore and returned to them by means of the public expenditure, was deposited with sundry banks. The banks proceeded to make loans upon this surplus, and thus converted it into banking capital, and in this manner it has tended to multiply bank charters and has had a great agency in producing a spirit of wild speculation. The possession and use of the property out of which this surplus was created belonged to the people, but the Government has transferred its possession to incorporated banks, whose interest and effort it is to make large profits out of its use. This process need only be stated to show its injustice and bad policy.

And the same observations apply to the influence which is produced by the steps necessary to collect as well as to distribute such a revenue. About three-fifths of all the duties on imports are paid in the city of New York, but it is obvious that the means to pay those duties are drawn from every quarter of the Union. Every citizen in every State who purchases and consumes an article which has paid a duty at that port contributes to the accumulating mass. The surplus collected there must therefore be made up of moneys or property withdrawn from other points and other States. Thus the wealth and business of every region from which these surplus funds proceed must be to some extent injured, while that of the place where the funds are concentrated and are employed in banking are proportionably extended. But both in making the transfer of the funds which are first necessary to pay the duties and collect the surplus and in making the retransfer which becomes necessary when the time arrives for the distribution of that surplus there is a considerable period when the funds can not be brought into use, and it is manifest that, besides the loss inevitable from such an operation, its tendency is to produce fluctuations in the business of the country, which are always productive of speculation and detrimental to the interests of regular trade. Argument can scarcely be necessary to show that a measure of this character ought not to receive further legislative encouragement.

By examining the practical operation of the ratio for distribution adopted in the deposit bill of the last session we shall discover other features that appear equally objectionable. Let it be assumed, for the sake of argument, that the surplus moneys to be deposited with the States have been collected and belong to them in the ratio of their federal representative population—an assumption founded upon the fact that any deficiencies in our future revenue from imposts and public lands must be made up by direct taxes collected from the States in that ratio. It is proposed to distribute this surplus—say \$30,000,000—not according to the ratio in which it has been collected and belongs to the people of

the States, but in that of their votes in the colleges of electors of President and Vice-President. The effect of a distribution upon that ratio is shown by the annexed table, marked A.

By an examination of that table it will be perceived that in the distribution of a surplus of \$30,000,000 upon that basis there is a great departure from the principle which regards representation as the true measure of taxation, and it will be found that the tendency of that departure will be to increase whatever inequalities have been supposed to attend the operation of our federal system in respect to its bearings upon the different interests of the Union. In making the basis of representation the basis of taxation the framers of the Constitution intended to equalize the burdens which are necessary to support the Government, and the adoption of that ratio, while it accomplished this object, was also the means of adjusting other great topics arising out of the conflicting views respecting the political equality of the various members of the Confederacy. Whatever, therefore, disturbs the liberal spirit of the compromises which established a rule of taxation so just and equitable, and which experience has proved to be so well adapted to the genius and habits of our people, should be received with the greatest caution and distrust.

A bare inspection in the annexed table of the differences produced by the ratio used in the deposit act compared with the results of a distribution according to the ratio of direct taxation must satisfy every unprejudiced mind that the former ratio contravenes the spirit of the Constitution and produces a degree of injustice in the operations of the Federal Government which would be fatal to the hope of perpetuating it. By the ratio of direct taxation, for example, the State of Delaware in the collection of \$30,000,000 of revenue would pay into the Treasury \$188,716, and in a distribution of \$30,000,000 she would receive back from the Government, according to the ratio of the deposit bill, the sum of \$306,122; and similar results would follow the comparison between the small and the large States throughout the Union, thus realizing to the small States an advantage which would be doubtless as unacceptable to them as a motive for incorporating the principle in any system which would produce it as it would be inconsistent with the rights and expectations of the large States. It was certainly the intention of that provision of the Constitution which declares that "all duties, imposts, and excises" shall "be uniform throughout the United States" to make the burdens of taxation fall equally upon the people in whatever State of the Union they may reside. But what would be the value of such a uniform rule if the moneys raised by it could be immediately returned by a different one which will give to the people of some States much more and to those of others much less than their fair proportions? Were the Federal Government to exempt in express terms the imports, products, and manufactures of some portions of the country from all duties while it imposed heavy ones on others, the injustice could not be greater.

It would be easy to show how by the operation of such a principle the large States of the Union would not only have to contribute their just share toward the support of the Federal Government, but also have to bear in some degree the taxes necessary to support the governments of their smaller sisters; but it is deemed unnecessary to state the details where the general principle is so obvious.

A system liable to such objections can never be supposed to have been sanctioned by the framers of the Constitution when they conferred on Congress the taxing power, and I feel persuaded that a mature examination of the subject will satisfy everyone that there are insurmountable difficulties in the operation of any plan which can be devised of collecting revenue for the purpose of distributing it. Congress is only authorized to levy taxes "*to pay the debts and provide for the common defense and general welfare of the United States.*" There is no such provision as would authorize Congress to collect together the property of the country, under the name of revenue, for the purpose of dividing it equally or unequally among the States or the people. Indeed, it is not probable that such an idea ever occurred to the States when they adopted the Constitution. But however this may be, the only safe rule for us in interpreting the powers granted to the Federal Government is to regard the absence of express authority to touch a subject so important and delicate as this is as equivalent to a prohibition.

Even if our powers were less doubtful in this respect as the Constitution now stands, there are considerations afforded by recent experience which would seem to make it our duty to avoid a resort to such a system.

All will admit that the simplicity and economy of the State governments mainly depend on the fact that money has to be supplied to support them by the same men, or their agents, who vote it away in appropriations. Hence when there are extravagant and wasteful appropriations there must be a corresponding increase of taxes, and the people, becoming awakened, will necessarily scrutinize the character of measures which thus increase their burdens. By the watchful eye of self-interest the agents of the people in the State governments are repressed and kept within the limits of a just economy. But if the necessity of levying the taxes be taken from those who make the appropriations and thrown upon a more distant and less responsible set of public agents, who have power to approach the people by an indirect and stealthy taxation, there is reason to fear that prodigality will soon supersede those characteristics which have thus far made us look with so much pride and confidence to the State governments as the mainstay of our Union and liberties. The State legislatures, instead of studying to restrict their State expenditures to the smallest possible sum, will claim credit for their profusion, and harass the General Government for increased supplies. Practically there would soon be but one taxing power, and that vested in a body of men

far removed from the people, in which the farming and mechanic interests would scarcely be represented. The States would gradually lose their purity as well as their independence; they would not dare to murmur at the proceedings of the General Government, lest they should lose their supplies; all would be merged in a practical consolidation, cemented by widespread corruption, which could only be eradicated by one of those bloody revolutions which occasionally overthrow the despotic systems of the Old World. In all the other aspects in which I have been able to look at the effect of such a principle of distribution upon the best interests of the country I can see nothing to compensate for the disadvantages to which I have adverted. If we consider the protective duties, which are in a great degree the source of the surplus revenue, beneficial to one section of the Union and prejudicial to another, there is no corrective for the evil in such a plan of distribution. On the contrary, there is reason to fear that all the complaints which have sprung from this cause would be aggravated. Everyone must be sensible that a distribution of the surplus must beget a disposition to cherish the means which create it, and any system, therefore, into which it enters must have a powerful tendency to increase rather than diminish the tariff. If it were even admitted that the advantages of such a system could be made equal to all the sections of the Union, the reasons already so urgently calling for a reduction of the revenue would nevertheless lose none of their force, for it will always be improbable that an intelligent and virtuous community can consent to raise a surplus for the mere purpose of dividing it, diminished as it must inevitably be by the expenses of the various machinery necessary to the process.

The safest and simplest mode of obviating all the difficulties which have been mentioned is to collect only revenue enough to meet the wants of the Government, and let the people keep the balance of their property in their own hands, to be used for their own profit. Each State will then support its own government and contribute its due share toward the support of the General Government. There would be no surplus to cramp and lessen the resources of individual wealth and enterprise, and the banks would be left to their ordinary means. Whatever agitations and fluctuations might arise from our unfortunate paper system, they could never be attributed, justly or unjustly, to the action of the Federal Government. There would be some guaranty that the spirit of wild speculation which seeks to convert the surplus revenue into banking capital would be effectually checked, and that the scenes of demoralization which are now so prevalent through the land would disappear.

Without desiring to conceal that the experience and observation of the last two years have operated a partial change in my views upon this interesting subject, it is nevertheless regretted that the suggestions made by me in my annual messages of 1829 and 1830 have been greatly misunderstood. At that time the great struggle was begun against that

latitudinarian construction of the Constitution which authorizes the unlimited appropriation of the revenues of the Union to internal improvements within the States, tending to invest in the hands and place under the control of the General Government all the principal roads and canals of the country, in violation of State rights and in derogation of State authority. At the same time the condition of the manufacturing interest was such as to create an apprehension that the duties on imports could not without extensive mischief be reduced in season to prevent the accumulation of a considerable surplus after the payment of the national debt. In view of the dangers of such a surplus, and in preference to its application to internal improvements in derogation of the rights and powers of the States, the suggestion of an amendment of the Constitution to authorize its distribution was made. It was an alternative for what were deemed greater evils—a temporary resort to relieve an overburdened treasury until the Government could, without a sudden and destructive revulsion in the business of the country, gradually return to the just principle of raising no more revenue from the people in taxes than is necessary for its economical support. Even that alternative was not spoken of but in connection with an amendment of the Constitution. No temporary inconvenience can justify the exercise of a prohibited power or a power not granted by that instrument, and it was from a conviction that the power to distribute even a temporary surplus of revenue is of that character that it was suggested only in connection with an appeal to the source of all legal power in the General Government, the States which have established it. No such appeal has been taken, and in my opinion a distribution of the surplus revenue by Congress either to the States or the people is to be considered as among the prohibitions of the Constitution. As already intimated, my views have undergone a change so far as to be convinced that no alteration of the Constitution in this respect is wise or expedient. The influence of an accumulating surplus upon the legislation of the General Government and the States, its effect upon the credit system of the country, producing dangerous extensions and ruinous contractions, fluctuations in the price of property, rash speculation, idleness, extravagance, and a deterioration of morals, have taught us the important lesson that any transient mischief which may attend the reduction of our revenue to the wants of our Government is to be borne in preference to an overflowing treasury.

I beg leave to call your attention to another subject intimately associated with the preceding one—the currency of the country.

It is apparent from the whole context of the Constitution, as well as the history of the times which gave birth to it, that it was the purpose of the Convention to establish a currency consisting of the precious metals. These, from their peculiar properties which rendered them the standard of value in all other countries, were adopted in this as well to

establish its commercial standard in reference to foreign countries by a permanent rule as to exclude the use of a mutable medium of exchange, such as of certain agricultural commodities recognized by the statutes of some States as a tender for debts, or the still more pernicious expedient of a paper currency. The last, from the experience of the evils of the issues of paper during the Revolution, had become so justly obnoxious as not only to suggest the clause in the Constitution forbidding the emission of bills of credit by the States, but also to produce that vote in the Convention which negatived the proposition to grant power to Congress to charter corporations—a proposition well understood at the time as intended to authorize the establishment of a national bank, which was to issue a currency of bank notes on a capital to be created to some extent out of Government stocks. Although this proposition was refused by a direct vote of the Convention, the object was afterwards in effect obtained by its ingenious advocates through a strained construction of the Constitution. The debts of the Revolution were funded at prices which formed no equivalent compared with the nominal amount of the stock, and under circumstances which exposed the motives of some of those who participated in the passage of the act to distrust.

The facts that the value of the stock was greatly enhanced by the creation of the bank, that it was well understood that such would be the case, and that some of the advocates of the measure were largely benefited by it belong to the history of the times, and are well calculated to diminish the respect which might otherwise have been due to the action of the Congress which created the institution.

On the establishment of a national bank it became the interest of its creditors that gold should be superseded by the paper of the bank as a general currency. A value was soon attached to the gold coins which made their exportation to foreign countries as a mercantile commodity more profitable than their retention and use at home as money. It followed as a matter of course, if not designed by those who established the bank, that the bank became in effect a substitute for the Mint of the United States.

Such was the origin of a national-bank currency, and such the beginning of those difficulties which now appear in the excessive issues of the banks incorporated by the various States.

Although it may not be possible by any legislative means within our power to change at once the system which has thus been introduced, and has received the acquiescence of all portions of the country, it is certainly our duty to do all that is consistent with our constitutional obligations in preventing the mischiefs which are threatened by its undue extension. That the efforts of the fathers of our Government to guard against it by a constitutional provision were founded on an intimate knowledge of the subject has been frequently attested by the bitter experience of the country. The same causes which led them to refuse

their sanction to a power authorizing the establishment of incorporations for banking purposes now exist in a much stronger degree to urge us to exert the utmost vigilance in calling into action the means necessary to correct the evils resulting from the unfortunate exercise of the power, and it is to be hoped that the opportunity for effecting this great good will be improved before the country witnesses new scenes of embarrassment and distress.

Variableness must ever be the characteristic of a currency of which the precious metals are not the chief ingredient, or which can be expanded or contracted without regard to the principles that regulate the value of those metals as a standard in the general trade of the world. With us bank issues constitute such a currency, and must ever do so until they are made dependent on those just proportions of gold and silver as a circulating medium which experience has proved to be necessary not only in this but in all other commercial countries. Where those proportions are not infused into the circulation and do not control it, it is manifest that prices must vary according to the tide of bank issues, and the value and stability of property must stand exposed to all the uncertainty which attends the administration of institutions that are constantly liable to the temptation of an interest distinct from that of the community in which they are established.

The progress of an expansion, or rather a depreciation, of the currency by excessive bank issues is always attended by a loss to the laboring classes. This portion of the community have neither time nor opportunity to watch the ebbs and flows of the money market. Engaged from day to day in their useful toils, they do not perceive that although their wages are nominally the same, or even somewhat higher, they are greatly reduced in fact by the rapid increase of a spurious currency, which, as it appears to make money abound, they are at first inclined to consider a blessing. It is not so with the speculator, by whom this operation is better understood, and is made to contribute to his advantage. It is not until the prices of the necessities of life become so dear that the laboring classes can not supply their wants out of their wages that the wages rise and gradually reach a justly proportioned rate to that of the products of their labor. When thus, by the depreciation in consequence of the quantity of paper in circulation, wages as well as prices become exorbitant, it is soon found that the whole effect of the adulteration is a tariff on our home industry for the benefit of the countries where gold and silver circulate and maintain uniformity and moderation in prices. It is then perceived that the enhancement of the price of land and labor produces a corresponding increase in the price of products until these products do not sustain a competition with similar ones in other countries, and thus both manufactured and agricultural productions cease to bear exportation from the country of the spurious currency, because they can not be sold for cost. This is the process by which specie is banished by the paper

of the banks. Their vaults are soon exhausted to pay for foreign commodities. The next step is a stoppage of specie payment—a total degradation of paper as a currency—unusual depression of prices, the ruin of debtors, and the accumulation of property in the hands of creditors and cautious capitalists.

It was in view of these evils, together with the dangerous power wielded by the Bank of the United States and its repugnance to our Constitution, that I was induced to exert the power conferred upon me by the American people to prevent the continuance of that institution. But although various dangers to our republican institutions have been obviated by the failure of that bank to extort from the Government a renewal of its charter, it is obvious that little has been accomplished except a salutary change of public opinion toward restoring to the country the sound currency provided for in the Constitution. In the acts of several of the States prohibiting the circulation of small notes, and the auxiliary enactments of Congress at the last session forbidding their reception or payment on public account, the true policy of the country has been advanced and a larger portion of the precious metals infused into our circulating medium. These measures will probably be followed up in due time by the enactment of State laws banishing from circulation bank notes of still higher denominations, and the object may be materially promoted by further acts of Congress forbidding the employment as fiscal agents of such banks as continue to issue notes of low denominations and throw impediments in the way of the circulation of gold and silver.

The effects of an extension of bank credits and overissues of bank paper have been strikingly illustrated in the sales of the public lands. From the returns made by the various registers and receivers in the early part of last summer it was perceived that the receipts arising from the sales of the public lands were increasing to an unprecedented amount. In effect, however, these receipts amounted to nothing more than credits in bank. The banks lent out their notes to speculators. They were paid to the receivers and immediately returned to the banks, to be lent out again and again, being mere instruments to transfer to speculators the most valuable public land and pay the Government by a credit on the books of the banks. Those credits on the books of some of the Western banks, usually called deposits, were already greatly beyond their immediate means of payment, and were rapidly increasing. Indeed, each speculation furnished means for another; for no sooner had one individual or company paid in the notes than they were immediately lent to another for a like purpose, and the banks were extending their business and their issues so largely as to alarm considerate men and render it doubtful whether these bank credits if permitted to accumulate would ultimately be of the least value to the Government. The spirit of expansion and speculation was not confined to the deposit banks, but pervaded the whole multitude of banks throughout the Union and was giving rise

to new institutions to aggravate the evil.

The safety of the public funds and the interest of the people generally required that these operations should be checked; and it became the duty of every branch of the General and State Governments to adopt all legitimate and proper means to produce that salutary effect. Under this view of my duty I directed the issuing of the order which will be laid before you by the Secretary of the Treasury, requiring payment for the public lands sold to be made in specie, with an exception until the 15th of the present month in favor of actual settlers. This measure has produced many salutary consequences. It checked the career of the Western banks and gave them additional strength in anticipation of the pressure which has since pervaded our Eastern as well as the European commercial cities. By preventing the extension of the credit system it measurably cut off the means of speculation and retarded its progress in monopolizing the most valuable of the public lands. It has tended to save the new States from a nonresident proprietorship, one of the greatest obstacles to the advancement of a new country and the prosperity of an old one. It has tended to keep open the public lands for entry by emigrants at Government prices instead of their being compelled to purchase of speculators at double or triple prices. And it is conveying into the interior large sums in silver and gold, there to enter permanently into the currency of the country and place it on a firmer foundation. It is confidently believed that the country will find in the motives which induced that order and the happy consequences which will have ensued much to commend and nothing to condemn.

It remains for Congress if they approve the policy which dictated this order to follow it up in its various bearings. Much good, in my judgment, would be produced by prohibiting sales of the public lands except to actual settlers at a reasonable reduction of price, and to limit the quantity which shall be sold to them. Although it is believed the General Government never ought to receive anything but the constitutional currency in exchange for the public lands, that point would be of less importance if the lands were sold for immediate settlement and cultivation. Indeed, there is scarcely a mischief arising out of our present land system, including the accumulating surplus of revenues, which would not be remedied at once by a restriction on land sales to actual settlers; and it promises other advantages to the country in general and to the new States in particular which can not fail to receive the most profound consideration of Congress.

Experience continues to realize the expectations entertained as to the capacity of the State banks to perform the duties of fiscal agents for the Government at the time of the removal of the deposits. It was alleged by the advocates of the Bank of the United States that the State banks, whatever might be the regulations of the Treasury Department, could not make the transfers required by the Government or negotiate

the domestic exchanges of the country. It is now well ascertained that the real domestic exchanges performed through discounts by the United States Bank and its twenty-five branches were at least one-third less than those of the deposit banks for an equal period of time; and if a comparison be instituted between the amounts of service rendered by these institutions on the broader basis which has been used by the advocates of the United States Bank in estimating what they consider the domestic exchanges transacted by it, the result will be still more favorable to the deposit banks.

The whole amount of public money transferred by the Bank of the United States in 1832 was \$16,000,000. The amount transferred and actually paid by the deposit banks in the year ending the 1st of October last was \$39,319,899; the amount transferred and paid between that period and the 6th of November was \$5,399,000, and the amount of transfer warrants outstanding on that day was \$14,450,000, making an aggregate of \$59,168,894. These enormous sums of money first mentioned have been transferred with the greatest promptitude and regularity, and the rates at which the exchanges have been negotiated previously to the passage of the deposit act were generally below those charged by the Bank of the United States. Independently of these services, which are far greater than those rendered by the United States Bank and its twenty-five branches, a number of the deposit banks have, with a commendable zeal to aid in the improvement of the currency, imported from abroad, at their own expense, large sums of the precious metals for coinage and circulation.

In the same manner have nearly all the predictions turned out in respect to the effect of the removal of the deposits—a step unquestionably necessary to prevent the evils which it was foreseen the bank itself would endeavor to create in a final struggle to procure a renewal of its charter. It may be thus, too, in some degree with the further steps which may be taken to prevent the excessive issue of other bank paper, but it is to be hoped that nothing will now deter the Federal and State authorities from the firm and vigorous performance of their duties to themselves and to the people in this respect.

In reducing the revenue to the wants of the Government your particular attention is invited to those articles which constitute the necessities of life. The duty on salt was laid as a war tax, and was no doubt continued to assist in providing for the payment of the war debt. There is no article the release of which from taxation would be felt so generally and so beneficially. To this may be added all kinds of fuel and provisions. Justice and benevolence unite in favor of releasing the poor of our cities from burdens which are not necessary to the support of our Government and tend only to increase the wants of the destitute.

It will be seen by the report of the Secretary of the Treasury and the accompanying documents that the Bank of the United States has made

no payment on account of the stock held by the Government in that institution, although urged to pay any portion which might suit its convenience, and that it has given no information when payment may be expected. Nor, although repeatedly requested, has it furnished the information in relation to its condition which Congress authorized the Secretary to collect at their last session. Such measures as are within the power of the Executive have been taken to ascertain the value of the stock and procure the payment as early as possible.

The conduct and present condition of that bank and the great amount of capital vested in it by the United States require your careful attention. Its charter expired on the 3d day of March last, and it has now no power but that given in the twenty-first section, "to use the corporate name, style, and capacity for the purpose of suits for the final settlement and liquidation of the affairs and accounts of the corporation, and for the sale and disposition of their estate—real, personal, and mixed—but not for any other purpose or in any other manner whatsoever, nor for a period exceeding two years after the expiration of the said term of incorporation." Before the expiration of the charter the stockholders of the bank obtained an act of incorporation from the legislature of Pennsylvania, excluding only the United States. Instead of proceeding to wind up their concerns and pay over to the United States the amount due on account of the stock held by them, the president and directors of the old bank appear to have transferred the books, papers, notes, obligations, and most or all of its property to this new corporation, which entered upon business as a continuation of the old concern. Amongst other acts of questionable validity, the notes of the expired corporation are known to have been used as its own and again put in circulation. That the old bank had no right to issue or reissue its notes after the expiration of its charter can not be denied, and that it could not confer any such right on its substitute any more than exercise it itself is equally plain. In law and honesty the notes of the bank in circulation at the expiration of its charter should have been called in by public advertisement, paid up as presented, and, together with those on hand, canceled and destroyed. Their reissue is sanctioned by no law and warranted by no necessity. If the United States be responsible in their stock for the payment of these notes, their reissue by the new corporation for their own profit is a fraud on the Government. If the United States is not responsible, then there is no legal responsibility in any quarter, and it is a fraud on the country. They are the redeemed notes of a dissolved partnership, but, contrary to the wishes of the retiring partner and without his consent, are again reissued and circulated.

It is the high and peculiar duty of Congress to decide whether any further legislation be necessary for the security of the large amount of public property now held and in use by the new bank, and for vindicating the rights of the Government and compelling a speedy and honest settle-

ment with all the creditors of the old bank, public and private, or whether the subject shall be left to the power now possessed by the Executive and judiciary. It remains to be seen whether the persons who as managers of the old bank undertook to control the Government, retained the public dividends, shut their doors upon a committee of the House of Representatives, and filled the country with panic to accomplish their own sinister objects may now as managers of a new bank continue with impunity to flood the country with a spurious currency, use the seven millions of Government stock for their own profit, and refuse to the United States all information as to the present condition of their own property and the prospect of recovering it into their own possession.

The lessons taught by the Bank of the United States can not well be lost upon the American people. They will take care never again to place so tremendous a power in irresponsible hands, and it will be fortunate if they seriously consider the consequences which are likely to result on a smaller scale from the facility with which corporate powers are granted by their State governments.

It is believed that the law of the last session regulating the deposit banks operates onerously and unjustly upon them in many respects, and it is hoped that Congress, on proper representations, will adopt the modifications which are necessary to prevent this consequence.

The report of the Secretary of War *ad interim* and the accompanying documents, all which are herewith laid before you, will give you a full view of the diversified and important operations of that Department during the past year.

The military movements rendered necessary by the aggressions of the hostile portions of the Seminole and Creek tribes of Indians, and by other circumstances, have required the active employment of nearly our whole regular force, including the Marine Corps, and of large bodies of militia and volunteers. With all these events so far as they were known at the seat of Government before the termination of your last session you are already acquainted, and it is therefore only needful in this place to lay before you a brief summary of what has since occurred.

The war with the Seminoles during the summer was on our part chiefly confined to the protection of our frontier settlements from the incursions of the enemy, and, as a necessary and important means for the accomplishment of that end, to the maintenance of the posts previously established. In the course of this duty several actions took place in which the bravery and discipline of both officers and men were conspicuously displayed, and which I have deemed it proper to notice in respect to the former by the granting of brevet rank for gallant services in the field. But as the force of the Indians was not so far weakened by these partial successes as to lead them to submit, and as their savage inroads were frequently repeated, early measures were taken for placing at the disposal of Governor Call, who as commander in chief of the Terri-

torial militia had been temporarily invested with the command, an ample force for the purpose of resuming offensive operations in the most efficient manner so soon as the season should permit. Major-General Jesup was also directed, on the conclusion of his duties in the Creek country, to repair to Florida and assume the command.

The result of the first movement made by the forces under the direction of Governor Call in October last, as detailed in the accompanying papers, excited much surprise and disappointment. A full explanation has been required of the causes which led to the failure of that movement, but has not yet been received. In the meantime, as it was feared that the health of Governor Call, who was understood to have suffered much from sickness, might not be adequate to the crisis, and as Major-General Jesup was known to have reached Florida, that officer was directed to assume the command, and to prosecute all needful operations with the utmost promptitude and vigor. From the force at his disposal and the dispositions he has made and is instructed to make, and from the very efficient measures which it is since ascertained have been taken by Governor Call, there is reason to hope that they will soon be enabled to reduce the enemy to subjection. In the meantime, as you will perceive from the report of the Secretary, there is urgent necessity for further appropriations to suppress these hostilities.

Happily for the interests of humanity, the hostilities with the Creeks were brought to a close soon after your adjournment, without that effusion of blood which at one time was apprehended as inevitable. The unconditional submission of the hostile party was followed by their speedy removal to the country assigned them west of the Mississippi. The inquiry as to alleged frauds in the purchase of the reservations of these Indians and the causes of their hostilities, requested by the resolution of the House of Representatives of the 1st of July last to be made by the President, is now going on through the agency of commissioners appointed for that purpose. Their report may be expected during your present session.

The difficulties apprehended in the Cherokee country have been prevented, and the peace and safety of that region and its vicinity effectually secured, by the timely measures taken by the War Department, and still continued.

The discretionary authority given to General Gaines to cross the Sabine and to occupy a position as far west as Nacogdoches, in case he should deem such a step necessary to the protection of the frontier and to the fulfillment of the stipulations contained in our treaty with Mexico, and the movement subsequently made by that officer have been alluded to in a former part of this message. At the date of the latest intelligence from Nacogdoches our troops were yet at that station, but the officer who has succeeded General Gaines has recently been advised that from the facts known at the seat of Government there would seem to be no

adequate cause for any longer maintaining that position, and he was accordingly instructed, in case the troops were not already withdrawn under the discretionary powers before possessed by him, to give the requisite orders for that purpose on the receipt of the instructions, unless he shall then have in his possession such information as shall satisfy him that the maintenance of the post is essential to the protection of our frontiers and to the due execution of our treaty stipulations, as previously explained to him.

Whilst the necessities existing during the present year for the service of militia and volunteers have furnished new proofs of the patriotism of our fellow-citizens, they have also strongly illustrated the importance of an increase in the rank and file of the Regular Army. The views of this subject submitted by the Secretary of War in his report meet my entire concurrence, and are earnestly commended to the deliberate attention of Congress. In this connection it is also proper to remind you that the defects in our present militia system are every day rendered more apparent. The duty of making further provision by law for organizing, arming, and disciplining this arm of defense has been so repeatedly presented to Congress by myself and my predecessors that I deem it sufficient on this occasion to refer to the last annual message and to former Executive communications in which the subject has been discussed.

It appears from the reports of the officers charged with mustering into service the volunteers called for under the act of Congress of the last session that more presented themselves at the place of rendezvous in Tennessee than were sufficient to meet the requisition which had been made by the Secretary of War upon the governor of that State. This was occasioned by the omission of the governor to apportion the requisition to the different regiments of militia so as to obtain the proper number of troops and no more. It seems but just to the patriotic citizens who repaired to the general rendezvous under circumstances authorizing them to believe that their services were needed and would be accepted that the expenses incurred by them while absent from their homes should be paid by the Government. I accordingly recommend that a law to this effect be passed by Congress, giving them a compensation which will cover their expenses on the march to and from the place of rendezvous and while there; in connection with which it will also be proper to make provision for such other equitable claims growing out of the service of the militia as may not be embraced in the existing laws.

On the unexpected breaking out of hostilities in Florida, Alabama, and Georgia it became necessary in some cases to take the property of individuals for public use. Provision should be made by law for indemnifying the owners; and I would also respectfully suggest whether some provision may not be made, consistently with the principles of our Government, for the relief of the sufferers by Indian depredations or by the

operations of our own troops.

No time was lost after the making of the requisite appropriations in resuming the great national work of completing the unfinished fortifications on our seaboard and of placing them in a proper state of defense. In consequence, however, of the very late day at which those bills were passed, but little progress could be made during the season which has just closed. A very large amount of the moneys granted at your last session accordingly remains unexpended; but as the work will be again resumed at the earliest moment in the coming spring, the balance of the existing appropriations, and in several cases which will be laid before you, with the proper estimates, further sums for the like objects, may be usefully expended during the next year.

The recommendations of an increase in the Engineer Corps and for a reorganization of the Topographical Corps, submitted to you in my last annual message, derive additional strength from the great embarrassments experienced during the present year in those branches of the service, and under which they are now suffering. Several of the most important surveys and constructions directed by recent laws have been suspended in consequence of the want of adequate force in these corps. The like observations may be applied to the Ordnance Corps and to the general staff, the operations of which as they are now organized must either be frequently interrupted or performed by officers taken from the line of the Army, to the great prejudice of the service.

For a general view of the condition of the Military Academy and of other branches of the military service not already noticed, as well as for fuller illustrations of those which have been mentioned, I refer you to the accompanying documents, and among the various proposals contained therein for legislative action I would particularly notice the suggestion of the Secretary of War for the revision of the pay of the Army as entitled to your favorable regard.

The national policy, founded alike in interest and in humanity, so long and so steadily pursued by this Government for the removal of the Indian tribes originally settled on this side of the Mississippi to the west of that river, may be said to have been consummated by the conclusion of the late treaty with the Cherokees. The measures taken in the execution of that treaty and in relation to our Indian affairs generally will fully appear by referring to the accompanying papers. Without dwelling on the numerous and important topics embraced in them, I again invite your attention to the importance of providing a well-digested and comprehensive system for the protection, supervision, and improvement of the various tribes now planted in the Indian country. The suggestions submitted by the Commissioner of Indian Affairs, and enforced by the Secretary, on this subject, and also in regard to the establishment of additional military posts in the Indian country, are entitled to your profound consideration. Both measures are necessary, for the double pur-

pose of protecting the Indians from intestine war, and in other respects complying with our engagements to them, and of securing our western frontier against incursions which otherwise will assuredly be made on it. The best hopes of humanity in regard to the aboriginal race, the welfare of our rapidly extending settlements, and the honor of the United States are all deeply involved in the relations existing between this Government and the emigrating tribes. I trust, therefore, that the various matters submitted in the accompanying documents in respect to those relations will receive your early and mature deliberation, and that it may issue in the adoption of legislative measures adapted to the circumstances and duties of the present crisis.

You are referred to the report of the Secretary of the Navy for a satisfactory view of the operations of the Department under his charge during the present year. In the construction of vessels at the different navy-yards and in the employment of our ships and squadrons at sea that branch of the service has been actively and usefully employed. While the situation of our commercial interests in the West Indies required a greater number than usual of armed vessels to be kept on that station, it is gratifying to perceive that the protection due to our commerce in other quarters of the world has not proved insufficient. Every effort has been made to facilitate the equipment of the exploring expedition authorized by the act of the last session, but all the preparation necessary to enable it to sail has not yet been completed. No means will be spared by the Government to fit out the expedition on a scale corresponding with the liberal appropriations for the purpose and with the elevated character of the objects which are to be effected by it.

I beg leave to renew the recommendation made in my last annual message respecting the enlistment of boys in our naval service, and to urge upon your attention the necessity of further appropriations to increase the number of ships afloat and to enlarge generally the capacity and force of the Navy. The increase of our commerce and our position in regard to the other powers of the world will always make it our policy and interest to cherish the great naval resources of our country.

The report of the Postmaster-General presents a gratifying picture of the condition of the Post-Office Department. Its revenues for the year ending the 30th June last were \$3,398,455.19, showing an increase of revenue over that of the preceding year of \$404,878.53, or more than 13 per cent. The expenditures for the same year were \$2,755,623.76, exhibiting a surplus of \$642,831.43. The Department has been redeemed from embarrassment and debt, has accumulated a surplus exceeding half a million of dollars, has largely extended and is preparing still further to extend the mail service, and recommends a reduction of postages equal to about 20 per cent. It is practicing upon the great principle which should control every branch of our Government of rendering to the public the greatest good possible with the least possible taxation

to the people.

The scale of postages suggested by the Postmaster-General recommends itself, not only by the reduction it proposes, but by the simplicity of its arrangement, its conformity with the Federal currency, and the improvement it will introduce into the accounts of the Department and its agents.

Your particular attention is invited to the subject of mail contracts with railroad companies. The present laws providing for the making of contracts are based upon the presumption that competition among bidders will secure the service at a fair price; but on most of the railroad lines there is no competition in that kind of transportation, and advertising is therefore useless. No contract can now be made with them except such as shall be negotiated before the time of offering or afterwards, and the power of the Postmaster-General to pay them high prices is practically without limitation. It would be a relief to him and no doubt would conduce to the public interest to prescribe by law some equitable basis upon which such contracts shall rest, and restrict him by a fixed rule of allowance. Under a liberal act of that sort he would undoubtedly be able to secure the services of most of the railroad companies, and the interest of the Department would be thus advanced.

The correspondence between the people of the United States and the European nations, and particularly with the British Islands, has become very extensive, and requires the interposition of Congress to give it security. No obstacle is perceived to an interchange of mails between New York and Liverpool or other foreign ports, as proposed by the Postmaster-General. On the contrary, it promises, by the security it will afford, to facilitate commercial transactions and give rise to an enlarged intercourse among the people of different nations, which can not but have a happy effect. Through the city of New York most of the correspondence between the Canadas and Europe is now carried on, and urgent representations have been received from the head of the provincial post-office asking the interposition of the United States to guard it from the accidents and losses to which it is now subjected. Some legislation appears to be called for as well by our own interest as by comity to the adjoining British provinces.

The expediency of providing a fireproof building for the important books and papers of the Post-Office Department is worthy of consideration. In the present condition of our Treasury it is neither necessary nor wise to leave essential public interests exposed to so much danger when they can so readily be made secure. There are weighty considerations in the location of a new building for that Department in favor of placing it near the other executive buildings.

The important subjects of a survey of the coast and the manufacture of a standard of weights and measures for the different custom-houses have been in progress for some years under the general direction of the

Executive and the immediate superintendence of a gentleman possessing high scientific attainments. At the last session of Congress the making of a set of weights and measures for each State in the Union was added to the others by a joint resolution.

The care and correspondence as to all these subjects have been devolved on the Treasury Department during the last year. A special report from the Secretary of the Treasury will soon be communicated to Congress, which will show what has been accomplished as to the whole, the number and compensation of the persons now employed in these duties, and the progress expected to be made during the ensuing year, with a copy of the various correspondence deemed necessary to throw light on the subjects which seem to require additional legislation. Claims have been made for retrospective allowances in behalf of the superintendent and some of his assistants, which I did not feel justified in granting. Other claims have been made for large increases in compensation, which, under all the circumstances of the several cases, I declined making without the express sanction of Congress. In order to obtain that sanction the subject was at the last session, on my suggestion and by request of the immediate superintendent, submitted by the Treasury Department to the Committee on Commerce of the House of Representatives. But no legislative action having taken place, the early attention of Congress is now invited to the enactment of some express and detailed provisions in relation to the various claims made for the past, and to the compensation and allowances deemed proper for the future.

It is further respectfully recommended that, such being the inconvenience of attention to these duties by the Chief Magistrate, and such the great pressure of business on the Treasury Department, the general supervision of the coast survey and the completion of the weights and measures, if the works are kept united, should be devolved on a board of officers organized specially for that purpose, or on the Navy Board attached to the Navy Department.

All my experience and reflection confirm the conviction I have so often expressed to Congress in favor of an amendment of the Constitution which will prevent in any event the election of the President and Vice-President of the United States devolving on the House of Representatives and the Senate, and I therefore beg leave again to solicit your attention to the subject. There were various other suggestions in my last annual message not acted upon, particularly that relating to the want of uniformity in the laws of the District of Columbia, that are deemed worthy of your favorable consideration.

Before concluding this paper I think it due to the various Executive Departments to bear testimony to their prosperous condition and to the ability and integrity with which they have been conducted. It has been my aim to enforce in all of them a vigilant and faithful discharge of the public business, and it is gratifying to me to believe that there is no just

cause of complaint from any quarter at the manner in which they have fulfilled the objects of their creation.

Having now finished the observations deemed proper on this the last occasion I shall have of communicating with the two Houses of Congress at their meeting, I can not omit an expression of the gratitude which is due to the great body of my fellow-citizens, in whose partiality and indulgence I have found encouragement and support in the many difficult and trying scenes through which it has been my lot to pass during my public career. Though deeply sensible that my exertions have not been crowned with a success corresponding to the degree of favor bestowed upon me, I am sure that they will be considered as having been directed by an earnest desire to promote the good of my country, and I am consoled by the persuasion that whatever errors have been committed will find a corrective in the intelligence and patriotism of those who will succeed us. All that has occurred during my Administration is calculated to inspire me with increased confidence in the stability of our institutions; and should I be spared to enter upon that retirement which is so suitable to my age and infirm health and so much desired by me in other respects, I shall not cease to invoke that beneficent Being to whose providence we are already so signally indebted for the continuance of His blessings on our beloved country.

President Harry S. Truman -- Annual Message on the State of the Union

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OF THE UNITED STATES

Harry S. Truman

*Containing the Public Messages, Speeches and
Statements of the President*

JANUARY 1, 1952, TO JANUARY 20, 1953

1952-53



UNITED STATES GOVERNMENT PRINTING OFFICE
WASHINGTON : 1966

after long and careful negotiation, has brought 5,642 acres into public ownership, and I am incorporating this into the park. This insures the preservation of the 250-foot Sitka spruces of the Bogachiel Valley.

The Olympic National Park, established for the benefit and enjoyment of the Amer-

ican people, now becomes the only park in the world to extend from snowcapped mountains to ocean beaches.

NOTE: The President issued Proclamation 3003 "Enlarging the Olympic National Park Washington" (3 CFR, 1949-1953 Comp., p. 178).

366 Annual Message to the Congress on the State of the Union.

January 7, 1953

To the Congress of the United States:

I have the honor to report to the Congress on the state of the Union.

This is the eighth such report that, as President, I have been privileged to present to you and to the country. On previous occasions, it has been my custom to set forth proposals for legislative action in the coming year. But that is not my purpose today. The presentation of a legislative program falls properly to my successor, not to me, and I would not infringe upon his responsibility to chart the forward course. Instead, I wish to speak of the course we have been following the past eight years and the position at which we have arrived.

In just two weeks, General Eisenhower will be inaugurated as President of the United States and I will resume—most gladly—my place as a private citizen of this Republic. The Presidency last changed hands eight years ago this coming April. That was a tragic time: a time of grieving for President Roosevelt—the great and gallant human being who had been taken from us; a time of unrelieved anxiety to his successor, thrust so suddenly into the complexities and burdens of the Presidential office.

Not so this time. This time we see the normal transition under our democratic system. One President, at the conclusion of his term, steps back to private life; his successor, chosen by the people, begins his tenure of the office. And the Presidency of the United States continues to function without a moment's break.

Since the election, I have done my best to

assure that the transfer from one Administration to another shall be smooth and orderly. From General Eisenhower and his associates, I have had friendly and understanding collaboration in this endeavor. I have not sought to thrust upon him—nor has he sought to take—the responsibility which must be mine until twelve o'clock noon on January twentieth. But together, I hope and believe we have found means whereby the incoming President can obtain the full and detailed information he will need to assume the responsibility the moment he takes the oath of office.

The President-elect is about to take up the greatest burdens, the most compelling responsibilities, given to any man. And I, with you and all Americans, wish for him all possible success in undertaking the tasks that will so soon be his.

What are these tasks? The President is Chief of State, elected representative of all the people, national spokesman for them and to them. He is Commander-in-Chief of our armed forces. He is charged with the conduct of our foreign relations. He is Chief Executive of the Nation's largest civilian organization. He must select and nominate all top officials of the Executive Branch and all Federal judges. And on the legislative side, he has the obligation and the opportunity to recommend, and to approve or veto legislation. Besides all this, it is to him that a great political party turns naturally for leadership, and that, too, he must provide as President.

This bundle of burdens is unique; there is nothing else like it on the face of the earth.

Each task could be a full-time job. Together, they would be a tremendous undertaking in the easiest of times.

But our times are not easy; they are hard—as hard and complex, perhaps as any in our history. Now, the President not only has to carry on these tasks in such a way that our democracy may grow and flourish and our people prosper, but he also has to lead the whole free world in overcoming the communist menace—and all this under the shadow of the atomic bomb.

This is a huge challenge to the human being who occupies the Presidential office. But it is not a challenge to him alone, for in reality he cannot meet it alone. The challenge runs not just to him but to his whole Administration, to the Congress, to the country.

Ultimately, no President can master his responsibilities, save as his fellow citizens—indeed, the whole people—comprehend the challenge of our times and move, with him, to meet it.

It has been my privilege to hold the Presidential office for nearly eight years now, and much has been done in which I take great pride. But this is not personal pride. It is pride in the people, in the Nation. It is pride in our political system and our form of government—balky sometimes, mechanically deficient perhaps, in many ways—but enormously alive and vigorous; able through these years to keep the Republic on the right course, rising to the great occasions, accomplishing the essentials, meeting the basic challenge of our times.

There have been misunderstandings and controversies these past eight years, but through it all the President of the United States has had that measure of support and understanding without which no man could sustain the burdens of the Presidential office, or hope to discharge its responsibilities.

For this I am profoundly grateful—grateful to my associates in the Executive Branch—most of them non-partisan civil servants; grateful—despite our disagreements—to the Members of the Congress on both sides of the aisle; grateful especially to

the American people, the citizens of this Republic, governors of us all.

We are still so close to recent controversies that some of us may find it hard to understand the accomplishments of these past eight years. But the accomplishments are real and very great, not as the President's, not as the Congress', but as the achievements of our country and all the people in it.

Let me remind you of some of the things we have done since I first assumed my duties as President of the United States.

I took the oath of office on April 12, 1945. In May of that same year, the Nazis surrendered. Then, in July, that great white flash of light, man-made at Alamogordo, heralded swift and final victory in World War II—and opened the doorway to the atomic age.

Consider some of the great questions that were posed for us by sudden, total victory in World War II. Consider also, how well we as a Nation have responded.

Would the American economy collapse, after the war? That was one question. Would there be another depression here—a repetition of 1921 or 1929? The free world feared and dreaded it. The communists hoped for it and built their policies upon that hope.

We answered that question—answered it with a resounding “no.”

Our economy has grown tremendously. Free enterprise has flourished as never before. Sixty-two million people are now gainfully employed, compared with 51 million seven years ago. Private businessmen and farmers have invested more than 200 billion dollars in new plant and equipment since the end of World War II. Prices have risen further than they should have done—but incomes, by and large, have risen even more, so that real living standards are now considerably higher than seven years ago. Aided by sound government policies, our expanding economy has shown the strength and flexibility for swift and almost painless reconversion from war to peace, in 1945 and 1946; for quick reaction and re-

covery—well before Korea—from the beginnings of recession in 1949. Above all, this live and vital economy of ours has now shown the remarkable capacity to sustain a great mobilization program for defense, a vast outpouring of aid to friends and allies all around the world—and still to produce more goods and services for peaceful use at home than we have ever known before.

This has been our answer, up to now, to those who feared or hoped for a depression in this country.

How have we handled our national finances? That was another question arising at war's end. In the administration of the Government, no problem takes more of the President's time, year in and year out, than fashioning the Budget, and the related problem of managing the public debt.

Financing World War II left us with a tremendous public debt, which reached 279 billion dollars at its peak in February, 1946.

Beginning in July, 1946, when war and reconversion financing had ended, we have held quite closely to the sound standard that in times of high employment and high national income, the Federal Budget should be balanced and the debt reduced.

For the four fiscal years from July 1, 1946, to June 30, 1950, we had a net surplus of 4.3 billion dollars. Using this surplus, and the Treasury's excess cash reserves, the debt was reduced substantially, reaching a low point of 251 billion dollars in June, 1949, and ending up at 257 billion dollars on June 30, 1950.

In July of 1950, we began our rapid rearmament, and for two years held very close to a pay-as-we-go policy. But in the current fiscal year and the next, rising expenditures for defense will substantially outrun receipts. This will pose an immediate and serious problem for the new Congress.

Now let me turn to another question we faced at the war's end. Would we take up again, and carry forward, the great projects of social welfare—so badly needed, so long overdue—that the New Deal had intro-

duced into our national life? Would our Government continue to have a heart for the people, or was the progress of the New Deal to be halted in the aftermath of war as decisively as the progress of Woodrow Wilson's New Freedom had been halted after the first world war?

This question, too, we have answered. We have answered it by doubling old age insurance benefits and extending coverage to ten million more people. We have answered it by increasing our minimum wage. We have answered by the three million privately constructed homes that the Federal Government has helped finance since the war—and the 155 thousand units of low rent public housing placed under construction since 1949.

We have answered with the 42 thousand new hospital beds provided since 1946 through the joint efforts of the Federal Government and local communities.

We have answered by helping eight million veterans of World War II to obtain advanced education, 196 thousand to start in business, and 64 thousand to buy farms.

We have answered by continuing to help farmers obtain electric power, until today nearly 90 per cent of our farms have power line electric service.

In these and other ways, we have demonstrated, up to now, that our democracy has not forgotten how to use the powers of the Government to promote the people's welfare and security.

Another of the big post-war questions was this: What we would do with the Nation's natural resources—its soils and water, forests and grasslands. Would we continue the strong conservation movement of the 1930's, or would we, as we did after the First World War, slip back into the practices of monopoly, exploitation, and waste?

The answer is plain. All across our country, the soil conservation movement has spread, aided by Government programs, enriching private and public lands, preserving them from destruction, improving them

for future use. In our river basins, we have invested nearly 5 billion dollars of public funds in the last eight years—invested them in projects to control floods, irrigate farmlands, produce low-cost power and get it to the housewives and farmers and businessmen who need it. We have been vigilant in protecting the people's property—lands and forests and oil and minerals.

We have had to fight hard against those who would use our resources for private greed; we have met setbacks; we have had to delay work because of defense priorities, but on the whole we can be proud of our record in protecting our natural heritage, and in using our resources for the public good.

Here is another question we had to face at the war's close: Would we continue, in peace as well as war, to promote equality of opportunity for all our citizens, seeking ways and means to guarantee for all of them the full enjoyment of their civil rights?

During the war we achieved great economic and social gains for millions of our fellow citizens who had been held back by prejudice. Were we prepared, in peacetime, to keep on moving toward full realization of the democratic promise? Or would we let it be submerged, wiped out, in post-war riots and reaction, as after World War I?

We answered these questions in a series of forward steps at every level of government and in many spheres of private life. In our armed forces, our civil service, our universities, our railway trains, the residential districts of our cities—in stores and factories all across the Nation—in the polling booths as well—the barriers are coming down. This is happening, in part, at the mandate of the courts; in part, at the insistence of Federal, State and local governments; in part, through the enlightened action of private groups and persons in every region and every walk of life.

There has been a great awakening of the American conscience on the issues of civil rights. And all this progress—still far from

complete but still continuing—has been our answer, up to now, to those who questioned our intention to live up to the promises of equal freedom for us all.

There was another question posed for us at the war's end, which equally concerned the future course of our democracy: Could the machinery of government and politics in this Republic be changed, improved, adapted rapidly enough to carry through, responsibly and well, the vast, new complicated undertakings called for in our time?

We have answered this question, too, answered it by tackling the most urgent, most specific, problems which the war experience itself had brought into sharp focus. The reorganization of the Congress in 1946; the unification of our armed services, beginning in 1947; the closer integration of foreign and military policy through the National Security Council created that same year; and the Executive reorganizations, before and after the Hoover-Acheson Commission Report in 1949—these are landmarks in our continuing endeavor to make government an effective instrument of service to the people.

I come now to the most vital question of all, the greatest of our concerns: Could there be built in the world a durable structure of security, a lasting peace for all the nations, or would we drift, as after World War I, toward another terrible disaster—a disaster which this time might be the holocaust of atomic war?

That is still the overriding question of our time. We cannot know the answer yet; perhaps we will not know it finally for a long time to come. But day and night, these past eight years, we have been building for peace, searching out the way that leads most surely to security and freedom and justice in the world for us and all mankind.

This, above all else, has been the task of our Republic since the end of World War II, and our accomplishment so far should give real pride to all Americans. At the very least, a total war has been averted, each day up to this hour. And at the most, we may

already have succeeded in establishing conditions which can keep that kind of war from happening, for as far ahead as man can see.

The Second World War radically changed the power relationships of the world. Nations once great were left shattered and weak, channels of communication, routes of trade, political and economic ties of many kinds were ripped apart.

And in this changed, disrupted, chaotic situation, the United States and the Soviet Union emerged as the two strongest powers of the world. Each had tremendous human and natural resources, actual or potential, on a scale unmatched by any other nation.

Nothing could make plainer why the world is in its present state—and how that came to pass—than an understanding of the diametrically opposite principles and policies of these two great powers in a war-ruined world.

For our part, we in this Republic were—and are—free men, heirs of the American Revolution, dedicated to the truths of our Declaration of Independence:

“... That all men are created equal, that they are endowed by their Creator with certain unalienable rights . . . That to secure these rights, governments are instituted among men, deriving their just powers from the consent of the governed.”

Our post-war objective has been in keeping with this great idea. The United States has sought to use its pre-eminent position of power to help other nations recover from the damage and dislocation of the war. We held out a helping hand to enable them to restore their national lives and to regain their positions as independent, self-supporting members of the great family of nations. This help was given without any attempt on our part to dominate or control any nation. We did not want satellites but partners.

The Soviet Union, however, took exactly the opposite course.

Its rulers saw in the weakened condition of the world not an obligation to assist in the great work of reconstruction, but an

opportunity to exploit misery and suffering for the extension of their power. Instead of help, they brought subjugation. They extinguished, blotted out, the national independence of the countries that the military operations of World War II had left within their grasp.

The difference stares at us from the map of Europe today. To the west of the line that tragically divides Europe we see nations continuing to act and live in the light of their own traditions and principles. On the other side, we see the dead uniformity of a tyrannical system imposed by the rulers of the Soviet Union. Nothing could point up more clearly what the global struggle between the free world and the communists is all about.

It is a struggle as old as recorded history; it is freedom versus tyranny.

For the dominant idea of the Soviet regime is the terrible conception that men do not have rights but live at the mercy of the state.

Inevitably this idea of theirs—and all the consequences flowing from it—collided with the efforts of free nations to build a just and peaceful world. The “cold war” between the communists and the free world is nothing more or less than the Soviet attempt to checkmate and defeat our peaceful purposes, in furtherance of their own dread objective.

We did not seek this struggle, God forbid. We did our utmost to avoid it. In World War II, we and the Russians had fought side by side, each in our turn attacked and forced to combat by the aggressors. After the war, we hoped that our wartime collaboration could be maintained, that the frightful experience of Nazi invasion, of devastation in the heart of Russia, had turned the Soviet rulers away from their old proclaimed allegiance to world revolution and communist dominion. But instead, they violated, one by one, the solemn agreements they had made with us in wartime. They sought to use the rights and privileges they had obtained in the United Nations, to

frustrate its purposes and cut down its powers as an effective agent of world progress and the keeper of the world's peace.

Despite this outcome, the efforts we made toward peaceful collaboration are a source of our present strength. They demonstrated that we believed what we proclaimed, that we actually sought honest agreements as the way to peace. Our whole moral position, our leadership in the free world today, is fortified by that fact.

The world is divided, not through our fault or failure, but by Soviet design. They, not we, began the cold war. And because the free world saw this happen—because men know we made the effort and the Soviet rulers spurned it—the free nations have accepted leadership from our Republic, in meeting and mastering the Soviet offensive.

It seems to me especially important that all of us be clear, in our own thinking, about the nature of the threat we have faced—and will face for a long time to come. The measures we have devised to meet it take shape and pattern only as we understand what we were—and are—up against.

The Soviet Union occupies a territory of 8 million square miles. Beyond its borders, East and West, are the nearly five million square miles of the satellite states—virtually incorporated into the Soviet Union—and of China, now its close partner. This vast land mass contains an enormous store of natural resources sufficient to support an economic development comparable to our own.

That is the Stalinist world. It is a world of great natural diversity in geography and climate, in distribution of resources, in population, language, and living standards, in economic and cultural development. It is a world whose people are not all convinced communists by any means. It is a world where history and national traditions, particularly in its borderlands, tend more toward separation than unification, and run counter to the enforced combination that has been made of these areas today.

But it is also a world of great man-made uniformities, a world that bleeds its population white to build huge military forces; a world in which the police are everywhere and their authority unlimited; a world where terror and slavery are deliberately administered both as instruments of government and as means of production; a world where all effective social power is the state's monopoly—yet the state itself is the creature of the communist tyrants.

The Soviet Union, with its satellites, and China are held in the tight grip of communist party chieftains. The party dominates all social and political institutions. The party regulates and centrally directs the whole economy. In Moscow's sphere, and in Peiping's, all history, philosophy, morality and law are centrally established by rigid dogmas, incessantly drummed into the whole population and subject to interpretation—or to change—by none except the party's own inner circle.

And lest their people learn too much of other ways of life, the communists have walled off their world, deliberately and uniformly, from the rest of human society.

That is the communist base of operation in their cold war. In addition, they have at their command hundreds and thousands of dedicated foreign communists, people in nearly every free country who will serve Moscow's ends. Thus the masters of the Kremlin are provided with deluded followers all through the free world whom they can manipulate, cynically and quite ruthlessly, to serve the purposes of the Soviet state.

Given their vast internal base of operations, and their agents in foreign lands, what are the communist rulers trying to do?

Inside their homeland, the communists are trying to maintain and modernize huge military forces. And simultaneously, they are endeavoring to weld their whole vast area and population into a completely self-contained, advanced industrial society. They aim, some day, to equal or better the production levels of Western Europe and North

America combined—thus shifting the balance of world economic power, and war potential, to their side.

They have a long way to go and they know it. But they are prepared to levy upon living generations any sacrifice that helps strengthen their armed power, or speed industrial development.

Externally, the communist rulers are trying to expand the boundaries of their world, whenever and wherever they can. This expansion they have pursued steadfastly since the close of World War II, using any means available to them.

Where the Soviet army was present, as in the countries of Eastern Europe, they have gradually squeezed free institutions to death.

Where post-war chaos existed in industrialized nations, as in Western Europe, the local Stalinists tried to gain power through political processes, politically-inspired strikes, and every available means for subverting free institutions to their evil ends.

Where conditions permitted, the Soviet rulers have stimulated and aided armed insurrection by communist-led revolutionary forces, as in Greece, Indo-China, the Philippines, and China, or outright aggression by one of their satellites, as in Korea.

Where the forces of nationalism, independence, and economic change were at work throughout the great sweep of Asia and Africa, the communists tried to identify themselves with the cause of progress, tried to picture themselves as the friends of freedom and advancement—surely one of the most cynical efforts of which history offers record.

Thus, everywhere in the free world, the communists seek to fish in troubled waters, to seize more countries, to enslave more millions of human souls. They were, and are, ready to ally themselves with any group, from the extreme left to the extreme right, that offers them an opportunity to advance their ends.

Geography gives them a central position. They are both a European and an Asian

power, with borders touching many of the most sensitive and vital areas in the free world around them. So situated, they can use their armies and their economic power to set up simultaneously a whole series of threats—or inducements—to such widely dispersed places as Western Germany, Iran, and Japan. These pressures and attractions can be sustained at will, or quickly shifted from place to place.

Thus the communist rulers are moving, with implacable will, to create greater strength in their vast empire, and to create weakness and division in the free world, preparing for the time their false creed teaches them must come: the time when the whole world outside their sway will be so torn by strife and contradictions that it will be ripe for the communist plucking.

This is the heart of the distorted Marxist interpretation of history. This is the glass through which Moscow and Peiping look out upon the world, the glass through which they see the rest of us. They seem really to believe that history is on their side. And they are trying to boost "history" along, at every opportunity, in every way they can.

I have set forth here the nature of the communist menace confronting our Republic and the whole free world. This is the measure of the challenge we have faced since World War II—a challenge partly military and partly economic, partly moral and partly intellectual, confronting us at every level of human endeavor and all around the world.

It has been and must be the free world's purpose not only to organize defenses against aggression and subversion, not only to build a structure of resistance and salvation for the community of nations outside the iron curtain, but in addition to give expression and opportunity to the forces of growth and progress in the free world, to so organize and unify the cooperative community of free men that we will not crumble but grow stronger over the years, and the Soviet empire, not the free world, will eventually have to change its ways or fall.

Our whole program of action to carry out this purpose has been directed to meet two requirements.

The first of these had to do with security. Like the pioneers who settled this great continent of ours, we have had to carry a musket while we went about our peaceful business. We realized that if we and our allies did not have military strength to meet the growing Soviet military threat, we would never have the opportunity to carry forward our efforts to build a peaceful world of law and order—the only environment in which our free institutions could survive and flourish.

Did this mean we had to drop everything else and concentrate on armies and weapons? Of course it did not: side-by-side with this urgent military requirement, we had to continue to help create conditions of economic and social progress in the world. This work had to be carried forward alongside the first, not only in order to meet the non-military aspects of the communist drive for power, but also because this creative effort toward human progress is essential to bring about the kind of world we as free men want to live in.

These two requirements—military security and human progress—are more closely related in action than we sometimes recognize. Military security depends upon a strong economic underpinning and a stable and hopeful political order; conversely, the confidence that makes for economic and political progress does not thrive in areas that are vulnerable to military conquest.

These requirements are related in another way. Both of them depend upon unity of action among the free nations of the world. This, indeed, has been the foundation of our whole effort, for the drawing together of the free people of the world has become a condition essential not only to their progress, but to their survival as free people.

This is the conviction that underlies all the steps we have been taking to strengthen and

unify the free nations during the past seven years.

What have these steps been? First of all, how have we gone about meeting the requirement of providing for our security against this world-wide challenge?

Our starting point, as I have said on many occasions, has been and remains the United Nations.

We were prepared, and so were the other nations of the free world, to place our reliance on the machinery of the United Nations to safeguard peace. But before the United Nations could give full expression to the concept of international security embodied in the Charter, it was essential that the five permanent members of the Security Council honor their solemn pledge to cooperate to that end. This the Soviet Union has not done.

I do not need to outline here the dreary record of Soviet obstruction and veto and the unceasing efforts of the Soviet representatives to sabotage the United Nations. It is important, however, to distinguish clearly between the principle of collective security embodied in the Charter and the mechanisms of the United Nations to give that principle effect. We must frankly recognize that the Soviet Union has been able, in certain instances, to stall the machinery of collective security. Yet it has not been able to impair the principle of collective security. The free nations of the world have retained their allegiance to that idea. They have found the means to act despite the Soviet veto, both through the United Nations itself and through the application of this principle in regional and other security arrangements that are fully in harmony with the Charter and give expression to its purposes.

The free world refused to resign itself to collective suicide merely because of the technicality of a Soviet veto.

The principle of collective measures to forestall aggression has found expression in the Treaty of Rio de Janeiro, the North

Atlantic Treaty, now extended to include Greece and Turkey, and the several treaties we have concluded to reinforce security in the Pacific area.

But the free nations have not this time fallen prey to the dangerous illusion that treaties alone will stop an aggressor. By a series of vigorous actions, as varied as the nature of the threat, the free nations have successfully thwarted aggression or the threat of aggression in many different parts of the world.

Our country has led or supported these collective measures. The aid we have given to people determined to act in defense of their freedom has often spelled the difference between success and failure.

We all know what we have done, and I shall not review in detail the steps we have taken. Each major step was a milepost in the developing unity, strength and resolute will of the free nations.

The first was the determined and successful effort made through the United Nations to safeguard the integrity and independence of Iran in 1945 and 1946.

Next was our aid and support to embattled Greece, which enabled her to defeat the forces threatening her national independence.

In Turkey, cooperative action resulted in building up a bulwark of military strength for an area vital to the defenses of the entire free world.

In 1949, we began furnishing military aid to our partners in the North Atlantic Community and to a number of other free countries.

The Soviet Union's threats against Germany and Japan, its neighbors to the West and to the East, have been successfully withstood. Free Germany is on its way to becoming a member of the peaceful community of nations, and a partner in the common defense. The Soviet effort to capture Berlin by blockade was thwarted by the courageous Allied airlift. An independent and democratic Japan has been brought back into the community of free nations.

In the Far East, the tactics of communist imperialism have reached heights of violence unmatched elsewhere—and the problem of concerted action by the free nations has been at once more acute and more difficult.

Here, in spite of outside aid and support, the free government of China succumbed to the communist assault. Our aid has enabled the free Chinese to rebuild and strengthen their forces on the island of Formosa. In other areas of the Far East—in Indo-China, Malaya, and the Philippines—our assistance has helped sustain a staunch resistance against communist insurrectionary attacks.

The supreme test, up to this point, of the will and determination of the free nations came in Korea, when communist forces invaded the Republic of Korea, a state that was in a special sense under the protection of the United Nations. The response was immediate and resolute. Under our military leadership, the free nations for the first time took up arms, collectively, to repel aggression.

Aggression was repelled, driven back, punished. Since that time, communist strategy has seen fit to prolong the conflict, in spite of honest efforts by the United Nations to reach an honorable truce. The months of deadlock have demonstrated that the communists cannot achieve by persistence, or by diplomatic trickery, what they failed to achieve by sneak attack. Korea has demonstrated that the free world has the will and the endurance to match the communist effort to overthrow international order through local aggression.

It has been a bitter struggle and it has cost us much in brave lives and human suffering, but it has made it plain that the free nations will fight side by side, that they will not succumb to aggression or intimidation, one by one. This, in the final analysis, is the only way to halt the communist drive to world power.

At the heart of the free world's defense

is the military strength of the United States.

From 1945 to 1949, the United States was sole possessor of the atomic bomb. That was a great deterrent and protection in itself.

But when the Soviets produced an atomic explosion—as they were bound to do in time—we had to broaden the whole basis of our strength. We had to endeavor to keep our lead in atomic weapons. We had to strengthen our armed forces generally and to enlarge our productive capacity—our mobilization base. Historically, it was the Soviet atomic explosion in the fall of 1949, nine months before the aggression in Korea, which stimulated the planning for our program of defense mobilization.

What we needed was not just a central force that could strike back against aggression. We also needed strength along the outer edges of the free world, defenses for our allies as well as for ourselves, strength to hold the line against attack as well as to retaliate.

We have made great progress on this task of building strong defenses. In the last two and one half years, we have more than doubled our own defenses, and we have helped to increase the protection of nearly all the other free nations.

All the measures of collective security, resistance to aggression, and the building of defenses, constitute the first requirement for the survival and progress of the free world. But, as I have pointed out, they are interwoven with the necessity of taking steps to create and maintain economic and social progress in the free nations. There can be no military strength except where there is economic capacity to back it. There can be no freedom where there is economic chaos or social collapse. For these reasons, our national policy has included a wide range of economic measures.

In Europe, the grand design of the Marshall Plan permitted the people of Britain and France and Italy and a half dozen other countries, with help from the United States, to lift themselves from stagnation and find

again the path of rising production, rising incomes, rising standards of living. The situation was changed almost overnight by the Marshall Plan; the people of Europe have a renewed hope and vitality, and they are able to carry a share of the military defense of the free world that would have been impossible a few years ago.

Now the countries of Europe are moving rapidly towards political and economic unity, changing the map of Europe in more hopeful ways than it has been changed for 500 years. Customs unions, European economic institutions like the Schuman Plan, the movement toward European political integration, the European Defense Community—all are signs of practical and effective growth toward greater common strength and unity. The countries of Western Europe, including the free Republic of Germany are working together, and the whole free world is the gainer.

It sometimes happens, in the course of history, that steps taken to meet an immediate necessity serve an ultimate purpose greater than may be apparent at the time. This, I believe, is the meaning of what has been going on in Europe under the threat of aggression. The free nations there, with our help, have been drawing together in defense of their free institutions. In so doing, they have laid the foundations of a unity that will endure as a major creative force beyond the exigencies of this period of history. We may, at this close range, be but dimly aware of the creative surge this movement represents, but I believe it to be of historic importance. I believe its benefits will survive long after communist tyranny is nothing but an unhappy memory.

In Asia and Africa, the economic and social problems are different but no less urgent. There hundreds of millions of people are in ferment, exploding into the twentieth century, thrusting toward equality and independence and improvement in the hard conditions of their lives.

Politically, economically, socially, things cannot and will not stay in their pre-war

mold in Africa and Asia. Change must come—is coming—fast. Just in the years I have been President, 12 free nations, with more than 600 million people, have become independent: Burma, Indonesia, the Philippines, Korea, Israel, Libya, India, Pakistan and Ceylon, and the three Associated States of Indo-China, now members of the French Union. These names alone are testimony to the sweep of the great force which is changing the face of half the world.

Working out new relationships among the peoples of the free world would not be easy in the best of times. Even if there were no Communist drive for expansion, there would be hard and complex problems of transition from old social forms, old political arrangements, old economic institutions to the new ones our century demands—problems of guiding change into constructive channels, of helping new nations grow strong and stable. But now, with the Soviet rulers striving to exploit this ferment for their own purposes, the task has become harder and more urgent—terribly urgent.

In this situation, we see the meaning and the importance of the Point IV program, through which we can share our store of know-how and of capital to help these people develop their economies and reshape their societies. As we help Iranians to raise more grain, Indians to reduce the incidence of malaria, Liberians to educate their children better, we are at once helping to answer the desires of the people for advancement, and demonstrating the superiority of freedom over communism. There will be no quick solution for any of the difficulties of the new nations of Asia and Africa—but there may be no solution at all if we do not press forward with full energy to help these countries grow and flourish in freedom and in cooperation with the rest of the free world.

Our measures of economic policy have already had a tremendous effect on the course of events. Eight years ago, the Kremlin thought post-war collapse in Western Europe and Japan—with economic dislocation in America—might give them the signal to ad-

vance. We demonstrated they were wrong. Now they wait with hope that the economic recovery of the free world has set the stage for violent and disastrous rivalry among the economically developed nations, struggling for each other's markets and a greater share of trade. Here is another test that we shall have to meet and master in the years immediately ahead. And it will take great ingenuity and effort—and much time—before we prove the Kremlin wrong again. But we can do it. It is true that economic recovery presents its problems, as does economic decline, but they are problems of another order. They are the problems of distributing abundance fairly, and they can be solved by the process of international cooperation that has already brought us so far.

These are the measures we must continue. This is the path we must follow. We must go on, working with our free associates, building an international structure for military defense, and for economic, social, and political progress. We must be prepared for war, because war may be thrust upon us. But the stakes in our search for peace are immensely higher than they have ever been before.

For now we have entered the atomic age, and war has undergone a technological change which makes it a very different thing from what it used to be. War today between the Soviet empire and the free nations might dig the grave not only of our Stalinist opponents, but of our own society, our world as well as theirs.

This transformation has been brought to pass in the seven years from Alamogordo to Eniwetok. It is only seven years, but the new force of atomic energy has turned the world into a very different kind of place.

Science and technology have worked so fast that war's new meaning may not yet be grasped by all the peoples who would be its victims; nor, perhaps, by the rulers in the Kremlin. But I have been President of the United States, these seven years, responsible for the decisions which have brought our science and our engineering to their

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present place. I know what this development means now. I know something of what it will come to mean in the future.

We in this Government realized, even before the first successful atomic explosion, that this new force spelled terrible danger for all mankind unless it were brought under international control. We promptly advanced proposals in the United Nations to take this new source of energy out of the arena of national rivalries, to make it impossible to use it as a weapon of war. These proposals, so pregnant with benefit for all humanity, were rebuffed by the rulers of the Soviet Union.

The language of science is universal, the movement of science is always forward into the unknown. We could not assume that the Soviet Union would not develop the same weapon, regardless of all our precautions, nor that there were not other and even more terrible means of destruction lying in the unexplored field of atomic energy.

We had no alternative, then, but to press on, to probe the secrets of atomic power to the uttermost of our capacity, to maintain, if we could, our initial superiority in the atomic field. At the same time, we sought persistently for some avenue, some formula, for reaching an agreement with the Soviet rulers that would place this new form of power under effective restraints—that would guarantee no nation would use it in war. I do not have to recount here the proposals we made, the steps taken in the United Nations, striving at least to open a way to ultimate agreement. I hope and believe that we will continue to make these efforts so long as there is the slightest possibility of progress. All civilized nations are agreed on the urgency of the problem, and have shown their willingness to agree on effective measures of control—all save the Soviet Union and its satellites. But they have rejected every reasonable proposal.

Meanwhile, the progress of scientific experiment has outrun our expectations. Atomic science is in the full tide of develop-

ment; the unfolding of the innermost secrets of matter is uninterrupted and irresistible. Since Alamogordo we have developed atomic weapons with many times the explosive force of the early models, and we have produced them in substantial quantities. And recently, in the thermonuclear tests at Eniwetok, we have entered another stage in the worldshaking development of atomic energy. From now on, man moves into a new era of destructive power, capable of creating explosions of a new order of magnitude, dwarfing the mushroom clouds of Hiroshima and Nagasaki.

We have no reason to think that the stage we have now reached in the release of atomic energy will be the last. Indeed, the speed of our scientific and technical progress over the last seven years shows no signs of abating. We are being hurried forward, in our mastery of the atom, from one discovery to another, toward yet unforeseeable peaks of destructive power.

Inevitably, until we can reach international agreement, this is the path we must follow. And we must realize that no advance we make is unattainable by others, that no advantage in this race can be more than temporary.

The war of the future would be one in which man could extinguish millions of lives at one blow, demolish the great cities of the world, wipe out the cultural achievements of the past—and destroy the very structure of a civilization that has been slowly and painfully built up through hundreds of generations.

Such a war is not a possible policy for rational men. We know this, but we dare not assume that others would not yield to the temptation science is now placing in their hands.

With that in mind, there is something I would say, to Stalin: You claim belief in Lenin's prophecy that one stage in the development of communist society would be war between your world and ours. But Lenin was a pre-atomic man, who viewed society and history with pre-atomic eyes. Some-

thing profound has happened since he wrote. War has changed its shape and its dimension. It cannot now be a "stage" in the development of anything save ruin for your regime and your homeland.

I do not know how much time may elapse before the communist rulers bring themselves to recognize this truth. But when they do, they will find us eager to reach understandings that will protect the world from the danger it faces today.

It is no wonder that some people wish that we had never succeeded in splitting the atom. But atomic power, like any other force of nature, is not evil in itself. Properly used, it is an instrumentality for human betterment. As a source of power, as a tool of scientific inquiry, it has untold possibilities. We are already making good progress in the constructive use of atomic power. We could do much more if we were free to concentrate on its peaceful uses exclusively.

Atomic power will be with us all the days of our lives. We cannot legislate it out of existence. We cannot ignore the dangers or the benefits it offers.

I believe that man can harness the forces of the atom to work for the improvement of the lot of human beings everywhere. That is our goal. As a nation, as a people, we must understand this problem, we must handle this new force wisely through our democratic processes. Above all, we must strive, in all earnestness and good faith, to bring it under effective international control. To do this will require much wisdom and patience and firmness. The awe-inspiring responsibility in this field now falls on a new Administration and a new Congress. I will give them my support, as I am sure all our citizens will, in whatever constructive steps they may take to make this newest of man's discoveries a source of good and not of ultimate destruction.

We cannot tell when or whether the attitude of the Soviet rulers may change. We do not know how long it may be before they show a willingness to negotiate effective

control of atomic energy and honorable settlements of other world problems. We cannot measure how deep-rooted are the Kremlin's illusions about us. We can be sure, however, that the rulers of the communist world will not change their basic objectives lightly or soon.

The communist rulers have a sense of time about these things wholly unlike our own. We tend to divide our future into short spans, like the two-year life of this Congress, or the four years of the next Presidential term. They seem to think and plan in terms of generations. And there is, therefore, no easy, short-run way to make them see that their plans cannot prevail.

This means there is ahead of us a long hard test of strength and stamina, between the free world and the communist domain—our politics and our economy, our science and technology against the best they can do—our liberty against their slavery—our voluntary concert of free nations against their forced amalgam of "people's republics"—our strategy against their strategy—our nerve against their nerve.

Above all, this is a test of the will and the steadiness of the people of the United States.

There has been no challenge like this in the history of our Republic. We are called upon to rise to the occasion, as no people before us.

What is required of us is not easy. The way we must learn to live, the world we have to live in, cannot be so pleasant, safe or simple as most of us have known before, or confidently hoped to know.

Already we have had to sacrifice a number of accustomed ways of working and of living, much nervous energy, material resources, even human life. Yet if one thing is certain in our future, it is that more sacrifice still lies ahead.

Were we to grow discouraged now, were we to weaken and slack off, the whole structure we have built, these past eight years, would come apart and fall away. Never then, no matter by what stringent means,

could our free world regain the ground, the time, the sheer momentum, lost by such a move. There can and should be changes and improvements in our programs, to meet new situations, serve new needs. But to desert the spirit of our basic policies, to step back from them now, would surely start the free world's slide toward the darkness that the communists have prophesied—toward the moment for which they watch and wait.

If we value our freedom and our way of life and want to see them safe, we must meet the challenge and accept its implications, stick to our guns and carry out our policies.

I have set out the basic conditions, as I see them, under which we have been working in the world, and the nature of our basic policies. What, then, of the future? The answer, I believe, is this: As we continue to confound Soviet expectations, as our world grows stronger, more united, more attractive to men on both sides of the iron curtain, then inevitably there will come a time of change within the communist world. We do not know how that change will come about, whether by deliberate decision in the Kremlin, by coup d'état, by revolution, by defection of satellites, or perhaps by some unforeseen combination of factors such as these.

But if the communist rulers understand they cannot win by war, and if we frustrate their attempts to win by subversion, it is not too much to expect their world to change its character, moderate its aims, become more realistic and less implacable, and recede from the cold war they began.

Do not be deceived by the strong face, the look of monolithic power that the communist dictators wear before the outside world. Remember their power has no basis in consent. Remember they are so afraid of the free world's ideas and ways of life, they do not dare to let their people know about them. Think of the massive effort they put forth to try to stop our Campaign of Truth from reaching their people with its message of freedom.

The masters of the Kremlin live in fear their power and position would collapse were their own people to acquire knowledge, information, comprehension about our free society. Their world has many elements of strength, but this one fatal flaw: the weakness represented by their iron curtain and their police state. Surely, a social order at once so insecure and so fearful, must ultimately lose its competition with our free society.

Provided just one thing—and this I urge you to consider carefully—provided that the free world retains the confidence and the determination to outmatch the best our adversary can accomplish and to demonstrate for uncertain millions on both sides of the iron curtain the superiority of the free way of life.

That is the test upon all the free nations; upon none more than our own Republic.

Our resources are equal to the task. We have the industry, the skills, the basic economic strength. Above all, we have the vigor of free men in a free society. We have our liberties. And while we keep them, while we retain our democratic faith, the ultimate advantage in this hard competition lies with us, not with the communists.

But there are some things that could shift the advantage to their side. One of the things that could defeat us is fear—fear of the task we face, fear of adjusting to it, fear that breeds more fear, sapping our faith, corroding our liberties, turning citizen against citizen, ally against ally. Fear could snatch away the very values we are striving to defend.

Already the danger signals have gone up. Already the corrosive process has begun. And every diminution of our tolerance, each new act of enforced conformity, each idle accusation, each demonstration of hysteria—each new restrictive law—is one more sign that we can lose the battle against fear.

The communists cannot deprive us of our liberties—fear can. The communists cannot stamp out our faith in human dignity—fear can. Fear is an enemy within our-

selves, and if we do not root it out, it may destroy the very way of life we are so anxious to protect.

To beat back fear, we must hold fast to our heritage as free men. We must renew our confidence in one another, our tolerance, our sense of being neighbors, fellow citizens. We must take our stand on the Bill of Rights. The inquisition, the star chamber, have no place in a free society.

Our ultimate strength lies, not alone in arms, but in the sense of moral values and moral truths that give meaning and vitality to the purposes of free people. These values are our faith, our inspiration, the source of our strength and our indomitable determination.

We face hard tasks, great dangers. But we are Americans and we have faced hardships and uncertainty before, we have adjusted before to changing circumstances. Our whole history has been a steady training for the work it is now ours to do.

No one can lose heart for the task, none can lose faith in our free ways, who stops to remember where we began, what we have sought, and what accomplished, all together as Americans.

I have lived a long time and seen much happen in our country. And I know out of my own experience, that we can do what must be done.

When I think back to the country I grew up in—and then look at what our country has become—I am quite certain that having done so much, we can do more.

After all, it has been scarcely fifteen years since most Americans rejected out-of-hand the wise counsel that aggressors must be "quarantined". The very concept of col-

lective security, the foundation-stone of all our actions now, was then strange doctrine, shunned and set aside. Talk about adapting; talk about adjusting; talk about responding as a people to the challenge of changed times and circumstances—there has never been a more spectacular example than this great change in America's outlook on the world.

Let all of us pause now, think back, consider carefully the meaning of our national experience. Let us draw comfort from it and faith, and confidence in our future as Americans.

The Nation's business is never finished. The basic questions we have been dealing with, these eight years past, present themselves anew. That is the way of our society. Circumstances change and current questions take on different forms, new complications, year by year. But underneath, the great issues remain the same—prosperity, welfare, human rights, effective democracy, and above all, peace.

Now we turn to the inaugural of our new President. And in the great work he is called upon to do he will have need for the support of a united people, a confident people, with firm faith in one another and in our common cause. I pledge him my support as a citizen of our Republic, and I ask you to give him yours.

To him, to you, to all my fellow citizens, I say, Godspeed.

May God bless our country and our cause.

HARRY S. TRUMAN

NOTE: The President's message was read aloud by clerks in both Houses of Congress and was broadcast to foreign countries.

367 Annual Budget Message to the Congress: Fiscal Year 1954.

January 9, 1953

To the Congress of the United States:

I am transmitting, with this Message, the Budget of the United States Government for the fiscal year ending June 30, 1954.

This Budget represents my judgment as to the amount of funds needed to carry forward our programs for the security and welfare of our people and for world peace.

President Ronald Reagan -- Address on the State of the Union

firm of Thompson, Mann and Hutson.

Mr. Salem graduated from Emory College (B.A., 1975), Emory University School of Law (J.D., 1977), and Georgetown Universi-

ty Law Center (L.L.M., 1984). He was born December 24, 1953, in Jacksonville, FL. He is married, has two children, and resides in Springfield, VA.

Address Before a Joint Session of Congress on the State of the Union January 25, 1988

Mr. Speaker, Mr. President, and distinguished Members of the House and Senate:

When we first met here 7 years ago—many of us for the first time—it was with the hope of beginning something new for America. We meet here tonight in this historic Chamber to continue that work. If anyone expects just a proud recitation of the accomplishments of my administration, I say let's leave that to history; we're not finished yet. So, my message to you tonight is put on your workshoes; we're still on the job.

History records the power of the ideas that brought us here those 7 years ago—ideas like the individual's right to reach as far and as high as his or her talents will permit; the free market as an engine of economic progress. And as an ancient Chinese philosopher, Lao-tzu, said: "Govern a great nation as you would cook a small fish; do not overdo it." [Laughter] Well, these ideas were part of a larger notion, a vision, if you will, of America herself—an America not only rich in opportunity for the individual but an America, too, of strong families and vibrant neighborhoods; an America whose divergent but harmonizing communities were a reflection of a deeper community of values: the value of work, of family, of religion, and of the love of freedom that God places in each of us and whose defense He has entrusted in a special way to this nation.

All of this was made possible by an idea I spoke of when Mr. Gorbachev was here—the belief that the most exciting revolution ever known to humankind began with three simple words: "We the People," the revolutionary notion that the people grant government its rights, and not the other way around. And there's one lesson that has

come home powerfully to me, which I would offer to you now. Just as those who created this Republic pledged to each other their lives, their fortunes, and their sacred honor, so, too, America's leaders today must pledge to each other that we will keep foremost in our hearts and minds not what is best for ourselves or for our party but what is best for America.

In the spirit of Jefferson, let us affirm that in this Chamber tonight there are no Republicans, no Democrats—just Americans. Yes, we will have our differences, but let us always remember what unites us far outweighs whatever divides us. Those who sent us here to serve them—the millions of Americans watching and listening tonight—expect this of us. Let's prove to them and to ourselves that democracy works even in an election year. We've done this before. And as we have worked together to bring down spending, tax rates, and inflation, employment has climbed to record heights; America has created more jobs and better, higher paying jobs; family income has risen for 4 straight years, and America's poor climbed out of poverty at the fastest rate in more than 10 years.

Our record is not just the longest peacetime expansion in history but an economic and social revolution of hope based on work, incentives, growth, and opportunity; a revolution of compassion that led to private sector initiatives and a 77-percent increase in charitable giving; a revolution that at a critical moment in world history reclaimed and restored the American dream.

In international relations, too, there's only one description for what, together, we have achieved: a complete turnabout, a revolution. Seven years ago, America was weak, and freedom everywhere was under siege.

Today America is strong, and democracy is everywhere on the move. From Central America to East Asia, ideas like free markets and democratic reforms and human rights are taking hold. We've replaced "Blame America" with "Look up to America." We've rebuilt our defenses. And of all our accomplishments, none can give us more satisfaction than knowing that our young people are again proud to wear our country's uniform.

And in a few moments, I'm going to talk about three developments—arms reduction, the Strategic Defense Initiative, and the global democratic revolution—that, when taken together, offer a chance none of us would have dared imagine 7 years ago, a chance to rid the world of the two great nightmares of the postwar era. I speak of the startling hope of giving our children a future free of both totalitarianism and nuclear terror.

Tonight, then, we're strong, prosperous, at peace, and we are free. This is the state of our Union. And if we will work together this year, I believe we can give a future President and a future Congress the chance to make that prosperity, that peace, that freedom not just the state of our Union but the state of our world.

Toward this end, we have four basic objectives tonight. First, steps we can take this year to keep our economy strong and growing, to give our children a future of low inflation and full employment. Second, let's check our progress in attacking social problems, where important gains have been made, but which still need critical attention. I mean schools that work, economic independence for the poor, restoring respect for family life and family values. Our third objective tonight is global: continuing the exciting economic and democratic revolutions we've seen around the world. Fourth and finally, our nation has remained at peace for nearly a decade and a half, as we move toward our goals of world prosperity and world freedom. We must protect that peace and deter war by making sure the next President inherits what you and I have a moral obligation to give that President: a national security that is unassailable and a national defense that takes full advantage of new technology and is fully funded.

This is a full agenda. It's meant to be. You see, my thinking on the next year is quite simple: Let's make this the best of 8. And that means it's all out—right to the finish line. I don't buy the idea that this is the last year of anything, because we're not talking here tonight about registering temporary gains but ways of making permanent our successes. And that's why our focus is the values, the principles, and ideas that made America great. Let's be clear on this point. We're for limited government, because we understand, as the Founding Fathers did, that it is the best way of ensuring personal liberty and empowering the individual so that every American of every race and region shares fully in the flowering of American prosperity and freedom.

One other thing we Americans like—the future—like the sound of it, the idea of it, the hope of it. Where others fear trade and economic growth, we see opportunities for creating new wealth and undreamed-of opportunities for millions in our own land and beyond. Where others seek to throw up barriers, we seek to bring them down. Where others take counsel of their fears, we follow our hopes. Yes, we Americans like the future and like making the most of it. Let's do that now.

And let's begin by discussing how to maintain economic growth by controlling and eventually eliminating the problem of Federal deficits. We have had a balanced budget only eight times in the last 57 years. For the first time in 14 years, the Federal Government spent less in real terms last year than the year before. We took \$73 billion off last year's deficit compared to the year before. The deficit itself has moved from 6.3 percent of the gross national product to only 3.4 percent. And perhaps the most important sign of progress has been the change in our view of deficits. You know, a few of us can remember when, not too many years ago, those who created the deficits said they would make us prosperous and not to worry about the debt, because we owe it to ourselves. Well, at last there is agreement that we can't spend ourselves rich.

Our recent budget agreement, designed to reduce Federal deficits by \$76 billion

over the next 2 years, builds on this consensus. But this agreement must be adhered to without slipping into the errors of the past: more broken promises and more unchecked spending. As I indicated in my first State of the Union, what ails us can be simply put: The Federal Government is too big, and it spends too much money. I can assure you, the bipartisan leadership of Congress, of my help in fighting off any attempt to bust our budget agreement. And this includes the swift and certain use of the veto power.

Now, it's also time for some plain talk about the most immediate obstacle to controlling Federal deficits. The simple but frustrating problem of making expenses match revenues—something American families do and the Federal Government can't—has caused crisis after crisis in this city. Mr. Speaker, Mr. President, I will say to you tonight what I have said before and will continue to say: The budget process has broken down; it needs a drastic overhaul. With each ensuing year, the spectacle before the American people is the same as it was this Christmas: budget deadlines delayed or missed completely, monstrous continuing resolutions that pack hundreds of billions of dollars worth of spending into one bill, and a Federal Government on the brink of default.

I know I'm echoing what you here in the Congress have said, because you suffered so directly. But let's recall that in 7 years, of 91 appropriations bills scheduled to arrive on my desk by a certain date, only 10 made it on time. Last year, of the 13 appropriations bills due by October 1st, none of them made it. Instead, we had four continuing resolutions lasting 41 days, then 36 days, and 2 days, and 3 days, respectively.

And then, along came these behemoths. This is the conference report—1,053 pages, report weighing 14 pounds. Then this—a reconciliation bill 6 months late that was 1,186 pages long, weighing 15 pounds. And the long-term continuing resolution—this one was 2 months late, and it's 1,057 pages long, weighing 14 pounds. That was a total of 43 pounds of paper and ink. You had 3 hours—yes, 3 hours—to consider each, and it took 300 people at my Office of Management and Budget just to read the bill so the Government wouldn't shut down. Congress

shouldn't send another one of these. No, and if you do, I will not sign it.

Let's change all this. Instead of a Presidential budget that gets discarded and a congressional budget resolution that is not enforced, why not a simple partnership, a joint agreement that sets out the spending priorities within the available revenues? And let's remember our deadline is October 1st, not Christmas. Let's get the people's work done in time to avoid a footrace with Santa Claus. *[Laughter]* And, yes, this year—to coin a phrase—a new beginning: 13 individual bills, on time and fully reviewed by Congress.

I'm also certain you join me in saying: Let's help ensure our future of prosperity by giving the President a tool that, though I will not get to use it, is one I know future Presidents of either party must have. Give the President the same authority that 43 Governors use in their States: the right to reach into massive appropriation bills, pare away the waste, and enforce budget discipline. Let's approve the line-item veto.

And let's take a partial step in this direction. Most of you in this Chamber didn't know what was in this catchall bill and report. Over the past few weeks, we've all learned what was tucked away behind a little comma here and there. For example, there's millions for items such as cranberry research, blueberry research, the study of crawfish, and the commercialization of wildflowers. And that's not to mention the five or so million [\$5 million] that—so that people from developing nations could come here to watch Congress at work. *[Laughter]* I won't even touch that. *[Laughter]* So, tonight I offer you this challenge. In 30 days I will send back to you those items as rescissions, which if I had the authority to line them out I would do so.

Now, review this multibillion-dollar package that will not undercut our bipartisan budget agreement. As a matter of fact, if adopted, it will improve our deficit reduction goals. And what an example we can set, that we're serious about getting our financial accounts in order. By acting and approving this plan, you have the opportunity to override a congressional process that is out of control.

There is another vital reform. Yes, Gramm-Rudman-Hollings has been profoundly helpful, but let us take its goal of a balanced budget and make it permanent. Let us do now what so many States do to hold down spending and what 32 State legislatures have asked us to do. Let us heed the wishes of an overwhelming plurality of Americans and pass a constitutional amendment that mandates a balanced budget and forces the Federal Government to live within its means. Reform of the budget process—including the line-item veto and balanced budget amendment—will, together with real restraint on government spending, prevent the Federal budget from ever again ravaging the family budget.

Let's ensure that the Federal Government never again legislates against the family and the home. Last September I signed an Executive order on the family requiring that every department and agency review its activities in light of seven standards designed to promote and not harm the family. But let us make certain that the family is always at the center of the public policy process not just in this administration but in all future administrations. It's time for Congress to consider, at the beginning, a statement of the impact that legislation will have on the basic unit of American society, the family.

And speaking of the family, let's turn to a matter on the mind of every American parent tonight: education. We all know the sorry story of the sixties and seventies—soaring spending, plummeting test scores—and that hopeful trend of the eighties, when we replaced an obsession with dollars with a commitment to quality, and test scores started back up. There's a lesson here that we all should write on the blackboard a hundred times: In a child's education, money can never take the place of basics like discipline, hard work, and, yes, homework.

As a nation we do, of course, spend heavily on education—more than we spend on defense. Yet across our country, Governors like New Jersey's Tom Kean are giving classroom demonstrations that how we spend is as important as how much we spend. Opening up the teaching profession to all qualified candidates, merit pay—so

that good teachers get A's as well as apples—and stronger curriculum, as Secretary Bennett has proposed for high schools—these imaginative reforms are making common sense the most popular new kid in America's schools. How can we help? Well, we can talk about and push for these reforms. But the most important thing we can do is to reaffirm that control of our schools belongs to the States, local communities and, most of all, to the parents and teachers.

My friends, some years ago, the Federal Government declared war on poverty, and poverty won. [Laughter] Today the Federal Government has 59 major welfare programs and spends more than \$100 billion a year on them. What has all this money done? Well, too often it has only made poverty harder to escape. Federal welfare programs have created a massive social problem. With the best of intentions, government created a poverty trap that wreaks havoc on the very support system the poor need most to lift themselves out of poverty: the family. Dependency has become the one enduring heirloom, passed from one generation to the next, of too many fragmented families.

It is time—this may be the most radical thing I've said in 7 years in this office—it's time for Washington to show a little humility. There are a thousand sparks of genius in 50 States and a thousand communities around the Nation. It is time to nurture them and see which ones can catch fire and become guiding lights. States have begun to show us the way. They've demonstrated that successful welfare programs can be built around more effective child support enforcement practices and innovative programs requiring welfare recipients to work or prepare for work. Let us give the States more flexibility and encourage more reforms. Let's start making our welfare system the first rung on America's ladder of opportunity, a boost up from dependency, not a graveyard but a birthplace of hope.

And now let me turn to three other matters vital to family values and the quality of family life. The first is an untold American success story. Recently, we released our annual survey of what graduating high

school seniors have to say about drugs. Cocaine use is declining, and marijuana use was the lowest since surveying began. We can be proud that our students are just saying no to drugs. But let us remember what this menace requires: commitment from every part of America and every single American, a commitment to a drug-free America. The war against drugs is a war of individual battles, a crusade with many heroes, including America's young people and also someone very special to me. She has helped so many of our young people to say no to drugs. Nancy, much credit belongs to you, and I want to express to you your husband's pride and your country's thanks. Surprised you, didn't I? *[Laughter]*

Well, now we come to a family issue that we must have the courage to confront. Tonight, I call America—a good nation, a moral people—to charitable but realistic consideration of the terrible cost of abortion on demand. To those who say this violates a woman's right to control of her own body: Can they deny that now medical evidence confirms the unborn child is a living human being entitled to life, liberty, and the pursuit of happiness? Let us unite as a nation and protect the unborn with legislation that would stop all Federal funding for abortion and with a human life amendment making, of course, an exception where the unborn child threatens the life of the mother. Our Judeo-Christian tradition recognizes the right of taking a life in self-defense. But with that one exception, let us look to those others in our land who cry out for children to adopt. I pledge to you tonight I will work to remove barriers to adoption and extend full sharing in family life to millions of Americans so that children who need homes can be welcomed to families who want them and love them.

And let me add here: So many of our greatest statesmen have reminded us that spiritual values alone are essential to our nation's health and vigor. The Congress opens its proceedings each day, as does the Supreme Court, with an acknowledgment of the Supreme Being. Yet we are denied the right to set aside in our schools a moment each day for those who wish to pray. I believe Congress should pass our

school prayer amendment.

Now, to make sure there is a full nine-member Supreme Court to interpret the law, to protect the rights of all Americans, I urge the Senate to move quickly and decisively in confirming Judge Anthony Kennedy to the highest Court in the land and to also confirm 27 nominees now waiting to fill vacancies in the Federal judiciary.

Here then are our domestic priorities. Yet if the Congress and the administration work together, even greater opportunities lie ahead to expand a growing world economy, to continue to reduce the threat of nuclear arms, and to extend the frontiers of freedom and the growth of democratic institutions.

Our policies consistently received the strongest support of the late Congressman Dan Daniel of Virginia. I'm sure all of you join me in expressing heartfelt condolences on his passing.

One of the greatest contributions the United States can make to the world is to promote freedom as the key to economic growth. A creative, competitive America is the answer to a changing world, not trade wars that would close doors, create greater barriers, and destroy millions of jobs. We should always remember: Protectionism is destructionism. America's jobs, America's growth, America's future depend on trade—trade that is free, open, and fair.

This year, we have it within our power to take a major step toward a growing global economy and an expanding cycle of prosperity that reaches to all the free nations of this Earth. I'm speaking of the historic free trade agreement negotiated between our country and Canada. And I can also tell you that we're determined to expand this concept, south as well as north. Next month I will be traveling to Mexico, where trade matters will be of foremost concern. And over the next several months, our Congress and the Canadian Parliament can make the start of such a North American accord a reality. Our goal must be a day when the free flow of trade, from the tip of Tierra del Fuego to the Arctic Circle, unites the people of the Western Hemisphere in a bond of mutually beneficial exchange, when all borders become what the U.S.-Canadian

border so long has been: a meeting place rather than a dividing line.

This movement we see in so many places toward economic freedom is indivisible from the worldwide movement toward political freedom and against totalitarian rule. This global democratic revolution has removed the specter, so frightening a decade ago, of democracy doomed to permanent minority status in the world. In South and Central America, only a third of the people enjoyed democratic rule in 1976. Today over 90 percent of Latin Americans live in nations committed to democratic principles. And the resurgence of democracy is owed to these courageous people on almost every continent who have struggled to take control of their own destiny.

In Nicaragua the struggle has extra meaning, because that nation is so near our own borders. The recent revelations of a former high-level Sandinista major, Roger Miranda, show us that, even as they talk peace, the Communist Sandinista government of Nicaragua has established plans for a large 600,000-man army. Yet even as these plans are made, the Sandinista regime knows the tide is turning, and the cause of Nicaraguan freedom is riding at its crest. Because of the freedom fighters, who are resisting Communist rule, the Sandinistas have been forced to extend some democratic rights, negotiate with church authorities, and release a few political prisoners.

The focus is on the Sandinistas, their promises and their actions. There is a consensus among the four Central American democratic Presidents that the Sandinistas have not complied with the plan to bring peace and democracy to all of Central America. The Sandinistas again have promised reforms. Their challenge is to take irreversible steps toward democracy. On Wednesday my request to sustain the freedom fighters will be submitted, which reflects our mutual desire for peace, freedom, and democracy in Nicaragua. I ask Congress to pass this request. Let us be for the people of Nicaragua what Lafayette, Pulas-ki, and Von Steuben were for our forefathers and the cause of American independence.

So, too, in Afghanistan, the freedom fighters are the key to peace. We support the

Mujahidin. There can be no settlement unless all Soviet troops are removed and the Afghan people are allowed genuine self-determination. I have made my views on this matter known to Mr. Gorbachev. But not just Nicaragua or Afghanistan—yes, everywhere we see a swelling freedom tide across the world: freedom fighters rising up in Cambodia and Angola, fighting and dying for the same democratic liberties we hold sacred. Their cause is our cause: freedom.

Yet even as we work to expand world freedom, we must build a safer peace and reduce the danger of nuclear war. But let's have no illusions. Three years of steady decline in the value of our annual defense investment have increased the risk of our most basic security interests, jeopardizing earlier hard-won goals. We must face squarely the implications of this negative trend and make adequate, stable defense spending a top goal both this year and in the future.

This same concern applies to economic and security assistance programs as well. But the resolve of America and its NATO allies has opened the way for unprecedented achievement in arms reduction. Our recently signed INF treaty is historic, because it reduces nuclear arms and establishes the most stringent verification regime in arms control history, including several forms of short-notice, on-site inspection. I submitted the treaty today, and I urge the Senate to give its advice and consent to ratification of this landmark agreement. *[Applause]* Thank you very much.

In addition to the INF treaty, we're within reach of an even more significant START agreement that will reduce U.S. and Soviet long-range missile—or strategic arsenals by half. But let me be clear. Our approach is not to seek agreement for agreement's sake but to settle only for agreements that truly enhance our national security and that of our allies. We will never put our security at risk—or that of our allies—just to reach an agreement with the Soviets. No agreement is better than a bad agreement.

As I mentioned earlier, our efforts are to give future generations what we never

had—a future free of nuclear terror. Reduction of strategic offensive arms is one step, SDI another. Our funding request for our Strategic Defense Initiative is less than 2 percent of the total defense budget. SDI funding is money wisely appropriated and money well spent. SDI has the same purpose and supports the same goals of arms reduction. It reduces the risk of war and the threat of nuclear weapons to all mankind. Strategic defenses that threaten no one could offer the world a safer, more stable basis for deterrence. We must also remember that SDI is our insurance policy against a nuclear accident, a Chernobyl of the sky, or an accidental launch or some madman who might come along.

We've seen such changes in the world in 7 years. As totalitarianism struggles to avoid being overwhelmed by the forces of economic advance and the aspiration for human freedom, it is the free nations that are resilient and resurgent. As the global democratic revolution has put totalitarianism on the defensive, we have left behind the days of retreat. America is again a vigorous leader of the free world, a nation that acts decisively and firmly in the furtherance of her principles and vital interests. No legacy would make me more proud than leaving in place a bipartisan consensus for the cause of world freedom, a consensus that prevents a paralysis of American power from ever occurring again.

But my thoughts tonight go beyond this, and I hope you'll let me end this evening with a personal reflection. You know, the world could never be quite the same again after Jacob Shallus, a trustworthy and dependable clerk of the Pennsylvania General Assembly, took his pen and engrossed those words about representative government in the preamble of our Constitution. And in a quiet but final way, the course of human events was forever altered when, on a ridge

overlooking the Emmitsburg Pike in an obscure Pennsylvania town called Gettysburg, Lincoln spoke of our duty to government of and by the people and never letting it perish from the Earth.

At the start of this decade, I suggested that we live in equally momentous times, that it is up to us now to decide whether our form of government would endure and whether history still had a place of greatness for a quiet, pleasant, greening land called America. Not everything has been made perfect in 7 years, nor will it be made perfect in seven times 70 years, but before us, this year and beyond, are great prospects for the cause of peace and world freedom.

It means, too, that the young Americans I spoke of 7 years ago, as well as those who might be coming along the Virginia or Maryland shores this night and seeing for the first time the lights of this Capital City—the lights that cast their glow on our great halls of government and the monuments to the memory of our great men—it means those young Americans will find a city of hope in a land that is free.

We can be proud that for them and for us, as those lights along the Potomac are still seen this night signaling as they have for nearly two centuries and as we pray God they always will, that another generation of Americans has protected and passed on lovingly this place called America, this shining city on a hill, this government of, by, and for the people.

Thank you, and God bless you.

Note: The President spoke at 9:07 p.m. in the House Chamber of the Capitol. He was introduced by Jim Wright, Speaker of the House of Representatives. The address was broadcast live on nationwide radio and television.

President Vaclav Havel -- Remarks on Kosovo and the End of the Nation-State

Kosovo and the End of the Nation-State

Václav Havel

The following is the address given by President Václav Havel to the Canadian Senate and the House of Commons in Ottawa on April 29. The NATO bombing of Yugoslavia was then in its sixth week. The Czech Republic, along with Poland and Hungary, had recently become members of the alliance, but in Prague, the bombing was not popular: according to recent polls, only 35 percent of the population supported it. The Czech prime minister, Miloš Zeman, compared the conflict to "cavemen throwing rocks" and asked whether the Czech Republic had joined NATO to protect itself from Yugoslavia. Moreover, the Czech government was vacillating on sending ground troops to the Balkans. Havel publicly called his government's lack of commitment "an embarrassment."

In his address to the Canadian parliament, retranslated here, Havel offers a reasoned explanation for his support of NATO. But it is more than that. While Havel's remarks reflect his own thinking, they also draw on discussions over the past several months within the Czech Ministry of Foreign Affairs (the current minister, Jan Kavan, and his deputy minister, Martin Palouš, are both veterans of the struggle for democracy in Czechoslovakia) on how to turn the lessons of their country's experience with totalitarianism into a moral force in the post-cold war world. These discussions make a clear distinction between "national interests" and the higher principle of human rights. When support for human rights is seen instrumentally—that is, merely as a device to be used in the pursuit of a country's broader national interest—it leads at best to inconsistent and often ineffective application. For Havel, the war in Yugoslavia is a landmark in international relations: the first time that the human rights of a people—the Kosovo Albanians—have unequivocally come first.

—Paul Wilson

There is every indication that the glory of the nation-state as the culmination of every national community's history, and its highest earthly value—the only one, in fact, in the name of which it is permissible to kill, or for which people have been expected to die—has already passed its peak.

It would seem that the enlightened efforts of generations of democrats, the terrible experience of two world wars—which contributed so much to the adoption of the Universal Declaration of Human Rights—and the evolution of civilization have finally brought humanity to the recognition that human beings are more important than the state.

In this new world, people—regardless of borders—are connected in millions of different ways: through trade, finance, property, and information. Such relationships bring with them a wide variety of values and cultural models that have a universal validity. It is a world, moreover, in which a threat to some has an immediate impact on everyone, in which for many reasons, chiefly the enormous advances in science and technology, our individual destinies are merging into a single destiny, in which all of us—

whether we like it or not—must begin to bear responsibility for everything that occurs. In such a world, the idol of state sovereignty must inevitably dissolve.

Clearly, blind love for one's own country—a love that defers to nothing beyond itself, that excuses anything one's own state does only because it is one's own country, yet rejects everything else only because it is different—has necessarily become a dangerous anachronism, a source of conflict and, in extreme cases, of immense human suffering.

In the next century I believe that most states will begin to change from cultlike entities charged with emotion into far simpler and more civilized entities, into less powerful and more rational administrative units that will represent only one of the many com-

transnational, and global organizations. This transfer of powers has already begun and, in some cases, it has come a long way. In other areas, it is less advanced. But clearly this process is underway, and it must continue to advance in both directions.

If modern democratic states are usually defined by qualities such as their respect for human rights and liberties, the equality their citizens enjoy, and the existence of a civil society, then the condition toward which humanity will, and in the interests of its own survival must, move will probably be characterized by a universal or global respect for human rights, by universal civic equality and the rule of law, and by a global civil society.

One of the greatest problems in the creation of nation-states was their ge-



This photograph and the one on page 6 were taken secretly on March 31 with a small camera by Afrim Hajrullahu, a resident of Pristina who, along with his family, was forced by Serb police to walk to a railroad station on the edge of the city and leave for Macedonia.

plex and multileveled ways in which our planetary society is organized.

With this transformation, the idea of noninterference—the notion that it is none of our business what happens in another country and whether human rights are violated in that country—should also vanish down the trapdoor of history.

But what will become of the many functions now performed by the state?

Let us look first at the emotional role the state plays in our lives. In my opinion this should be redistributed among the other areas that shape our identity. By this I mean the different levels of what we perceive to be our proper home and our natural world: our families, the companies we work for, the communities we live in, the organizations we belong to, and our region, our profession, our church, all the way to our continent and ultimately our earth, the planet we inhabit. All of these are the different environments in which our identities are formed and in which we live our lives. And if our bond to the state, which has become so hypertrophied, is to weaken, then it must be weakened in ways that benefit all those other levels of our identity.

The practical responsibilities of the state—its legal powers—can only devolve in two directions, downward or upward: downward, to the nongovernmental organizations and structures of civil society; or upward, to regional,

ographical definition and the determination of their borders. Many factors went into this—ethnic, cultural, geographic, and military.

The creation of larger regional and transnational communities will sometimes be burdened with the same problems, some of which will be inherited from the participating nation-states. But we must do everything we can to ensure that the evolution away from the dominance of the nation-state will not be as painful as the creation itself of those nation-states has been in our history.

Allow me to give you an example. Canada and the Czech Republic are now allies because we are both members of the North Atlantic Alliance. This is the consequence of an important historical process—the expansion of the alliance to include the countries of Central and Eastern Europe. It is the first serious and historically irreversible step toward the elimination of the iron curtain, and a dismantling—in deeds, not just words—of the arrangements that came out of the Yalta Agreement.

The expansion of NATO, as we all know, was not easy. It only became a reality ten years after the end of the cold war and the bipolar division of the world. One of the many reasons this process was so difficult was opposition to it from the Russian Federation, which questioned, anxiously and with incomprehension, why the West was expanding and moving closer to

Russia, without embracing Russia itself. Disregarding any other motives it may have had, Russia's position reveals one very interesting thing: uncertainty about where what we might call the world of Russia, or the East, begins and ends. When NATO offers Russia a hand in partnership, it does so on the assumption that there are two large and equal entities involved: the Euro-Atlantic World and a vast Euro-Asian power. These two entities can, and must, extend their hands to each other and cooperate because it is in the interest of the whole world. But they can only do so if they are aware of their own identities: in other words, if they know where each of them begins and ends. Historically, Russia has always had a slight problem with this, and it is clearly bringing this problem with it into the present world, where the crucial question is no longer where a particular nation-state begins or ends, but where a particular region of culture or civilization begins or ends.

Indeed, there are a thousand things that link Russia to the Euro-Atlantic world or the West, but there are also a thousand ways in which they differ—just as Latin America, Africa, the Far East, or other regions or continents differ from one another. The fact that these worlds, or parts of the world, differ from one another does not mean that one of them is any more worthy than another. They are all equal. It is just that they are also somewhat unlike one another. There is no shame in being different. Russia deems it immensely important to be seen as a major player, one that deserves special treatment as a world power. At the same time, it is uncomfortable with being perceived as a separate entity, one that cannot easily be considered part of another entity.

Yet even Russia is coming to terms with the expansion of the North Atlantic Alliance and one day it will come to accept it. Let us hope that when it does, such acceptance will not be merely an expression of Engels's "recognition of necessity," but of a new and deeper understanding of itself. Just as other countries must learn to redefine themselves in this new multicultural and multipolar world, so must Russia. It cannot continue to substitute megalomania, or self-regard, for a natural self-confidence, but must also understand where it begins and ends. It must understand, for example, that Siberia, with its enormous spaces and immense natural resources, is properly a part of Russia, but that tiny Estonia is not, and never will be, and that if Estonia feels it belongs to the world represented by the North Atlantic Alliance or the European Union, then this must be understood and respected, not seen as an expression of hostility.

I have tried to demonstrate that the world of the twenty-first century—if humanity succeeds in withstanding the perils it has concocted for itself—will be a world of ever closer and more equitable cooperation between larger, mostly supranational, entities, sometimes embracing entire continents. For such a world to come into being, each individual entity and sphere of culture and civilization must be clearly aware of its own identity, must understand what makes it distinct from the others, and accept that its difference is not a handicap but merely a highly specific

contribution to the richness and variety of the global community. Of course, the same thing must be understood by those who, on the contrary, have a tendency to regard their own "otherness" as grounds for feelings of superiority.

One of the most important organizations in which all states and all large supranational entities can meet for debate and discussion on equal terms, and which makes countless important decisions that concern the whole world, is the United Nations.

I feel that if the UN is to carry out the tasks the next century will impose on it, it must undergo significant reform. The Security Council, the most important body in the UN, cannot continue to preserve the status it was accorded when the UN was created. It must now reflect more accurately today's multipolar world. We have to reconsider whether it is still appropriate, even hypothetically, that in the Security Council one country can outvote the rest of the world. We have to reconsider which of the large, powerful, and populous countries should now be permanently represented on it, and rethink the pattern of rotation for nonpermanent members, and many other things as well.

We must make the immense structure of the UN less bureaucratic and more effective. We have to think of ways to achieve genuine flexibility in decision-making, above all in the General Assembly. Most important of all, we must ensure that all the citizens of the world see the UN as *their* organization, an organization that truly belongs to them, and not as an elite club of governments. After all, what this organization does for the inhabitants of our planet is more important than what it does for individual countries as states.

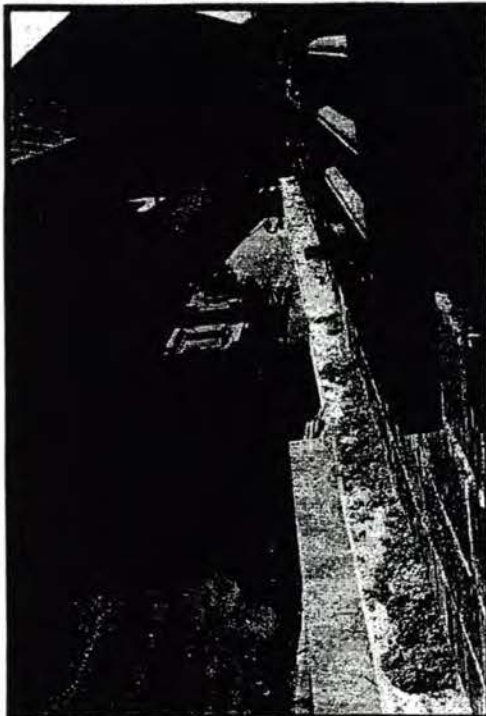
For this reason, the methods of financing the UN should probably also be reformed, along with how declarations are acted upon and enforced. This is not a matter of abolishing the powers of the member states and establishing something like a world-wide superstate. It means ensuring that not all issues shall forever be handled exclusively by individual countries or their governments. In the interests of humanity, its freedoms, its rights, and its very life, more channels need to be created through which the decisions of UN representatives flow back to citizens, and through which citizens may let their will be known to their representatives. This would mean more balance, and broader mutual accountability.

I hope it is clear that I am not against the institution of the state as such. It would, in any case, be somewhat absurd for the head of one state to plead for the abolition of the state before the representative bodies of another state.

I'm talking about something else, about the fact that there exists something of higher value than the state. That value is humanity. As we know, the state exists to serve people, not the other way around. If an individual

serves his or her country, then he or she should be expected to serve it only to the extent necessary to allow the state to serve all its citizens well. Human rights are superior to the rights of states. Human freedoms represent a higher value than state sovereignty. International law protecting the unique human being must be ranked higher than international law protecting the state.

If our destinies are now merging into a single destiny, if each of us bears responsibility for the future of all of us, then no one, not even a country, can limit anyone's right to exercise this responsibility in a real way. Individual countries must gradually abandon a foreign policy category that, so far, has



Afrim Hajrullahu took this photograph from the window of his family's house on the day he was forced to leave. It is the same street shown on page 4.

usually been critical to their thinking: the category of "national interests." "National interests" are more likely to divide us than bring us together. Clearly, each country has its own particular interests, and it is by no means necessary to abandon those interests that are legitimate. But we must acknowledge that there is something beyond these interests: the principles we espouse. Principles, in any case, unite us more often than they divide us. It is through principles that we measure the legitimacy or the illegitimacy of our interests. It is not, I think, proper when a country proclaims it to be in the interests of "the state" to uphold a particular principle. Principles must be honored and upheld in and for themselves, on principle, as it were. Only then can our interests be derived from them.

For example, it would not be proper for me to say that it is in the Czech Republic's interest that there be a just peace in the world. On the contrary, the principle of just peace in the world must come first, and the interests of the Czech Republic must be subordinated to that.

The alliance to which Canada and now the Czech Republic belong is

waging a struggle against the genocidal regime of Slobodan Milosevic. This struggle is neither easy nor popular and we can differ on its strategies and tactics. But there is one thing no reasonable person can deny: this is probably the first war that has not been waged in the name of "national interests," but rather in the name of principles and values. If one can say of any war that it is ethical, or that it is being waged for ethical reasons, then it is true of this war. Kosovo has no oil fields to be coveted; no member nation in the alliance has any territorial demands on Kosovo; Milosevic does not threaten the territorial integrity of any member of the alliance. And yet the alliance is at war. It is fighting out

of concern for the fate of others. It is fighting because no decent person can stand by and watch the systematic, state-directed murder of other people. It cannot tolerate such a thing. It cannot fail to provide assistance if it is within its power to do so.

This war places human rights above the rights of the state. The Federal Republic of Yugoslavia was attacked by the alliance without a direct mandate from the UN. This did not happen irresponsibly, as an act of aggression or out of disrespect for international law. It happened, on the contrary, out of respect for the law, for a law that ranks higher than the law which protects the sovereignty of states. The alliance has acted out of respect for human rights, as both conscience and international legal documents dictate.

This is an important precedent for the future. It has been clearly said that it is simply not permissible to murder people, to drive them from their homes, to torture them, and to confiscate their property. What has been demonstrated here is the fact that human rights are indivisible and that if injustice is done to one, it is done to all.

I have often asked myself why human beings have any rights at all. I always come to the conclusion that human rights, human freedoms, and human dignity have their deepest roots somewhere outside the perceptible world. These values are as powerful as they are because, under certain circumstances, people accept them without compulsion and are willing to die for them, and they make sense only in the perspective of the infinite and the eternal. I am deeply convinced that what we do, whether it be in harmony with our conscience, the ambassador of eternity, or in conflict with it, can only finally be assessed in a dimension that lies beyond that world we can see around us. If we did not sense this, or subconsciously assume it, there are some things that we could never do.

Allow me to conclude my remarks on the state and its probable role in the future with the assertion that, while the state is a human creation, human beings are the creation of God. □

—translated from the Czech
by Paul Wilson

Prime Minister Tony Blair -- Remarks at Labour Party Conference



Speech by Tony Blair MP, Prime Minister and leader of the Labour Party

Bournemouth, Tuesday 28th September 1999

--- CHECK AGAINST DELIVERY --- CHECK AGAINST DELIVERY ---

Today at the frontier of the new Millennium I set out for you how, as a nation, we renew British strength and confidence for the 21st century; and how, as a Party reborn, we make it a century of progressive politics after one dominated by Conservatives.

A New Britain where the extraordinary talent of the British people is liberated from the forces of conservatism that so long have held them back, to create a model 21st century nation, based not on privilege, class or background, but on the equal worth of all.

And New Labour, confident at having modernised itself, now the new progressive force in British politics which can modernise the nation, sweep away those forces of conservatism to set the people free.

100 years in existence, 22 in power, we have never, ever won a full second term. That is our unfinished business. Let us now finish it and with it finish the Tory Party's chances of doing as much damage in the next century as they've done in this one.

Today's Tory party – the party of fox hunting, Pinochet and hereditary peers: the uneatable, the unspeakable and the unelectable.

There's only one thing you need to know about today's Tory Party.

Clarke and Heseltine: outcasts.

Hague, Widdecombe, Redwood and Portillo in charge.

The only Party that spent two years in hibernation in search of a new image and came back as the Addams family.

Under John Major, it was weak, weak, weak.

Under William Hague, it's weird, weird, weird.

Far right, far out.

But not far enough for some. Like the letter I got last week from a man who said did I know the Tories had been listening to Britain. They can't have been listening too hard, he said. They're still here.

The more useless they get, the more extreme they get.

In the last few months alone, I've been compared to Hitler, Mussolini and Milosevic. Maybe they think I should be indicted for war crimes – the crime of leading the Labour Party into government, and disturbing the natural order of things.

By convention, Prime Ministers start with all the good things their Government has done. I want to start where the British people start: with all we have still to do.

More than 1 million still unemployed.

Schools and hospitals still needing investment.

Pensioners still living in hardship.

People still petrified by crime and drugs.

3 million children still in poverty.

A century of decline, 20 years of Conservative Government still not put to rights. Do you think I don't feel this, in every fibre of my being?

The frustration, the impatience, the urgency, the anger at the waste of lives unfulfilled, hopes never achieved, dreams never realised. And whilst there is one child still in poverty in Britain today, one pensioner in poverty, one person denied their chance in life, there is one Prime Minister and one Party that will have no rest, no vanity in achievement, no sense of mission completed, until they too are free.

So I do not claim Britain is transformed. I do say the foundations of a New Britain are being laid.

After decades of Tory boom and bust, it is New Labour which is the party of economic competence today and for that we can be proud; and proud of our Chancellor too.

Indeed, I can stand here today, leader of the Labour Party, Prime Minister, and say to the British people: you have never had it so prudent.

As we think back to 1985, and to Neil Kinnock, wasn't it brilliant yesterday, in this hall of all places, to see a Labour Chancellor, "scuttling" back from Washington to hand out the best economic news in a generation, to his own party's Conference.

650,000 more jobs in the economy, long-term youth unemployment halved and – here's one for us to put back down a few Tory throats – fewer days lost in strikes than any of the 18 years of Tory Government. Who says Labour's not working now?

All employees with the right to a paid holiday.

Leave for parents to take time off work for a family crisis.

And after 100 years of trying, the right for union members to have their union recognised, not on the whim of an employer, but as a democratic right in a fair and free society.

Maternity grant doubled.

7 million families with the largest ever rise in Child Benefit Britain has seen.

And I say to Britain's pensioners: I know when you get an extra £100 for every pensioner household this November - not just those on benefits, everyone - it's not the end of your worries, but it's £100 more than you got under any Conservative Government; and they'd take the £100 back off you if they were ever elected again.

Half-way through one Parliament. Nothing like half-way towards meeting all our goals.

And all around us the challenge of change.

A spectre haunts the world: technological revolution.

10 years ago, a fifteen year old probably couldn't work a computer.

Now he's in danger of living on it.

Over a trillion dollars traded every day in currency markets and with them the fate of nations.

Global finance and Communications and Media. Electronic commerce. The Internet. The science of genetics. Every year a new revolution scattering in its wake, security, and ways of living for millions of people.

These forces of change driving the future:

Don't stop at national boundaries.

Don't respect tradition.

They wait for no-one and no nation.

They are universal.

We know what a 21st century nation needs.

A knowledge-based economy. A strong civic society. A confident place in the world.

Do that and a nation masters the future. Fail and it is the future's victim.

The challenge is how?

The answer is people.

The future is people.

The liberation of human potential not just as workers but as citizens.

Not power to the people but power to each person to make the most of what is within them.

People are born with talent and everywhere it is in chains.

Look at Britain. Great strengths. Great history. English, the language of the new technology. The national creative genius of the British people. But wasted.

The country run for far too long on the talents of the few, when the genius of the many lies uncared for, and ignored.

Fail to develop the talents of any one person, we fail Britain. Talent is 21st century wealth.

Every person liberated to fulfil their potential adds to our wealth.

Every person denied opportunity takes our wealth away.

In the 18th century land was our resource.

In the 19th and 20th century it was plant and capital.

Today it is people.

The cause we have fought for, these 100 years, is no longer simply our cause of social justice.

It is the nation's only hope of salvation.

For how do you develop the talent of all, unless in a society that treats us all equally, where the closed doors of snobbery and prejudice, ignorance and poverty, fear and injustice no longer bar our way to fulfilment.

Not equal incomes. Not uniform lifestyles or taste or culture.

But true equality: equal worth, an equal chance of fulfilment, equal access to knowledge and opportunity.

Equal rights. Equal responsibilities.

The class war is over.

But the struggle for true equality has only just begun.

To the child who goes to school hungry for food, but thirsting for knowledge, I know the talent you were born with, and the frustration you feel that it's trapped inside. We will set your potential free.

To the women free to work, but because they are also mothers, carers, helpers barely know how to get through the day, we will give you the support to set your potential free.

To the 45 year old who came to my surgery a few months ago, scared he'll never work again, I say: you didn't become useless at 45. You deserve the chance to start afresh and we will set your potential free.

And to those who have wealth, but who say that none of it means anything if my children can't play in the park, and my mother daren't go out at night. We share your belief in a strong community. We will set your potential free.

And it is us, the new radicals, the Labour Party modernised, that must undertake this historic mission. To liberate Britain from the old class divisions, old structures, old prejudices, old ways of working and of doing things, that will not do in this world of change.

To be the progressive force that defeats the forces of conservatism.

For the 21st century will not be about the battle between capitalism and socialism but between the forces of progress and the forces of conservatism.

They are what hold our nation back. Not just in the Conservative Party but within us, within our nation.

The forces that do not understand that creating a new Britain of true equality is no more a betrayal of Britain's history than New Labour is of Labour's values.

The old prejudices, where foreign means bad.

Where multi-culturalism is not something to celebrate, but a left-wing conspiracy to destroy their way of life.

Where women shouldn't work and those who do are responsible for the breakdown of the family.

The old elites, establishments that have run our professions and our country too long. Who have kept women and black and Asian talent out of our top jobs and senior parts of Government and the Services. Who keep our bright inner city kids from our best universities. And who still think the House of Lords should be run by hereditary peers in the

interests of the Tory Party.

The old order, those forces of conservatism, for all their language about promoting the individual, and freedom and liberty, they held people back. They kept people down. They stunted people's potential. Year after year. Decade after decade.

Think back on some of the great achievements of this century.

To us today, it almost defies belief that people had to die to win the fight for the vote for women. But they did. That battle was a massive, heroic struggle. But why did it need such a fight? Because Tory MPs stood up in the House of Commons and said: "voting is a man's business". And that is why we can be so proud that it is this Labour Party that has more women MPs and more women Ministers than any Government before us until our record is bettered by a future Labour Government.

Look at this Party's greatest achievement. The forces of conservatism, and the force of the Conservative Party, pulled every trick in the book – voting 51 times, yes 51 times, against the creation of the NHS. One leading Tory, Mr Henry Willink, said at the time that the NHS "will destroy so much in this country that we value", when we knew human potential can never be realised when whether you are well or ill depends on wealth not need.

The forces of conservatism allied to racism are why one of the heroes of the 20th Century, Martin Luther King, is dead.

It's why another, Nelson Mandela, spent the best years of his life in a cell the size of a bed.

And though the fact that Mandela is alive, free and became President, is a sign of the progress we have made: the fact that Stephen Lawrence is dead, for no other reason than he was born black, is a sign of how far we still have to go.

And they still keep opposing progress and justice.

What did they say about the minimum wage? The same as they said right through this century.

They tried the employment argument – it would cost jobs.

They tried the business argument – it would make them bankrupt.

They then used the economic argument – it would cause inflation.

They then resorted to the selfish argument – businesses wouldn't want to pay it.

Well, businesses are paying it. Inflation is low. Unemployment is falling. There are one million job vacancies in the country.

And two million people have had a pay rise because we believe they are worth more than poverty pay.

These forces of conservatism chain us not only to an outdated view of our people's potential but of our nation's potential. What threatens the nation-state today is not change, but the refusal to change in a world opening up, becoming ever more interdependent.

The old air of superiority based on past glory must give way to the ambition to succeed, based on the merit of what Britain stands for today.

For the last half century, we have been torn between Europe and the United States, searching for our identity in the post-Empire world.

I pose this simple question: is our destiny with Europe or not?

If the answer is no, then we should leave. But we would leave an economic union in which 50 per cent of our trade is done, on which millions of British jobs depend. Our economic future would be uncertain.

But what is certain is that we would not be a power.

Britain would no longer play a determining part in the future of the continent to which we belong. That would be the real end of one thousand years of history.

We can choose this destiny. But we should do it with our eyes open and our senses alert, not blindfold and dulled by the incessant propaganda of Europhobes.

The single currency is, of course, a decision that must be dependent on the economic conditions; and on the consent of the British people in a referendum.

If we believe our destiny is with Europe, then let us leave behind the muddling through, the hesitation, the half-heartedness which has characterised British relations with Europe for forty years and play our part with confidence and pride giving us the chance to defeat the forces of conservatism, economic and political, that hold Europe back too.

There is no choice between Europe and America.

Britain is stronger with the US today because we are strong in Europe.

Britain has the potential to be the bridge between Europe and America and for the 21st century the narrow-minded isolationism of right-wing Tories should not block our path to fulfilling it.

The nation-state is changing.

The Tory policy on devolution left them without a single seat anywhere in Scotland and Wales. Delivering our promise of a Scottish Parliament and Welsh Assembly has strengthened the UK not weakened it, and now having defeated the force of conservatism in granting devolution, let us continue to defeat the separatism which is just the forces of conservatism by another name.

And don't let the forces of conservatism stop devolution in Northern Ireland too.

Those who are addicted to violence. Those who confuse any progress with selling out. They shouldn't determine Northern Ireland's future.

Walk through Belfast. No armed soldiers.

Drive through it. No road blocks.

In the last year, the first time in 30 years, not a single member of the security forces killed. 1996, 8,000 plastic bullets fired. This year 99.

Yes, there is violence and any violence is unacceptable.

But don't throw away all that has been achieved.

And I ask the Conservative Party: we supported you when you were in Government; don't make our task harder now because that would be the real betrayal of the children of Northern Ireland.

It would be comforting to think the forces of conservatism were only Tories. But wrong.

There were forces of conservatism who said changing Clause 4 would destroy the Labour Party, when in truth it was critical to our renewal.

Who said a referendum on devolution was a ploy to stop it happening, when I knew it was the only way to make it happen.

Who said that making young people take a job that was offered to them was a denial of social justice, when our attack on youth unemployment is the route to social justice.

The Third Way is not a new way between progressive and conservative politics.

It is progressive politics distinguishing itself from conservatism of left or right.

New Labour must be the new radicals who take on both of them, not just on election day but every day.

People say in our first two years we ran a Tory economic policy. Nonsense. If we had run a Tory economic policy Britain would be in recession by now which is no doubt why they predicted it.

We gave the Bank of England independence.

We cut the borrowing.

We cut unemployment. We are at long last reforming welfare, making work pay more than benefit for hard-working families through the Working Families Tax Credit.

They would scrap each and every one of these reforms.

Slowly the Tory general election strategy is emerging.

To 2 million people given a pay rise through the minimum wage. Tory pledge 1: we'll cut it.

To 1.5 million families helped by the working families tax credit. Tory pledge 2: we'll scrap it.

To 250,000 young people getting through the New Deal, Tory pledge 3: you'll go back on the dole.

I say: roll on the next General Election.

Our reforms are why we are spending £4bn less on interest payments this year.

Saving £2bn by cutting unemployment.

Why, thanks to economic growth, billions of pounds of wealth has been created, not lost in Tory boom and bust.

And as a result, the next three years show the biggest ever investment in schools and hospitals. Not just one year. But the year after and the year after that.

And, if we carry on running this New Labour economic policy I can tell you today we will continue to get more money into schools and hospitals in a way we can sustain year on year on year. We are rewriting some of the traditional rules of politics.

Now after a century of antagonism, economic efficiency and social justice are finally working in partnership together. We are demonstrating that it is possible to cut poverty and run the economy well. At last our historic reputation for compassion is being matched with a hard won reputation for economic competence. From now on people will vote Labour with their head as well as their heart.

The political landscape of Britain has changed forever.

That's why Prudence's chastity belt stays on, even for the Liberal Democrats.

And then we open up the UK economy.

Open it up to electronic commerce, so we cut the cost of buying and selling.

Open it up to competition so we can stop the consumer being ripped off.

And private capital alongside public investment. In transport, to read some of the papers you would think John Prescott had created Britain's transport problems. Thanks to him, and the new Strategic Rail Authority, the next 10 years will see the largest investment in the railways for 100 years. Let's be honest. When it comes to transport we are all the forces of conservatism. But the real anti-car policy is staying as we are.

Let us take on the forces of conservatism in education, too, the greatest liberator of human potential there is.

No more nursery vouchers.

No return to 11+.

No freeze on student numbers in our universities.

No more Assisted Places Scheme.

Not the right. But not the old Left either: no tolerance of failing LEAs.

No truce on failing schools.

No pupils condemned to failure.

We owe it to every child to unleash their potential. They are of equal worth. They deserve an equal chance.

A failed education is a life sentence on a child.

If we are to succeed in the knowledge economy, we need – as parents, as teachers, as a country – to get a whole new attitude to learning.

What other country in the world sees being "too clever by half" as a fault?

In today's world, there is no such thing as too clever. The more you know, the further you'll go.

The forces of conservatism, the elite, have held us back for too long.

Why is it only now that we are getting nursery places for all three and four year olds?

Why has it taken this government to realise that 5, 6 and 7 year olds need that extra attention that smaller classes give them?

Why, when we have known all our lives the importance of the 3 Rs, is it only now that we have put in place the literacy and numeracy strategies to get those basics taught properly? And look at the results for 11 year olds: maths up 10 per cent, reading up five per cent, a tribute to our children, to their teachers and to David Blunkett.

Why has it taken this government to set about ending the culture of failure in our inner city comprehensives? Doubling the number of specialist schools; creating 1,000 beacon schools; every run down school getting help with buildings, equipment, facilities from the £5bn modernisation programme: LEAs with a track record of failure taken over and run by people with a track record of success.

Why is it only now, we have lifted the cap on student numbers and 100,000 more will go to university in the next 2 years, 700,000 more to further education. So today I set a target of 50 per cent of young adults going into higher education in the next century.

Why if education is the key to success do we allow so many children to leave school at 16 when we should be doing all we can to get them to stay on. Today we are announcing a smartcard to offer all 16-18 year olds who stay in education cut price deals at shops, in theatres and cinemas and on trains and buses.

Only now can this happen because there is a Labour Government that cares about educating the many and a Labour Party with the courage to reform the system to do it.

And critical to reform are our teachers. I appeal to them.

You do a great job in our schools. We know how important it is for you to work as a team. But if we are to get the real step change in your pay you and we both want, we have to link it to performance. We have to raise standards, and we have to remove those who really cannot do the job.

And if a Head Teacher transforms a school and so transforms the life chances of our children, aren't they worth as much as a good doctor, banker or lawyer?

In 10 years we will have transformed our schools. And our NHS too.

And I know the impatience here is at its highest. After all, we created the NHS. It has to be us that rebuilds it.

And yes it needs money. And yes, the first two years were tough.

But the money is now starting. And money is not all it needs.

A predecessor of mine famously said she wanted to be able to go into the hospital of her choice, "on the day I want, at the time I want, with the doctor I want".

That was Margaret Thatcher's argument for going private.

I want to go to the hospital of my choice, on the day I want, at the time I want. And I want it on the NHS.

I say in all frankness to the BMA. You want our reforms to slow down. I want them to speed up.

Already: 4,000 more student nurses and midwives.

4,000 more nurses returning to nursing.

27 new hospitals being built.

20 million people now covered by NHS Direct.

And the dreaded Tory internal market finally banished for good.

And over the next 3 years:

There will be 7000 more doctors 15,000 more nurses 37 hospitals built

The whole country covered by NHS Direct.

Every casualty department that needs it refurbished.

And waiting times and waiting lists lower at the end of our time in Government than at the beginning.

And will that be enough?

No. But in time, if we are returned to power:

We will have booked appointments for everyone.

Walk-in NHS centres in all our major towns and cities.

Primary care surgeries that offer you all services on one site.

And everyone with the chance to go back on the NHS to see their dentist.

And just to show you it's not impossible. Today I can tell you: we will start next year with booked appointments for cancer and cataract patients.

And working with the British Dental Association, everyone within the next 2 years will be able once again to see an NHS dentist just by phoning NHS Direct.

So much more to do. But it will be done.

We aren't just workers. We are citizens proud to say there is such a thing as society and proud to be part of it.

Yet, today, we feel our social fabric torn.

Respect for law and order broken.

My grandfather's generation was strong on values. Respect for people. Good manners. Horror of crime. But it was a generation also of deference and of prejudices: racial, sexual, social.

The modern world is different. There is less prejudice, less deference, but also less respect.

It is time to move beyond the social indifference of right and left, libertarian nonsense masquerading as freedom.

This generation wants a society free from prejudice, but not from rules, from order.

A common duty to provide opportunity for all.

An individual duty to be responsible towards all.

There will be a new Crime Bill in The Queen's Speech.

With the new DNA technology we have the chance to match any DNA at any scene of crime with those on police records. Already thousands of criminals are being caught that way. But less than a fifth are on record.

I can announce we will provide the extra resources for a database where every known offender will have their DNA recorded, and evidence from any scene of crime will be matched with it.

And I saw that we said on drugs and new powers was attacked by civil liberties groups.

I believe in civil liberties too:

The liberty of parents to drop their kids off at school, without worrying they're dropping them straight into the arms of drug dealers.

The liberty of pensioners to live without fear of getting their door kicked in by someone thieving to pay for their habit.

The liberty of young people to live a full life, not die young, the victim of the most chilling, evil industry the world has to confront.

Civil liberty to me means just that: the liberty to live in a civil society founded on rights and responsibilities, and in dealing with the drugs menace, that is the society we can help to build.

So when I speak of the need for a new moral purpose and some on the right and left rise up and say this is nothing to do with politics, leave it all to the bishops, I tell you these people know exactly what I'm talking about.

That's what I mean by fulfilling our potential as citizens as well as workers.

We don't live by material goods alone.

That's why today we set out more plans to boost arts, culture, competitive sports in schools. It's why John Prescott puts his heart and soul in the battle to protect our environment, so we leave to our children a safer, healthier planet than the one into which they were born.

Yes we are three times richer than our grandparents. But are we three times happier?

Ours is a moral cause, best expressed through how we see our families and our children.

To our children, we are irreplaceable.

If anything happened to me, you'd soon find a new leader. But my kids wouldn't find a new Dad.

There is no more powerful symbol of our politics than the experience of being on a maternity ward.

Seeing two babies side by side. Delivered by the same doctors and midwives. Yet two totally different lives ahead of them.

One returns with his mother to a bed and breakfast that is cold, damp, cramped. A mother who has no job, no family to support her, sadder still – no-one to share the joy and triumph of the new baby ... a father nowhere to be seen. That mother loves her child like any other mother. But her life and her baby's life is a long, hard struggle. For this child, individual potential hangs by a thread.

The second child returns to a prosperous home, grandparents desperate to share the caring, and a father with a decent income and an even larger sense of pride. They're already thinking about schools, friends she can make, new toys they can buy. Expectations are sky high, opportunities truly limitless.

A child is a vulnerable witness on life.

A child sees her father hit her mother.

A child runs away from home. A child takes drugs. A child gives birth at 12.

If we are in politics for one thing – it is to make sure that all children are given the best chance in life. That the moment they are born, their potential and individuality can sparkle.

That every child can grow up with high hopes, certainty, love, security and the attention of their parents.

Strong families cherished by a strong community.

That is our national moral purpose. So when I pledge to end child poverty in 20 years, I do so not just as a politician, but as a father.

Can I tell you something? And there are only four other people alive who know this – it's actually a bit odd being Prime Minister.

Everyone has views about you, and no hesitation giving them to you.

You read things about yourself, on a daily basis, that are a complete mystery.

And you find that a lot of strange new people want to be your friend, and lots of other strange people want to be your enemy.

We're only flesh and blood in the end. Sometimes can't sleep. Worry about the job. Worry about the kids. Worry about growing old. Worry about interest rates going up. Worry about Newcastle going down.

Then you've got these big worries – when's the health money really going to make a difference? Why are there still people sleeping in doorways? Can't we turn round failing schools more quickly? How many of our pensioners will go cold this winter?

It's a big job. A lonely job. The red boxes really do come at you day and night, papers to read, decisions to make. Sometimes life and death decisions. Often decisions, after all the advice and the consultation, that only the Prime Minister can make.

So it's a pressure. But it's a privilege too. There is no greater privilege than serving your country. And there is no greater purpose than realising your potential.

I was lucky. A good education, a loving home, a great family, strong beliefs, a great Party in which to give them expression.

Everyone has talent. Everyone has something to offer. And this country needs everyone to make a contribution.

You'll see me on the TV, getting on and off planes, meeting Presidents and Prime Ministers, Kings and Queens.

It's all part of the job. But the part that matters most to me is getting my sleeves rolled up and pushing through the changes to our country that will give to others by right, what I achieved by good fortune.

Let me read to you the words of someone else who thought ours was a moral purpose, and said this about the people in our Party.

"The men and women who are in it are not working for themselves; they know perfectly well that all they can do is but to create the beginning of a condition of things which will one day bring peace and happiness and freedom and a fuller life for those who are to come after us."

Our very first leader, Keir Hardie.

But 100 years ago, the circumstances of our birth and our political childhood was such we never realised our potential.

Born in separation from other progressive forces in British politics, out of the visceral need to represent the interests of an exploited workforce, our base, our appeal, our ideology was too narrow.

People were made to feel we wanted to hold them back, limit their aspirations, when in truth the very opposite was our goal.

We were chained by our ideology.

We thought we had eternal doctrines.

When they are in truth eternal values.

Solidarity, social justice, the belief not that society comes before

individual fulfilment but that it is only in a strong society of others that the individual will be fulfilled. That it is these bonds of connection that make us not citizens of one nation but members of one human race.

And wouldn't Keir Hardie have been proud when under Britain's leadership, this week we cancelled the debt of those African nations deep in poverty so that their people too can realise their potential, have the hopes and dreams for their children we want for ours?

And wouldn't Clem Attlee and Ernie Bevin have applauded when in Kosovo, faced with racial genocide in Europe for the first time since they fought fascism in the Second World War, it was Britain and this Government that helped defeat it and set one million people free back to their homeland?

And wouldn't it bring a smile to the faces of all Labour leaders to see how confident our Party is today?

Today we stand here, more confident than at any time during our 100 years, more confident because we are winning the battle of ideas; we are putting our values into practice; we are the only political force capable of liberating the potential of our people.

Knowing what we have to do and knowing how to do it.

Arrayed against us: the forces of conservatism, the cynics, the elites, the establishment. Those who will live with decline.

Those who yearn for yesteryear.

Those who just can't be bothered.

Those who prefer to criticise rather than do.

On our side, the forces of modernity and justice. Those who believe in a Britain for all the people. Those who fight social injustice, because they know it harms our nation.

Those who believe in a society of equality, of opportunity and responsibility. Those who have the courage to change. Those who have confidence in the future.

The battleground, the new Millennium.

Our values are our guide.

Our job is to serve.

Our workplace, the future.

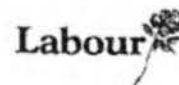
Let us step up the pace. Be confident. Be radical.

To every nation a purpose.

To every Party a cause.

And now, at last, Party and nation joined in the same cause for the same purpose: to set our people free.

--- CHECK AGAINST DELIVERY --- CHECK AGAINST DELIVERY ---



President Bill Clinton -- Remarks at Conference of Progressive Governance

THE WHITE HOUSE

Office of the Press Secretary
(Florence, Italy)

For Immediate Release

November 20, 1999

REMARKS BY THE PRESIDENT
AT DINNER IN HONOR OF THE
"CONFERENCE ON PROGRESSIVE GOVERNANCE FOR THE 21ST CENTURY"

Villa la Pietra
Florence, Italy

10:43 P.M. (L)

THE PRESIDENT: Thank you very much. Professor Dorsen, Dean Sexton, President Oliva. To my fellow leaders and especially to our hosts, Prime Minister and Mrs. D'Alema. Let me say a special word of appreciation to my good friend, Romano Prodi, for the very good outline he has given us of the challenges facing not only the nation's of Europe, but the United States and all other economies more or less positioned as we are.

The hour is late and what I think I would like to do is to briefly comment on why we're here and what exactly are the elements of progressive governance in the 21st century, what do we have consensus on and what are the outstanding challenges facing us. Without going into any detail, in the hopes that that's what will be discussed tomorrow.

First of all, I think it's worth noting that it's entirely fitting that we're meeting here at this beautiful villa in this great city, where the Italian Renaissance saw its greatest flowering. Because we know instinctively that we now have a chance at the turn of the millennium to shape another extraordinary period of human progress and creativity.

There are many parallels to the renaissance era in this time. For at the dawn of the renaissance, Italy was a place of great economic ferment and change, rapidly expanding trade, new forms of banking and finance, new technologies and new wealth, more education, vibrant culture, broader horizons. Today, we have the Internet, the global economy, exploding diversity within and across national lines, the simultaneous emergence of global cultural movements, breathtaking scientific advances in everything from the human genome to discoveries about black holes in the universe.

We have, in addition, a much greater opportunity to spread the benefits of this renaissance more broadly than it could have been spread 500 years ago. But there are also profound problems among and within nations. Making the most of our possibilities, giving all people a chance to seize them, minimizing the dangers to our dreams, requires us to go beyond the competing models of Industrial Age politics; that's why we're here. We think ideas matter. We think it's a great challenge to marry our conceptions of social justice and equal opportunity with our commitment to globalization.

We think we will have to find what has often been called a Third Way -- a way that requires governments to empower people with tools and conditions necessary for individuals, families, communities and nations to make the most of their human potential.

In the United States, we have proceeded for the last seven years

under a rubric of opportunity for all, responsibility from all, and a community of all Americans. We have also recognized something that I think is implicit in the whole concept of the European Union, which is that it is no longer possible, easily, to divide domestic from global political concerns. There is no longer a clear dividing line between foreign and domestic policy. And, therefore, it is important that every nation and that all like-minded people have a vision of the kind of world we're trying to build in the 21st century and what it will take to build that world.

I think there is an emerging consensus which you heard in Romano Prodi's remarks about what works and what challenges remain. There is also a clearer consensus that no one has all the answers.

So let me briefly give you an outline of what I hope we will discuss tomorrow and in the months and years ahead. First, I think there is an economic consensus that market economics, fiscal discipline, expanded trade and investment in people and emerging technologies is good economics. In the United States, it has given us an unparalleled economic expansion, the lowest unemployment rate in 30 years, the lowest inflation rate in 30 years, the lowest welfare roles in 30 years, the lowest unemployment among our women in the workforce in 46 years, the lowest poverty rates in 20 years, and the first back-to-back surpluses in our budget in over 40 years. But there are problems. I will get to them.

On social questions, I think there is an emerging consensus that we should favor equal opportunity, inclusion of all citizens in our community, and an insistence upon personal responsibility. In addition to low welfare roles through welfare reform in the United States, it has given us the lowest crime rate in 25 years and unprecedented opportunities for women, racial minorities, and gays to serve in public life and to be a part of public discourse.

We have also worked particularly hard to reconcile the competing religious concerns of our increasing diverse communities of faith in the United States. The challenges to this economic and social policy are, it seems to me, as follows -- and this is where we have to close the gap.

Number one -- what Mr. Prodi talked about quite a lot -- the aging of all of our societies. In the next 30 years, the number of people over 65 in our country will double. I hope to be one of them. (Laughter.) Now this is a high class problem. In all the advanced economies, anyone who lives to be 65 today has a life expectancy of 82.

Within a decade, the discoveries in the human genome project will lead every young mother -- including Mrs. Blair -- (laughter and applause) -- within a matter of years, young mothers will go home from the hospital with their babies with a little genomic map. And it will tell these mothers and the fathers of the children what kinds of things they can do to maximize the health, the welfare and the life expectancy of their children. Many of our best experts believe that within a decade, children born in advanced societies will have a life expectancy of 100 years.

Now, this is a terrific thing; but in the short-run, it means that within 30 years, more or less, all of our societies will have only two people working for every one person retired -- challenge number one. Challenge number two, in spite of unprecedented economic prosperity in many places, there are still people and places that have been left behind. I'll give you the most stark example.

In America, we have the lowest unemployment rate in 30 years, 4.1 percent. On the Pine Ridge Indian Reservation in South Dakota, the home

of the Lakota Sioux, the unemployment rate is 73 percent. And in many of our inner cities, in many of our rural areas, this recovery simply has not reached because of the lack of educational level of the people or because of the digital divide or because of the absence of a conducive investment environment.

But every advanced society that seeks social justice and equal opportunity cannot simply rest on economic success in the absence of giving all people the chance to succeed.

Number three, there has, by and large, in all of our societies with heavy reliance on the market been an increase in income inequality. I'm happy to say it is moderating in the United States. In countries that have chosen to make sure that did not happen, very often there have been quite high levels of unemployment, which people also find unacceptable -- and which is another form of social inequality.

The next problem: with more and more people in the workforce, both women and men, and more and more children being raised in homes that are either single-parent homes or two-parent homes where both the parents work, it is absolutely imperative that we strike the right balance between work and family. In this case, I think virtually every European country has done a better job than the United States in providing adequate family leave policies, adequate child care policies, adequate supports.

But let me just put it in this way. If most parents are going to work, either because they have to or they want to, then every society must strive for the proper balance, because if you have to choose between succeeding at home and succeeding at work, then you are defeated before you begin. The most important job of any society is raising children. It dwarfs in significance any other work. On the other hand -- yes, you may clap for that, I appreciate that. It does. (Applause.)

So if people at work are worried about their children at home or in child care, they're not going to be so productive at work. That means that either the economy or the social fabric will suffer. It is a profoundly important issue that will only grow more significant in the years ahead.

The next big issue I believe is the balancing of economic growth and environmental protection. And because of the problem of global warming, we will have to prove not only that we can maintain the quality of the environment, but that we can actually improve it while we grow the economy. I want to say a little more about that later, but it's a very important issue.

Finally, I would like to put another issue on the table. There is a political problem with achieving this vision, and I'll give you just three examples involving all of us here. In order to pursue this economic and social vision, if you start from a position of economic difficulty and you believe that fiscal discipline is a part of your proposal that is necessary, then you're going to have up-front pain for long-term gain.

And the question is: will we be able to develop a progressive governance that will be able to sustain enough support from the people to get to the gaining part? Because everybody likes to talk about sacrifice but no one likes to experience it. Everyone likes to talk about change, but we always want someone else to go first. And I have seen it -- in our country -- I was elected in 1992 and in 1993 I implemented my economic program; and in 1994 the public had not felt the benefits of it, and that's one of the big reasons we got a Congress of the other party.

Chancellor Schroeder is facing the same sort of challenges. President Cardozo is facing the same sort of challenges. So it's all very well for us to come here when, as in our -- my case -- that things are rocking along well in our country and the public is supporting us. But I think it's important that we acknowledge if we believe in these ideas they will often have to be pursued when they are controversial in the knowledge that these difficult changes have to be made in order to have results over the long term.

And so one of the things I hope we'll be able to frankly discuss is how we can develop and sustain political support for like-minded people in all countries who are determined to pursue this approach that we all know works and has to be pursued in order to create the kind of future we want for our children and grandchildren.

Now let me just say a word about global politics. I believe there's an emerging consensus that it's good for the world to promote peace and prosperity and freedom and security through expanded trade; through debt relief for the poorest nations, through policies that advance human rights and democracies; through policies in the developing countries that expand the rights and opportunities of women and their daughters; through policies that stand against terrorism, against the proliferation of weapons of mass destruction and against the spread of ethnic, racial and religious hatred.

What are the specific challenges to this consensus? I'll just mention a few. How do you place a human face on the global economy. We're going to have a WTO ministerial in Washington State in a few days. There will be ten times as many people demonstrating outside the hall as there will be inside. And I understand more than half of them may not even be from the United States.

I personally think this is a good thing. Why? Because the truth is that ordinary people all over the world are not so sure about the globalization of the economy. They're not so sure they're going to benefit from trade. They want to see if there can be a human face on the global economy if we can raise labor standards for ordinary people, if we can continue to improve the quality of life, including the quality of the environment. And if we believe -- we, who say we believe in social justice and the market economy, really want to push it, we have to prove that the globalization of the economy can really work for real people. And it's a huge challenge.

Number two, we have to deal with the fact that about half the world still lives on less than \$2 a day, so for most of them, most of this discussion tonight is entirely academic, which is why debt relief is so important. We have to deal with the fact that while we talk about having smaller, more entrepreneurial government, the truth is that in a lot of poor countries, they don't have any government at all with any real, fundamental capacity to do the things that have to be done. Even in a lot of more developed countries, they have found themselves blindsided by the financial crisis that struck in 1997.

So we have to acknowledge while we, who say we are developing a Third Way -- and in our case, we've been able to do it with the smallest federal government in 37 years -- we have to acknowledge the fact that some countries need more government. They need capacity. They need the ability to battle disease and run financial systems and solve problems, and that it is fanciful to talk about a lot of this until you can basically deal with malaria, deal with AIDS.

You look at Africa, for example, AIDS consuming many African countries. But Uganda has had the biggest drop in the AIDS rates of any country in the world because of the capacity of the government to deal with the problem. And I think we have to forthrightly deal with that.

Let me just mention a couple of other issues a little closer to home. We're going to have to deal with the conflict between science and economics and social values. Example: the conflict between the United States and Europe over genetically modified seeds and the growing and selling of food; the conflict between Britain and France over the sale of beef.

Listen, this is hot stuff now, but you can see that there's going to be a lot more of this. And we have to find a way to manage this if we're going to be in a global society with a global economy, where there are honest differences and real fears. We have to find a way to manage this that has integrity and that generates trust among ordinary people.

Another problem that I think is quite important is, all of us will have to decide how we're going to cooperate and when we separate in an interdependent world. I think, for example, our Congress did a very good thing to finally pay our U.N. dues and to enable the United States to participate in the global debt relief movement. And I think they made a mistake to defeat the Comprehensive Nuclear Test Ban Treaty. But every one of us will have to deal with these kinds of questions, because there will always be domestic pressures operating against responsible interdependence and cooperation.

And, finally, I'll mention two other things. I believe that the biggest problems to our security in the 21st century and to this whole modern form of governance will probably come not from rogue states or from people with competing views of the world in governments, but from the enemies of the nation state, from terrorists and drug runners and organized criminals to, I predict, will increasingly work together and increasingly use the same things that are fueling our prosperity: open borders, the Internet, the miniaturization of all sophisticated technology, which will manifest itself in smaller and more powerful and more dangerous weapons. And we have to find ways to cooperate to deal with the enemies of the nations state if we expect progressive governments to succeed.

The last and most important point of all, I believe, is this. I think the supreme irony of our time, as we talk about a new renaissance -- by the way, that would make New York University the successor of the Medicis -- (laughter) -- I think -- consider this -- the supreme irony of this time is that we are sitting around talking about finding out the secrets of the black holes in the universe, unlocking the mysteries of the human gene, having unprecedented growth, and dealing with what I consider to be very high-class problems -- finding the right balance between unemployment and social justice, dealing with the aging of society -- isn't it interesting to you that in this most modern of ages, the biggest problem of human societies is the most primitive of all social difficulties: the fear of people who are different from us. That, after all, is what is at the root of what Prime Minister Blair has struggled with in Northern Ireland, at the root of all the problems in the Balkans, at the root of the tribal wars in Africa, at the root of the still unresolved, though hopefully progressing problems in the Middle East.

A few weeks ago, Hillary invited two men to the White House for a conversation about the new millennium. One was one of the founders of the Internet, the other was one of our principal scientists unlocking the mysteries of the human genome, and they talked together -- it was fabulous, because these guys said, number one, we would not know anything about the gene if it were not for the computer revolution because we couldn't have done the complex sequencing. And then the scientist said, now that they had done all this complex sequencing, the most stunning conclusion they had drawn is that all human beings were 99.9 percent the same genetically, and that the differences of

individuals in any given ethnic group genetically were greater than the genetic differences of one ethnic group to another.

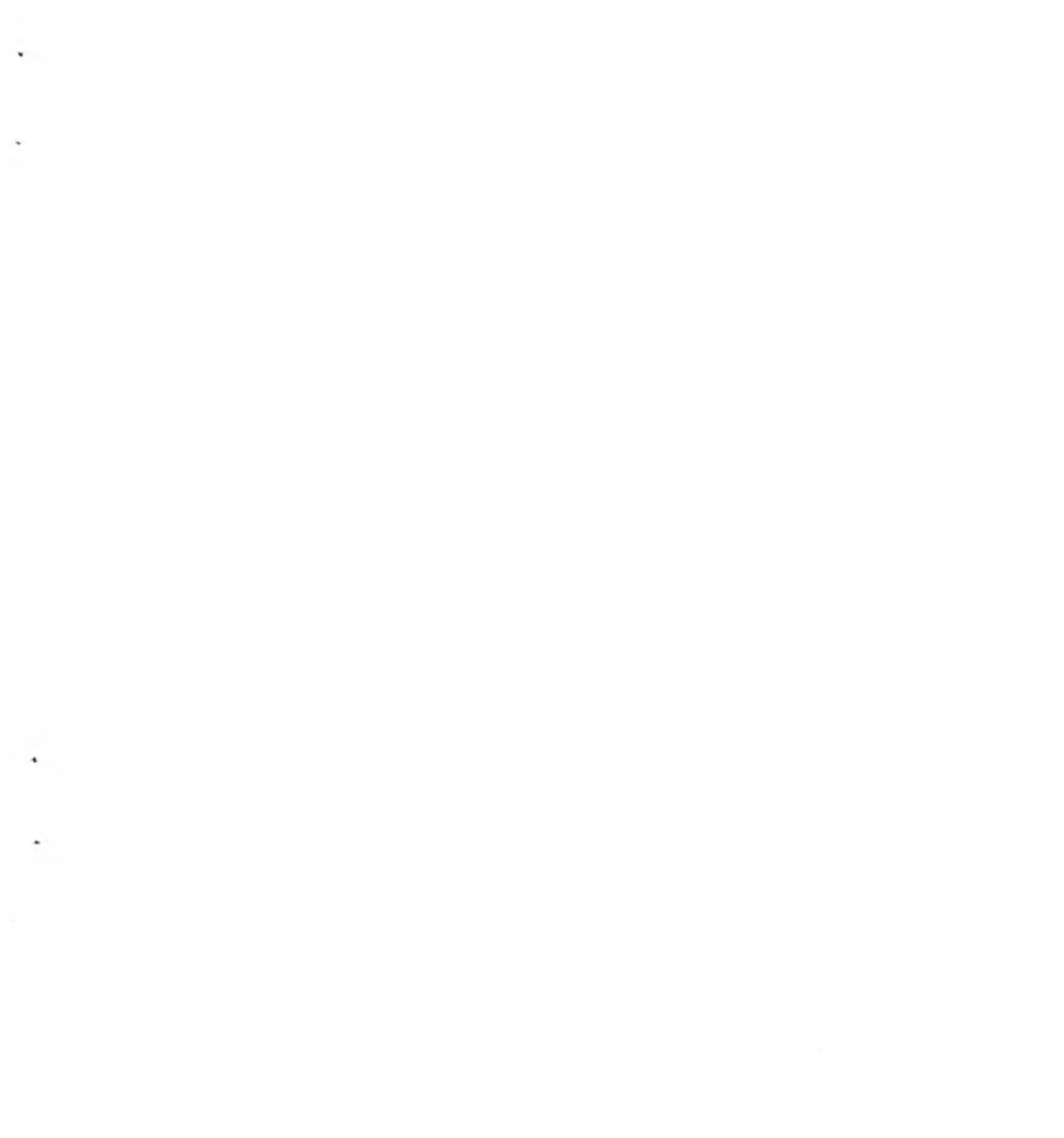
So if you had 100 West Africans and 100 Italians and 100 Mexicans and 100 Norwegians, the differences of the individuals within the groups would be greater than the composite genetic profile differences of one group to another.

Now, this is in an age where 800,000 people were slaughtered by machetes in 90 days in Rwanda a few years ago, when a quarter of a million Bosnians lost their lives and 2.5 million more were made refugees.

So that's the last point I would like to make. We need a little humility here. What we really need to be struggling for is not all the answers, but a unifying vision that makes the most of all these wonders and relishes all this diversity which makes life more interesting, but proceeds on the fundamental fact that the most important thing is what it has always been: our common humanity, which imposes on us certain responsibilities about how we live, how we treat others who are less fortunate, how we empower everyone to have a chance to live up to his or her God-given potential.

If you ask me one thing we could do, it would not be all the modern ideas. If I had to leave tonight and never have another thing to say about public life, I would say, if we could find a way to enshrine a reverence for our common humanity, the rest would work out just fine. Thank you very much. (Applause.)

END 11:10 P.M. (L)



Alan S. Blinder, “Eight Steps to a New Financial Order.”

Eight Steps to a New Financial Order

Alan S. Blinder

BACK TO BRETTON WOODS

FINANCIAL CRISES once made most people's eyes glaze over; they were subjects of intense interest to only a limited clientele, many of whom wore green eyeshades. Not any longer. The topic has unfortunately acquired a mass audience in the second half of the 1990s. Stunning currency collapses in Mexico (1995), southeast Asia (1997), Russia (1998), and Brazil (1999) have pushed the subject to the front page. Financial conflagrations have become too frequent, too devastating, and too contagious to be ignored.

As the World Bank's chief economist Joseph Stiglitz has put it, when so many cars run off the road, you start wondering whether the road itself might be the problem. And indeed, many questions are now being raised about the global financial architecture. Much of the discussion centers around the concept of "moral hazard," an awkward phrase that economists borrowed years ago from the world of insurance. In the financial context, it means that people (or banks, or governments) who are shielded from the consequences of their actions may take imprudent risks—hoping they will be bailed out if things go wrong.

But there is a vastly more important hazard of much greater moral urgency: the fact that financial crises afflict literally hundreds of millions

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AP/WIDE WORLD PHOTOS

Fighting words: South Korean worker protests IMF-imposed cuts, Seoul, 1997

of innocent bystanders who play no part in the speculative excesses but nonetheless suffer when the bubbles burst. The present global financial system manifestly fails to protect these poor people from extreme hazards. This failure is the chief reason to seek reform. Those who bet wrongly in financial markets should suffer losses. And borrowers should repay their debts, even when they are onerous. But citizens who take no part in the game should be shielded from the

consequences of financial collapse to the maximum extent possible. This is plainly not happening now. How did we get into such an awful mess?

The story starts back in 1944, when the major Allied nations met at Bretton Woods, New Hampshire, to design a mechanism for restoring the shattered world economy to health. They created a new international financial architecture based on fixed exchange rates and the convertibility of the U.S. dollar into gold. And they established a new multilateral institution, the International Monetary Fund, to police the system.

The demise of fixed exchange rates in the 1970s robbed the IMF of its principal *raison d'être*. But the fund morphed its mission several times and now has evolved into a global advice-and-rescue squad—one part wealthy benefactor, one part stern schoolmarm, and one part global firefighter. It lectures countries on economic orthodoxy, proffers financing in return for approved behavior, and rides dramatically to the rescue when countries fall prey to financial crises.

The fund has long had its critics, and their criticisms have grown louder and more frequent in the 1990s. Since the Mexican crisis erupted at the close of 1994, the IMF's schoolmarmish advice and firefighting work have been attacked as wrong-headed. Some prominent voices—among them former Secretary of State and Treasury George P. Shultz's—have even called for the fund's abolition. That raises a key question: Have all the recent financial travails happened despite, or because of, the IMF? There now seems to be a widely shared consensus—even within the fund—that the current design is old and creaky and needs to be brought up to date. Unfortunately, the consensus ends right there.

How can we make the international financial architecture designed in 1944 work better in the fast-paced, high-octane world of 1999? The eight-point plan below focuses on broad principles of design rather than on the detailed bricks and mortar—but not because the latter are unimportant. On the contrary, both God and the Devil (to merge the two clichés) will ultimately be found in the details. However, meaningful debates over numerous important issues must wait until we first agree on basic principles to govern the new financial system. The physics must precede the engineering.

THE ART OF THE POSSIBLE

A LOGICAL WAY to begin is by setting the goals of international financial reform. What do we want to accomplish? We cannot expect to design an international financial system that totally eliminates risk. Manias, panics, and speculative excesses are inherent in free-market capitalism. Speculative markets have always been subject to alternating waves of greed and fear; they go to extremes, exhibit herdlike behavior, and probably always will. All this is part of the price we pay for vibrant, highly productive capitalism—a necessary blemish on an economic system that has produced a dazzling record of achievement.

But we should recognize the blemish for what it is. The current system breeds too many crises that are too severe. Much of the non-Western world has suffered through one or another such malady in the past few years. What the global economy needs now is a way to minimize the frequency and intensity of crises. Moreover, the present system lets financial epidemics blossom into global pandemics. Our new financial architecture should have sturdier defenses against contagion. Perhaps most critical of all, but least mentioned, the world badly needs a system that protects innocents from the financial hurricanes that sometimes swirl around them.

But how? Grandiose schemes involving elaborate international institutions tend to get nowhere fast. Regardless of its merits, no world central bank will be created in my lifetime. Even establishing a global financial super-regulator, a far more modest step, would require an implausible surrender of national sovereignty. And an international bankruptcy court would require coordination among nations that have very different bankruptcy laws. Better to stick with more modest plans that require little or no institution-building. The world's poor cannot wait for grand edifices to be built.

The plan outlined here can be accomplished through two channels: reform of the IMF, and changes in national practices that countries can implement on their own (indeed, some are already being implemented). The recommendations divide neatly into two categories, corresponding roughly to the IMF's roles as schoolmarm and firefighter.

FOUR OUNCES OF PREVENTION

THE FIRST four recommendations focus on policies designed to build a financial system with fewer vulnerabilities—including both policies that sovereign nations should adopt on their own, and advice the IMF should dispense to its client states. As will be seen, parts of the schoolmarm's catechism need to change.

Principle 1: Don't fix your exchange rate. This point seems the most fundamental, but was curiously de-emphasized until former Treasury Secretary Robert E. Rubin more or less endorsed it at an April 1999 IMF meeting. All the international financial crises of the 1990s, like most of the crises of the 1970s and 1980s, have shared a common element: a fixed exchange rate that crumbled under speculative attack. Indeed, in the cases of Mexico, southeast Asia, Russia, and Brazil, the defense of an exchange rate pegged at an untenable level was at the very heart of the crises. The lesson seems painfully obvious: Fixed exchange rates, being hazardous to a country's economic health, should be avoided. This is not an ideological position founded on religious devotion to free markets. It is, rather, based on pragmatic observation of many painful experiences. Nor do I insist on purity—"dirty" or managed floats are just fine. Indeed, even some versions of exchange-rate fixity may make sense under the right circumstances. But floating rates ought to be considered the norm by the IMF of 1999, just as fixed rates were in 1944.

I do not believe in a "one size fits all" exchange-rate policy. Particular countries at particular times may have good reasons to peg their exchange rates to a hard currency. For example, Brazil's crawling peg and Argentina's currency board (which guarantees the convertibility of pesos into dollars) helped rid those nations of hyperinflation in the 1990s. Hong Kong's currency board helped restore confidence that was badly shaken in the 1980s by the prospect of Chinese rule. Some small countries dominated by a big neighbor may deem it either foolhardy or hopeless to have an independent exchange rate. And fixed rates may be necessary for other reasons; remember the European Exchange Rate Mechanism, a stepping stone to monetary union. But these should be viewed as exceptions to a general rule. As global financial markets grow bigger and more fluid, the viability of fixed

exchange rates that are not literally locked in place forever (as in a monetary union) diminishes accordingly. Market forces are simply too powerful relative to the resources at central banks' command.

In this important respect, we need to recognize that the world of 1999 is quite different from the world of 1944. Just as fixed exchange rates were the linchpin of the financial architecture designed at Bretton Woods, floating rates should be the accepted norm in the new financial architecture.

Any nation that decides to peg its exchange rate will be well advised to have an exit strategy—and to use it at a propitious moment before speculators take aim.

Forced devaluations can be disastrous. Think how much easier and smoother the necessary adjustments would have been if the Mexican peso, the Indonesian rupiah, and the Brazilian real had floated down gradually over a period of months or years rather than dropping abruptly. As George Soros (among others) has observed, with no fixed exchange rate for a target, speculators have nothing to shoot at.

Principle 2: Borrow less in foreign currency. A second common element in the financial crises of the 1990s—with the possible exception of Brazil's—has been an excessive amount of borrowing in foreign currency, especially for the short term. This extremely risky practice should be actively discouraged by both the IMF and national governments.

When combined with an allegedly fixed exchange rate, such borrowing makes for an especially volatile—and sometimes toxic—brew, a “fixed exchange rate bubble.” It works like this: banks and corporations in emerging markets, where local interest rates are comparatively high, find the lure of lower U.S. (or German, or Japanese) rates irresistible. So they borrow in, say, dollars and then either lend in local currency or invest in local assets.

That is precisely what the Mexican government did in 1994, and what many southeast Asian banks and businesses did throughout the 1990s. When the fixed exchange rate collapsed, they found themselves buried under an avalanche of unpayable debt. Worse yet, millions of innocent victims fell with them as the economies crumbled under the weight of all that debt.

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Critics will object that borrowers in emerging markets cannot afford to pay expensive local-currency interest rates. They must borrow at lower rates in dollars, some claim, or else development will be retarded. I disagree—on at least three grounds.

First, in the case of southeast Asia (though not Mexico or Russia) much of the foreign borrowing was not necessary for development. Each of the Asian “tigers” generated an enormous volume of domestic saving relative to the size of its economy. The influx of foreign capital seeking quick returns just “boomed the boom,” leading to overcapacity and to speculative bubbles in equity and real estate markets.

Second, the risk premium for borrowing in home currency may not be all that onerous if a country’s fundamentals are reasonable, a liquid market is created, and the exchange rate regime does not present market participants with a one-way bet by signaling to speculators that the currency can only go down. For example, markets have recently been charging South Africa only roughly three percentage points more to borrow in rand rather than in dollars—not an outlandish premium.

Third, and most fundamental, pretending that borrowing a U.S. dollar was just another name for borrowing, say, 25 Thai baht or 2,500 Indonesian rupiah was a cruel hoax that led to excessive borrowing and inappropriate allocation of risk. By borrowing dollars and lending baht (or making loans collateralized by baht assets), Thai banks and finance companies took on much more risk than those bargain-basement dollar interest rates indicated. The higher baht interest rates, which included a market-determined premium for exchange-rate risk, indicated risk more accurately. Had Thai companies been forced to pay those higher rates, they would likely have borrowed much less—which would have been a good thing. As it was, when the exchange rate finally tumbled, millions of innocent Thai citizens were left holding the bag. Similar scenarios played out in Indonesia, South Korea, and Malaysia.

The point is that borrowing in dollars does not eliminate foreign exchange risk—it just forces the wrong people to bear it. Wouldn’t it have been better if, say, hedge funds and international banks had lent the money to Thailand in baht, rather than in dollars, thereby assuming the exchange rate risk themselves? They would have charged a market-determined fee for doing so, of course. But that would have better reflected the actual risks rather than covering them up.

Of course, no one can force financial market participants to lend to emerging markets in local currencies. Thus this principle constitutes a policy recommendation only in the sense that national and international supervisory agencies (like the IMF and the Bank for International Settlements) should cast a jaundiced eye on unhedged foreign-currency borrowing—and place handicaps, like lower supervisory ratings and higher capital charges, on banks that do so.

National governments should also shift their sovereign borrowing toward home currency, rather than dollars.

Principle 3: Don't rush to open capital markets. Unfettered international capital mobility is not the best system for all countries. I do not recommend the cessation of global capital flows, nor emulation of Malaysia's heavy-handed approach to restricting them. And I certainly do not favor protectionism in the financial service industries. Chile sets a fine moderate example by being open to foreign banks while imposing prudential controls on capital inflows rather than outflows. Other countries may find different ways, tailored to their own unique circumstances, to slow down the flow of international hot money. But the hard-core Washington consensus—which holds that international capital mobility is a blessing, full stop—needs to be tempered by a little common sense.

This finally seems to be happening. But only two years ago, the IMF was well on its way toward requiring full capital account convertibility of all its member states. During the Asian crises, the IMF saw open capital accounts as part of the solution, rather than part of the problem. I found that attitude badly misguided, and it pains me to admit that the U.S. government was a primary pusher of this bad advice. The fund has now backed away from its former position, but not far enough.

The problem is one of proper sequencing. Too many emerging-market countries rush to open up their capital markets too soon—before, for example, they have proper supervisory structures in place. Full openness to international capital flows is a fine long-range goal. But the IMF should not encourage, much less require, premature liberalization. Nations should not adopt America's bad financial habits until they are rich enough to afford them. Malaysia and Indonesia clearly were not.

The influx of foreign capital in Asia led to overcapacity and speculative bubbles.

Principle 4: Follow sound macroeconomic and financial policies. I have saved the platitudes for last—not because I disagree with them, but because they have been said so many times before. Most contemporary suggestions for international financial reform focus on urging countries to follow “sound” fiscal and monetary policies, to avoid large current-account imbalances, to develop strong and competent financial regulatory and supervisory structures, and to adopt various codes of good conduct in such areas as transparency, accounting standards, and bankruptcy law.

Most of the items on this list are uncontroversial in principle. Who, after all, favors unsound macroeconomic policies, opaqueness, and incompetent regulation? But things become highly contentious once you get down to specifics. I will therefore simply endorse the general approach—noting only two things. First, I would assign top priority to two of the most boring topics on the standard list: bank supervision and accounting standards. Second, although transparency—which is the current rage—is all to the good, no one should expect it to accomplish very much in the way of crisis prevention. Bubbles form and burst even in extremely transparent markets like the New York Stock Exchange.

REDESIGNING THE FIRE-AND-RESCUE SQUAD

NO MATTER how sound the new policies, accidents will happen and financial crises will occur. When they do, the IMF must remain the world’s designated fire-and-rescue squad. I see no need to reassign the task and certainly would not want the IMF abolished. If that were done, the world would soon reinvent a similar institution from scratch. But the IMF’s *modus operandi* needs significant change. Critics charge that the fund has sometimes aggravated crises rather than mitigating them. Although exaggerated, such criticisms contain important elements of truth. So what should IMF crisis-management teams do differently?

Principle 5: Austerity is not always the right medicine. One common criticism holds that no matter what the problem, austerity always seems to be part of the IMF’s proposed solution. As a former central banker, I well understand that fiscal and monetary orthodoxy have

their place. But that place is not every place. For example, tighter budgets and slower money growth helped much of Latin America in the 1980s, when irresponsibly large budget deficits financed by money creation had fueled inflation. But the fund was wrong to prescribe austerity in southeast Asia in 1997, when neither budget deficits nor high inflation were part of the problem. Indeed, the IMF itself has all but acknowledged this error.

The standard rationale for imposing fiscal and monetary stringency is, of course, to defend a fixed exchange rate—just as was done under the old Bretton Woods system and the gold standard before that. The IMF regularly answers critics of its tight monetary policies by scoffing at the notion that lower interest rates will help defend a currency from speculative attack. They won't, of course, but that is precisely the point. If currencies were allowed to float, there would be no pegged rates to defend, and hence much less need for crushingly high interest rates. Furthermore, killing a nation's economy hardly seems the best way to bolster confidence in its currency. It didn't work very well in Asia.

It is high time the IMF recognizes that the global macroeconomic situation in the late 1990s differs fundamentally from conditions in the 1970s and early 1980s. In particular, inflation—which was the bane of the 1970s and early 1980s, and the other rationale for austerity—is no longer a problem. Instead, a worldwide shortage of aggregate demand has emerged as the world's premier macroeconomic malady. Programs that force austerity everywhere aggravate this problem rather than ameliorating it. In a world with floating exchange rates and low inflation, fiscal and monetary austerity ought to be prescribed far less. Not never, just less frequently than is the IMF's current habit.

Principle 6: Devote more resources to protecting innocent bystanders. As I stated at the outset, the new financial architecture needs to give greater weight to developing and strengthening the social safety nets that shield innocent bystanders from the fallout of financial crises. This idea is not alien to the IMF's way of thinking. But neither is it central. The fund pays inadequate attention to the protection of innocents—compared, say, to the protection of creditors who may have made ill-considered loans.

The new system must give greater weight to the social safety net.

The IMF, we are assured, always strives to preserve social spending. But let's think realistically about what happens to a country in crisis. Mexico, Brazil, or any of several Asian countries can serve as examples. The government sees its tax receipts falling due to a recession. The interest rates it must pay on its outstanding debt soar. In addition, it will probably have to shoulder the budgetary burden of a major banking bailout. Now the IMF team arrives, demanding that the overall budget deficit be cut. How, in these circumstances, can the country increase transfer payments to its poor and its unemployed? The answer is obvious: It probably cannot, and so the needy suffer from budget austerity.

A reformed IMF, working in conjunction with the World Bank and regional development banks, should ensure that foreign creditors are not bailed out while local populations drown.

Principle 7: Agree on some procedures for orderly debt settlement. Financial crises typically mean that some beleaguered entities—be they governments or private businesses—cannot pay all their debts. When this occurs, an obvious question arises: Who will get paid, and how much? In the aftermath of the 1994–95 Mexican crisis, the G-10 deputies issued a report that suggested, among other things, that some sort of orderly workout procedure for resolving conflicting claims might be preferable to the current system, in which each creditor grabs whatever he or she can get. The underlying idea was the same one that motivates domestic bankruptcy laws: Assets lose value in a mad scramble, so a more orderly procedure for apportioning losses might leave both creditors (as a class) and debtors better off. Furthermore, the IMF does not have the financial means to ride to the rescue time and again.

Unfortunately, the private sector was singularly uninterested in any such proposal in 1996, and the idea died. But I was glad to see one of last fall's reports by the G-22 (a committee of nations working to strengthen the international financial system) revive this suggestion—with a greater sense of urgency. By now, the world has experienced several additional financial crises, each with its own disorderly scramble for an inadequate pile of assets. One might hope that these unhappy experiences, plus the realization that the IMF has limited funds, would have convinced some private creditors that orderly workout arrangements are preferable to the status quo. But, alas, this does not appear to have happened.

There are many ways to solve this problem. Collective action clauses in bond contracts—which, for example, might allow bondholders' committees to make decisions about restructuring—are one. The clever proposal by Willem Buiter (a member of Britain's Monetary Policy Committee) and Anne Sibert (an economist at Birbeck College in London) for mandatory rollover of debt, but at a penalty rate, is another. The private sector must be intimately involved in designing this aspect of the new architecture. Debt workout provisions should not be dictated by governments against the wishes of private investors, lest credit markets dry up. But national governments and the IMF can and should push things along. For example, G-7 nations could lead the way by incorporating collective action clauses in their own sovereign bonds.

Principle 8: Prevention is better than cure. Recent economic history amply demonstrates that, once a country has been devastated by a financial crisis, there are no good options. The economic and social costs become enormous; it is devilishly difficult to restore growth. It is therefore imperative to find a way to deter speculative attacks on countries with sound fundamentals.

Under the traditional approach, rich countries and the IMF come to the rescue only after a poorer country has collapsed in financial ruin. Thus much of the house burns down before the fire brigade arrives. But the financial world of 1999 moves to a much faster beat than did the world of 1944, or even 1973. So the new global architecture should offer protection to countries that follow sound policies, before they collapse. One good way to do so would be to put enough international money on the table in foreign reserves to scare speculators away. If the idea worked flawlessly—which, of course, it will not—no money would ever be spent. That is the essential idea behind the IMF's newly instituted and experimental contingent credit lines (CCLs).

Unfortunately, implementing this idea effectively is extremely difficult. Among the thorny issues to resolve are, what criteria will be used to decide which countries prequalify for international assistance and which do not? What happens to the countries that fail to make the grade—are they just left to the financial wolves? And what happens when a country that was once prequalified slips and falls below the standards? Wouldn't defrocking it invite speculative attack?

Although many details need to be worked out, I offer the following two-part answer to these questions. First, the principles discussed earlier—including sound macroeconomic and financial policies, a flexible exchange rate (or very good reasons to fix it), and little borrowing in foreign currency—are a good place to start compiling a list of IMF “dos” and “don’ts.” Indeed, the IMF’s recently published guidelines for the CCLs embody such a list already.

Second, prequalification should not be treated as an either-or question, as the fund has been doing. Finer gradations need to be made. The most worrisome aspect of the prequalification idea is that markets might react violently when a country crosses the line from being prequalified for IMF assistance to being unqualified. But no such bright line exists in well-functioning credit markets. When they operate smoothly, financial markets gradually impose higher interest rates and stricter terms as a borrower’s creditworthiness deteriorates. Only when panic sets in—which, unfortunately, seems to happen all too frequently in emerging markets—do markets resort to all-or-nothing evaluations. The IMF’s prequalification plan should emulate orderly markets, not panicky ones.

How can this be done? As part of its regular surveillance procedures, the IMF could classify member nations into several categories—much as rating agencies do now. The ratings would be based on the sorts of criteria discussed earlier. In case of a contagious crisis, countries in the highest class would have unquestioned access to sizable amounts of IMF lending, with few if any conditions, at near-market interest rates. The next highest class would face less credit availability, more conditions, and higher rates—and so on down to the lowest-rated class, which would have no guarantee of support. They would have to apply to the IMF in duress, as at present.

Although there are difficulties with such a scheme, perfection is not required. Since a workable prequalification system might prevent some crises and mitigate others, the potential gains from getting one in operation are large enough that the details—difficult as they may be—should not be allowed to stand in the way. The billions of innocent victims of future crises, many of them desperately poor, should not be asked to wait until the perfect design is found.

EIGHT IS ENOUGH

IT WOULD be conceit to claim that all eight principles of my suggested financial architecture must be held together as a package. In truth, it is possible to mix and match them—and the first two (floating exchange rates and less foreign-currency borrowing) are far more important than the rest.

But the list has a certain internal integrity: one principle supports and reinforces another. For example, borrowing in foreign currency would be both less alluring and less dangerous if exchange rates were allowed to float. Less-open capital markets in developing nations and a workable IMF prequalification plan should reduce the incidence of crises. Floating rates and the IMF reforms suggested here would reduce the need for fiscal and monetary austerity—and that would, in turn, ease the plight of the poor and unemployed, reducing the strain on social safety nets. Orderly workout procedures and more social spending would limit the economic devastation when crises hit. And so on.

None of the eight principles is revolutionary; you have probably read all of them (or variants) before. But together they constitute an agenda that is ambitious yet eminently achievable. And if instituted, they will make the financial world a far safer place—helping not just market players, but the billions of people who unknowingly depend on them and suffer from their failures. ②

Gary Burtless, “Squeezed for Time: American Inequality and the Shortage of Leisure.”

Squeezed

for Time?

American Inequality and the Shortage of Leisure

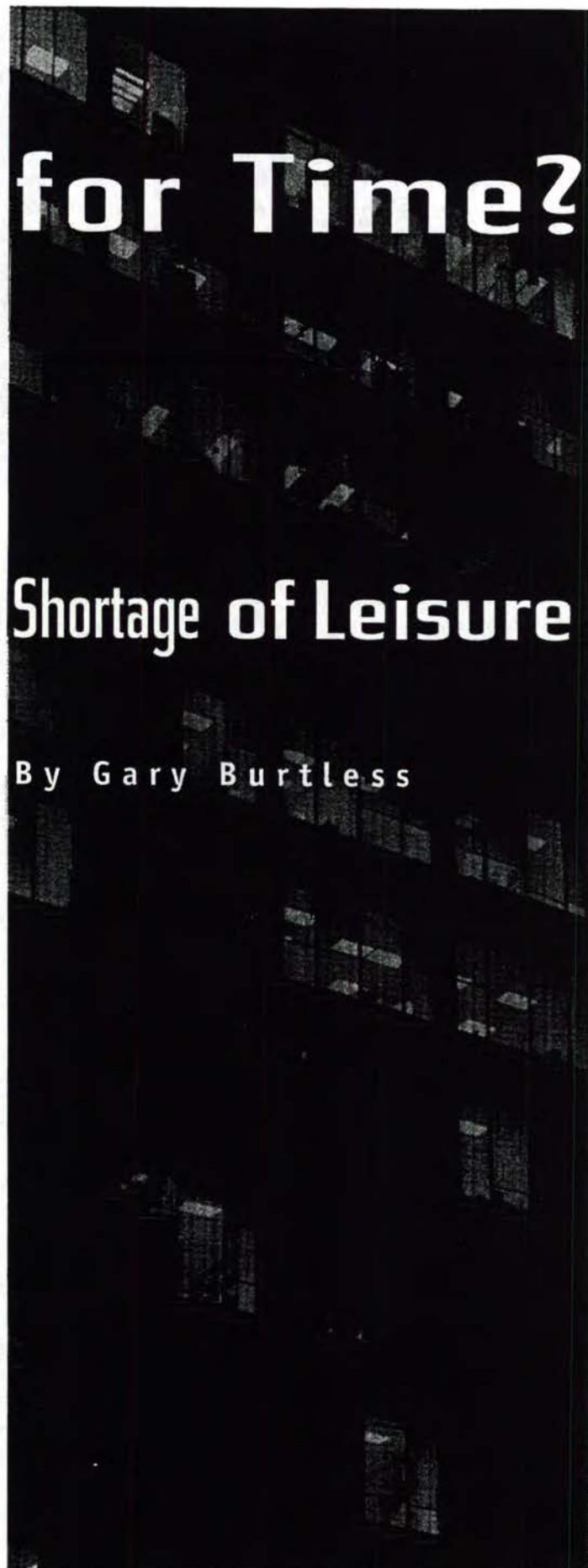
By Gary Burtless

Most informed observers recognize that American inequality has worsened over the past generation. The gulf separating high-income families from families in the middle class and on the bottom has widened noticeably, especially since 1979.

Many middle-class Americans also have a nagging sense that they are running harder and faster merely to stay in the same place, that the time it takes to earn a decent living, care for a home, and rear their children has increased, leaving them with less leisure time.

Public polls regularly pick up this perception. In 1973 the median response to a Harris poll question about the time needed to earn a living, attend school, and care for a home and family was 40.6 hours a week. By 1999 the median estimate had jumped to 50.2 hours. Asked how much free time was left each week for relaxation, sports, hobbies, entertainment, and

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LLOYD WOLF

socializing, respondents estimated 26.2 hours in 1973, but just 19.8 hours in 1999. And a 1998 Gallup poll found Americans expressing record or near-record satisfaction in most areas of life, with two conspicuous exceptions. Respondents expressed sharply lower satisfaction with their jobs and with the amount of leisure than similar respondents did in the 1960s.

The perception that leisure time is disappearing is reinforced by popular studies, such as Juliet B. Schor's celebrated *The Overworked American: The Unexpected Decline of Leisure*. Schor's book documents a two-decade surge in work hours, which she reckons added 163 hours a year—almost one month a year in a full-time job—to the paid working time of labor force participants between 1969 and 1987.

Until recently, few scholars have investigated the link between shrinking leisure time and the shifting distribution of incomes. The connection, however, can have important welfare consequences. If people at the bottom of the income distribution have lost out on leisure, the resulting time squeeze compounds their losses from declining hourly pay and scaled-back public assistance. If the affluent have lost more free time, we have a partial explanation for the widening income gap: well-to-do breadwinners have sacrificed free time to boost their spendable incomes.

More Free Time or Less?

The first question we should ask must be: has leisure time actually declined? Is Americans' perception of a time squeeze based on hard evidence about the trend in hours that people actually work?

Some scholars flatly reject Schor's finding that leisure time has shrunk. Relying on detailed time diaries kept by adult respondents in 1965, 1975, and 1985, sociologist John B. Robinson finds that average free time actually increased 4.8 hours a week, or nearly one-seventh, between 1965 and 1985. In his book with co-author Geoffrey Godbey, *Time for Life*, Robinson defines free time as time available after people have completed paid work, family and household chores, and personal care (including sleep). The 1965–85 gain in free time was a result of declines in both paid work hours and time devoted to housework and child care—but in different proportions for men and women. Women devoted more time to paid work, less time to housework and child care; men gave more time to housework, less to paid work. The net gain in free time was similar for the two sexes, though slightly larger for women.

While the time diary findings are intriguing, some are hard to square with other evidence about the hours Americans spend at work. The most comprehensive such survey is the Bureau of Labor Statistics' Current Population Survey, monthly interviews with members of about 50,000 households, used primarily to measure unemployment. For the population and period Robinson examined, the CPS shows small reductions in the weekly work effort of men and women at work in a given week but, thanks to a large jump in the share of women in paid work, a sizable increase in the share of adults

who hold jobs. Thus, average hours at work among 18–64 year-old adults increased significantly.

Robinson's findings can be reconciled with the CPS evidence if time actually spent on the job is reported more accurately in time diaries than in the CPS interviews. Robinson himself suggests that the overstatement of working hours in CPS-type interviews increased more than fivefold from 1965 to 1985, jumping from less than 2 hours a week to more than 8 hours a week among 18–64 year-old workers. This leap in misreporting seems too large to be accepted at face value. At least part of the growing difference between the time diary and CPS hours estimates must be due to flaws in time diary sample or data. Unfortunately, treating Robinson's time diary estimates skeptically leaves us with little hard evidence to gauge the trend in hours devoted to unpaid child care and work around the house. Neither the BLS nor the Census Bureau asks people how much time they devote to activities other than paid work and commuting.

Trends in Hours Worked

Whatever their defects, the CPS interviews highlight three major changes in work patterns and the use of adults' time over the past generation. Women have joined the paid work force in

Polls find that Americans express sharply lower satisfaction with the amount of their leisure today than they did during the 1960s.

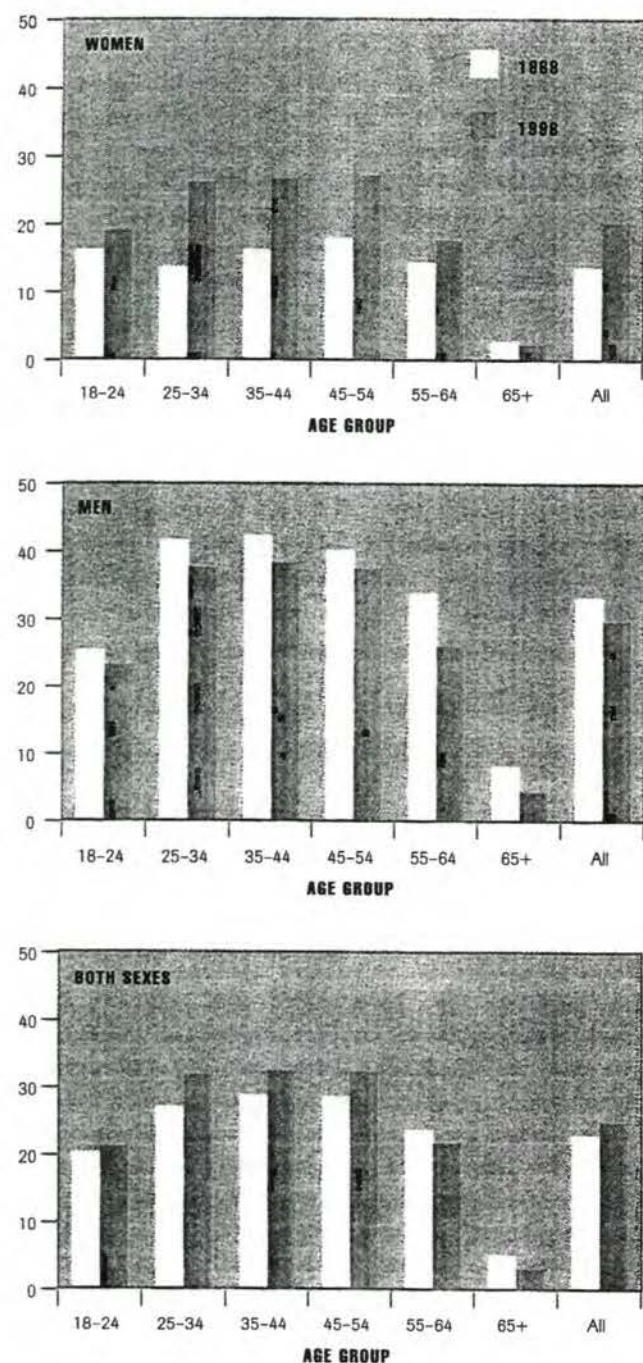
record numbers; men have retired at a younger age; and women have borne fewer children. Figure 1 shows the effects of the first two trends. The lighter bars show average hours Americans spent on the job during the second week of March 1968; the darker bars, average hours exactly 30 years later in March 1998. The weekly average is the total hours of work during the week divided by the number of women or men in the indicated age group, including people who do not work.

As the top panel shows, women worked longer hours in 1998 than they did in 1968 at every age up through 65. Averaging across all ages, women worked half again as many hours in March 1998 as they did in March 1968 (20.3 hours a week, as against 13.6). The rise was due to a 45 percent jump in the fraction of women at work and a 3 percent increase in the average weekly work effort of women holding jobs. The biggest proportional increase in women's employment occurred among the prime-aged groups, those between ages 25 and 54—precisely when women are most likely to be looking after children.

The middle panel of figure 1 shows a dip in men's paid work, mostly as a result of sinking employment, especially among men past age 54. Across all ages the male employment

FIGURE 1.
Average Weekly Hours of Paid Work by Age Group, 1968 and 1998

AVERAGE WEEKLY HOURS AT WORK



Source: Author's tabulations of March 1968 and March 1998 CPS files.
Note: Weekly hours reflect average reported work hours for the March reference week among all adults in age group, including adults not currently employed.

also edged down, but the drop was inconsequential except among men under 25 and older than 64.

When these shifts in male and female work patterns are combined (bottom panel of figure 1), hours spent on the job increased for people aged 18 to 54 and declined for people past age 54. Because people older than 54 are also the least likely to be raising children, it is apparent that older Americans enjoyed much more free time in 1998 than they did in 1968. For prime-aged adults, however, free time may be shrinking. Their employment rate jumped 11 percentage points between 1968 and 1998, boosting the average weekly time spent in jobs from 28 hours to 32 hours—or five extra 40-hour work weeks a year.

Caring for Children

If working-age Americans now spend more time on the job, they spend less time raising children, because there are fewer children to raise. In 1968 there were almost 80 children under 18 for every 100 adults between 18 and 54. By 1998 there were just 50 children for every 100 adults in that age group. Almost 70 percent of women between 25 and 54 lived with dependent children in 1968; only 55 percent did so in 1998.

Figure 2 shows trends in the presence of children in families with adults of different ages. Again, the lighter bars refer to March 1968; the darker bars, to March 1998. The top panel shows the sharp decline of children under 18 in families with women. Families with women between 25 and 34, for example, averaged 2.3 children in 1968, but only 1.2 children in 1998. To be sure, women who have children are nowadays more likely to combine child rearing with employment. Many thus face heavier time demands than did most mothers in their parents' generation. But 37 percent of women between the ages of 25 and 34 live alone or in a family without children today; just 16 percent did so in 1968.

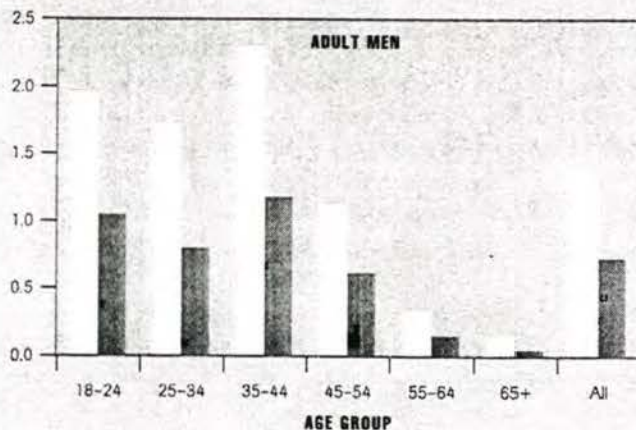
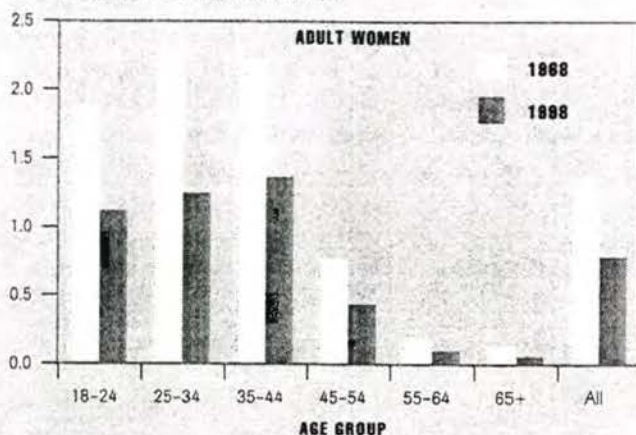
The trend among men is even more striking (lower panel of figure 2). Families with 25–54 year-old men averaged 1.7 children in 1968, but just 0.9 children in 1998. In 1968 the share of those men living alone or in a family without children was one-third; by 1998 it was 53 percent. Even though men today take more responsibility for household chores and child care, fewer men live in households containing children—partly because they have fewer children, partly because children are less likely to be reared in families where both a mother and a father are present. The latter trend obviously increases the time burden on custodial parents, but it eases burdens on parents who do not live with their children.

Much of the concern about a possible time shortage focuses on families with children. In her well-regarded *The Second Shift*, for example, Arlie Hochschild examines how parents reconcile the demands of work and family. Among the couples she interviewed were many who worked in full-time jobs and had children under age 6. But though this pattern is much more common today than it was in the 1960s, it is still far from the norm. Only about a third of married mothers with children under 6 work full-time year-round; about a third do not work at all.

rate slid 6 percentage points between 1968 and 1998, but it fell 15 percentage points among men between 55 and 64 and 9 points among men past 64. Weekly hours of men with a job

FIGURE 2
**Number of Related Children under Age 18
 in Family, 1968 and 1998**

AVERAGE NUMBER OF CHILDREN IN FAMILY



Source: Author's tabulations of March 1968 and March 1998 CPS files.

Note: Families containing adults include unrelated adults. Thus all adults in each age group, including those who do not live in Census-defined families, are included in the tabulations.

The President's Council of Economic Advisors recently issued a report, *Families and the Labor Market, 1969-99*, analyzing trends in income and parental hours of work and the implications of these trends for family well-being. Although its findings suggest that parents in the late 1990s have less free time than they did in the 1960s, the Council's analysis focuses solely on families with children, so it sheds little light on the broader question of whether Americans in general are afflicted by a worsening time shortage.

The Council's (and the public's) concern with the situation of families with children is certainly appropriate. But households *without* children are on the increase. Many Americans refrain from having children to increase time available for paid work and leisure. Some presumably achieve a less hectic life as a result. By focusing on families with children, we can lose sight

of the leisure gains in an important and growing part of the adult population.

The Time Squeeze Meets the Income Gap

Trends in free time have not occurred in a vacuum. Women's hourly wages have increased over the past 20 years, and wages of men with little schooling have sunk. Higher divorce rates and postponed marriage have reduced the share of adults who are married at any given time and dramatically increased the share of children reared by a single parent. All these trends helped push income inequality to a postwar high in the 1990s.

Table 1 uses information from the CPS to show the change in work effort between 1968 and 1998 among prime-aged adults, including those who do not work. The adults are ranked by quintile in the income distribution, with income based on the March CPS interviews of 1968 and 1998, adjusted for differences in family size. The top portion of the table shows average weekly hours of work among women. Not surprisingly, the time spent at work increases as we move up the income distribution. Women in the top quintile work about twice as much as women at the bottom. But the 1968-98 increase in hours on the job was largest among women in the middle of the distribution. Those in the second and third quintiles worked twice as much in 1998 as their counterparts did in 1968. Women in the bottom quintile had the smallest absolute and proportional gains in hours.

The middle portion of the table shows declining weekly work hours among men. For men in the bottom fifth of the income distribution, hours of work tumbled almost a third. Work effort reductions grow smaller as we move up the income ladder. In fact, men in the top of the distribution worked slightly longer hours in 1998 than high-income men did in 1968. These trends help explain the growing gap in relative incomes. Men at the bottom worked significantly less, cutting their earned incomes; men at the top worked a little more, boosting their incomes. Because men on the bottom suffered losses in hourly wage rates while men at the top

People on the bottom rungs of the financial ladder suffer a famine of good jobs rather than a time famine.

enjoyed wage gains, the shifts in hours widened an income gap that would have grown even without a change in hours.

The work effort trend for both sexes combined is displayed in the bottom portion of the table. Average hours on the job increased considerably throughout the top four quintiles, but they grew fastest in the middle quintiles. Hours of work fell 9 percent among adults in the bottom quintile. Because adults in the middle and higher quintiles were increasing their work

effort while adults at the bottom worked less, the income gap widened. People on the bottom rungs of the financial ladder suffer a famine of good jobs rather than a time famine. The loss of well-paying jobs is a serious problem for these Americans; the loss of free time is not.

Shifts over time in child care responsibilities are important in interpreting the changes in time spent in a job. Table 2 shows how child care responsibilities are distributed across income groups and how they have declined over the past three decades. In 1968, more than two-thirds of prime-aged adults lived with a related child under 18. By 1998 only about half did so. In both 1968 and 1998, adults with below-average income were more likely than high-income adults to live with related children.

Although child care responsibilities are more common for adults in the lower ranks of the income distribution, such responsibilities have declined much faster at the bottom than at the top of the income distribution. The share of adults living with children dropped 20 to 24 percentage points in the three bottom quintiles but just 4 percentage points among adults in the top. Adults in the bottom fifth thus saw sizable reductions in both the time spent in paid work and the likelihood of living with children. Adults in the middle three quintiles devoted sharply more time to paid employment but were significantly less likely to live with children under age 18. Only in the top fifth of the income distribution were adults working much longer hours while experiencing little reduction in their child care responsibilities. These high-income adults seem more stretched for time than similar adults in the past. On the other hand, their sacrifice of free time has been richly compensated: their incomes have grown about 2½ times faster than those of people in the middle of the income distribution, widening the absolute and relative income differences between high-, middle-, and low-income families.

Famine and Plenty

The time famine has not struck indiscriminately. Parents, especially mothers, nowadays have less time left over after paid employment for child care, housework, sleep, and quiet leisure than their parents did in the 1960s. But American seniors as well as younger adults who remain childless

The main victims of the time famine are married couples and single parents who combine full-time jobs with child rearing.

probably enjoy more free time today than people the same age did a generation ago. Nor do adults with low incomes suffer from a shortage of free time. Their situations would improve if they could find well-paying jobs to fill some of the free time they have gained since the 1960s.

TABLE 1.

Change in Work Effort among Prime-aged Adults, by Income Quintile, 1968–98

	AVERAGE HOURS/WEEK BY INCOME QUINTILE				
	BOTTOM	2ND	MIDDLE	4TH	TOP
WOMEN					
March 1968	11.6	12.8	14.5	18.9	22.2
March 1998	16.4	26.3	28.9	30.9	32.4
MEN					
March 1968	36.1	41.4	42.0	42.9	43.6
March 1998	24.6	36.4	39.9	42.0	44.2
BOTH SEXES					
March 1968	21.9	26.6	28.0	30.8	33.0
March 1998	19.9	31.3	34.5	36.6	38.4

Source: Same as figure 1. Prime-aged adults are those between ages 25 and 54. Income is for the previous calendar year. The income of each adult is measured as the ratio of the family's actual income to the family poverty threshold.

TABLE 2.

Change in Share of Prime-aged Adults Caring for Children, by Income Quintile, 1968–98

	PERCENT BY INCOME QUINTILE				
	BOTTOM	2ND	MIDDLE	4TH	TOP
March 1968	80	83	77	62	40
March 1998	60	59	55	46	36

Source: Same as figure 1. An adult is classified as caring for children if he or she is a member of a nuclear family with at least one related child under 18.

The main victims of the time famine are married couple families and single parents who combine full-time jobs with child rearing. Both kinds of family are more common than they were 30 years ago. Both face difficult choices reconciling lengthy hours of paid work with good care for their children. I suspect both also supply an outsized share of commentators bemoaning the time shortage. Some people face a time squeeze because a marriage failed (or never took place), forcing the custodial parent to work and care for kids at the same time. Others feel pushed into their predicament because the wage of the male breadwinner has not kept pace with the cost of living. But we should acknowledge that many lucky couples have walked into a time vise with eyes wide open. Enticed into the job market by improving wages and interesting jobs, mothers in high-income families must squeeze more obligations into a 24-hour day. They may not think they can do it all, but many are confident they can do much more than mothers in their parents' generation. ■

Beyond the Information Revolution

by PETER F. DRUCKER



*The author uses history to gauge the significance of e-commerce—
“a totally unexpected development”—and to throw light on the future of
“the knowledge worker,” his own coinage*

THE truly revolutionary impact of the Information Revolution is just beginning to be felt. But it is not “information” that fuels this impact. It is not “artificial intelligence.” It is not the effect of computers and data processing on decision-making, policymaking, or strategy. It is something that practically no one foresaw or, indeed, even talked about ten or fifteen years ago: *e-commerce*—that is, the explosive emergence of the Internet as a major, perhaps eventually *the* major, worldwide distribution channel for goods, for services, and, surprisingly, for managerial and professional jobs. This is profoundly changing economies, markets, and industry structures; products and services and their flow; consumer segmentation, consumer values, and consumer behavior; jobs and labor markets. But the impact may be even greater on societies and politics and, above all, on the way we see the world and ourselves in it.

At the same time, new and unexpected industries will no doubt emerge, and fast. One is already here: biotechnology. And another: fish farming. Within the next fifty years fish farming may change us from hunters and gatherers on the seas into “marine pastoralists”—just as a similar innovation some 10,000 years ago changed our ancestors from hunters and gatherers on the land into agriculturists and pastoralists.

It is likely that other new technologies will appear suddenly, leading to major new industries. What they may be is im-

possible even to guess at. But it is highly probable—indeed, nearly certain—that they will emerge, and fairly soon. And it is nearly certain that few of them—and few industries based on them—will come out of computer and information technology. Like biotechnology and fish farming, each will emerge from its own unique and unexpected technology.

Of course, these are only predictions. But they are made on the assumption that the Information Revolution will evolve as several earlier technology-based “revolutions” have evolved over the past 500 years, since Gutenberg’s printing revolution, around 1455. In particular the assumption is that the Information Revolution will be like the Industrial Revolution of the late eighteenth and early nineteenth centuries. And that is indeed exactly how the Information Revolution has been during its first fifty years.

The Railroad

THE Information Revolution is now at the point at which the Industrial Revolution was in the early 1820s, about forty years after James Watt’s improved steam engine (first installed in 1776) was first applied, in 1785, to an industrial operation—the spinning of cotton. And the steam engine was to the first Industrial Revolution what the computer has been to the Information Revolution—its trigger, but

above all its symbol. Almost everybody today believes that nothing in economic history has ever moved as fast as, or had a greater impact than, the Information Revolution. But the Industrial Revolution moved at least as fast in the same time span, and had probably an equal impact if not a greater one. In short order it mechanized the great majority of manufacturing processes, beginning with the production of the most important industrial commodity of the eighteenth and early nineteenth centuries: textiles. Moore's Law asserts that the price of the Information Revolution's basic element, the microchip, drops by 50 percent every eighteen months. The same was true of the products whose manufacture was mechanized by the first Industrial Revolution. The price of cotton textiles fell by 90 percent in the fifty years spanning the start of the eighteenth century. The production of cotton textiles increased at least 150-fold in Britain alone in the same period. And although textiles were the most visible product of its early

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years, the Industrial Revolution mechanized the production of practically all other major goods, such as paper, glass, leather, and bricks. Its impact was by no means confined to consumer goods. The production of iron and ironware—for example, wire—became mechanized and steam-driven as fast as did that of textiles, with the same effects on cost, price, and output. By the end of the Napoleonic Wars the making of guns was steam-driven throughout Europe; cannons were made ten to twenty times as fast as before, and their cost dropped by more than two thirds. By that time Eli Whitney had similarly mechanized the manufacture of muskets in America and had created the first mass-production industry.

These forty or fifty years gave rise to the factory and the "working class." Both were still so few in number in the mid-1820s, even in England, as to be statistically insignificant. But psychologically they had come to dominate (and soon would politically also). Before there were factories in America, Alexander Hamilton foresaw an industrialized country in his 1791 *Report on Manufactures*. A decade later, in 1803, a French economist, Jean-Baptiste Say, saw that the Industrial Revolution had changed economics by creating the "entrepreneur."

The social consequences went far beyond factory and working class. As the historian Paul Johnson has pointed out, in *A History of the American People* (1997), it was the explosive growth of the steam-engine-based textile industry that revived slavery. Considered to be practically dead by the Founders of the American Republic, slavery roared back to

life as the cotton gin—soon steam-driven—created a huge demand for low-cost labor and made breeding slaves America's most profitable industry for some decades.

The Industrial Revolution also had a great impact on the family. The nuclear family had long been the unit of production. On the farm and in the artisan's workshop husband, wife, and children worked together. The factory, almost for the first time in history, took worker and work out of the home and moved them into the workplace, leaving family members behind—whether spouses of adult factory workers or, especially in the early stages, parents of child factory workers.

Indeed, the "crisis of the family" did not begin after the Second World War. It began with the Industrial Revolution—and was in fact a stock concern of those who opposed the Industrial Revolution and the factory system. (The best description of the divorce of work and family, and of its effect on both, is probably Charles Dickens's 1854 novel *Hard Times*.)

But despite all these effects, the Industrial Revolution in its first half century only mechanized the production of goods that had been in existence all along. It tremendously increased output and tremendously decreased cost. It created both consumers and consumer products. But the products themselves had been around all along. And products made in the new fac-

ONE ECONOMY AND ONLY ONE MARKET.

THE COMPETITION IS NOT LOCAL ANY-

MORE—IT KNOWS NO BOUNDARIES.

tories differed from traditional products only in that they were uniform, with fewer defects than existed in products made by any but the top craftsmen of earlier periods.

There was only one important exception, one new product, in those first fifty years: the steamboat, first made practical by Robert Fulton in 1807. It had little impact until thirty or forty years later. In fact, until almost the end of the nineteenth century more freight was carried on the world's oceans by sailing vessels than by steamships.

Then, in 1829, came the railroad, a product truly without precedent, and it forever changed economy, society, and politics.

In retrospect it is difficult to imagine why the invention of the railroad took so long. Rails to move carts had been around in coal mines for a very long time. What could be more obvious than to put a steam engine on a cart to drive it, rather than have it pushed by people or pulled by horses? But the railroad did not emerge from the cart in the mines. It was developed quite independently. And it was not intended to carry freight. On the contrary, for a long time it was seen only as a way to carry people. Railroads became freight carriers thirty years later, in America. (In fact, as late as the 1870s and 1880s the

British engineers who were hired to build the railroads of newly Westernized Japan designed them to carry passengers—and to this day Japanese railroads are not equipped to carry freight.) But until the first railroad actually began to operate, it was virtually unanticipated.

Within five years, however, the Western world was engulfed by the biggest boom history had ever seen—the railroad boom. Punctuated by the most spectacular busts in economic history, the boom continued in Europe for thirty years, until the late 1850s, by which time most of today's major railroads had been built. In the United States it continued for another thirty years, and in outlying areas—Argentina, Brazil, Asian Russia, China—until the First World War.

The railroad was the truly revolutionary element of the Industrial Revolution, for not only did it create a new economic dimension but also it rapidly changed what I would call the *mental geography*. For the first time in history human beings had true mobility. For the first time the horizons of ordinary people expanded. Contemporaries immediately realized that a fundamental change in mentality had occurred. (A good account of this can be found in what is surely the best portrayal of the Industrial Revolution's society in transition, George Eliot's 1871 novel *Middlemarch*.) As the great French historian Fernand Braudel pointed out in his last major work, *The Identity of France* (1986), it was the railroad that made France into one nation and one culture. It had previously been a congeries of self-contained regions, held together only politically. And the role of the railroad in creating the American West is, of course, a commonplace in U.S. history.

Routinization

LIKE the Industrial Revolution two centuries ago, the Information Revolution so far—that is, since the first computers, in the mid-1940s—has only transformed processes that were here all along. In fact, the real impact of the Information Revolution has not been in the form of “information” at all. Almost none of the effects of information envisaged forty years ago have actually happened. For instance, there has been practically no change in the way major decisions are made in business or government. But the Information Revolution has routinized traditional *processes* in an untold number of areas.

The software for tuning a piano converts a process that traditionally took three hours into one that takes twenty minutes. There is software for payrolls, for inventory control, for delivery schedules, and for all the other routine processes of a business. Drawing the inside arrangements of a major building (heating, water supply, sewerage, and so on) such as a prison or a hospital formerly took, say, twenty-five highly skilled draftsmen up to fifty days; now there is a program that enables one draftsman to do the job in a couple of days, at a tiny fraction of the cost. There is software to help people do their tax returns and software that teaches hospital residents how to

take out a gall bladder. The people who now speculate in the stock market online do exactly what their predecessors in the 1920s did while spending hours each day in a brokerage office. The processes have not been changed at all. They have been routinized, step by step, with a tremendous saving in time and, often, in cost.

The psychological impact of the Information Revolution, like that of the Industrial Revolution, has been enormous. It has perhaps been greatest on the way in which young children learn. Beginning at age four (and often earlier), children now rapidly develop computer skills, soon surpassing their elders; computers are their toys and their learning tools. Fifty years hence we may well conclude that there was no “crisis of American education” in the closing years of the twentieth century—there was only a growing incongruence between the way twentieth-century schools taught and the way late-twentieth-century children learned. Something similar happened in the sixteenth-century university, a hundred years after the invention of the printing press and movable type.

But as to the way we work, the Information Revolution has so far simply routinized what was done all along. The only exception is the CD-ROM, invented around twenty years ago to present operas, university courses, a writer's oeuvre, in an entirely new way. Like the steamboat, the CD-ROM has not immediately caught on.

The Meaning of E-commerce

E-COMMERCE is to the Information Revolution what the railroad was to the Industrial Revolution—a totally new, totally unprecedented, totally unexpected development. And like the railroad 170 years ago, e-commerce is creating a new and distinct boom, rapidly changing the economy, society, and politics.

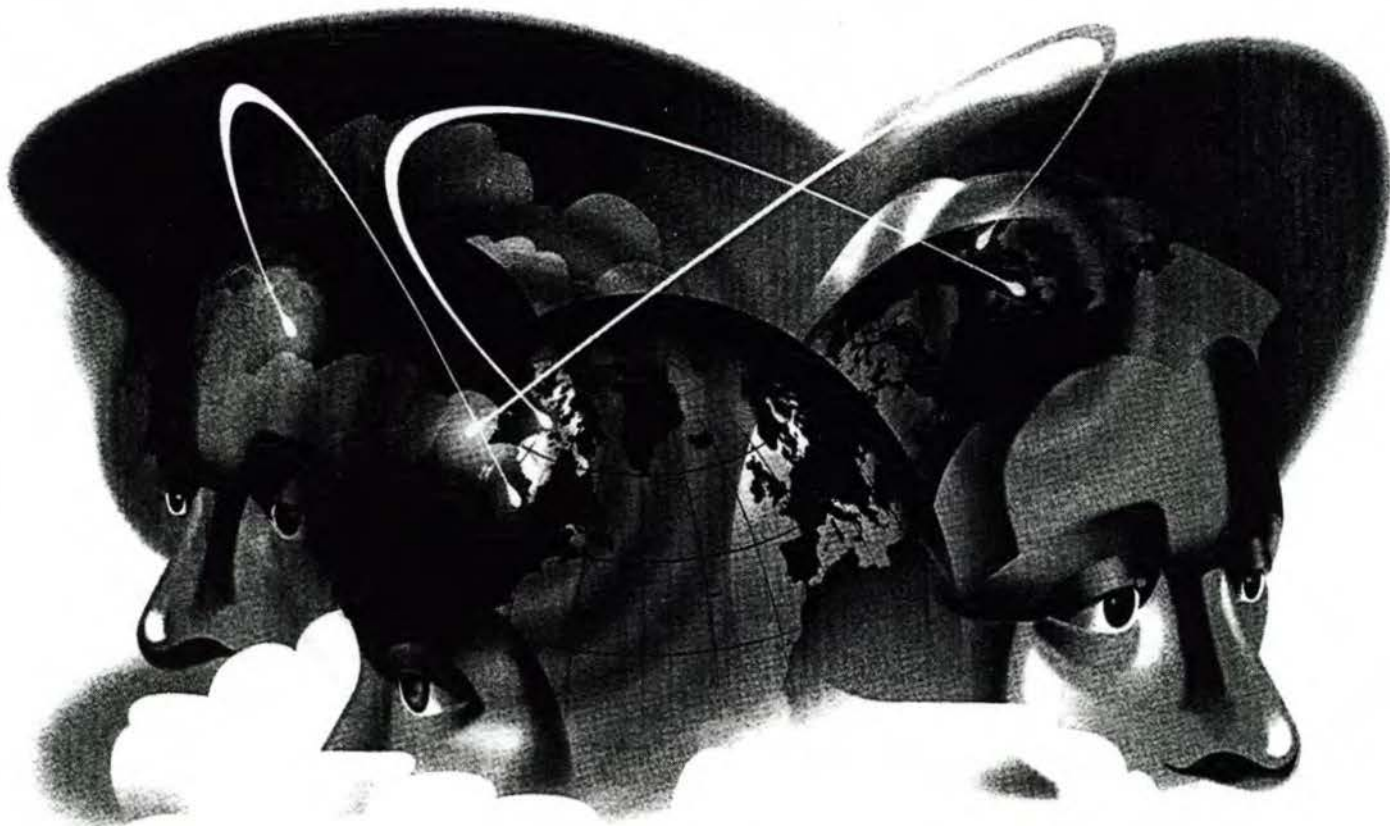
One example: A mid-sized company in America's industrial Midwest, founded in the 1920s and now run by the grandchildren of the founder, used to have some 60 percent of the market in inexpensive dinnerware for fast-food eateries, school and office cafeterias, and hospitals within a hundred-mile radius of its factory. China is heavy and breaks easily, so cheap china is traditionally sold within a small area. Almost overnight this company lost more than half of its market. One of its customers, a hospital cafeteria where someone went “surfing” on the Internet, discovered a European manufacturer that offered china of apparently better quality at a lower price and shipped cheaply by air. Within a few months the main customers in the area shifted to the European supplier. Few of them, it seems, realize—let alone care—that the stuff comes from Europe.

In the new mental geography created by the railroad, humanity mastered distance. In the mental geography of e-commerce, distance has been eliminated. There is only one economy and only one market.

One consequence of this is that every business must become globally competitive, even if it manufactures or sells only within a local or regional market. The competition is not local anymore—in fact, it knows no boundaries. Every company has to become transnational in the way it is run. Yet the traditional multinational may well become obsolete. It manufactures and distributes in a number of distinct geographies, in which it is a *local* company. But in e-commerce there are neither local companies nor distinct geographies. Where to man-

clear that the shift to e-commerce will be just as eclectic and unexpected.

Here are a few examples. Twenty-five years ago it was generally believed that within a few decades the printed word would be dispatched electronically to individual subscribers' computer screens. Subscribers would then either read text on their computer screens or download it and print it out. This was the assumption that underlay the CD-ROM. Thus any number of newspapers and magazines, by no means only in



ufacture, where to sell, and how to sell will remain important business decisions. But in another twenty years they may no longer determine what a company does, how it does it, and where it does it.

At the same time, it is not yet clear what kinds of goods and services will be bought and sold through e-commerce and what kinds will turn out to be unsuitable for it. This has been true whenever a new distribution channel has arisen. Why, for instance, did the railroad change both the mental and the economic geography of the West, whereas the steamboat—with its equal impact on world trade and passenger traffic—did neither? Why was there no “steamboat boom”?

Equally unclear has been the impact of more-recent changes in distribution channels—in the shift, for instance, from the local grocery store to the supermarket, from the individual supermarket to the supermarket chain, and from the supermarket chain to Wal-Mart and other discount chains. It is already

the United States, established themselves online; few, so far, have become gold mines. But anyone who twenty years ago predicted the business of Amazon.com and barnesandnoble.com—that is, that books would be sold on the Internet but delivered in their heavy, printed form—would have been laughed off the podium. Yet Amazon.com and barnesandnoble.com are in exactly that business, and they are in it worldwide. The first order for the U.S. edition of my most recent book, *Management Challenges for the 21st Century* (1999), came to Amazon.com, and it came from Argentina.

Another example: Ten years ago one of the world's leading automobile companies made a thorough study of the expected impact on automobile sales of the then emerging Internet. It concluded that the Internet would become a major distribution channel for used cars, but that customers would still want to see new cars, to touch them, to test-drive them. In actuality, at least so far, most used cars are still being bought not over the

Internet but in a dealer's lot. However, as many as half of all new cars sold (excluding luxury cars) may now actually be "bought" over the Internet. Dealers only deliver cars that customers have chosen well before they enter the dealership. What does this mean for the future of the local automobile dealership, the twentieth century's most profitable small business?

Another example: Traders in the American stock-market boom of 1998 and 1999 increasingly buy and sell online. But investors seem to be shifting away from buying electronically. The major U.S. investment vehicle is mutual funds. And whereas almost half of all mutual funds a few years ago were

bought electronically, it is estimated that the figure will drop to 35 percent next year and to 20 percent by 2005. This is the opposite of what "everybody expected" ten or fifteen years ago.

The fastest-growing e-commerce in the United States is in an area where there was no "commerce" until now—in jobs for professionals and managers. Almost half of the world's largest companies now recruit through Web sites, and some two and a half million managerial and professional people (two thirds of them not even engineers or computer professionals) have their résumés on the Internet and solicit job offers over it. The result is a completely new labor market.

This illustrates another important effect of e-commerce. New distribution channels change who the customers are. They change not only *how* customers buy but also *what* they buy. They change consumer behavior, savings patterns, industry structure—in short, the entire economy. This is what is now happening, and not only in the United States but increasingly in the rest of the developed world, and in a good many emerging countries, including mainland China.

THE NET

(Long Island Sound, 1960)

I saw the black maid park the Cadillac
in the lot of the Indian Harbor Yacht Club.
When she hefted the first huge silver tray
of delicacies for that evening's soiree
on her boss's yacht, I offered help.

No, she said, in her starched gray uniform
on orders from her employer. The launch man,
in wrinkled khakis and a black cap with gold
braided on the bill, told her no, she couldn't
ride the launch. Against Club rules.

But I am just bringing out the food, she said.
Everyone looked at the ground. The launch man
and the maid in their uniforms with strict orders,
me, at twelve, with my marlinspike and stopwatch,
still learning the lines, the tactics of yachting.

I'd never been so close to a black person.
I could see the whites of her eyes flash.
She was caught. He was caught. I
didn't know that I'd been caught. I couldn't
feel the hook that pinned my tongue to my cheek.

But stepping aboard the launch, I felt the net,
woven so carefully by so many hands,
the seamless, almost miraculously strong,
transparent canopy that keeps everyone
in Greenwich exquisitely and forever in place.

—PETER HARRIS

Luther, Machiavelli, and the Salmon

THE railroad made the Industrial Revolution accomplished fact. What had been revolution became establishment. And the boom it triggered lasted almost a hundred years. The technology of the steam engine did not end with the railroad. It led in the 1880s and 1890s to the steam turbine, and in the 1920s and 1930s to the last magnificent American steam locomotives, so beloved by railroad buffs. But the technology centered on the steam engine and in manufacturing operations ceased to be central. Instead the dynamics of the technology shifted to totally new industries that emerged almost immediately after the railroad was invented, not one of which had anything to do with steam or steam engines. The electric telegraph and photography were first, in the 1830s, followed soon thereafter by optics and farm equipment. The new and different fertilizer industry, which began in the late 1830s, in short order transformed agriculture. Public health became a major and central growth industry, with quarantine, vaccination, the supply of pure water, and sewers, which for the first time in history made the city a more healthful habitat than the countryside. At the same time came the first anesthetics.

With these major new technologies came major new social institutions: the modern postal service, the daily paper, investment banking, and commercial banking, to name just a few. Not one of them had much to do with the steam engine or with the technology of the Industrial Revolution in general. It was these new industries and institutions that by 1850 had come to dominate the industrial and economic landscape of the developed countries.

This is very similar to what happened in the printing revolution—the first of the technological revolutions that created the

modern world. In the fifty years after 1455, when Gutenberg had perfected the printing press and movable type he had been working on for years, the printing revolution swept Europe and completely changed its economy and its psychology. But the books printed during the first fifty years, the ones called incunabula, contained largely the same texts that monks, in their scriptoria, had for centuries laboriously copied by hand: religious tracts and whatever remained of the writings of antiquity. Some 7,000 titles were published in those first fifty years, in 35,000 editions. At least 6,700 of these were traditional titles. In other words, in its first fifty years printing made available—and increasingly cheap—traditional information and communication products. But then, some sixty years after Gutenberg, came Luther's German Bible—thousands and thousands of copies sold almost immediately at an unbelievably low price. With Luther's Bible the new printing technology ushered in a new society. It ushered in Protestantism, which conquered half of Europe and, within another twenty years, forced the Catholic Church to reform itself in the other half. Luther used the new medium of print deliberately to restore religion to the center of individual life and of society. And this unleashed a century and a half of religious reform, religious revolt, religious wars.

At the very same time, however, that Luther used print with the avowed intention of restoring Christianity, Machiavelli wrote and published *The Prince* (1513), the first Western book in more than a thousand years that contained not one biblical quotation and no reference to the writers of antiquity. In no time at all *The Prince* became the "other best seller" of the sixteenth century, and its most notorious but also most influential book. In short order there was a wealth of purely secular works, what we today call literature: novels and books in science, history, politics, and, soon, economics. It was not long before the first purely secular art form arose, in England—the modern theater. Brand-new social institutions also arose: the Jesuit order, the Spanish infantry, the first modern navy, and, finally, the sovereign national state. In other words, the printing revolution followed the same trajectory as did the Industrial Revolution, which began 300 years later, and as does the Information Revolution today.

What the new industries and institutions will be, no one can say yet. No one in the 1520s anticipated secular literature, let alone the secular theater. No one in the 1820s anticipated the electric telegraph, or public health, or photography.

The one thing (to say it again) that is highly probable, if not nearly certain, is that the next twenty years will see the emergence of a number of new industries. At the same time, it is nearly certain that few of them will come out of information technology, the computer, data processing, or the Internet. This is indicated by all historical precedents. But it is true also of the new industries that are already rapidly emerging. Biotechnology, as mentioned, is already here. So is fish farming.

Twenty-five years ago salmon was a delicacy. The typical convention dinner gave a choice between chicken and beef.

Today salmon is a commodity, and is the other choice on the convention menu. Most salmon today is not caught at sea or in a river but grown on a fish farm. The same is increasingly true of trout. Soon, apparently, it will be true of a number of other fish. Flounder, for instance, which is to seafood what pork is to meat, is just going into oceanic mass production. This will no doubt lead to the genetic development of new and different fish, just as the domestication of sheep, cows, and chickens led to the development of new breeds among them.

But probably a dozen or so technologies are at the stage where biotechnology was twenty-five years ago—that is, ready to emerge.

There is also a *service* waiting to be born: insurance against the risks of foreign-exchange exposure. Now that every business is part of the global economy, such insurance is as badly needed as was insurance against physical risks (fire, flood) in the early stages of the Industrial Revolution, when traditional insurance emerged. All the knowledge needed for foreign-exchange insurance is available; only the institution itself is still lacking.

The next two or three decades are likely to see even greater technological change than has occurred in the decades since the emergence of the computer, and also even greater change in industry structures, in the economic landscape, and probably in the social landscape as well.

The Gentleman Versus the Technologist

THE new industries that emerged after the railroad owed little technologically to the steam engine or to the Industrial Revolution in general. They were not its "children after the flesh"—but they were its "children after the spirit." They were possible only because of the mind-set that the Industrial Revolution had created and the skills it had developed. This was a mind-set that accepted—indeed, eagerly welcomed—invention and innovation. It was a mind-set that accepted, and eagerly welcomed, new products and new services.

It also created the social values that made possible the new industries. Above all, it created the "technologist." Social and financial success long eluded the first major American technologist, Eli Whitney, whose cotton gin, in 1793, was as central to the triumph of the Industrial Revolution as was the steam engine. But a generation later the technologist—still self-taught—had become the American folk hero and was both socially accepted and financially rewarded. Samuel Morse, the inventor of the telegraph, may have been the first example; Thomas Edison became the most prominent. In Europe the "businessman" long remained a social inferior, but the university-trained engineer had by 1830 or 1840 become a respected "professional."

By the 1850s England was losing its predominance and beginning to be overtaken as an industrial economy, first by the United States and then by Germany. It is generally accepted

that neither economics nor technology was the major reason. The main cause was social. Economically, and especially financially, England remained the great power until the First World War. Technologically it held its own throughout the nineteenth century. Synthetic dyestuffs, the first products of the modern chemical industry, were invented in England, and so was the steam turbine. But England did not accept the technologist socially. He never became a "gentleman." The English built first-rate engineering schools in India but almost none at home. No other country so honored the "scientist"—and, indeed, Britain retained leadership in physics throughout the nineteenth century, from James Clerk Maxwell and Michael Faraday all the way to Ernest Rutherford. But the technologist remained a "tradesman." (Dickens, for instance, showed open contempt for the upstart ironmaster in his 1853 novel *Bleak House*.)

Nor did England develop the venture capitalist, who has the

NEW KNOWLEDGE-BASED INDUSTRIES

WILL DEPEND ON ATTRACTING, HOLD-

ING, AND MOTIVATING KNOWLEDGE

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means and the mentality to finance the unexpected and unproved. A French invention, first portrayed in Balzac's monumental *La Comédie humaine*, in the 1840s, the venture capitalist was institutionalized in the United States by J. P. Morgan and, simultaneously, in Germany and Japan by the universal bank. But England, although it invented and developed the commercial bank to finance trade, had no institution to finance industry until two German refugees, S. G. Warburg and Henry Grunfeld, started an entrepreneurial bank in London, just before the Second World War.

Bribing the Knowledge Worker

WHAT might be needed to prevent the United States from becoming the England of the twenty-first century? I am convinced that a drastic change in the social mind-set is required—just as leadership in the industrial economy after the railroad required the drastic change from "tradesman" to "technologist" or "engineer."

What we call the Information Revolution is actually a Knowledge Revolution. What has made it possible to routinize processes is not machinery; the computer is only the trigger. Software is the reorganization of traditional work, based on centuries of experience, through the application of knowledge and especially of systematic, logical analysis. The key is not electronics; it is cognitive science. This means that

the key to maintaining leadership in the economy and the technology that are about to emerge is likely to be the social position of knowledge professionals and social acceptance of their values. For them to remain traditional "employees" and be treated as such would be tantamount to England's treating its technologists as tradesmen—and likely to have similar consequences.

Today, however, we are trying to straddle the fence—to maintain the traditional mind-set, in which capital is the key resource and the financier is the boss, while bribing knowledge workers to be content to remain employees by giving them bonuses and stock options. But this, if it can work at all, can work only as long as the emerging industries enjoy a stock-market boom, as the Internet companies have been doing. The next major industries are likely to behave far more like traditional industries—that is, to grow slowly, painfully, laboriously.

The early industries of the Industrial Revolution—cotton textiles, iron, the railroads—were boom industries that created millionaires overnight, like Balzac's venture bankers and like Dickens's ironmaster, who in a few years grew from a lowly domestic servant into a "captain of industry." The industries that emerged after 1830 also created millionaires. But they

WORKERS' GREED, IT WILL HAVE TO

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RECOGNITION AND SOCIAL POWER.

took twenty years to do so, and it was twenty years of hard work, of struggle, of disappointments and failures, of thrift. This is likely to be true of the industries that will emerge from now on. It is already true of biotechnology.

Bribing the knowledge workers on whom these industries depend will therefore simply not work. The key knowledge workers in these businesses will surely continue to expect to share financially in the fruits of their labor. But the financial fruits are likely to take much longer to ripen, if they ripen at all. And then, probably within ten years or so, running a business with (short-term) "shareholder value" as its first—if not its only—goal and justification will have become counterproductive. Increasingly, performance in these new knowledge-based industries will come to depend on running the institution so as to attract, hold, and motivate knowledge workers. When this can no longer be done by satisfying knowledge workers' greed, as we are now trying to do, it will have to be done by satisfying their values, and by giving them social recognition and social power. It will have to be done by turning them from subordinates into fellow executives, and from employees, however well paid, into partners. ☛

**Francis Fukuyama, “The Great Disruption: Human Nature and the
Reconstitution of the Social Order.”**

THE GREAT DISRUPTION

HUMAN NATURE AND THE RECONSTITUTION OF SOCIAL ORDER

by FRANCIS FUKUYAMA

The shift to the information age has been accompanied by social disorder throughout the industrialized world. But new forms of stability may already be in the making



VER the past half century the United States and other economically advanced countries have made the shift into what has been called an information society, the information age, or the post-industrial era. The futurist Alvin Toffler has labeled this transition the "Third Wave," suggesting that it will ultimately be as consequential as the two previous waves in human history: from hunter-gatherer to agricultural societies, and from agricultural to industrial ones.

A society built around information tends to produce more of the two things people value most in a modern democracy—freedom and equality. Freedom of choice has exploded, in everything from cable channels to low-cost shopping outlets to friends met on the Internet. Hierarchies of all sorts, political and corporate, have come under pressure and begun to crumble.

People associate the information age with the advent of the Internet, in the 1990s, but the shift from the industrial era started more than a generation earlier, with the deindustrialization of the Rust Belt in the United States and comparable movements away from manufacturing in other industrialized

countries. This period, roughly the mid-1960s to the early 1990s, was also marked by seriously deteriorating social conditions in most of the industrialized world. Crime and social disorder began to rise, making inner-city areas of the wealthiest societies on earth almost uninhabitable. The decline of kinship as a social institution, which has been going on for more than 200 years, accelerated sharply in the second half of the twentieth century. Marriages and births declined and divorce soared; and one out of every three children in the United States and more than half of all children in Scandinavia were born out of wedlock. Finally, trust and confidence in institutions went into a forty-year decline. Although

a majority of people in the United States and Europe expressed confidence in their governments and fellow citizens during the late 1950s, only a small minority did so by the early 1990s. The nature of people's involvement with one another changed as well—although there is no evidence that people associated with one another less, their ties tended to be less permanent, looser, and with smaller groups of people.

These changes were dramatic; they occurred over a wide range of similar countries; and they all appeared at roughly the same period in history. As such, they constituted a Great Disruption in the social values that had prevailed in the industrial-age society of the mid twentieth century. It is very unusual for social indicators to move together so rapidly; even without knowing why they did so, we have cause to suspect that the reasons might be related. Although William J. Bennett and other conservatives are often attacked for harping on the theme of moral decline, they are essentially correct: the perceived breakdown of social order is not a matter of nostalgia, poor memory, or ignorance about the hypocrisies of earlier ages. The decline is readily measurable in statistics on crime, fatherless children, broken trust, reduced opportunities for and outcomes from education, and the like.

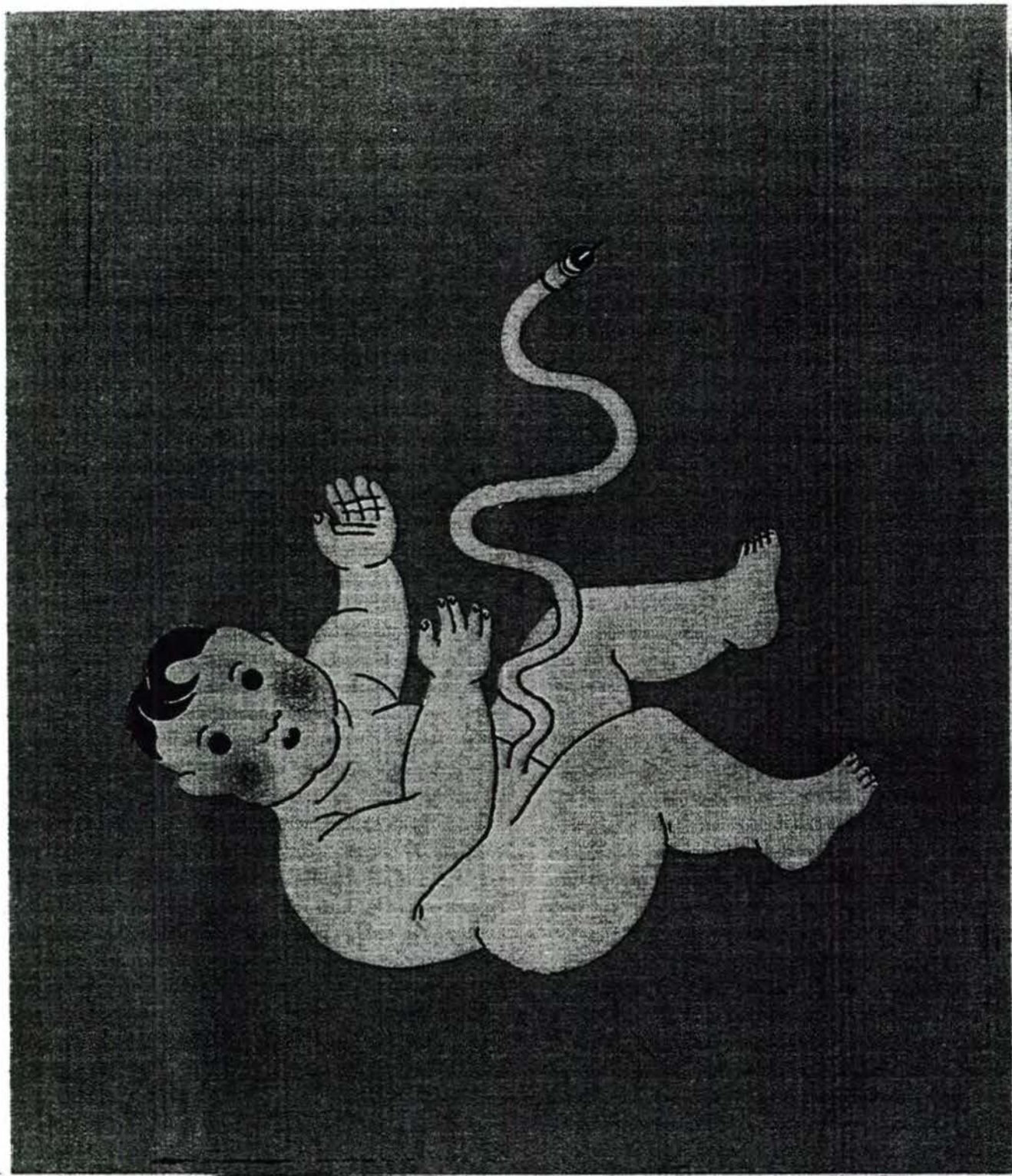
Was it simply an accident that these negative social trends, which together reflect a weakening of social bonds and common values in Western societies, occurred just as the economies of those societies were making the transition from the industrial to the information era? The hypothesis of this article is that the two were in fact intimately connected, and that although many blessings have flowed from a more complex, information-based economy, certain bad things also happened to our social and moral life. The connections were technological, economic, and cultural. The changing nature of work tended to substitute mental for physical labor, propelling millions of women into the workplace and undermining the traditional understandings on which the family had been based. Innovations in medical technology leading to the birth-control pill and increasing longevity diminished the role of reproduction and family in people's lives. And the culture of individualism, which in the laboratory and the marketplace leads to innovation and growth, spilled over into the realm of social norms, where it corroded virtually all forms of authority and weakened the bonds holding families, neighborhoods, and nations together. The complete story is, of course, much more complex than this, and differs from one country to another. But broadly speaking, the technological change that brought about what the economist Joseph Schumpeter called "creative destruction" in the marketplace caused similar disruption in the world of social relationships. Indeed, it would be surprising if this were not true.

But there is a bright side, too: social order, once disrupted, tends to get remade, and there are many indications that this is happening today. We can expect a new social order for a simple reason: human beings are *by nature* social creatures,

whose most basic drives and instincts lead them to create moral rules that bind them together into communities. They are also by nature rational, and their rationality allows them to spontaneously create ways of cooperating with one another. Religion, though often helpful to this process, is not the *sine qua non* of social order, as many conservatives believe. Neither is a strong and expansive state, as many on the left argue. Man's natural condition is not the war of "every man against every man" envisioned by Thomas Hobbes but rather a civil society made orderly by the presence of a host of moral rules. These assertions, moreover, are empirically supported by a tremendous amount of research coming out of the life sciences in recent years, in fields as diverse as neurophysiology, behavioral genetics, evolutionary biology, ethology, and biologically informed approaches to psychology and anthropology. The study of how order arises—not as the result of a top-down mandate by hierarchical authority, whether political or religious, but as the result of self-organization on the part of decentralized individuals—is one of the most interesting and important intellectual developments of our time.

The idea that social order has to come from a centralized, rational, bureaucratic hierarchy was very much associated with the industrial age. The sociologist Max Weber, observing nineteenth-century industrial society, argued that rational bureaucracy was, in fact, the very essence of modern life. We know now, however, that in an information society neither governments nor corporations will rely exclusively on formal bureaucratic rules to organize people. Instead they will decentralize and devolve power, and rely on the people over whom they have nominal authority to be *self-organizing*. The precondition for such self-organization is internalized rules and norms of behavior, a fact that suggests that the world of the twenty-first century will depend heavily on such informal norms. Thus although the transition into an information society has disrupted social norms, a modern, high-tech society cannot get along without them and will face considerable incentives to produce them.

THE disruption of social order by the progress of technology is not a new phenomenon. Particularly since the beginning of the Industrial Revolution, human societies have been subject to a relentless process of modernization, as one new production process replaced another. The social disorder of the late eighteenth and early nineteenth centuries in America and Britain can be traced directly to the disruptive effects of the so-called first Industrial Revolution, when steam power and mechanization created new industries in textiles, railroads, and the like. Agricultural societies were transformed into urban industrial societies within the space of perhaps a hundred years, and all the accumulated social norms, habits, and customs that had characterized rural or village life were replaced by the rhythms of the factory and the city.



This shift in norms engendered what is perhaps the most famous concept in modern sociology—the distinction drawn by Ferdinand Tönnies between what he called *Gemeinschaft* (“community”) and *Gesellschaft* (“society”). According to Tönnies, the *Gemeinschaft* that characterized a typical pre-modern European peasant society consisted of a dense network of personal relationships based heavily on kinship and on the direct, face-to-face contact that occurs in a small,

closed village. Norms were largely unwritten, and individuals were bound to one another in a web of mutual interdependence that touched all aspects of life, from family to work to the few leisure activities that such societies enjoyed. *Gesellschaft*, on the other hand, was the framework of laws and other formal regulations that characterized large, urban industrial societies. Social relationships were more formalized and impersonal; individuals did not depend on one an-

other for support to nearly the same extent, and were therefore much less morally obligated to one another.

Many of the standard sociological texts written in the middle of the twentieth century treated the shift from *Gemeinschaft* to *Gesellschaft* as if it were a one-shot affair: societies were either "traditional" or "modern," and the modern ones somehow constituted the end of the road for social development. But social evolution did not culminate in middle-class American society of the 1950s; industrial societies soon began transforming themselves into what the sociologist Daniel Bell has characterized as post-industrial societies, or what we know as information societies. If this transformation is as momentous as the previous one, we should hardly be surprised that the impact on social values has proved equally great.

Whether information-age democracies can maintain social order in the face of technological and economic change is among their greatest challenges today. From the early 1970s to the early 1990s there was a sudden surge of new democracies in Latin America, Europe, Asia, and the former Communist world. As I argued in *The End of History and the Last Man* (1992), there is a strong logic behind the evolution of political institutions in the direction of modern liberal democracy, based on the correlation between economic development and stable democracy. Political and economic institutions have converged over time in the world's most economically advanced countries, and there are no obvious alternatives to the ones we see before us.

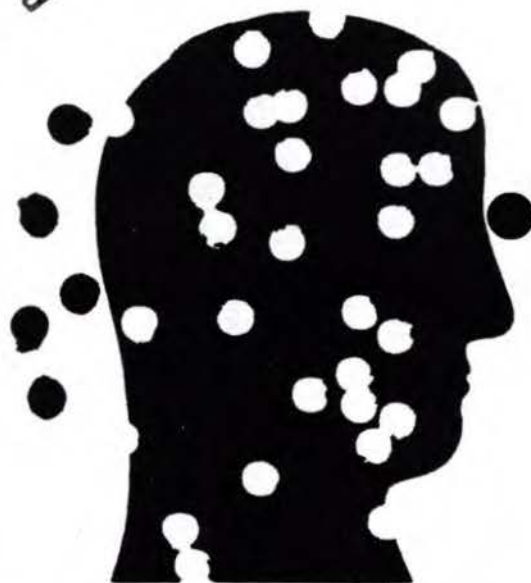
This progressive tendency is not necessarily evident in moral and social development, however. The tendency of contemporary liberal democracies to fall prey to excessive individualism is perhaps their greatest long-term vulnerability, and is particularly visible in the most individualistic of all democracies, the United States. The modern liberal state was premised on the notion that in the interests of political peace, government would not take sides among the differing moral claims made by religion and traditional culture. Church and State were to be kept separate; there would be pluralism in opinions about the most important moral and ethical questions, concerning ultimate ends or the nature of the good. Tolerance would become the cardinal virtue; in place of moral consensus would be a transparent framework of law and institutions that produced political order. Such a political system did not require that people be particularly

virtuous; they need only be rational and follow the law in their own self-interest. Similarly, the market-based capitalist economic system that went hand in glove with political liberalism required only that people consult their long-term self-interest to achieve a socially optimal production and distribution of goods.

The societies created on these individualistic premises have worked extraordinarily well, and as the twentieth century comes to a close, there are few real alternatives to liberal democracy and market capitalism as fundamental organizing principles for modern societies. Individual self-interest is a lower but more stable ground than virtue on which to base society. The creation of a rule of law is among the proudest accomplishments of Western civilization—and its benefits become all too obvious when one deals with countries that lack one, such as Russia and China.

But although formal law and strong political and economic institutions are critical, they are not in themselves sufficient to guarantee a successful modern society. To work properly, liberal democracy has always been dependent on certain shared cultural values. This can be seen most clearly in the contrast between the United States and the countries of Latin America. When Argentina, Brazil, Chile, Mexico, and other Latin American countries got their independence, in the nineteenth century, many of them established formal democratic constitutions and legal systems patterned on the presidential system of the United States. Since then not one Latin American country has experienced the political stability, economic growth, or in-

crucial question about the Great Disruption is not whether it had cultural roots, which it obviously did, but how we can explain the timing and speed of the transformation.



stitutional efficacy enjoyed by the United States, though most, fortunately, had returned to democratic government by the end of the 1980s.

There are many complex historical reasons for this, but the most important is a cultural one: the United States was settled primarily by British people and inherited not just British law but British culture as well, whereas Latin America inherited various cultural traditions from the Iberian peninsula. Although the U.S. Constitution enforces a separation between Church and State, American culture was decisively shaped in its formative years by sectarian Protestantism. Sectarian Protestantism reinforced both American individualism and the tendency of the society to be self-organizing in a myriad of voluntary associations and communities. The vitality of American civil society was crucial both for the stability of the country's democratic institutions and for its vibrant economy. The imperial and Latin Catholic traditions of Spain and Portugal, in contrast, reinforced dependence on large, centralized institutions like the State and the Church, weakening an independent civil society. Similarly, the differing abilities of Northern and Southern Europe to make modern institutions work were influenced by religious heritage and cultural tradition.

The problem with most modern liberal democracies is that they cannot take their cultural preconditions for granted. The most successful among them, including the United States, were lucky to have married strong formal institutions to a flexible and supportive informal culture. But nothing in the formal institutions themselves guarantees that the society in which they exist will continue to enjoy the right sort of cultural values and norms under the pressures of technological, economic, and social change. Just the opposite: the individualism, pluralism, and tolerance that are built into the formal institutions tend to encourage cultural diversity, and therefore have the potential to undermine moral values inherited from the past. And a dynamic, technologically innovative economy will by its very nature disrupt existing social relations.

It may be, then, that although large political and economic institutions have long been evolving along a secular path, social life is more cyclical. Social norms that work for one historical period are disrupted by the advances of technology and the economy, and society has to play catch-up in order to establish new norms.

SINCE the 1960s the West has experienced a series of liberation movements that have sought to free individuals from the constraints of traditional social norms and moral rules. The sexual revolution, the feminist movement, and the 1980s and 1990s movements in favor of gay and lesbian rights have exploded through the Western world. The liberation sought by each of these movements has concerned social rules, norms, and laws that unduly restricted the options

and opportunities of individuals—whether they were young people choosing sexual partners, women seeking career opportunities, or gays seeking recognition of their rights. Pop psychology, from the human-potential movement of the 1960s to the self-esteem trend of the 1980s, sought to free individuals from stifling social expectations.

Both the left and the right participated in the effort to free the individual from restrictive rules, but their points of emphasis tended to be different. To put it simply, the left worried about lifestyles and the right worried about money. The left did not want traditional values to unduly constrain women, minorities, gays, the homeless, people accused of crimes, or any number of other groups marginalized by society. The right, on the other hand, did not want communities putting constraints on what people could do with their property—or, in the United States, what they could do with their guns. Left and right each denounced excessive individualism on the part of the other: those who supported reproductive choice tended to oppose choice in buying guns or gas-guzzling cars; those who wanted unlimited consumer choice were appalled when the restraints on criminals were loosened. But neither was willing to give up its preferred sphere of free choice for the sake of constraining the other.

As people soon discovered, there are serious problems with a culture of unbridled individualism, in which the breaking of rules becomes, in a sense, the only remaining rule. The first has to do with the fact that moral values and social rules are not simply arbitrary constraints on individual choice but the precondition for any kind of cooperative enterprise. Indeed, social scientists have recently begun to refer to a society's stock of shared values as "social capital." Like physical capital (land, buildings, machines) and human capital (the skills and knowledge we carry around in our heads), social capital produces wealth and is therefore of economic value to a national economy. But it is also the prerequisite for all forms of group endeavor that take place in a modern society, from running a corner grocery store to lobbying Congress to raising children. Individuals amplify their own power and abilities by following cooperative rules that constrain their freedom of choice, because these also allow them to communicate with others and to coordinate their actions. Social virtues such as honesty, reciprocity, and the keeping of commitments are not worthwhile just as ethical values; they also have a tangible dollar value and help the groups that practice them to achieve shared ends.

The second problem with a culture of individualism is that it ends up being bereft of community. A community is not formed every time a group of people happen to interact with one another; true communities are bound together by the values, norms, and experiences their members share. The deeper and more strongly held those common values, the stronger the sense of community. The trade-off between personal freedom and community, however, does not seem obvious or

necessary to many. As people have been liberated from their traditional ties to spouses, families, neighborhoods, workplaces, and churches, they have expected to retain social connectedness. But they have begun to realize that their elective affinities, which they can slide into and out of at will, have left them feeling lonely and disoriented, longing for deeper and more permanent relationships.

A society dedicated to the constant upending of norms and rules in the name of expanding individual freedom of choice will find itself increasingly disorganized, atomized, isolated, and incapable of carrying out common goals and tasks. The same society that wants no limits on its technological innovation also sees no limits on many forms of personal behavior, and the consequence is a rise in crime, broken families, parents' failure to fulfill obligations to children, neighbors' refusal to take responsibility for one another, and citizens' opting out of public life.

WHAT HAPPENED

BEGINNING in about 1965 a large number of indicators that can serve as negative measures of social capital all started moving upward rapidly at the same time. These could be put under three broad headings: crime, family, and trust.

Americans are aware that crime rates began sometime in the 1960s to climb very rapidly—a dramatic change from the early post–Second World War period, when U.S. murder and robbery rates actually declined. After declining slightly in the mid-1980s, crime rates spurted upward again in the late 1980s and peaked around 1991–1992. The rates for both violent and property crimes have dropped substantially since then. Indeed, they have fallen most dramatically in the areas where they had risen most rapidly—that is, in big cities like New York, Chicago, Detroit, and Los Angeles.

Although the United States is exceptional among developed countries for its high crime rates, crime rose significantly in virtually all other non-Asian developed countries in approximately the same time period. Violent crime rose rapidly in Canada, Finland, Ireland, the Netherlands, New Zealand, Sweden, and the United Kingdom. With regard to crimes against property, a broader measure of disorder, the United States is no longer exceptional: Canada, Denmark, the Netherlands, New Zealand, and Sweden have ended up with theft rates higher than those in the United States over the past generation.

Of the shifts in social norms that constitute the Great Disruption, some of the most dramatic concern those related to reproduction, the family, and relations between the sexes. Divorce rates moved up sharply across the developed world (except in Italy, where divorce was illegal until 1970, and other Catholic countries); by the 1980s half of all American marriages could be expected to end in divorce, and the ratio

of divorced to married people had increased fourfold in just thirty years. Births to unmarried women as a proportion of U.S. live births climbed from under five percent to 32 percent from 1940 to 1995. The figure was close to 60 percent in many Scandinavian countries; the United Kingdom, Canada, and France reached levels comparable to that in the United States. The combined probabilities of single-parent births, divorce, and the dissolution of cohabiting relationships between parents (a situation common in Europe) meant that in most developed countries ever smaller minorities of children would reach the age of eighteen with both parents remaining in the household. The core reproductive function of the family was threatened as well: fertility has dropped so dramatically in Italy, Spain, and Germany that they stand to lose up to 30 percent of their populations each generation, absent new net immigration.

Finally, anyone who has lived through the 1950s to the 1990s in the United States or another Western country can scarcely fail to recognize the widespread changes in values that have taken place over this period in the direction of increasing individualism. Survey data, along with common-sense observation, indicate that people are much less likely to defer to the authority of an ever-broader range of social institutions. Trust in institutions has consequently decreased markedly. In 1958, 73 percent of Americans surveyed said they trusted the federal government to do what is right either "most of the time" or "just about always"; by 1994 the figure had fallen as low as 15 percent. Europeans, although less anti-statist than Americans, have nonetheless seen similar declines in confidence in such traditional institutions as the Church, the police, and government. Americans trust one another less as well: although 10 percent more Americans evinced more trust than distrust in surveys done in the early 1960s, by the 1990s the distrusters had an almost 30 percent margin over those expressing trust. It is not clear that either the number of groups or group memberships in civil society declined overall in this period, as the political scientist Robert Putnam has suggested. What is clear, however, is that what I call the radius of trust has declined, and social ties have become less binding and long-lasting. (Readers can obtain more detailed statistical information on the Great Disruption at <http://mason.gmu.edu/~ffukuyam/>.)

SOME PROPOSED CAUSES OF THE DISRUPTION

CHANGES as great as these will defy attempts to provide simple explanations. However, the fact that many different social indicators moved across a wide group of industrialized countries at roughly the same time simplifies the analytical task somewhat by pointing us toward a more general level of explanation. When the same phenomena occur in a broad range of countries, we can rule out expla-

nations specific to a single country, such as the effects of the Vietnam War or of Watergate.

Several arguments have been put forward to explain why the phenomena we associate with the Great Disruption occurred. Here are three: They were brought on by increasing poverty and income inequality. They were products of the modern welfare state. They were the result of a broad cultural shift that included the decline of religion and the promotion of individualistic self-gratification over community obligation.

The Great Disruption was caused by poverty and inequality. The idea that such large changes in social norms could be brought on by economic deprivation in countries that are wealthier than any others in human history might give one pause. Poor people in the United States have higher absolute standards of living than many Americans of past generations, and more per capita wealth than many people in contemporary Third World countries with more-intact family structures. Poverty rates, after coming down dramatically through the 1960s and rebounding slightly thereafter, have not increased in a way that would explain a huge increase in social disorder.

Those favoring the economic hypothesis argue, of course, that it is not absolute levels of poverty that are the source of the problem: modern societies, despite being richer overall, have become more unequal, or else have experienced economic turbulence and job loss that have led to social dysfunction. A casual glance at the comparative data on divorce and illegitimacy rates shows that this correlation

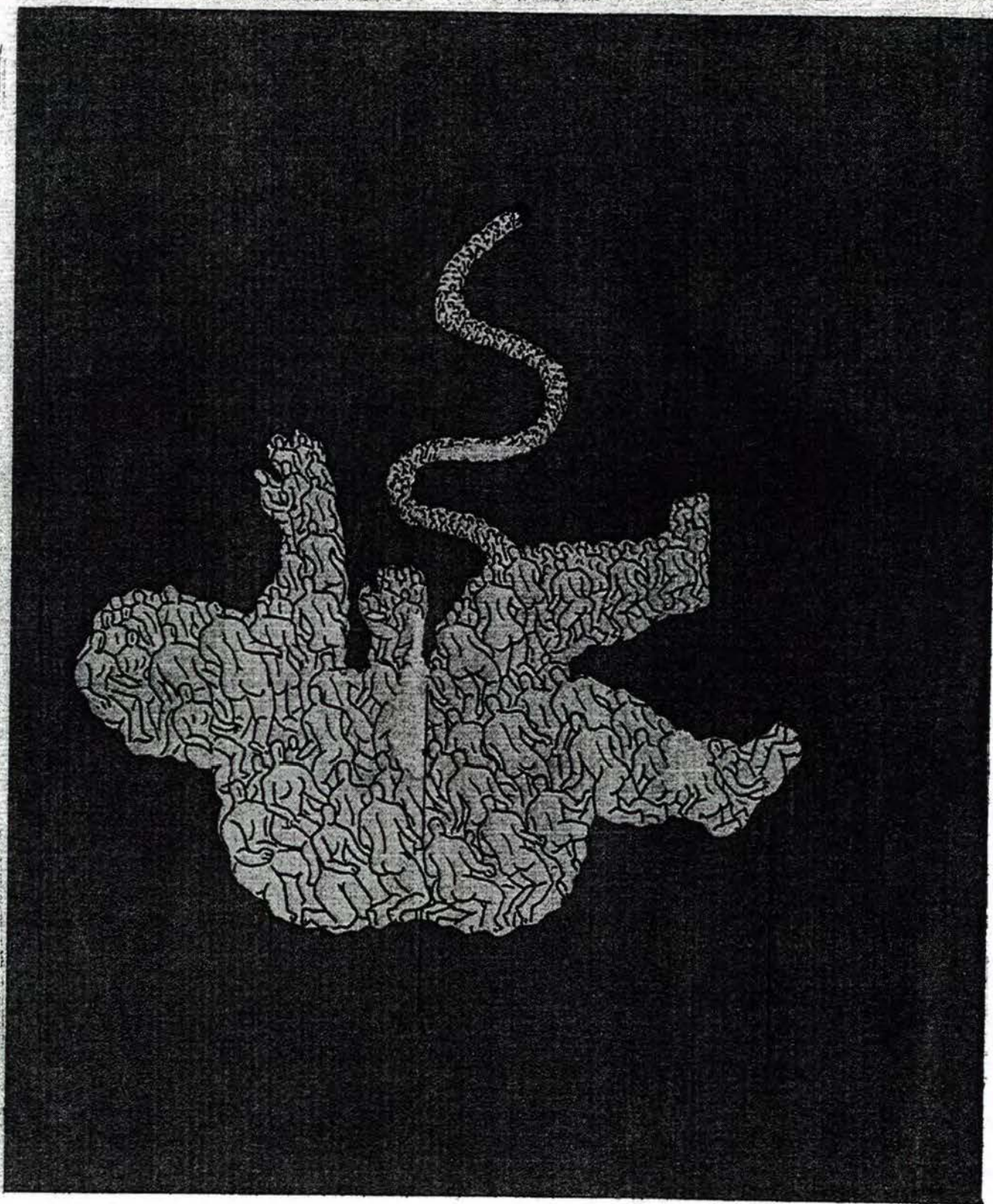
cannot possibly be true in the case of family breakdown. If one looks across the Organization for Economic Cooperation and Development, there is no positive correlation between the level of welfare benefits aimed at increasing economic equality and stable families. Indeed, there is a weak positive correlation between high levels of welfare benefits and illegitimacy, tending to support the argument advanced by American conservatives that the welfare state is the cause of and not the cure for family breakdown. The highest rates of illegitimacy are found in Sweden and Denmark, egalitarian countries that cycle upwards of 50 percent of their gross domestic product through the state. The United States cycles less than 30 percent of GDP through the government and has higher levels of inequality, yet it has lower rates of illegitimacy. Japan and Korea, which have minimal welfare-state protections for poor people, also have two of the lowest rates of divorce and illegitimacy in the OECD.

The notion that poverty and inequality beget crime is a commonplace among politicians and voters in democratic societies who seek reasons for justifying welfare and poverty programs.

But although there is plenty of evidence of a broad correlation between income inequality and crime, this hardly constitutes a plausible explanation for rapidly rising crime rates in the West. There was no depression in the period from the 1960s to the 1990s to explain the sudden rise in crime; in fact, the great American postwar crime wave began in a period of full employment and general prosperity. (Indeed, the Great Depression of the 1930s saw *decreasing* levels of violent crime in the United States.) Income inequality rose in the United States during the Great Disruption, but crime has also risen in Western developed countries that have remained more egalitarian than the United States. America's greater economic inequality may to some degree explain why its crime rates are higher than, say, Sweden's in any given year, but it does not explain why Swedish rates began to rise in the same period that America's did. Income inequality, moreover, has continued to increase in the United States in the 1990s, while crime rates have fallen; hence the correlation between inequality and crime becomes negative for this period.

The Great Disruption was caused by mistaken government policies. The second general explanation for the increase in social disorder is one made by conservatives; it has been primarily associated with Charles Mur-

THE notion that poverty and inequality beget crime is a commonplace among politicians and voters who seek reasons for justifying welfare and poverty programs.



ray's book *Losing Ground*, and before that with the economist Gary Becker. The argument is the mirror image of the left's: it maintains that the perverse incentives created by the welfare state itself explain the rise in family breakdown and crime. The primary American welfare program targeted at poor women, the Depression-era Aid to Families with Dependent Children, provided welfare payments only to single mothers, and thereby penalized women who married the fa-

thers of their children. The United States abolished AFDC in the welfare-reform act of 1996, in part because of arguments concerning its perverse incentives.

There is little doubt that welfare benefits discourage work and create what economists call "moral hazard." What is less clear is their impact on family structure. Welfare benefits in real terms stabilized and then began to decline in the 1980s, whereas the rate of family breakdown continued unabated

through the mid-1990s. One analyst suggests that no more than perhaps 15 percent of family breakdown in the United States can be attributed to AFDC and other welfare programs.

The more fundamental weakness of the conservative argument is that illegitimacy is only part of a much larger story of weakening family ties—a story that includes declining fertility, divorce, cohabitation in place of marriage, the separation of cohabiting couples, and the like. Illegitimacy is primarily though not exclusively associated with poverty in the United States and most other countries. Divorce and cohabitation, however, are much more prevalent among the middle and upper classes throughout the West. It is very difficult to lay soaring divorce rates and declining marriage rates at the government's doorstep, except to the extent that the state made divorce legally easier to obtain.

Similarly, rising crime is seen by many conservatives as a result of the weakening of criminal sanctions, which occurred in the same period. Gary Becker has argued that crime can be seen as another form of rational choice: when payoffs from crime go up or costs (in terms of punishment) go down, more crimes will be committed, and vice versa. Many conservatives have argued that crime began to rise in the 1960s because society had grown permissive and the legal system was “coddling criminals.” By this reasoning, the tougher enforcement undertaken by communities across the United States in the 1980s—stiffer penalties, more jails, and in some cases more police officers on the streets—was one important reason for falling crime rates in the 1990s.

Although improved policing methods and stronger penalties may well have had a lot to do with declining crime rates in the 1990s, it is hard to argue that the great upsurge in crime in the 1960s was simply the product of police permissiveness. It is true that the United States constrained its police forces and prosecutors in the interests of the rights of criminal defendants through a series of Supreme Court decisions in the 1960s, most notably *Miranda v. Arizona*. But police departments quickly learned how to accommodate what were perfectly legitimate concerns over police procedure. A great deal of recent criminological theory ascribes crime to poor socialization and impulse control relatively early in life. It is not that potential criminals do not respond rationally to punishment; rather, the propensity to commit crimes or to respond to given levels of punishment is heavily influenced by upbringing. What may be more relevant to understanding a sudden upsurge in crime is changes in mediating social institutions such as families, neighborhoods, and schools that were taking place in the same period, and changes in the signals that the broader culture was sending to young people.

The Great Disruption was caused by a broad cultural shift. This brings us to cultural explanations, which are the most plausible of the three presented here. Increasing individualism and the loosening of communal controls clear-

ly had a huge impact on family life, sexual behavior, and the willingness of people to obey the law. The problem with this line of explanation is not that culture was not a factor but rather that it gives no adequate account of timing: why did culture, which usually evolves extremely slowly, suddenly mutate with extraordinary rapidity after the mid-1960s?

In Britain and the United States the high point of communal social control was the last third of the nineteenth century, when the Victorian ideal of the patriarchal conjugal family was broadly accepted and adolescent sexuality was kept under tight control. The cultural shift that undermined Victorian morality may be thought of as layered: At the top was a realm of abstract ideas promulgated by philosophers, scientists, artists, academics, and the occasional huckster and fraud, who laid the intellectual groundwork for broad-based changes. The second level was one of popular culture, as simpler versions of complex abstract ideas were promulgated through books, newspapers, and other mass media. Finally, there was the layer of actual behavior, as the new norms implicit in the abstract or popularized ideas were embedded in the actions of large populations.

The decline in Victorian morality can be traced to a number of intellectual developments at the end of the nineteenth century and the beginning of the twentieth, and to a second wave that began in the 1940s. At the highest level of thought, Western rationalism began to undermine itself by concluding that no rational grounds supported universal norms of behavior. This was nowhere more evident than in the thought of Friedrich Nietzsche, the father of modern relativism. Nietzsche in effect argued that man, the “beast with red cheeks,” was a value-creating animal, and that the manifold “languages of good and evil” spoken by different human cultures were products of the will, rooted nowhere in truth or reason. The Enlightenment had not led to self-evident truths about right or morality; rather, it had exposed the infinite variability of moral arrangements. Attempts to ground values in nature, or in God, were doomed to be exposed as willful acts on the part of the creators of those values. Nietzsche’s aphorism “There are no facts, only interpretations” became the watchword for later generations of relativists under the banners of deconstructionism and postmodernism.

In the social sciences the undermining of Victorian values was first the work of psychologists. John Dewey, William James, and John Watson, the founder of the behaviorist school of psychology, for differing reasons all contested the Victorian and Christian notion that human nature was innately sinful, and argued that tight social controls over behavior were not necessary for social order. The behaviorists argued that the human mind was a Lockean tabula rasa waiting to be filled with cultural content; the implication was that human beings were far more malleable through social pressure and policy than people had heretofore believed. Sigmund Freud was, of course, enormously influential in

promulgating the idea that neurosis originated in the excessive social repression of sexual behavior. Indeed, the spread of psychoanalysis accustomed an entire generation to talking about sex and seeing everyday psychological problems in terms of the libido and its repression.

The cultural historian James Lincoln Collier points to the years on either side of 1912 as critical to the breakdown of Victorian sexual norms in the United States. It was in this period that a series of new dances spread across the nation,

WOODCOCK

If you must possess something,
own it as she does her scrubby acre,
her seasonal work, the nomad's habit
of messing up the grass
until it looks like a careless footstep

and calling the fuss a nest
before laying two spotted eggs
upon which to fix
a native vigilance.

Claim it as she claims
these impatient evenings of early spring,
many footsteps in the weeds.
Try to acquire something
of her reckless voice,
the bright tines of the repeated bleeps
as she declares the precise coordinates
of all she wishes to conceal.

If necessary, take to the air
in ever more eccentric circles,
as her mate does, his nosedive
the last thing visible before dark.

And when you move on,
after the chicks have mastered
their own cryptic coloring,
migrate defiantly.
Be glad to be done
with this quarried-to-death terrain.

—ERICA FUNKHOUSER

along with the opinion that decent women could be seen in dance clubs; the rate of alcohol consumption increased; the feminist movement began in earnest; movies and the technology of modern mass entertainment appeared; literary modernism, whose core was the perpetual delegitimization of established cultural values, moved into high gear; and sexual mores (judging by what little empirical knowledge we have of this period) began to change. Collier argues that the intellectual and cultural grounds for the sexual revolution of the 1960s had already been laid among American elites by the 1920s. Their spread through the rest of the population was delayed, however, by the Depression and the Second World War, which led people to concentrate more on economic survival and domesticity than on self-expression and self-gratification—which most, in any event, could not afford.

The crucial question about the changes in social norms that occurred during the Great Disruption is therefore not whether they had cultural roots, which they obviously did, but how we can explain the timing and speed of the subsequent transformation. We know that culture tends to change very slowly in comparison with other factors, such as economic conditions, public policies, and ideology. In those cases where cultural norms have changed quickly, such as in rapidly modernizing Third World societies, cultural change is clearly being driven by socioeconomic change and is therefore not an autonomous factor.

So with the Great Disruption: the shift away from Victorian values had been occurring gradually for two or three generations by the time the disruption began; then all of a sudden the pace of change sped up enormously. It is hard to believe that people throughout the developed world simply decided to alter their attitudes toward such elemental issues as marriage, divorce, child-rearing, authority, and community so completely in the space of two or three decades without that shift in values being driven by other powerful forces. Those explanations that link changes in cultural variables to specific events in American history, such as Vietnam, Watergate, or the counterculture of the 1960s, betray an even greater provincialism: why were social norms also disrupted in other societies, from Sweden and Norway to New Zealand and Spain?

If these broad explanations for the Great Disruption are unsatisfactory, we need to look at its different elements more specifically.

WHY RISING CRIME?

ASSUMING that increases in the crime rate are not simply a statistical artifact of improved police reporting, we need to ask several questions. Why did crime rates increase so dramatically over a relatively short period and in such a wide range of countries? Why are rates beginning to level off or decline in the United States and several other Western countries?

The first and perhaps most straightforward explanation for rising crime rates from the late 1960s to the 1980s, and declining rates thereafter, is a simple demographic one. Crime tends to be committed overwhelmingly by young males aged fifteen to twenty-four. There is doubtless a genetic reason for this, having to do with male propensities for violence and aggression, and it means that when birth rates go up, crime rates will rise fifteen to twenty-four years later. In the United States the number of young people aged fifteen to twenty-four increased by two million from 1950 to 1960, whereas the next decade added 12 million to this age group—an onslaught that has been compared to a barbarian invasion. Not only did greater numbers of young people increase the pool of potential criminals, but their concentration in a “youth culture” may have led to a more-than-proportional increase in efforts to defy authority.

The Baby Boom, however, is only part of the explanation for rising crime rates in the 1960s and 1970s. One criminologist has estimated that the increase in the U.S. murder rate was ten times as great as would be expected from shifts in the demographic structure alone. Other studies have shown that changes in age structure do not correlate well with increases in crime cross-nationally.

A second explanation links crime rates to modernization and related factors such as urbanization, population density, opportunities for crime, and so forth. It is a commonsense proposition that there will be more auto theft and burglary in large cities than in rural areas, because it is easier for criminals to find automobiles and empty homes in the former than in the latter. But urbanization and a changing physical environment are poor explanations for rising crime rates in developed countries after the 1960s. By 1960 the countries under consideration were already industrialized, urbanized societies; no sudden shift from countryside to city began in 1965. In the United States murder rates are much higher in the South than in the North, despite the fact that the latter tends to be more urban and densely populated. Indeed, violence in the South tends to be a rural phenomenon, and most observers who have looked closely into the matter believe that the explanation for high crime rates there is cultural. Japan, Korea, Hong Kong, and Singapore are among the most densely populated, overcrowded urban environments in the world, and yet they did not experience rising crime rates as that urbanization was occurring. This suggests that the human social environment is much more important than the physical one in determining levels of crime.

A third category of explanation is sometimes euphemistically labeled “social heterogeneity.” That is, in many societies crime tends to be concentrated among racial or ethnic minorities; to the extent that societies become more ethnically diverse, as virtually all Western developed countries have over the past two generations, crime rates can be expected to rise. The reason that crime rates are frequently

higher among minorities is very likely related, as the criminologists Richard Cloward and Lloyd Ohlin have argued, to the fact that minorities are kept from legitimate avenues of social mobility in ways that members of the majority community are not. In other cases the simple fact of heterogeneity may be to blame: neighborhoods that are too diverse culturally, linguistically, religiously, or ethnically never come together as communities to enforce informal norms on their members. But only part of the blame for rising crime rates in the United States can be placed on immigration.

A fourth explanation concerns the more or less contemporaneous changes in the family. The currently dominant school of American criminology holds that early-childhood socialization is one of the most important factors determining the level of subsequent criminality. That is, most people do not make day-to-day choices about whether or not to commit crimes based on the balance of rewards and risks, as the rational-choice school sometimes suggests. The vast majority of people obey the law, particularly with regard to serious offenses, out of habit that was learned relatively early in life. Most crimes are committed by repeat offenders who have failed to learn this basic self-control. In many cases they are acting not rationally but on impulse. Failing to anticipate consequences, they are undeterred by the expectation of punishment.

WHY RISING DISTRUST?

IN the realm of trust, values, and civil society, we need to explain two things: why there has been a broad-based decline in trust both in institutions and in other people, and how we can reconcile the shift toward fewer shared norms with an apparent growth in groups and in the density of civil society.

The reasons for the decline of trust in an American context have been debated extensively. Robert Putnam argued early on that it might be associated with the rise of television, since the first cohort that grew up watching television was the one that experienced the most precipitous decline in trust levels. Not only does the content of television breed cynicism in its attention to sex and violence, but the fact that Americans spend an average of more than four hours a day watching TV limits their opportunities for face-to-face social activities.

One suspects, however, that a broad phenomenon like the decline of trust has a number of causes, of which television is only one. Tom Smith, of the National Opinion Research Center, performed a statistical analysis of the survey data on trust and found that the lack of it correlates with low socioeconomic status, minority status, traumatic life events, religious polarization, and youth. Poor and uneducated people tend to be more distrustful than the well-to-do or those who have gone to college. Blacks are significantly more distrust-

ful than whites, and there is some correlation between distrust and immigrant status. The traumatic life events affecting trust include, not surprisingly, being a victim of crime and being in poor health. Distrust is associated both with those who do not attend church and with fundamentalists. And younger people are less trusting than older ones.

Which of these factors has changed since the 1960s in a way that could explain the decrease in trust? Income inequality has increased somewhat, and Eric Uslaner, of the University of Maryland, has suggested that this may account for some of the increase in distrust. But poverty rates have fluctuated without increasing overall in this period, and for the vast majority of Americans the so-called "middle-class squeeze" did not represent a drop in real income so much as a stagnation of earnings.

Crime increased dramatically from the mid-sixties to the mid-nineties, and it makes a great deal of sense that someone who has been victimized by crime, or who watches the daily cavalcade of grisly crime stories on the local TV news, would feel distrust not for immediate friends and family but for the larger world. Hence crime would seem to be an important explanation for the increase in distrust after 1965, a conclusion well supported in more-detailed analyses.

The other major social change that has led to traumatic life experiences has been the rise of divorce and family breakdown. Commonsensically, one would think that children who have experienced the divorce of their parents, or have had to deal with a series of boyfriends in a single-parent household, would tend to be-

come cynical about adults in general, and that this might go far toward explaining the increased levels of distrust that show up in survey data.

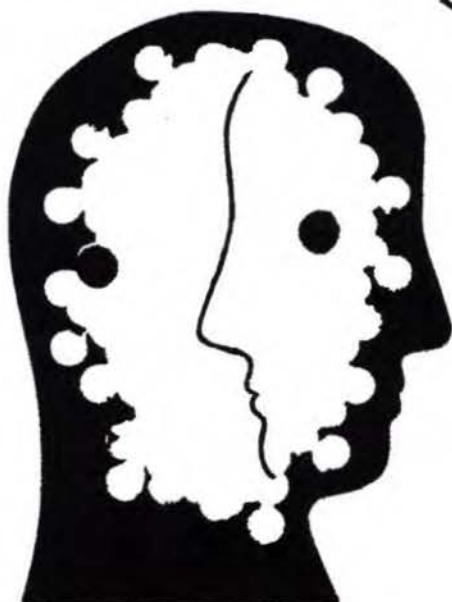
Despite the apparent decline in trust, there is evidence that groups and group membership are increasing. The most obvious way to reconcile lower levels of trust with greater levels of group membership is to note a reduction in the radius of trust. It is hard to interpret the data either on values or on civil society in any other way than to suggest that the radius of trust is diminishing, not just in the United States but across the developed world. That is, people continue to share norms and values in ways that constitute social capital, and they join groups and organizations in ever larger numbers. But the groups have shifted dramatically in kind. The authority of most large organizations has declined, and the importance in people's lives of a host of smaller associations has

grown. Rather than taking pride in being a member of a powerful labor federation or working for a large corporation, or in having served in the military, people identify socially with a local aerobics class, a New Age sect, a co-dependent support group, or an Internet chat room. Rather than seeking authoritative values in a church that once shaped the society's culture, people are picking and choosing their values on an individual basis, in ways that link them with smaller communities of like-minded folk.

The shift to smaller-radius groups is mirrored politically in the almost universal rise of interest groups at the expense of broad-based political parties. Parties like the German Christian Democrats and the British Labour Party take a coherent ideological stand on the whole range of issues facing a society, from national defense to social welfare. Though usually based in a particular social class, these parties unite a broad coalition of interests and personalities. Interest groups, on the other hand, focus on single issues such as saving rain forests or promoting poultry farming in the upper Midwest; they may be transnational in scope, but they are much less authoritative, both in the range of issues they deal with and in the numbers of people they bring together.

Contemporary Americans, and contemporary Europeans as well, seek contradictory goals. They are increasingly distrustful of any authority, political or moral, that would constrain their freedom of choice, but they also want a sense of community and the good things that flow from community, such as mutual recognition, participation, belonging, and

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identity. Community therefore has to be found in smaller, more flexible groups and organizations whose loyalties and membership can overlap, and where entry and exit entail relatively low costs. People may thus be able to reconcile their contradictory desires for autonomy and community. But in this bargain the community they get is smaller and weaker than most of those that have existed in the past. Each community shares less with neighboring ones, and has relatively little hold on its members. The circle that people can trust is necessarily narrower. The essence of the shift in values at the center of the Great Disruption, then, is the rise of moral individualism and the consequent miniaturization of community. These explanations go partway toward explaining why cultural values changed after the 1960s. But at the Great Disruption's core was a shift in values concerning sex and the family—a shift that deserves special emphasis.

MEN BEHAVING BADLY

ALTHOUGH the role of mother can safely be said to be grounded in biology, the role of father is to a great degree socially constructed. In the words of the anthropologist Margaret Mead, "Somewhere at the dawn of human history, some social invention was made under which males started nurturing females and their young." The male role was founded on the provision of resources; "among human beings everywhere [the male] helps provide food for women and children." Being a learned behavior, the male role in nurturing the family is subject to disruption. Mead wrote,

But the evidence suggests that we should phrase the matter differently for men and women—that men have to learn to want to provide for others, and this behaviour, being learned, is fragile and can disappear rather easily under social conditions that no longer teach it effectively.

The role of fathers, in other words, varies by culture and tradition from intense involvement in the nurturing and education of children to a more distant presence as protector and disciplinarian to the near absence possible for a paycheck provider. It takes a great deal of effort to separate a mother from her newborn infant; in contrast, it often takes a fair amount of effort to involve a father with his.

When we put kinship and family in this context, it is easier to understand why nuclear families have started to break apart at such a rapid rate over the past two generations. The family bond was relatively fragile, based on an exchange of the woman's fertility for the man's resources. Prior to the Great Disruption, all Western societies had in place a complex series of formal and informal laws, rules, norms, and obligations to protect mothers and children by limiting the freedom of fathers to simply ditch one family and start another. Today many people have come to think of marriage as a kind of public celebration of a sexual and emotional union

between two adults, which is why gay marriage has become a possibility in the United States and other developed countries. But it is clear that historically the institution of marriage existed to give legal protection to the mother-child unit, and to ensure that adequate economic resources were passed from the father to allow the children to grow up to be viable adults.

What accounts for the breakdown of these norms constraining male behavior, and of the bargain that rested on them? Two very important changes occurred sometime during the early postwar period. The first involved advances in medical technology—that is, birth control and abortion—that permitted women to better control their own reproduction. The second was the movement of women into the paid labor force in most industrialized countries and the steady rise in their incomes—hourly, median, and lifetime—relative to men's over the next thirty years.

The significance of birth control was not simply that it lowered fertility. Indeed, if the effect of birth control is to reduce the number of unwanted pregnancies, it is hard to explain why its advent should have been accompanied by an explosion of illegitimacy and a rise in the abortion rate, or why the use of birth control is positively correlated with illegitimacy across the OECD.

The main impact of the Pill and the sexual revolution that followed it was, as the economists Janet Yellen, George Akerlof, and Michael Katz have shown, to dramatically alter calculations about the risks of sex, and thereby to change *male* behavior. The reason that the rates of birth-control use, abortion, and illegitimacy went up in tandem is that a fourth rate—the number of shotgun marriages—declined substantially at the same time. By these economists' calculations, in the period 1965–1969 some 59 percent of white brides and 25 percent of black brides were pregnant at the altar. Young people were, evidently, having quite a lot of premarital sex in those years, but the social consequences of out-of-wedlock childbearing were mitigated by the norm of male responsibility for the children produced. By the period 1980–1984 the percentages had dropped to 42 and 11, respectively. Because birth control and abortion permitted women for the first time to have sex without worrying about the consequences, men felt liberated from norms requiring them to look after the women they got pregnant.

The second factor altering male behavior was the entry of women into the paid labor force. That female incomes should be related to family breakdown is an argument accepted by many economists, and elaborated most fully by Gary Becker in his work *A Treatise on the Family* (1981). The assumption behind this view is that many marriage contracts are entered into with imperfect information: once married, men and women discover that life is not a perpetual honeymoon, that their spouse's behavior has changed from what it was before marriage, or that their own expectations

for partners have changed. Trading in a spouse for someone new, or getting rid of an abusive mate, had been restricted by the fact that many women lacking job skills or experience were dependent on husbands. As female earnings rose, women became better able to support themselves and to raise children without husbands. Rising female incomes also increase the opportunity costs of having children, and therefore lower fertility. Fewer children means less of what Becker characterizes as the joint capital in the marriage, and hence makes divorce more likely.

A subtler consequence of women's entering the labor force was that the norm of male responsibility was further weakened. In divorcing a dependent wife, a husband would have to face the prospect of either paying alimony or seeing his children slip into poverty. With many wives earning incomes that rivaled those of their husbands, this became less of an issue. The weakening norm of male responsibility, in turn, reinforced the need for women to arm themselves with job skills so as not to be dependent on increasingly unreliable husbands. With a substantial probability that a first marriage will end in divorce, contemporary women would be foolish not to prepare themselves for work.

The decline of nuclear families in the West had strongly negative effects on social capital and was related to an increase in poverty for people at the bottom of the social hierarchy, to increasing levels of crime, and finally to declining trust. But pointing to the negative consequences for social capital of changes in the family is in no way to blame women for these problems. The entry of women into the workplace, the steady closing of the earnings gap with men, and the greater ability of women to control fertility are by and large good things. The most important shift in norms was in the one that dictated male responsibility for wives and children. Even if the shift was triggered by birth control and rising female incomes, men were to blame for the consequences. And it is not as if men always behaved well prior to that: the stability of traditional families was often bought at a high price in terms of emotional and physical distress, and also in lost opportunities—costs that fell disproportionately on the shoulders of women.

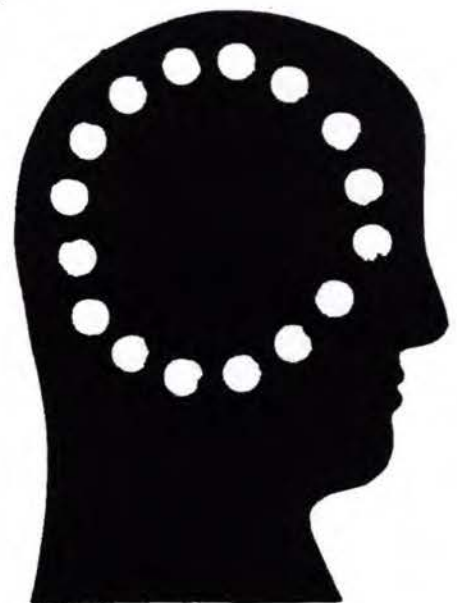
On the other hand, these sweeping changes in gender roles have not been the unambiguously good thing that some feminists pretend. Losses have accompanied gains, and those losses have fallen disproportionately on the shoulders of children. This should not surprise anyone: given the fact

that female roles have traditionally centered on reproduction and children, we could hardly expect that the movement of women out of the household and into the workplace would have no consequences for families.

Moreover, women themselves have often been the losers in this bargain. Most labor-market gains for women in the 1970s and 1980s were not in glamorous Murphy Brown kinds of jobs but in low-end service-sector jobs. In return for meager financial independence, many women found themselves abandoned by husbands who moved on to younger wives or girlfriends. Because older women are considered less sexually attractive than older men, they had much lower chances of remarrying than did the husbands who left them. The widening of the gap among men between rich and poor had its counterpart among women: educated, ambitious, and talented women broke down barriers, proved they could succeed at male occupations, and saw their incomes rise; but many of their less-educated, less-ambitious, and less-talented sisters saw the floor collapse under them, as they tried to raise children by themselves while in low-paying, dead-end jobs or on welfare. Our consciousness of this process has been distorted by the fact that the women who talk and write and shape the public debate about gender issues come almost exclusively from the former category.

In contrast, men have on balance come out about even. Although many have lost substantial status and income, others (and sometimes the same ones) have quite happily been freed of burdensome responsibilities for wives and children. Hugh Hefner did

THE main impact of the Pill and the sexual revolution that followed it was to dramatically alter calculations about the risks of sex, and thereby to change male behavior.



not invent the Playboy lifestyle in the 1950s; casual access to multiple women has been enjoyed by powerful, wealthy, high-status men throughout history, and has been one of the chief motives for seeking power, wealth, and high status in the first place. What changed after the 1950s was that many rather ordinary men were allowed to live out the fantasy lives of hedonism and serial polygamy formerly reserved to a tiny group at the very top of society. One of the greatest frauds perpetrated during the Great Disruption was the notion that the sexual revolution was gender-neutral, benefiting women and men equally, and that it somehow had a kinship with the feminist revolution. In fact the sexual revolution served the interests of men, and in the end put sharp limits on the gains that women might otherwise have expected from their liberation from traditional roles.

RECONSTRUCTING SOCIAL ORDER

HOW can we rebuild social capital in the future? The fact that culture and public policy give societies some control over the pace and degree of disruption is not in the long run an answer to how social order will be established at the beginning of the twenty-first century. Japan and some Catholic countries have been able to hold on to traditional family values longer than Scandinavia or the English-speaking world, and this may have saved them some of the social costs experienced by the latter. But it is hard to imagine that they will be able to hold out over the coming generations, much less re-establish anything like the nuclear family of the industrial era, with the father working and the mother staying at home to raise children. Such an outcome would not be desirable, even if it were possible.

We appear to be caught, then, in unpleasant circumstances: going forward seems to promise ever-increasing levels of disorder and social atomization, at the same time that our line of retreat has been cut off. Does this mean that contemporary liberal societies are fated to descend into increasing moral decline and social anarchy, until they somehow implode? Were Edmund Burke and other critics of the Enlightenment right that anarchy was the inevitable product of the effort to replace tradition and religion with reason?

The answer, in my view, is no, for the very simple reason that we human beings are by nature designed to create moral rules and social order for ourselves. The situation of normlessness—what the sociologist Emile Durkheim labeled “anomie”—is intensely uncomfortable for us, and we will seek to create new rules to replace the ones that have been undercut. If technology makes certain old forms of community difficult to sustain, then we will seek out new ones, and we will use our reason to negotiate arrangements to suit our underlying interests, needs, and passions.

To understand why the present situation isn't as hopeless

as it may seem, we need to consider the origins of social order per se, on a more abstract level. Many discussions of culture treat social order as if it were a static set of rules handed down from earlier generations. If one was stuck in a low-social-capital or low-trust country, one could do nothing about it. It is true, of course, that public policy is relatively limited in its ability to manipulate culture, and that the best public policies are those shaped by an awareness of cultural constraints. But culture is a dynamic force, one that is constantly being remade—if not by governments then by the interactions of the thousands of decentralized individuals who make up a society. Although culture tends to evolve more slowly than formal social and political institutions, it nonetheless adapts to changing circumstances.

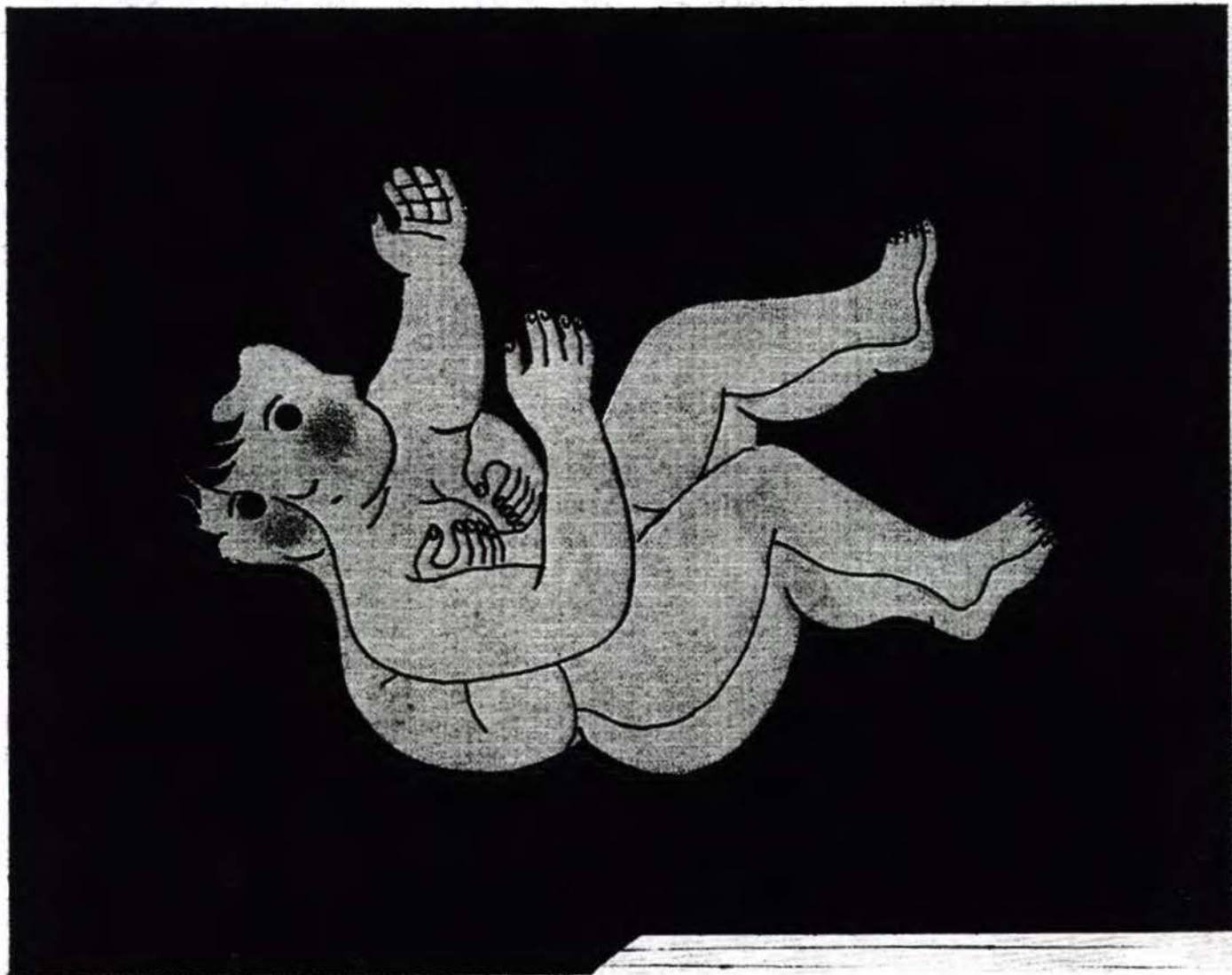
What we find is that order and social capital have two broad bases of support. The first is biological, and emerges from human nature itself. There is an increasing body of evidence coming out of the life sciences that the standard social-science model is inadequate, and that human beings are born with pre-existing cognitive structures and age-specific capabilities for learning that lead them naturally into society. There is, in other words, such a thing as human nature. For the sociologists and anthropologists, the existence of human nature means that cultural relativism needs to be rethought, and that it is possible to discern cultural and moral universals that, if used judiciously, might help to evaluate particular cultural practices. Moreover, human behavior is not nearly as plastic and therefore manipulable as their disciplines have assumed for much of this century. For the economists, human nature implies that the sociological view of human beings as inherently social beings is more accurate than their own individualistic model. And for those who are neither sociologists nor economists, an essential humanity confirms a number of commonsense understandings about the way people think and act that have been resolutely denied by earlier generations of social scientists—for example, that men and women are different by nature, that we are political and social creatures with moral instincts, and the like. This insight is extremely important, because it means that social capital will tend to be generated by human beings as a matter of instinct.

The biological revolution that has been under way in the second half of the twentieth century has multiple sources. The most startling advances have been made at the level of molecular biology and biochemistry, where the discovery of the structure of DNA has led to the emergence of an entire industry devoted to genetic manipulation. In neurophysiology great advances have been made in understanding the chemical and physiological bases of psychological phenomena, including an emerging view that the brain is not a general-purpose calculating machine but a highly modular organ with specially adapted capabilities. And finally, on the level of macro behavior, a tremendous amount of new work has been done in animal ethology, behavioral genetics, primatology, and evolu-

tionary psychology and anthropology, suggesting that certain behavioral patterns are much more general than previously believed. For instance, the generalization that females tend to be more selective than males in their choice of mates proves to be true not only across all known human cultures but across virtually all known species that reproduce sexually. It would seem to be only a matter of time before the micro and macro levels of research are connected: with the mapping of complete gene sequences for fruit flies, nematodes, rats, and eventually human beings, it will be possible to turn individual gene sequences on and off and directly observe their effects on behavior.

gument, and dialogue among individuals. Order does not need to proceed from the top down—from a lawgiver (or, in contemporary terms, a state) handing down laws or a priest promulgating the word of God.

Neither natural nor spontaneous order is sufficient in itself to produce the totality of rules that constitutes social order per se. Either needs to be supplemented at crucial junctures by hierarchical authority. But when we look back in human history, we see that self-organizing individuals have continuously been creating social capital for themselves, and have managed to adapt to technological and economic changes greater than those faced by Western societies over the past two generations.



The second basis of support for social order is human reason, and reason's ability to spontaneously generate solutions to problems of social cooperation. Mankind's natural capabilities for creating social capital do not explain how social capital arises in specific circumstances. The creation of particular rules of behavior is the province of culture rather than nature, and in the cultural realm we find that order is frequently the result of a process of horizontal negotiation, ar-

PERHAPS the easiest way to get a handle on the Great Disruption's future is to look briefly at great disruptions of the past. Indices of social order have increased and decreased over time, suggesting that although social capital may often seem to be in the process of depletion, its stock has increased in certain historical periods. The political scientist Ted Robert Gurr estimates that homicide rates in England were three times as high in the thirteenth century as in

the seventeenth, and three times as high in the nineteenth as in the nineteenth; in London they were twice as high in the early nineteenth century as in the 1970s. Both conservatives decrying moral decline and liberals celebrating increased individual choice sometimes talk as if there had been since the early 1600s a steady movement away from Puritan values. But although a secular trend toward greater individualism has been evident over this long time period, many fluctuations in behavior have suggested that societies are perfectly capable of increasing the degree of constraint on individual choice through moral rules.

The Victorian period in Britain and America may seem to many to be the embodiment of traditional values, but Victorianism was in fact a radical movement that emerged in reaction to widespread social disorder at the beginning of the nineteenth century—a movement that deliberately sought to create new social rules and instill virtues in populations that were seen as wallowing in degeneracy.

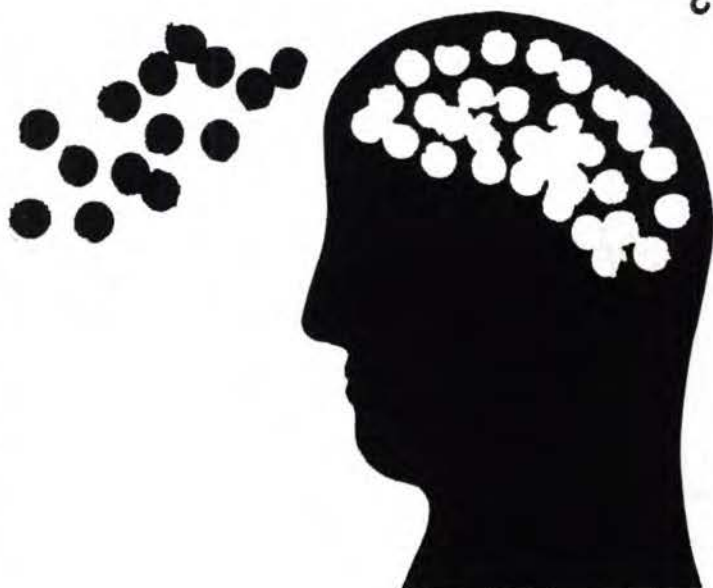
It would be wrong to assert that the greater social order that came to prevail in Britain and America during the Victorian period was simply the result of changing moral norms. In this period both societies established modern police forces, which replaced the hodgepodge of local agencies and poorly trained deputies that had existed at the beginning of the nineteenth century. In the United States after the Civil War the police focused attention on such minor offenses against public order as public drinking, vagrancy, loitering, and the like, leading to a peak in arrests for this kind of behavior around 1870. Toward the end of the century many

states had begun to establish systems of universal education, which sought to put all American children into free public schools—a process that began somewhat later in Britain. But the essential change that took place was a matter of values rather than institutions. At the core of Victorian morality was the inculcation of impulse control in young people—the shaping of what economists today would call their preferences—so that they would not indulge in pleasures like casual sex, alcohol, and gambling.

There are other examples from other cultures of moral renovation. The feudal Tokugawa period in Japan—when power was held by various *daimyo*, or warrior lords—was one of insecurity and frequent violence. The Meiji Restoration, which took place in 1868, established a single centralized state, and stamped out once and for all the kind of banditry that had taken place in feudal Japan. The country developed a new moral system as well.

We think of a custom like the lifetime employment that is practiced by large Japanese firms as an ancient cultural tradition, but in fact it dates back only to the late nineteenth century, and was fully implemented among large companies only after the Second World War. Before then there was a high degree of labor mobility; skilled craftsmen in particular were in short supply and constantly on the move from one company to another. Large Japanese companies like *Mitsui* and *Mitsubishi* found that they could not attract the skilled labor they needed, and so, with the help of the government, they embarked on a successful campaign to elevate the virtue of loyalty above others.

beings are designed
to create moral rules and
social order. If technology
makes certain old forms of
community difficult, then we
will seek out new ones.



COULD the pattern experienced in the second half of the nineteenth century in Britain and America, or in Japan, repeat itself in the next generation or two? There is growing evidence that the Great Disruption has run its course, and that the process of re-norming has already begun. Growth in the rates of increase in crime, divorce, illegitimacy, and distrust has slowed substantially, and in the 1990s has even reversed in many of the countries that experienced an explosion of disorder over the past two generations. This is particularly true in the United States, where levels of crime are down a good 15 percent from their peaks in the early 1990s. Divorce rates peaked in the early 1980s, and births to single mothers appear to have stopped increasing. Welfare rolls have diminished almost as dramatically as crime rates,

in response both to the 1996 welfare-reform measures and to the opportunities provided by a nearly full-employment economy in the 1990s. Levels of trust in both institutions and individuals have also recovered significantly since the early 1990s.

How far might this re-norming of society go? We are much more likely to see dramatic changes in levels of crime and trust than in norms regarding sex, reproduction, and family life. Indeed, the process of re-norming in the first two spheres is already well under way. With regard to sex and reproduction, however, the technological and economic conditions of our age make it extremely doubtful that anything like a return to Victorian values will take place. Strict rules about sex make sense in a society in which unregulated sex has a high probability of leading to pregnancy and having a child out of wedlock is likely to lead to destitution, if not early death, for both mother and child. The first of these conditions disappeared with birth control; the second was greatly mitigated, though not eliminated, by a combination of female incomes and welfare subsidies. Although the United States has cut back sharply on welfare, no one is about to propose making birth control illegal or reversing the movement of women into the workplace. Nor will the individual pursuit of rational self-interest solve the problems posed by declining fertility: it is precisely the rational interest of parents in their children's long-term life chances that induces them to have fewer children. The importance of kinship as a source of social connectedness will probably continue to decline, and the stability of nuclear families is likely never to fully recover. Those societies, such as Japan and Korea, that have until now bucked this trend are more likely to shift toward Western practices than the reverse.

Some religious conservatives hope, and liberals fear, that the problem of moral decline will be resolved by a large-scale return to religious orthodoxy—a Western version of the Ayatollah Khomeini returning to Iran on a jetliner. For a variety of reasons this seems unlikely. Modern societies are so culturally diverse that it is not clear whose version of orthodoxy would prevail. Any true orthodoxy is likely to be seen as a threat to large and important groups in the society, and hence would neither get very far nor serve as a basis for a widening radius of trust. Rather than integrating society, a conservative religious revival might in fact accelerate the movement toward fragmentation and moral miniaturization: the various varieties of Protestant fundamentalism would argue among themselves over doctrine; orthodox Jews would become more orthodox; Muslims and Hindus might start to organize themselves as political-religious communities, and the like.

A return to religiosity is far more likely to take a more benign form, one that in some respects has already started to appear in many parts of the United States. Instead of community arising as a by-product of rigid belief, people will come to religion because of their desire for community. In

other words, people will return to religion not necessarily because they accept the truth of revelation but precisely because the absence of community and the transience of social ties in the secular world make them hungry for ritual and cultural tradition. They will help the poor or their neighbors not necessarily because doctrine tells them they must but rather because they want to serve their communities and find that faith-based organizations are the most effective means of doing so. They will repeat ancient prayers and re-enact age-old rituals not because they believe that they were handed down by God but rather because they want their children to have the proper values, and because they want to enjoy the comfort and the sense of shared experience that ritual brings. In this sense they will not be taking religion seriously on its own terms but will use religion as a language with which to express their moral beliefs. Religion becomes a source of ritual in a society that has been stripped bare of ceremony, and thus is a reasonable extension of the natural desire for social relatedness with which all human beings are born. It is something that modern, rational, skeptical people can take seriously in much the way that they celebrate national independence, dress up in traditional ethnic garb, or read the classics of their own cultural tradition. Understood in these terms, religion loses its hierarchical character and becomes a manifestation of spontaneous order.

Religion is one of the two main sources of an enlarged radius of trust. The other is politics. In the West, Christianity first established the principle of the universality of human dignity, a principle that was brought down from the heavens and turned into a secular doctrine of universal human equality by the Enlightenment. Today we ask politics to bear nearly the entire weight of this enterprise, and it has done a remarkably good job. Those nations built on universal liberal principles have been surprisingly resilient over the past 200 years, despite frequent setbacks and shortcomings. A political order based on Serb ethnic identity or Twelver Shi'ism will never grow beyond the boundaries of some corner of the Balkans or the Middle East, and could certainly never become the governing principle of large, diverse, dynamic, and complex modern societies like those that make up, for example, the Group of Seven.

There seem to be two parallel processes at work. In the political and economic sphere history appears to be progressive and directional, and at the end of the twentieth century has culminated in liberal democracy as the only viable choice for technologically advanced societies. In the social and moral sphere, however, history appears to be cyclical, with social order ebbing and flowing over the course of generations. There is nothing to guarantee upturns in the cycle; our only reason for hope is the very powerful innate human capacity for reconstituting social order. On the success of this process of reconstruction depends the upward direction of the arrow of History. ☞

Tamar Jacoby, “Color Blind: The African-American Absence in HighTech.”

COLOR BIND

By Tamar Jacoby

The weather was unmistakably Californian, and the venue looked modern enough: a state-of-the-art convention center in Santa Clara, in the heart of Silicon Valley. But the demonstration last summer—60 noisy protesters carrying placards and chanting slogans—was straight out of the Deep South, circa 1960. “Intel is not ‘inside’ low-income and minority communities,” one picketer proclaimed as the protesters circled the sunny courtyard, vying for the attention of the computer scientists entering the trade fair in the hall. “Intel, Intel, you’re no good,” another chant went. “Bring computers in the ‘hood!’”

It was a small demonstration, but, for civil rights groups in California and beyond, it marked the opening of a new frontier: the battle to close the “digital divide” between an increasingly computer-literate mainstream and the people of color who, it is claimed, are once again being left out. The activists’ long list of complaints begins with hiring practices. According to *The San Francisco Chronicle*, which ran a much-discussed series on the issue about a year ago, only four percent of those who work in Silicon Valley’s trademark high-tech companies are black, and only seven percent are Hispanic—about half of what the figures would be if they were proportional to the local population. Though many California computer firms are government contractors, most do not meet federally mandated goals for minority hiring. In the past decade, more than a dozen have been cited for affirmative action violations, and several, including Apple, have paid hefty fines.

Spurred by the *Chronicle* series, community groups have organized to demand more minority hiring, more contracting out to minority-owned businesses, more diverse boards of directors, and corporate environments that show more “respect for cultural differences”—not just in Silicon Valley but in information-technology (I.T.) companies nationwide. Groups like the Rainbow/PUSH Coalition and the Greenlining Institute (a major player in the fight against redlining in California) are pressuring Intel and Microsoft. They and others lobbied heavily in Congress last summer to block a bill,

eventually passed, that significantly increased the number of foreign high-tech workers to be admitted to the country this year as immigrants. Black intellectuals are starting to show interest in the question; *The Atlantic Monthly* recently ran a ruminative piece, by poet Anthony Walton, about why blacks as a group are suspicious of technology. And, in December, Jesse Jackson joined the battle, using the occasion of a Federal Communications Commission hearing to denounce “segregation” in the high-tech sector.

The rhetoric is overheated and the tactics possibly counterproductive, but Jackson and his allies are onto something: blacks are woefully underrepresented not just in I.T. but, far more broadly and fatefully, in science—in the research, teaching, and commercial uses of every scientific discipline. Blacks account for roughly twelve percent of the U.S. workforce but only four percent of the doctors and five percent of the jobs in engineering, computer science, and scientific research. The gap arises early in life, with blacks scoring on average more than 200 points lower than whites on the math section of the SAT. A citywide test last year in Boston revealed an even starker contrast: while nearly 30 percent of eleventh-grade whites were “proficient” or “advanced” in grade-level math, only two percent of blacks were. In higher education, the picture looks even bleaker: blacks earn only five percent of the bachelor’s degrees in science and engineering and only two percent of the doctorates in related fields. And the vast majority of blacks with any scientific inclination go into medicine rather than hard-science fields like physics or chemistry.

If the past 30 years have taught us anything, it is the folly of aiming for proportional representation by race and ethnicity. Few fields attract all types of people (or both genders) equally, and, even if they did, experience and aptitude often make some groups more successful than others in a given area at a given time. But the large and alarming gap that persists today between black and white achievement in all areas of science is far more than a temporary proportional skew—and, in the long run, it can only spell disaster for black America. By 2000, 60 percent of all U.S. jobs will require technical skills. There are currently close to 200,000 unfilled jobs in the computer industry alone—a field expected to generate

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more than a million new openings by 2006. No wonder the industry wants to import more foreign workers and even community colleges are scrambling to prepare graduates for entry-level work in the high-tech sector.

To be sure, this problem has been apparent for a long time, and there has been no shortage of attempts to deal with it. It was in the early '70s that corporate America first noticed the shortfall of black engineers: then, they accounted for only one percent of the total. The reason seemed obvious enough—blacks' historical exclusion not just from scientific careers but also from ordinary educational opportunities—and together government and industry resolved to remedy both problems as quickly as possible. No effort was spared in the ensuing campaign—nothing short of an all-out push by some of the most powerful institutions in the country. The National Science Foundation (NSF) and the National Institutes of Health (NIH) mobilized their massive grant-making machines. The nation's largest and most visible corporate donors vowed significant support, both in cash—for scholarships—and outreach efforts. Engineering schools and other universities began to develop specialized minority programs, and—all the way down the education chain—enterprising teachers experimented with ways to interest the youngest black children in math and science. Altogether, over the past 25 years, more than \$20 million has been spent on scholarships by the three most concerned industry giants (Exxon, IBM, and G.E.) alone—and upward of \$3 billion by the NSF and NIH.

Their efforts have not been fruitless: the number of black engineering graduates has just about tripled in this period. But the total is still disappointing. "Nowhere is the promise for minorities greater than in engineering," says an anguished George Campbell Jr., president and CEO of the nonprofit National Action Council for Minorities in Engineering (NACME). "We've made progress, but the gains are tenuous, and now, for a variety of reasons, black engineering enrollment is declining. We can't afford this. Think of the costs to society—a society divided into technological haves and have-nots."

In today's polarized race debate, one hears a wide array of explanations for this black-white gap. Liberals tend to talk about discrimination—in school, in college, and in the workplace. Conservatives, who use words like "discipline" and "achievement," believe that the problem is more internal (rooted in psychology and motivation) than external (the result of racism). Some people in the education establishment think the explanation may be as simple as lack of exposure to science in early grades. But an increasing number of experts on both sides of the ideological divide now talk about the role of culture. Most use the term without racial connotation to mean the culture of hard work and accomplishment. But a few—and not only Afrocentric activists who differentiate between white and black learning styles—think there may be something about "black culture" or black attitudes that is preventing black people from doing well at science.

Some of these cultural arguments seem more suggestive than others. Economist Thomas Sowell, for one, speculates that Africa's long history of geographical isolation hampered its cultural development. Still other cultural explanations hold that the problem is less aptitude than interest. Whether because of past exclusion or maybe the way technological innovation historically has been used against blacks (examples include iron shackles, compasses—necessary for transatlantic slave crossings—and the cotton gin), today's African Americans aren't drawn to science and don't want to excel at it. Nigerian anthropologist John Ogbu, now at the University of California at Berkeley, believes that blacks avoid success in science because, like schooling in general, it means "acting white." "People think of math and science as something that white males do," Ogbu says, "and for a black to succeed in these disciplines raises questions about his or her membership in their own group—about their racial solidarity and black identity. This can be conscious or unconscious, but it leads to avoidance of math courses and low effort."

Suggestive and wildly speculative alike, all of these theories are just that—still untested and unproven. Perhaps as a result, the search for "why" is being overshadowed by a competition among remedies. For civil rights activists and others who think the gap is caused by continuing racism, the solution is obvious: more effort on the part of mainstream society. The picketers at the Santa Clara trade fair made this case when they demanded that Intel "close the digital divide"—as if one company, even a company as big and powerful as Intel, could simply solve the problem overnight by hiring enough people or committing more resources.

Greenlining, Rainbow/PUSH, and the black education establishment agree on a familiar list of what is wrong. I.T. companies don't do enough to hire and retain minority scientists; despite the efforts of the past 25 years, universities haven't figured out how to find or train black students; the rollback of affirmative action proves how little white America cares; most teachers don't expect enough of the blacks in their classrooms; and academia continues to rely on allegedly biased standardized tests.

If only it were that simple—and if only the solution were so readily at hand. In truth, if the extraordinary effort of the past 25 years has demonstrated anything, it is the limit of what politics and money—and affirmative action—can do to help black would-be scientists help themselves up the ladder of achievement. Outreach, scholarships, and retention programs have made a difference at many college campuses and corporate R&D departments. But a number of signs suggest that most of those who can be helped in this way are already benefiting—and that it will take a whole new kind of effort to help any significant number of others. As it is, not many young blacks emerge from high school with the qualifications to make it in higher-level science. Not only are their SAT scores often lacking, but no more than six

percent have taken the courses, like precalculus and physics, necessary to prepare them for a technical major. (Alarming enough, among nonminority kids, only 15 percent have taken these subjects.) And the few minorities who are prepared get a lot of help to go further.

This assistance comes in many shapes and forms. Organizations like NACME scour the United States for minority students they think could succeed in engineering school, then provide them with full scholarships, paid summer internships, and the possibility of jobs with companies like Exxon and IBM. Other young blacks who show an early aptitude in math or science spend one or more summers in their high school years at one of the many intensive "bridge courses" sponsored by engineering schools and other universities. When they get to college, most of these lucky few are contacted by administrators of yet other enrichment and counseling programs who guide them through undergraduate school and, when possible, beyond. At all but a very few schools, these outreach and retention efforts go hand in hand with extensive admissions preferences. But, even with this help, only a third of the minority students who arrive at college intending to major in engineering end up earning that degree (compared with 60 percent of Asian and white kids).

The limits of what mainstream goodwill and affirmative action can do are even clearer in the corporate world. Poor science education and an ebbing of interest in engineering among all Americans have left the I.T. industry with a desperate shortage of employees, and most young people who come out of college prepared for high-tech work are deluged with offers. Recruiters and college officials say this is even truer for blacks than for whites, as the story of Kyra Massey, a young, black mechanical engineer recently profiled in *Fortune*, confirms. Well before she graduated with a bachelor's degree from Florida A&M University, Massey was offered a \$42,000-a-year entry-level job at AlliedSignal, and within nine months she received two other, more lucrative offers, before accepting a \$50,000 package from Hewlett-Packard. "If you find a black engineer or a female engineer, everybody wants her," says Cara Finn, vice president of employee services at Silicon Valley's Remedy Corporation. Big firms like Exxon, G.E., and IBM offer huge signing bonuses both for new minority recruits and for existing minority employees who help bring them in. Then, when the newcomers arrive at the company, the human resources department typically spends a small fortune trying to raise the odds that they'll stay, fighting notoriously high minority attrition rates with counseling, mentoring, and firm-sponsored minority networks.

It's true, as critics charge, that Silicon Valley firms rarely make the kind of heroic recruitment or retention efforts familiar at larger, older corporations. Many California companies are new and struggling, in a highly competitive business, and few can afford employees who cannot carry their weight. But it's also true that most of

these enterprises, often founded in the last few decades by iconoclastic baby boomers, have no history of the kind of discrimination that is usually thought to justify affirmative action. More important still, the high-tech industry is one of the world's purest meritocracies. "If you're good, you get hired," says David Ellington, co-founder and CEO of the black Internet service NetNoir, "and on the whole that makes Silicon Valley less racist than the rest of society."

But even the hardest-nosed I.T. entrepreneurs recognize the need to include more blacks in the growing mass of computer-literate Americans, and many companies are searching for new ways to reach out, largely through education programs. Microsoft, which has given \$24 million for minority education in the past five years, is now the largest contributor to the United Negro College Fund, with Sybase, a software developer, and Hewlett-Packard not far behind. Intel's efforts are no less impressive. The giant chip maker funds summer programs for minority high school and college students; it gives generously to both four-year and community colleges, neighborhood computer labs, and science presentations in public schools—all targeted whenever possible to women and people of color.

The big idea here is enlarging what's called the "pipeline"—preparing a larger number of people who will eventually be able to do the work in the I.T. industry. Instead of a thumb on the scale or a color-coded double standard, this approach involves a long-term commitment to education and development of minority talent. It will probably be more expensive than preferences and will surely take longer. But it holds out the promise of solving the problem rather than merely papering over it, as affirmative action mainly does.

Of course, some pipeline programs are better than others, and it's not clear that educators are zeroing in on what really works. A lot of the big Silicon Valley companies have focused on putting high-tech equipment in the hands of minority students. But education experts are increasingly skeptical that this is the answer—especially for the all too many minority kids in failing schools who are not learning how to read or do basic arithmetic. Many pipeline programs are driven by untested ideological premises, such as the idea that black students can learn only from black teachers or that their "learning style" is somehow fundamentally different from that of other kids. It doesn't help that most of the efforts are poorly evaluated, if at all.

Still, a few things are known. The programs that are most successful at producing black scientists are at historically black colleges and universities. Though they enroll only 25 percent of black college students, these schools grant 40 percent of black science and engineering degrees, and they account for six of the ten undergraduate schools that send the largest number of blacks on to earn science doctorates. Private and public, small and large, these colleges vary enormously—making it difficult to generalize. Yet, if Xavier University of

Louisiana is any guide, the key is an emphasis on basics—both the basics of science and the basics of how to get through college.

A small school with a modest endowment and entering freshmen who are relatively poorly prepared, Xavier combines support services with rigorous academic standards. Introductory chemistry and biology courses set the tone. The faculty members have created their own textbooks, which walk students step by step through subjects, introducing basic vocabulary, emphasizing and deemphasizing key concepts, even dictating exactly how to work problems. "These kids need to learn some basic things before branching out," pre-med adviser J.W. Carmichael explains. "I don't leave anything out. I take them through every single detail. . . . People say we're hand-holding. Yeah, we are, particularly in the early years."

Xavier's rules of conduct also stress the fundamentals—discipline is intense and unyielding—but it is in the area of mentoring and counseling that Xavier's effort is most evident, completing what some educators call the "socialization" of the students, many of whom are the first in their families to go to college. Counselors guide their charges through every aspect of campus life, from how to register for their first classes through applications for jobs and professional schools. Academic advisers meet weekly with underclassmen. Free tutoring is available and encouraged. At Florida A&M, or FAMU, also a historically black school, the socialization includes a dress code and instruction in how to introduce yourself to strangers, as well as extensive exposure to the manners and morals of corporate life. By the time they graduate, both Xavier and FAMU students have learned how to learn, and their discipline and work habits pay off handsomely—particularly in science. FAMU is a favorite recruiting ground for corporations looking for both engineers and business majors, and, in 1998, for the sixth straight year, tiny Xavier sent more black students to medical school than any other college in America.

Integrated institutions have pipeline programs for black students, too—and they have done much to help people like Michele de Coteau, a Berkeley engineering graduate and Rhodes scholar. A working-class child from a poor section of San Francisco, de Coteau showed an early aptitude for math, and, when she got to high school, she was recruited to take part in special summer courses that brought kids to the Berkeley campus to do more advanced, intensive work. At another summer program at the renowned Rensselaer Polytechnic Institute, she got her first taste of research and learned to fill out a college application. Then, when she got to Berkeley, de Coteau was one of the first participants in a pioneering enrichment course created by mathematician Uri Treisman, now at the University of Texas at Austin and something of a guru in the pipeline movement.

Like most pipeline interventions, Berkeley's offers a wide array of services: financial aid, counseling,

mentoring, summer study, research opportunities, and more. But its most touted feature is the series of workshops that Treisman developed in the late '70s to help the large number of minority students that he noticed washing out of freshman math and science courses—which are usually big, intimidating classes where professors encourage the brightest kids and leave the others to fall behind. Building on the insight that black students at Berkeley seemed unusually isolated—unlike Asian students, they didn't study in groups and seemed to keep their social lives separate from what they did in the classroom—Treisman put together a multiracial group of two dozen freshmen for an extra, intensive section of calculus, where he encouraged them to study together. Cannily, he made sure that nothing about the class suggested it was remedial; on the contrary, all of what he calls the "th eater" surrounding the seminar told students that they were in for an extra challenge and that they were expected to excel. Twenty years later, Treisman's workshops are still the hottest idea in minority science education, and they have been imitated at more than 150 institutions.

The imitations vary widely, but all involve small groups, extensive mentoring, and a culture of high expectations; and most aim to give black students an extra boost just before or during the intimidating freshman courses that are the all-important "gateway" to further science study. It is a combination that seems to produce impressive results. Eighty percent of Treisman's students in Texas earn Bs or better in freshman calculus. (At Berkeley in the '70s, before he started his workshops, 60 percent of blacks came away from a similar course with Ds and Fs—if they didn't simply drop out.) Stanford, MIT, and the University of Maryland's Baltimore County campus all have their own successful versions of the program, and one of the best, at Georgia Tech, has eliminated the performance gap between black and white engineering students.

Without more rigorous independent evaluation, it's hard to say exactly why these programs work. Some advocates think it's the watchful counseling, not unlike the hand-holding at Xavier, that seems to be especially important for kids whose parents haven't been to college and don't have middle-class attitudes toward education. Other minority educators stress the teachers' high expectations, something even good black students like de Coteau do not always experience in other classrooms. Most persuasive for an outside observer is the programs' culture of discipline and accomplishment. De Coteau and her fellow students learned that, if they worked hard, they could succeed. They experienced, perhaps for the first time, the way achievement can be its own reward and tasted the intoxicating self-confidence that comes only with effort and hard-won success. Yet, surprisingly, this is not what de Coteau emphasizes about her experience at Berkeley. Instead, like Treisman himself, she believes that what really mattered was the esprit

de corps that developed among her black and Hispanic classmates, who learned from one another that it was possible for them to do well in science—even as well as the Asian and white kids they saw excelling in their gateway courses. “Without the close friends I made there,” she says, “I never would have made it. We inspired each other. We felt we were all in it together. It wasn’t us against the white kids. But it was important to affirm ourselves and not get intimidated.”

The success of Treisman’s programs and those at historically black colleges leads back, then, to the loaded question of race and culture: Is there something specifically racial about blacks’ failure to do well in science—something that can best be remedied by a race-conscious solution? Many educators and successful black scientists insist not: the answer, they argue, is better teaching—for black students of all ages as well as for whites. But just as many professionals and minority students agree with de Coteau that blacks come to school with special disadvantages and need special help in overcoming them.

What are the disadvantages exactly? As different as different people’s answers are, after a while, most seem to point in the same direction. “It starts with stereotypes, black people’s stereotypes about math and science,” says Silicon Valley veteran Michael Fields, a former president of Oracle USA and one of the most successful blacks in the business. “The biggest problem is not discrimination—not at all. It’s people’s preconceptions about ‘the math thing.’” Is the issue just that math and science are associated with white people, as anthropologist John Ogbu suggests, or is there something special about these disciplines that blacks find particularly frightening? Another African American who has made it to the top of the high-tech pyramid, Intel executive and chemistry Ph.D. Cheryl Shavers, thinks there is something different about these subjects. “Science is extremely challenging,” she explains. “There is a right answer and a wrong answer. If you don’t get the right answer, you feel like a loser.... [B]lack kids are especially sensitive to this because many of them already feel like losers.”

Of course, segregated group study has its own potential costs, and it could encourage students to think in racial categories. But, as long as workshops like Treisman’s go on producing results, the idea of minority group study will remain popular. The sprinkling of white students in most of these programs will probably protect them against charges of reverse discrimination, and, in the short-term, most will continue to be used as a complement to preferences—a way to retain poorly prepared kids who otherwise might not make it—rather than an alternative, before students apply to college. Meanwhile, even observers like de Coteau who believe that the problem begins with black students’ feelings of inadequacy don’t seem to see how preferences fuel that self-doubt and undermine the culture of accomplishment that the best pipeline programs work so hard to instill.

The 25-year struggle to close the digital divide holds a rich lode of lessons about the black-white academic gap, not just in science but also more generally. By now, everyone acknowledges that ultimately the answer is to enlarge the pipeline. Yet the civil rights movement and others continue to distract from that task by demanding an impossible quick fix from academia and industry. Similarly, just about everyone understands that personal effort and a culture of accomplishment are critical. But too many activists and educators still encourage failing kids to blame “the system”—teachers, tests, and admissions policies—rather than reminding students that ultimately they are responsible and only they can do the hard work that will make the difference for them. What can be done about ambivalent black attitudes toward schooling? How do we help poor families make the leap to middle-class child-rearing practices? How do we uproot the racial fears that lead black students to avoid the challenge of science and other subjects? As long as we don’t know the answers—and we are a long, long way from knowing them—we are only fiddling at the edges of the black-white science gap.

The newest and most encouraging trend in pipeline programs is to start them earlier, not just in high school but better yet in middle school and, if possible, earlier still. Alongside the push to provide minority students with access to computers, teachers are experimenting with more “hands on” instruction (fewer abstract concepts, more tactile demonstrations). Others stress the “news you can use” approach (looking to the technology of cars or even turntables to teach science). Still others, like the best college programs, use smaller classes and demanding teachers to create a community of learning and accomplishment.

Carlmont High School, in the heart of Silicon Valley, does a little of all of this as it struggles to educate the children of high-tech entrepreneurs along with those from poor and heavily minority East Palo Alto. Walking through the building—a once-stylish, cantilevered affair, now a little run-down and old-fashioned looking—one is immediately struck by the contrast between the kids on the fast track and those hanging out in the hallways. Not all of the former are white, and Principal Debbra Lindo is visibly proud of her staff’s success in helping some of the poorest and least likely black students onto the path toward higher learning. Still, as one walks through the locker-lined halls, it’s hard not to feel a little discouraged. There is so much yet to do, and it is so easy for even a talented child to fall through the cracks—if she isn’t noticed by a teacher or recruited along the way for special intervention. Carlmont offers higher-level science courses, but only a small percentage of students take them; and it would be unrealistic, Lindo says, to require algebra or a year of science for graduation. This may not be the school’s fault—not even the best teachers can work miracles—but, as long as it’s true, for whatever reason, the digital divide will gape as dauntingly as ever. •

Will Marshall, “Democratic Realism: The Third Way.”

Democratic realism: the third way

by Will Marshall

FROM ENDING WELFARE TO BANISHING DEFICITS and reinventing government, President Clinton's Third Way innovations have reshaped America's domestic agenda. But what about U.S. relations with the rest of the world? Is there a Third Way in international affairs?

Though less sharply defined than its domestic counterpart, a new synthesis on foreign and security policy is beginning to emerge. Its outlines were evident in the U.S.-led intervention in Kosovo — a policy consciously based on a mix of moral values and security interests with the parallel goals of halting a humanitarian tragedy and ensuring NATO's credibility as an effective force for regional stability.

The new outlook is based as well on several core premises about the post-Cold War world:

- That economic integration and competition have moved to center stage in global politics.
- That encouraging the spread of political and economic freedom around the world serves America's strategic interests.
- That U.S. diplomacy should combine military strength with multilateral means of advancing our aims in a multipolar world.

This blending of values and interests, economic and security concerns, and national strength and international cooperation is at the heart of Democratic Realism, a new foreign policy framework we have proposed for the 21st century. →

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ENGAGEMENT FOR VALUES as well as security: U.S. troops passing through Macedonia on their way to Kosovo.



Progressive internationalism demands bold American engagement with the world for moral *and* security reasons. It avoids the false choice between conservative isolationism and liberal protectionism.

"Today's progressive internationalists are both tough-minded in defending our national interests and unashamed to affirm America's special mission as a beacon of individual liberty and democracy for the world."

In the decade since the Berlin Wall fell, two big events have weakened the internationalist consensus that shaped and sustained U.S. policy from the 1940s on. One was the shift from a known Soviet menace to a world of smaller but more diffuse and unpredictable threats. This has led some Americans to conclude that the globe-girdling alliances and institutions we built after World War II now confer more burdens than benefits on the world's sole remaining superpower.

The second event was the accelerating emergence of the "new economy" based on new information technologies, communications networks, and global markets that never sleep. The economic volatility and insecurity unleashed by globalization have sparked a backlash against expanding trade and deepening economic integration.

With communism safely consigned to history's dustbin, many Republicans in particular are withdrawing from the internationalist camp. Congressional Republicans opposed U.S. intervention in the Balkans, with GOP House Whip Tom DeLay going so far as to denounce NATO's bombing of Serbia as "Clinton's war." They have also slashed funding for U.S. international operations and international peacekeeping efforts, blocked payment of America's arrears to the United Nations, and killed the Comprehensive Test Ban Treaty. At the same time, the GOP has voted to increase defense spending over Pentagon requests and has pressed for a comprehensive missile defense system. Its actions prompted National Security Advisor Sandy Berger to accuse Republican congressional leaders of favoring a "survivalist foreign policy."

As neo-isolationism assails U.S. global leadership from the right, a virulent new strain of protectionism erodes it from the left. Egged on by labor and left-wing activists who see globalization as a plot by multinational corporations to exploit cheap labor and escape tough environmental laws, most congressional Democrats voted against the 1993 North American Free Trade Agreement (NAFTA). Since then, they have refused to grant President Clinton — a fellow Democrat presiding over the strongest U.S. economy in 30 years — the

power to negotiate major new trade agreements and put them on a legislative "fast track." Joined by right-wing protectionist Pat Buchanan, who is seeking the nomination of the independent Reform Party, the anti-globalists have brought progress on trade liberalization to a screeching halt in the United States and are threatening to disrupt a crucial meeting of the 134-nation World Trade Organization later this month in Seattle.

Democratic Realism seeks to counter the growing trends toward neo-isolationism and "globophobia." In an update of the liberal internationalism of Woodrow Wilson, Franklin Roosevelt, Harry Truman, and John Kennedy, it calls for the bold exercise of American power — on both the economic and security fronts — to shape the new international system that is finally emerging from the aftermath of the Cold War.

Like their predecessors a half-century ago, today's progressive internationalists are both tough-minded in defending our national interests and unashamed to affirm America's special mission as a beacon of individual liberty and democracy for the world. Recognizing the reality of interdependence, they envision new structures of global cooperation aimed at keeping the peace, spreading prosperity, and confronting common problems that spill over national borders.

Americans have learned from hard experience that energetic global engagement better protects our far-flung interests than does standing aloof from the world and hoping we can somehow dodge the fallout when foreign economies or regimes collapse, wars break out, or civil strife rages in other countries. They know they need not make the false choices of the left-right debate: multilateralism vs. unilateralism; a moralizing foreign policy or one motivated solely by power politics.

In survey after survey, Americans have supported our country's leadership in the world while rejecting go-it-alone-ism. The latest Chicago Council on Foreign Relations poll found that 61 percent of the public favors active U.S. engagement in the world. Far from sharing the right's suspicion of multilateral action, the public expresses a strong

preference for it: 57 percent feel the United States should take part in U.N. peacekeeping operations, and 72 percent say the United States should not respond to a foreign crisis if it lacks support from other nations. The public also strongly supports the Comprehensive Test Ban Treaty recently rejected by Senate Republicans (see Mark Penn's Poll, page 72). This suggests that most Americans favor international cooperation to reduce common security threats and are not prepared to seek refuge in the illusory safety of "Fortress America."

Despite its often reactive and hesitant conduct of U.S. foreign policy, the Clinton administration has embraced many of the core tenets of Democratic Realism. For example, its staunch support for open markets and trade expansion under common global rules has underscored the intimate link between U.S. economic leadership abroad and our prosperity at home. Its calls for democratic enlargement and NATO expansion have explicitly tied our security to the gradual spread of free enterprise and democratic self-rule. And its willingness to intervene in humanitarian crises from Somalia to the Balkans shows not only America's determination to lead but also its commitment to what British Prime Minister Tony Blair has called a *new doctrine of international community*.

"By this I mean the explicit recognition that today — more than ever before — we are mutually dependent, that national interest is to a significant extent governed by international collaboration, and that we need a clear and coherent debate as to the direction this doctrine takes us in each field of international endeavor. Just as within domestic politics, the notion of community — the belief that partnership and cooperation are essential to advance self-interest — is coming into its own; so it needs to find its own international echo. Global financial markets, the global environment, global security and disarmament issues: none of these can be solved without intense international cooperation."

Where Do We Stand? The Emerging World Order

At the turn of the last decade, following the collapse of communism and the successful

allied operation against Iraq's Saddam Hussein, President Bush proclaimed a New World Order. In fact, only toward the end of the decade, riding the wave of the information revolution, did a new order begin to assert itself. It is based not on the old balance-of-power equation, but on the key pillars of globalization, democracy, American pre-eminence, and collective problem-solving.

Globalization has replaced ideology at the center of international relations. The Cold War order was organized around the clash of opposing theories about the best way to order human affairs. Its successor is organized increasingly around globalization — the growing economic, political, and intellectual integration of nations by the time- and →

GLOBALIZATION, NOT IDEOLOGY: Cell phones rented by Grameen Bank serve grassroots globalization in Bangladesh.



MULTILATERALISM:

The United States should not be hesitant to use its power alone when necessary. Peacekeeping with allies is better. American, British and French troops in Bosnia.



"History shows that democratic governments, constrained by public opinion, competing domestic interests, and accountable political institutions, are less likely to start wars and more inclined to cooperate with other countries and adhere to international agreements and norms."

distance-compressing forces of microchip technology, real-time satellite communications, the Internet, and international commerce.

Although globalization is more than an economic phenomenon, a nation's power today is more likely to be denominated in the coin of economic and technological dynamism than in tanks, missiles, and manpower. In the Information Age, countries with second-rate economies will not be able to field first-rate defense forces. Russia's plight highlights this dramatic shift in the geometrics of power. Moscow still has enough nuclear weapons to destroy America many times over and make the rubble bounce. But in economic terms, Russia is much less imposing, ranking with Peru and South Africa in per capita wealth.

The global information economy is changing the nature of international politics in another, perhaps more profound, way by devaluing some of the things nations have traditionally fought over: territory and natural resources. In the new economy, intangible knowledge is increasingly the wealth of nations. That means the new requisites of world power and influence are open, dynamic

economies, a strong scientific-technical base, and highly skilled and motivated workers. Of course, material resources still matter and America will continue to regard access to oil as a vital national interest. But history's trajectory can be seen in the widening gap between tiny but dynamic Israel and its larger Arab neighbors, oil-rich but impoverished and technologically backward.

Democracy is the prevailing political standard. As the horrifically destructive 20th century closes, we seem to have reached the end not of history but of ideology. Having withstood convulsive challenges from a succession of "isms," liberal democracy has emerged with unrivaled moral prestige. The democratic camp is larger and stronger than ever in history. This does not mean that all other countries will now evolve in lock step toward Western-style democracy or that the United States should try to export its version of democratic capitalism. It does mean that, for the early 21st century and perhaps longer, the prevailing political norms will be consonant with our own. Ideas once seen as peculiarly "Western" are now embraced by ordinary people the world over who see in them the best

hope for lives of dignity, liberty, and opportunity.

Against this backdrop, conservative demands that the United States withdraw from its global responsibilities seem downright perverse. Why, when the tide is running strongly in our direction, should the United States turn its back on the world? An enlightened view of our national self-interest dictates the opposite: the conscious application of America's many strengths toward the goal of building a new international system on a durable foundation of democracy, human rights, and economic freedom.

Democratic Realism rejects the cold calculus of realpolitik, which breeds dangerous great power rivalries and ignores the crucial role that ideas, values, and social conflicts within nations have always played in relations among nations.

In addition to its geography and endowments, a nation's political beliefs, culture, and internal governing arrangements profoundly affect its conduct in the world. It is no accident that despotic regimes that run roughshod over human rights and the rule of law at home (Iraq is today's most extreme example) are more apt to engage in aggressive conduct abroad. By the same token, 20th-century history shows that democratic governments, constrained by public opinion, competing domestic interests, and accountable political institutions, are less likely to start wars and more inclined to cooperate with other countries and adhere to international agreements and norms. Both Argentina and Brazil, for example, abandoned nuclear weapons programs in the early 1990s as they successfully underwent transitions from military rule to democracy.

U.S. support for human rights and encouragement of internal political change in oppressed societies therefore is not merely an expression of U.S. idealism. It also serves our strategic interest in shaping an international environment more congenial to America's economic and security interests.

America: first among equals. The events of the last decade, from U.S.-led wars in the Persian Gulf and the Balkans to our rebounding economy and technological dynamism, have confirmed America's dominant position

in world affairs. Rarely in history has one nation towered so far above the others — a reality easily accepted by most Americans, who are sure our intentions are benign, but an alarming sign to others, who see an emerging U.S. "hyperpower" with no effective check on its ambitions.

An overriding challenge for U.S. diplomacy in the decades ahead will be to prevent other powers from uniting against us. The best way to advance our interests without provoking anti-American coalitions is to work through thickening networks of alliances, international institutions, and rule-based regimes that promote global cooperation. It's time to drop breast-beating rhetoric about being the world's "sole superpower" and instead think of ourselves as "first among equals," willing to play by the same rules we hold others to. A small but symbolically important move in this direction would be to pay our U.N. arrears, a step that would give force to our valid demands for U.N. reform.

By fostering an international climate of mutual respect and common purposes, the United States can work to extend the reach of economic and political freedom without conjuring fears of American hegemony. We can also draw on the resources of allies and international organizations and win wider legitimacy for our cause — whether it is checking Saddam Hussein's quest for weapons of mass destruction, stopping ethnic violence in the Balkans, or tackling global warming.

Military strength and alliances still matter. A succession of small crises in the 1990s has yielded a clear lesson: While globalization knits together much of the democratic world, there are new and powerful tendencies toward disintegration and disorder that, if not checked, will spiral out of control. Chief among these are ethnic conflicts within, as well as across national boundaries; rogue states such as Iraq and Libya; and failed states such as North Korea, Cambodia, and Somalia, which are unable to provide basic services or prevent civil strife. International crime, drug dealing, terrorism, and regional rivalries, such as the long-running feud between India and Pakistan, also threaten international stability. →

"It's time to drop breast-beating rhetoric about being the world's 'sole superpower' and instead think of ourselves 'first among equals' — willing to play by the same rules we hold others to."

"Australia's decision to intervene in East Timor is a promising sign that regional powers are willing to shoulder the primary responsibility for ending violence in their backyard."

A strategy of Democratic Realism requires that we maintain America's commitment to uphold crucial balances of power in Europe, the Middle East, and Asia. The United States must invest the resources necessary to maintain qualitatively superior military forces with a global reach. Even more important than the level of spending, however, is the pace of defense modernization. The next administration should dramatically accelerate the transformation of our Cold War military into a more mobile, flexible, and integrated force organized around the new information technologies and operational concepts of the Revolution in Military Affairs. At the same time, we should press our allies to reduce their reliance on U.S. power and upgrade their own military forces so that they can assume more responsibility for keeping order.

Reinventing collective security. Just as America answered the challenges of the late 1940s with an array of innovative security institutions and alliances — of which NATO was by far the most important — we must envision a new collective security architecture for the post-Cold War world. Two key elements are modernizing NATO for new missions and building a decentralized system of regional security organizations.

1. Strengthen and extend the transatlantic core. The new correlation of political, economic, and military forces puts the transatlantic community at the center of the emerging global system. The United States and the 15 countries of the European Union together account for nearly half the world's wealth and about two-thirds of its trade and investment. NATO represents by far the world's largest concentration of military power, with combined annual defense spending of \$449 billion, compared to Russia's \$70 billion or China's \$35 billion.

Our goal should be to extend the transatlantic community to the emerging democracies of Central and Eastern Europe and eventually to Russia and other former Soviet states in Europe. By making market democracy the price of admission to the European Union and NATO, we already have given a powerful stimulus to economic and political reform in those countries.

In addition to backing the European Union's eastward expansion, the United States should encourage NATO's transformation from a strictly defensive alliance into an instrument for advancing common transatlantic interests and values in the region, such as it did in Bosnia and Kosovo.

NATO must evolve, not simply expand. Before rushing into a second round of enlargement, the United States should press for a serious assessment by NATO of the potential threats arising from Europe's southern and southeastern flanks. The experience of Balkan peacekeeping highlights the need for police forces trained to keep civil order rather than fight wars. The United States should also urge NATO to grapple with the most urgent threat facing the transatlantic partners today: the proliferation of nuclear, chemical, and biological weapons, as well as long-range missiles and other means for delivering them.

Finally, the United States should welcome the push to develop a European security and defense identity within the framework of NATO. With the Cold War behind us, Europeans are less likely to accept a subordinate role to the United States in NATO, while Americans are more likely to question the need for continuing what amounts to a massive subsidy to Europe's defense. By carving out a space within NATO for our European partners to forge common foreign and security policies, as well as plans for upgrading Europe's military capacities, we can accommodate the interests of both sides in striking a new balance of political and military burdens.

2. Bolster regional security arrangements. In a multipolar world, regional arrangements — from NATO to a proposed West African Peace Force — become a new driving principle of peacemaking and peacekeeping. Since the United States cannot police the entire world, we should work to bolster the political and military capacities of regional security organizations. It will be less costly and often more effective for the United States to train and equip local peacekeeping forces than to send our own forces abroad. Australia's decision to intervene in East Timor is a promising sign that regional powers are willing to shoulder the

primary responsibility for ending violence in their backyard.

Proclaiming a new "right to intervene" in other countries' internal conflicts, some have called for organizing a United Nations army to do the job. But it would make more sense to encourage a dramatic devolution of power to regional bodies. For example, the Clinton administration has offered U.S. help in training a permanent African peacekeeping force through its African Crisis Response Initiative. We should view other regional bodies such as the Association of Southeast Asian Nations, the Organization of African Unity, and the Organization of American States as building blocks for a decentralized collective security system, operating under the aegis of the United Nations and with the support of the major U.N. donors. Such a system would encourage and support action by countries with the greatest incentive to quell local conflicts while

defusing fears that the United States or other advanced democracies are plotting to usher in a new era of "human rights imperialism."

Democratic Realism seeks a new balance of American ideals and interests. It builds on the time-honored principles of liberal internationalism: At the core of the post-Cold War world is a growing zone of democracies committed to relatively open markets and free trade, political relations based on agreed-upon rules and norms of behavior, and institutions to cooperatively manage and enforce those standards. Protecting and extending that democratic community serves our security and economic interests while also expressing Americans' ingrained belief in our country's historic mission. Deftly executed, policies based on Democratic Realism can not only underpin America's vital interests and continued global success, but help ensure a safer, more prosperous, and more democratic world. ■

A MULTIPOLAR WORLD requires regional peacekeeping initiatives. Malian members of the African Crisis Response Initiative stand for review.



George Packer, "Trickle-Down Civil Rights."

TRICKLE-DOWN CIVIL RIGHTS

WITH HIS WALL STREET PROJECT, JESSE JACKSON IS FINDING THAT BIG BUSINESS IS EASIER TO MOVE THAN THE DEMOCRATIC PARTY, SOUTHERN SHERIFFS OR EVEN THE DECATUR, ILL., SCHOOL BOARD. BUT CAN HE REALLY HELP THE WORKING POOR BY RUBBING ELBOWS WITH C.E.O.'S?

BY GEORGE PACKER

In early August, some of the country's top business executives made a pilgrimage to Chicago and paid homage to the Rev. Jesse Jackson. The occasion was the Rainbow/PUSH Coalition's annual conference, and before an audience of aspiring black businessmen, a panel that included Sanford Weill of Citigroup, Hugh McCall of Bank of America and Jerry Reinsdorf of the Chicago Bulls and White Sox, swore allegiance to multicultural capitalism.

"It makes money sense," the C.E.O.'s chanted, twice, at Jackson's insistence. He shepherded the participants into a circle of prayer. He told them to hold hands, and they held hands. Harold Levy, Citigroup's director of global compliance, clasped the palm of a black managing director of a New York securities firm named Shawn Baldwin. Jackson prayed for access to capital.

"Coke, No. 1 employer in Africa," he murmured. "Archer Daniels Midland, No. 1 in Decatur — that's in America. There are new, untapped markets."

"Amen," everyone said. And suddenly an energy that was not religious broke loose. Hands released each other to reach into pockets and pull out business cards as the room was given over to a frenzy of networking.

That night at a gala dinner, Janice Mathis, Jackson's chief of staff, watched as the mostly black and decidedly upscale crowd of guests arrived. A woman in a sparkling evening dress hurried over to her, exclaiming, "I love your lip rouge!" Mathis turned to me. "You'll see a lot of folks here," she said, "who wouldn't have anything to do with a civil rights organization."

The executives did not end up in Chicago after a sudden group conversion to the ideals of economic justice. According to Jackson, they were acting out of "enlightened self-interest." The less generous explanation is fear. Jackson can still command a national spotlight when he wants to — as the mostly white school board in Decatur, Ill., discovered last month when Jackson protested the expulsion of six black students after a brawl at a football game. And in 1996, after racist remarks tape-recorded at a Texaco staff meeting came to light, Jackson put pressure on the compa-

PHOTOGRAPH BY NORMAN JEAN ROY

ny to settle a discrimination suit (for \$140 million) and to implement an ambitious affirmative-action plan.

Emboldened, Jackson initiated the Wall Street Project the next year. On the premise that the most entrenched divisions in America are no longer based on race but on wealth, or "access to capital," he began a campaign in which the project buys stock in corporations and lobbies C.E.O.'s to open up jobs, contracts, loans and boardrooms to the "locked out." Before long, some of the largest corporations in America were answering his call for expanded minority hiring and investment in minority-owned companies. Big business, it turns out, has been easier for Jackson to move than the Democratic Party, Southern sheriffs or even the Decatur school board.

YET THE SUCCESS OF THE WALL STREET project has also raised questions about whether Jackson is offering absolution to corporations that continue to inflate executive pay at the expense of the working poor whom he has long championed.

"Obviously it's a troubling question, and I don't have the answer," says the Rev. Al Sharp-

ity. "Right after we spent four days on Wall Street, we spent eight days in Mississippi. Some people can only be one or the other. They don't have the capacity to reconcile."

Jackson clearly still sees himself as a defender of the downtrodden. His protests over the students' expulsion in Decatur have all the trappings of his own civil rights days: he led marches and ensured his own arrest while demonstrators sang "We Shall Overcome." He compares the town's "power structure" to Selma's and Birmingham's, while at the same time saying that race is not central to the case. He relates the students' experience to the harsh sentencing of juvenile offenders, the underfinancing of schools and a general anger toward America's children. "This is a huge issue we have uncovered here," he says.

Yet not everyone sees it as so huge. Many of the black parents in the community agree with the school board's decision. If anything, the smaller if highly publicized causes that Jackson has embraced — student discipline, the release of the hostages last spring — have often served to underscore the limitations of protest politics in our time.

Jackson ran for the presidency a decade ago on a platform of economic populism — uniting hard-pressed farmers, laid-off and low-wage workers and the urban poor, declaring that "capital does not follow conscience and it needs constraints." There had been nothing like his interracial movement of the disenfranchised since Robert Kennedy's 1968 campaign, maybe since the original Populists in the early 1890's.

But through much of the 1990's Jackson seemed to lose touch with the passions of his earlier campaigns — trying out a career in television, feuding with and then ministering to Bill Clinton, pondering another presidential run every four years, while his political arm, the Rainbow Coalition, and his Chicago organization,

Operation PUSH, declined into irrelevance.

The country seemed to leave Jackson behind: with the Dow Jones soaring, the poor disappearing from view along with the liberal wing of the Democratic Party. When welfare reform, the most drastic revision of social policy in decades, was being debated in 1996, Jackson's voice was strikingly muted.

But with the advent of the Wall Street Project, he has remade himself into the outsider's insider, moving from civil rights advocate and mass leader to power broker. "He could become the black

Clark Clifford," says Don Rose, a Chicago political consultant and associate of Jackson's during the 1960's. "He's almost a wise man. He's part of the American establishment. Even Jesse Helms knows that."

Rainbow/PUSH, moribund a few years ago, is now flush with contributions from a long list of corporations, including some targets of Jackson's criticism, and staffed by a new crop of black professionals — lawyers, journalists, money managers — bringing a low-key culture clash with the older, mostly female, fanatically dedicated lifers from the years of dashikis and collection boxes. "It used to be more of a movement," says Louise Greene, an elderly volunteer. "It's more corporate now."

If the Wall Street Project lacks the high moral tone of the civil rights movement, it only echoes the noise of a bottom-line society moved more by power and access than by moral appeal. Jackson seems to have reached the shrewd conclusion that Bill Clinton's America is not much swayed by a desire for economic justice, and that government is unlikely to attempt anything on the scale of the movement's gains. And who can blame him for facing these facts?

"There is no position of a mass leader in our society," says Don Rose. "The job has been abolished." In July, at Jackson's urging, Clinton took a tour of poor areas around the country as part of his New Markets Initiative — the chief antipoverty proposal of his presidency — calling for \$1.6 billion in tax credits and loan guarantees. That's not much more than Bill Gates recently promised for minority scholarships — indicative of the country's move from public to private philanthropy. "We're on Wall Street," Jackson says, "because that's where the capital is."

TO UNDERSTAND JACKSON'S LATEST CAMPAIGN, you have to go back to the last years of the civil rights movement and the last days of Martin Luther King Jr.'s life. Jackson makes a large historical claim for what he is doing today. He calls the fight for access to capital the "fourth stage of the freedom struggle," after emancipation, desegregation and voting rights. And for precedent he often brings up the staff meeting King held on his last birthday, Jan. 15, 1968: a racially diverse group of civil rights veterans and liberal allies gathered in Atlanta to plan what would become King's final battle, the Poor People's Campaign — an attempt to shift the movement's focus from racial segregation to economic justice.

What Jackson doesn't tell audiences today is that he and King fought bitterly over the Poor People's Campaign. It was an ideological fight, and also a classic Oedipal quarrel between a famous father who expected loyalty to his life's work and an ambitious son who revered him yet wanted to make his own mark. King, middle class and secure in his parents' love, grew up with the luxury of humble virtue. Jackson, born poor and illegitimate, fought his way into the world



Kingmaker: With Al Gore in August, Jackson, close to Gore, has yet to endorse anyone in the 2000 campaign.

ton, who came of age politically as Jackson's national youth director. "As one who grew up admiring Jackson, there are some painful things for me to deal with."

Anticipating such criticism, Jackson is at pains to counter it. "There's a scripture: 'Fear not their faces,'" he says when I ask if his proximity to power has compromised his spiritual author-

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'HISTORICALLY IF YOU SAY THERE'S A RACE GAP,' JACKSON SAYS, 'THEN WE'RE PRIMED TO REACT BECAUSE OF SLAVERY, BECAUSE OF SEGREGATION. BUT SOMEHOW IT'S ALMOST UN-AMERICAN TO SPEAK OF A CLASS GAP.'

through sheer force of character and by dint of hard work — "Since I was 6 I was never not working," he says — reading the newspaper to illiterate neighbors, parking cars outside football games and waiting tables.

One night in early 1965, while studying at the Chicago Theological Seminary, he turned on the television and watched a phalanx of Alabama state policemen assault a column of voting rights marchers in Selma. The next day, Jackson drove south and bulled his way into King's startled inner circle. Soon he dropped out of divinity school and became King's man in Chicago, where he headed Operation Breadbasket and helped take the movement north.

By threatening picket lines and boycotts, Breadbasket forced businesses in the city's black neighborhoods to hire local residents, deposit money in black-owned banks, give contracts to black garbage collectors and exterminators and stock black brands like Mumbo barbecue sauce and Joe Louis milk on supermarket shelves. Within two years, Breadbasket had brought 3,000 jobs to Chicago blacks and swelled the yearly income of South Side residents by \$22 million. Black businessmen floated the payroll of King's desperately pinched organization.

Despite this success, mentor and protégé were beginning to clash. While King was moving toward democratic socialism, Jackson was moving toward black capitalism. "His experience of the private sector was not substantial," Jackson says of King now. "He believed that the government was more likely to do what it had done before. But I believed we had to build a private-sector body of allies." Here, perhaps, Jackson was the more visionary man.

But just a few days before heading to Memphis for a garbage workers strike, King finally exploded. "If you want to carve out your own niche in society, go ahead," he shouted at Jackson. "But for God's sake, don't bother me!" Jackson had to endure his terrible loss of favor until the last moments of King's life. When King stepped out onto the balcony of the Lorraine Motel, he saw



Conscience: Arrested while protesting the Decatur, Ill., school board's expulsion of six black students last month.

Jackson standing in the parking lot and called out, "Jesse, I want you to come to dinner with me." Then came the crack of gunfire.

Within minutes of the shooting, Jackson had King's blood on his turtleneck, which he wore in public the next day. He and Don Rose quickly sized up Jackson's prospects as King's heir. His death left a great hole that Jackson has spent three decades trying to fill. But with liberalism's long decline since the 1960's, no great dramas have brought his career into focus as Montgomery and Birmingham did King's. Now, at 58, Jackson is returning to his first mission. The Wall Street Project, he told me, is "a matured version of Breadbasket."

WHEN I ASKED JACKSON WHY HE believes that the main struggle is no longer racial but economic, he muttered, "Lemme show you something." He got up from his chair and led me over to the panoramic corner windows of his hotel suite, 32 floors above Chicago. It was 7 a.m., and he had already been up for two hours, reading the papers, conferring with aides in the permanent campaign that is the substance of his days. His eyes were hooded, his voice low and hoarse. Jackson extended his finger north, toward the cluster of skyscrapers shrouded in a charcoal cloud cover.

"That's the Loop," he said. "The price of grain is determined every day in the world down on La Salle Street. That's where the financial capital is." Then Jackson pointed south

toward Englewood, an impoverished neighborhood of single-family houses, part of which is in the district his son, Jesse Jackson Jr., represents in Congress.

"Today, the gap is between La Salle Street and Englewood," the senior Jackson said. "Englewood can't miss as an area of awesome potential, but the capital has been cut off." The class gap, he said, "is legal — and widening."

Historically if you say there's a race gap, then we're primed to react because of slavery, because of segregation. But somehow it's almost un-American to speak of a class gap."

Englewood represents one of the Wall Street Project's biggest challenges. Jackson and I would later take a walk through its streets with Mary Flowers, one of the district's state representatives. Half the houses seemed to be abandoned, and a few of the lots were vacant. "Who would loan them something to fix up their house?" Flowers asked in front of an occupied single-family whose porch was caving in. "See the flowerpot? She's trying, absolutely. The little what-nots in the window —

they're doing the best they can, but you think the bank will loan them some money?"

Jackson chimed in. "We have programs to develop other countries," he said. "Englewood is less risky than Indonesia. The government's more stable."

I asked if a bank loan was all that stood between these residents and regeneration.

"It's a hell of a step," Jackson said curtly.

Jackson has a remarkable ability to register the social landscape in its most immediate physical form and absorb it on the run into the framework of his ideas. The first time I met him, we were driving to La Guardia Airport when he suddenly gestured toward Brooklyn and began comparing the Wall Street Project to the Dodgers' signing of Jackie Robinson: "See, the issue never was that there was a talent deficit — there was an opportunity deficit. Those in charge said that they were directing the major leagues. They were directing the white leagues. It wasn't 'major' till everybody could be in the free market." The analogy seemed quick-witted and apt; I've grown less fond of it since hearing him make it several dozen times.

Jackson seamlessly weaves the set pieces of his speeches into ordinary conversation, and if you spend enough time with him you begin to pick up the rhythm of their approach until, sure enough, thinking aloud suddenly morphs into stock phrasing without the slightest loss of conviction. At one point during the conference, I was trailing Jackson and Bill Bradley down a glass-encased walkway with a spectacular view of Lake Michigan, assuming these two outside

men were talking political turkey. Getting closer, I discovered that Jackson was the only one talking. I picked up the words "fourth stage," but they were enough — I suspected that I knew by heart the rest of the soliloquy Bradley was hearing.

Having decided not to run, Jackson has thus far withheld his endorsement from both Bradley and Al Gore. In politics as in finance, access to power is creating problems for Jackson. Bradley's proposals on poverty and health care seem more like the ambitious liberalism of Jackson's own presidential campaign. But he has stronger personal ties to the vice president and seems to be leaning toward a Gore endorsement. "Gore's longer relationships with civil rights organizations in the crunch might be the difference," Jackson told me.

As for the president, he and Jackson have had a turbulent relationship ever since 1992, when Clinton strategically distanced himself from the Rainbow Coalition. Recently they've grown closer, though, as Jackson counseled Clinton during the Lewinsky scandal and then joined him on the July New Markets tour. Gene Sperling, the president's economic adviser, says: "I went into the relationship with Jackson with some skepticism. But he's been great — more reasonable, more practical, more committed than most people you deal with in this town."

Jackson's attitude toward Clinton ranges from political criticism to "pastoral and brotherly" care to a clear-eyed analysis that can sound like self-description. "He wants to be a friend of the wealthy," Jackson says, but adds, "In his heart I think he wants to be seen as an emancipator of the poor."

Representative Jesse Jackson Jr. is more critical than his father of Clinton, Gore and Bradley. He wishes a traditional liberal would enter the presidential race — a candidate more like the runner-up in the 1988 primaries, Jesse Jackson Sr. The relationship between father and son is strong enough that they don't hesitate to disagree publicly. When Jackson Sr. stood alongside President Clinton in the Englewood section of Chicago in November to tout the New Markets Initiative, Jackson Jr. "listened very carefully for deliverables," he says. "I heard none, and there were none."

Talking about his father's Wall Street Project, the younger Jackson says, "It's a great concept at the level stockbrokers and investment bankers play." But he also offers criticism that keeps his own constituency in mind. "Some minorities are at that level," he says, "but too few of them to affect the Second District of Illinois. It looks like we're helping too few people." Partly to correct this impression, he and his father have written a book, due out in January, called "It's About the Money!" which offers financial advice to families of more limited means.

But in spite of their obvious closeness, any talk of a Jackson transfer of power makes both

men bristle. "The Reverend is part of the prophetic tradition," Representative Jackson says. "I am part of the political tradition."

JESSE JACKSON SR. HAS NOT LOST HIS passion for those "left behind." He still flies into little towns like Godfrey, Ill., to hearten striking health-care workers whom scarcely anyone else has noticed. He arranges visits between inner-city and suburban Chicago high schools to open students' eyes to the vast inequalities of the "class gap."

In the middle of the Rainbow/PUSH conference he bolted off to address a rally of union janitors who were losing their jobs to outside workers. Within minutes they were on their feet as Jackson exhorted: "Save the workers! Save the families! Keep hope alive!" The words are beyond familiar, but the effect is still genuine.

Jackson's support of minority-owned businesses sometimes gets entangled with his concern about union jobs and wages. There's a contradiction at the heart of his efforts to emphasize class instead of race. "Diversity" has become orthodox thinking in most corporate boardrooms, whereas the need for unions and greater income equality has not — so the Wall Street Project has ended up addressing the class gap largely through the traditional apparatus of the race gap.

The Rev. Al Sharpton points out that unlike Operation Breadbasket, which had the force of a movement behind it, the Wall Street Project doesn't draw up written covenants with corporations. Rainbow/PUSH surveys companies' hiring practices for minority representation, but the results depend entirely on the pull of a single man, Jackson, with business leaders. Without him, the project would presumably be over.

But the real question is, Who benefits? "Everyone who's left behind," Jackson told me. "If it's just for minorities, then it's open to manipulation." So far, however, the most conspicuous beneficiaries have been a handful of black investment bankers brought in as co-managers and underwriters on some of Wall Street's most lucrative new stock-and-bond issues.

"He gets you into the playing field," Shawn Baldwin, the securities trader from the Rainbow/PUSH conference, told me. "It's a very crowded playing field. He brokers access." Young, intensely driven and adamant that blacks aren't given the chance to prove themselves in the financial world, Baldwin has no interest in Jackson's politics. He often votes Republican and only learned of Jackson's new campaign by reading that Donald Trump had donated Wall Street office space to Rainbow/PUSH. Baldwin described Jackson's role as "almost like a gangster" who calls a meeting to which no one can refuse to come. "After that," he says, "it's up to you."

How these openings for a new generation of black financiers will close the "class gap" is a question that no one except Jackson himself

seems able to answer persuasively. The answers I got from others were anecdotal or highly speculative. David Ormes, C.E.O. of Ormes Capital Markets in New York, whose business has tripled since the project began in 1997, told me that he has hired a trader who had been making \$50,000 a year selling TV ad time and who would have been overlooked by white firms. Now, Ormes says, "the guy, who made 700 grand, was able to take his kid, put him in a \$20,000-a-year private school and hire a Mexican maid." Another recruit has bought a Harlem brownstone and employs local plumbers and carpenters.

In other words, the answer sounds like trickle-down economics — a phrase that Chee Chee Williams, director of the Wall Street Project, embraced when I floated it. We are all Lafferites now.

The most striking thing about the Wall Street Project is that hardly anyone is against it. A few conservatives call it a quota. A few liberals, like Senator Paul Wellstone of Minnesota, propose far greater levels of government involvement. A few finance experts have questioned whether the investment funds and tax credits can overcome entrenched poverty. A few C.E.O.'s have grumbled privately about the pressure they've come under. But on the whole, Jackson is no longer controversial.

ONE MORNING IN CHICAGO, I WENT to visit Tyrone Galtney, a resident of the Robert Taylor Homes, where 16,000 black Chicagoans are packed into the 16-story high rises in one of the country's worst concentrations of misery. I had met Galtney between events at the Rainbow/PUSH conference, where, in the available three seconds, he was trying to get Jackson's support to resist the demolition of the projects. Hundreds of petitioners write, call or approach Jackson every day; he gave Galtney a name to call. Three weeks later, he hadn't heard back.

"You never see Jesse Jackson coming through here saying, Stop the violence, stop the killing," he complained in his cramped room, surrounded by stereo equipment, computer hardware and piles of papers for the degree he's pursuing in urban planning. "If you can go to Kosovo, Bosnia, why can't you come to the Robert Taylor Homes?"

I began to understand why Belgrade under NATO bombing might be preferable when Galtney gave me a tour of the high rises. His purpose was to show me that "it's totally a normal life" and that the answer was honest management, not demolition. But the smell of urine in the hallways and sewage in the courtyards, the out-of-service elevators, the pitch-black stairwell, the prison-grade steel webbing that encased the buildings, the young drug courier grinning boyishly at us as he played hide-and-seek with plainclothes cops — an hour and a half into Galtney's tour, his case was in ruins.

When I raised the issue of the Robert Taylor

'HIS EXPERIENCE OF THE PRIVATE SECTOR WAS NOT SUBSTANTIAL,' JACKSON SAYS OF KING NOW. 'HE BELIEVED THAT GOVERNMENT WAS MORE LIKELY TO DO WHAT IT HAD DONE BEFORE. BUT I BELIEVED WE HAD TO BUILD A PRIVATE-SECTOR BODY OF ALLIES.'



Heir: With Martin Luther King Jr. in 1966. While King tilted toward democratic socialism as a path to equality, Jackson favored black capitalism.

Homes as a tough test case for the Wall Street Project, Jackson pointed out that Deval Patrick, former assistant attorney general for civil rights and now a corporate counsel at the recently diversified Texaco, grew up near there. "What separates these kids from success is opportunity, nothing else," he said.

Don Rose, Jackson's former associate, is perhaps more candid. "There are problems in the black community for which he has no solution," he says. "Drugs, crime, not just unemployment but unemployability — that's a pretty gritty level to deal on, and no one has any programmatic answer. Jesse doesn't. Trickle-down isn't going to change that. The sociopa-

thy of the ghetto is hard core." Contrasting those problems with the Wall Street Project, Rose says, "I believe they're beyond him, and this is something he can do."

Even in Decatur, Ill., where the problems are not nearly so intractable, Jackson's weeks of demonstrations accomplished little. The school board reduced the students' expulsion from two years to one, but refused to budge further. Jackson is now appealing to the courts.

FOR ALL THE DOLLARS-AND-CENTS TALK OF his Wall Street Project, Jackson still needs the language, the imprimatur, of the civil rights movement — and not only as one of his levers in

prying open the doors of power. He needs it also for his own sake. He is still clearly haunted by the memory and example of King, who crops up in conversation every three minutes, as if Jackson isn't entirely comfortable with his own hard-won success and still seeks the posthumous blessing of a man who died fighting for garbage workers. Asked what he reads in his spare time, Jackson answers Niebuhr and Tillich — King's guiding Christian theologians. Out of grandiosity or goodness or some mix of the two, Jackson can't do anything without placing it in the terms of historical struggle and Biblical morality.

One Friday night after I returned from Chicago, the phone rang. It was Jackson, and he was saying: "There are roads that lead out of Wall Street in different directions. Some of them expand to South Africa. Some lead to Appalachia, the Mississippi Delta. Or to the Hamptons."

I didn't know what he was talking about. But soon his point became clear. It was the beginning of Labor Day weekend, and he had received a number of invitations from C.E.O.'s to spend it at their vacation homes on Long Island. When I asked if he was going, Jackson threw out, almost as an aside, "No, too busy" — but it was as if he wanted me to know that he was in no one's pocket. He might be on Wall Street but he wasn't of it.

"The project doesn't get away from race," he went on, "because people of color have the double burden of caste and class. You've got sunshine on your side, and over here is shadows and a ceiling. My class is low because of my caste."

He never tires of talking about these things. In all the hours I spent with him there was never any small talk, no interest in personal questions. Suddenly, he had to go — but before hanging up, there was one more thing he wanted me to know. The new president of Chicago Theological Seminary had pulled his records out of the vault, and a faculty group had decided that he did enough course work in the 1960's to graduate. Next spring, the Rev. Jesse Jackson will finally receive the Master of Divinity degree that he was six months short of earning when Martin Luther King persuaded him to leave the seminary at age 24 and join the movement. ■

**Orlando Patterson, “The Liberal: What Liberalism Still Needs to Learn
About Freedom.”**

What liberalism still needs to learn about freedom.

The Liberal

By ORLANDO PATTERSON

AT THE END of the twentieth century, liberalism reigns supreme as the leading and, one might even say, overwhelming doctrine in the West and in most of the advanced countries of the world. Its central ideas seem to inform nearly all political and economic discourse. As political theorist Richard Bellamy observes, "Today all major groupings employ the liberal language of rights, freedom and equality to express and legitimize their views and demonstrate a corresponding general acceptance of liberal conceptions of democracy and the market." In economics, free-market doctrine has carried the day. And political philosophy is largely an argument between different versions of liberalism—from the egalitarian liberalism of Ronald Dworkin on the left through the preeminent moral

neutralism and pluralist consensus of John Rawls in the center to the libertarianism of the early Robert Nozick.

No coherent conservative political philosophy has succeeded in gaining a recognized place in mainstream contemporary political discourse, not even that of Michael Oakeshott, for all its acerbic brilliance. On the left, communitarianism survives as an upstart, its most prominent advocates reduced to gaining notice by sniping at the liberal giants; and, as everyone knows, socialism and its Communist variant have one foot in the grave in Western Europe, lie buried in Eastern Europe, and rot alive in China.

The irony, of course, is that the liberal triumph in the realm of ideas occurs at a time when liberalism as a self-proclaimed political movement is moribund. Canada is the only Western country where a "Liberal" party rules. In the United States, the Democrats have managed to regain control of the White House only by shunning the "l-word." For

all its currency, liberalism, one might say, has become the ideology that dares not speak its name.

What kind of doctrine can be so persuasive as an ideology yet wither so ignominiously as a movement? If I am to convey one point in this article, it is this: Liberalism—for all its universal pretensions, and for all the efforts of sympathetic historians to identify its history with the history of freedom itself—must be understood as an ensemble of doctrines and principles that center on but one conception of freedom.

To show why, let me first offer a historical definition of freedom. Freedom is one of the great continuities in Western culture, its central tendencies already well-established by the end of the fifth century B.C. From ancient times, it has been a triune cultural chord consisting of what we today call negative freedom, positive freedom, and the shared freedom of democracy. What holds them together is, paradoxically, the notion of power: we are free to the degree that we are not under the power of another person or force, to the degree that we have the opportunity and capacity to exercise power over ourselves and others, and to the degree that we share and participate in the public power or government of our

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Millennium



"The Genius of Freedom," model for "The Marseillaise," sculpture on the Arc de Triomphe; by François Rude

society. Freedom is the distinctive Western way of understanding and dealing with the problem of power.

Other civilizations have their own ways, and in the occasional ancient text of a non-Western civilization we will find some sage who has hit upon some aspect of this idea. But in no other civilization have these three ways of viewing power been conceived of as a triune, each note of which is contingent upon, yet in tension with, the others. Nowhere else has this triad of ways of relating to power been so powerfully valorized and actualized, and nowhere else have the finest

minds of the civilization felt compelled to establish rationales for various interpretations of the triad. This is what one means by a tradition of freedom.

Up until the end of the eighteenth century, an important aspect of the Western tradition of freedom was that a religious tradition of discourse paralleled the secular one. Indeed, one of the major reasons why freedom survived as a major value throughout the Middle Ages and early modern period was the fact that Christianity had introjected the concept as its major metaphoric source—in the form of the religious doctrine of redemption—and made it central to its creed. Christianity, for those who have forgotten, is quintessentially a religion of freedom. Early modern secular thought—especially thoughts about freedom, as Ernst Kantorowicz demonstrated—was largely secularized Christology. In this way, the ancient understanding and discourse on

freedom came to be either projected back into the secular world by the early modern thinkers or swapped into Protestant rhetoric that later ignited even more explosive secular reinterpretations, such as the Calvinist doctrine of the right to revolt. Even John Locke's philosophy is properly read as a secularized or applied theology—especially his discussion of freedom.

This should in no way suggest that freedom did not emerge in response to powerful social, economic, and political forces. Rather, like all cultural transmissions, it was a language,

a code, in this case one for interpreting and struggling with power in all forms. Different classes and groups and different philosophical traditions have emphasized different notes of the chord, but it is rare to find any group or tradition of discourse before the nineteenth century that did not acknowledge all three. The triad is clearly visible in the writings of Machiavelli, Bodin, and Locke. It is just as transparent in the ideology of the "Common Man" posted by the German peasant rebels of 1525; it is given stark expression in the freedom tracts of the English proletarian visionary Gerard Winstanley in the mid-seventeenth century; and it comes through with all the resonance of its internal tension in the Putney Debates of Cromwell and his soldiers.

Disputes over what freedom meant—and there were plenty in the ages leading up to the nineteenth century—focused on the relative importance of one note of the chord or another and on the groups to which freedom, however conceived, applied: Who was entitled to what rights and liberties? Who constituted the people and the electorate? No one questioned the religious aspect of liberty. Few saw any contradiction between negative liberty and positive liberty. And all who reflected on the condition of the free person insisted that some form of active, democratic citizenship was essential to that status. No one saw any contradiction between freedom expressed as democracy and freedom expressed as personal liberty. As late as the era of Thomas Jefferson and the other Founding Fathers, freedom meant participation in some kind of state.

Liberalism was a major break with this 2,300-year tradition. First and foremost, it was a fragmentation of the chordal tradition in its insistence on negative freedom as the only true freedom. In the early nineteenth century, partly in response to the revolutions in America and France, the idea took hold that freedom's greatest threat came from the state, as distinguished from kings, aristocrats, and the unjustly powerful. It was a short step from this to the demonization of the state. This entailed, further, the peculiarly liberal idea of chronic conflict between liberty (now narrowly conceived as negative, individual liberty) and democracy, identified with grasping claims of equality. Alexis de Tocqueville's *Democracy in America* became the locus classicus of this view and, along with his other writings, was to have a powerful influence on emerging liberal thought in Europe as well as in America, most notably in the writings of John Stuart Mill. The upshot was the emergence of liberalism's pivotal doctrine: the idea that liberty was not just negative but a largely political value, one defined against the state. The measure of a man's freedom was the extent to which he could keep others, especially the state, away from him.

LIBERALISM NURTURED EGOISTIC individualism, the idea that a sane, adult person knows his interests best and should be left to pursue them as he pleases as long as he does no harm to others. Other forms of individualism, sometimes rampant individualism, had preceded liberalism; for example, the lordly individualism of the Middle Ages, the honorific individualism of the eighteenth-century European gentry, or the plantocratic individualism of the Old South.

But egoistic, self-interested, materialistic individualism is what liberalism championed, and this has been both its blessing and its curse.

Its two great blessings were the sharp demarcation of the boundary between the private and the public and the denunciation of paternalism. The private sphere was that in which society has only what Mill calls an "indirect interest; comprehending all that portion of a person's life and conduct which affects only himself, or if it also affects others, only with their free, voluntary, and undeceived consent and participation." This then became "the appropriate region of human liberty," which Mill articulates as liberty of conscience, embracing free expression; the liberty "to plan our own life to suit our character"; and the liberty to associate. The combined emphasis on egoistic individualism and the private sphere led naturally to the anti-paternalistic doctrine of classical liberalism: "A person should be free to do as he likes in his own concerns," wrote Mill, "but he ought not to be free to do as he likes in acting for another, under the pretext that the affairs of another are his own affairs."

Liberalism was equally hostile to positive notions of liberty. In the nineteenth century this made it a progressive force in the battle against aristocratic notions of organic freedom as expressed, say, in Burkean doctrines, in the various Anglican notions of freedom, or in the American Puritan notion of ordered liberty, not to mention in the U.S. Southern plantocratic conception of liberty as embracing the power, the privilege—the liberty, no less—to enslave others. Most famously, it placed liberalism on the side of abolitionism, a movement that was itself a powerful symbolic affirmation of the moral rightness of negative liberty, in both England and America.

THE REVOLT AGAINST conservative forces was of a piece with liberalism's distancing of itself from religion. This was partly for the obvious reason that the old order everywhere was so firmly undergirded by established churches. It was also partly because of the memory of religious fanaticism and intolerance. Historians and interpreters of liberalism like to claim that the principle of toleration and the related separation of church and state were liberal inventions. Actually, pre-nineteenth-century Europe and colonial America arrived at the principle of toleration by pillaging, burning, and slaughtering in the name of various creeds until the realization dawned that only tolerance could stop the carnage. Long after the dust had settled and the last infidel had been burned, nineteenth-century liberals, the most brilliant of whom was Mill, provided the theoretical foundation for toleration. But equally important in liberalism's withdrawal from religion was the Enlightenment tradition of rationalism and reason. As Kant famously observed, with secular education, humankind emerged from its minority.

Two important consequences flowed from liberalism's reaction to Christianity. One was the quiet but eventually powerful undermining of all religious claims to the domain of freedom. It was during the nineteenth century that the physical separation of church and state was extended to an even deeper separation of secular from religious thought. From now on, the whole idea of inner freedom was simply

dismissed as religious stuff, something to be left to those concerned with their souls, but not a proper subject for rational men and women concerned with real freedom.

Liberalism may have succeeded in removing the realm of inner freedom from secular intellectual discourse on the subject, but it certainly did not make even a dent in the age-old Western conviction among ordinary people, including educated ones who went to church and did not read political philosophy, that the most meaningful freedom was the freedom of one's inner self. Americans, as citizens of the most religious of all the advanced nations, find it as easy to shift between their religious and secular understandings and accounts of freedom as Locke did, and a major problem with the present discourse of liberalism, dating back to its nineteenth-century commitment to rationalist secularism, is its irrelevance to this popular—and most ancient—conception of its central ideal.

BUT THE LIBERAL secular reaction against religion was to have another consequence that lives with it to this day; indeed, this consequence has recently become the doctrine's most salient feature. This is its moral neutralism, the idea that liberty is exclusively about the rules of right conduct and is scrupulously neutral about what is good. The most powerful classical exponent of moral neutralism was, of course, Mill. While insisting that he was "the last person to undervalue the self-regarding virtues," Mill felt strongly that the individual should be left to "do with his life for his own benefit what he chooses to do with it," since he "is the person most interested in his own well-being." Further: "In the conduct of human beings towards one another, it is necessary that general rules should for the most part be observed, in order that people may know what they have to expect; but in each person's own concerns, his individual spontaneity is entitled to free exercise." This has been one of the most influential statements in modern liberalism and is reflected most powerfully today in the work of John Rawls.

Yet, in many traditions of freedom, this statement is an abomination, a recipe for sin, selfishness, loneliness, and irresponsibility. It goes against the grain of all Christian thought on freedom. As both John Milton and the great Calvinist thinkers repeatedly made clear, men and women are given the gift of freedom in trust to do good as God defines it. Liberal moral neutralism also runs in strong opposition to the notions of freedom of many conservatives, from Edmund Burke to William Bennett—all of whom tend to conceive of it as the liberty to find one's place in a good and virtuous sociopolitical order. And it is the key bone of contention for communitarians.

It is also philosophically suspect. Increasingly, modern liberalism's disdain for what Rawls calls "perfectionism," the foundations of its claims to impartiality, and its pretensions to be some kind of higher-order meta-theory that can be embraced by persons with very different conceptions of the good are being challenged. It is too often the case, especially for conservatives, that liberal impartiality seems to favor the kinds of values liberals endorse. As Thomas Nagel observes, this presents serious problems for any liberal theory of dis-

tributive justice, "for we have to use some conception of what is good for people in deciding what to distribute and what to promote, and the choice of that conception raises similar questions of impartiality."

THE IDEA THAT people can continue truly to believe in their beliefs without believing them to be true may make sense to academics and philosophers, but for most people—contrary to Nagel's optimistic wish—it amounts to skepticism, if not cynicism. Besides, a moment's reflection reveals that liberalism does indeed have a quite defensible conception of the good life, which William Galston summarizes well as "the theory of rationalist humanism"—and to pretend that it does not simply creates confusion.

Institutionally, liberalism was closely tied to blossoming industrial capitalism and to the liberal political party that emerged in England as part of a fragile coalition. Thus did liberalism attain both doctrinal and institutional coherence by the middle of the nineteenth century. Some have argued that liberalism's relationship with capitalism goes beyond the purely historical and contingent. Anthony Arblaster, for example, thinks that there are certain "half-hidden commitments" to the doctrine, such as private property, inequality, and capitalism. Milton Friedman does not believe these commitments are half-hidden; to the contrary, he has argued that "competitive capitalism" is "a system of economic freedom and a necessary condition for political freedom."

By the late nineteenth century, this coherence began to fall apart, due to changes in the laissez-faire institutional basis of the economies of Europe, to the demands of the growing working class for greater security and political participation, and to attacks from other traditions of freedom on both the left and the right. Actually, established liberal leaders in England made serious attempts to meet these challenges. What led to the downfall of liberalism as a political movement was World War I, which not only strained the resources of Britain and discredited the established classes but promoted a considerable level of government activity and forced reforms of the conditions of both women and workers.

British developments were generally mirrored in most of Western Europe. Resurgent conservative parties on the right, together with social democratic movements (which were often based on labor unions), became the dominant electoral forces, leading to the gradual triumph of the welfare state in one form or another. Beyond World War I, the major international events of the first half of the century—the Great Depression and World War II—merely reinforced the social democratic tide. I tend to see the rise of social democracy as a modernized and universalized reintegration of the millennia-old Western chord of freedom. What nineteenth-century capitalism and classical liberalism had shattered and redefined as a single negative note, the social democratic movements reassembled in the liberal democracies of twentieth-century Europe: freedom as the negation of inherited personal power, freedom as empowerment and security, and freedom, once again, as participation in the state. Only now, of course, the chord was played by all adults, not just the wealthy and aristocratic few.

This is not to say that the social democratic reintegration of freedom was perfect. Indeed, today the welfare state faces its own crisis, partly due to its expense, but, more importantly, due to the fact that it has taken the collectivist approach to welfare too far, resulting in the generation of dependency among the poorest groups that it aims to protect. In chordal terms, the social democratic theory of freedom has played the note of positive freedom too hard, undermining personal freedom and responsibility in the process. This, in turn, has generated not only high external costs that threaten the collective good but also individuals who lack the will to participate—economically or politically.

There were two major exceptions to liberalism's pattern of development among the advanced Western societies: Germany and the United States. While it is true that, in the long run, Germany took the Western European path of social democracy, its course, as the world knows, was devastatingly checkered. Germany's peculiar history as a Central European cluster of states only half within the Western community, its late unification, and its even later industrialization, together with its religious and cultural traditions, culminated during the nineteenth century in what Leonard Krieger calls "the peculiar nineteenth-century version of political freedom," a version in which freedom was closely linked to princely and state power rather than being its enemy. Actually, in the long course of Western history, there was really nothing new about this. It had been the Roman Emperor Augustus's view of freedom, etched in stone in his autobiography, the *Res gestae divi Augusti*, and it was the

dominant secular view during the Middle Ages.

Germany never quite gave up this ancient, lordly view of freedom. Instead, it did for the note of freedom-as-power what Western liberalism had done for the note of negative freedom: it isolated it from the other two notes in the chord and made it the only true freedom. Germany's state-led modernization merely reinforced this pattern. The isolation and co-optation of the capitalist classes in Germany meant that liberty as an ideal had no contingent link with capitalism, as had happened in Western Europe.

Instead, liberty became the darling of the Enlightenment intellectuals, themselves largely in the service of the state elite, and in their hands it became a cultural and spiritual thing in the service of the nation and the *Volk*. Kant, who is celebrated among modern American liberals as their intellectual fountainhead, played some devious tricks with liberty at home, as did Hegel and the other great German Enlightenment figures. Kant had no problem reconciling liberty with monarchical absolutism, and, even more amazingly, he completely reversed the role and significance of the public-private distinction that was later to become such a central feature of Anglo-American liberalism. As Krieger notes: "Instead of assigning private opinions to individual freedom and their public expression to restriction by social authority, Kant insisted that 'the public use of one's reason must always be free,' while 'the private use of reason, on the other hand, may often be very narrowly restricted without particularly hindering the progress of enlightenment.'" When a people's greatest theorist of freedom took practical positions like that,

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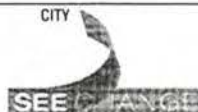
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the future course of their liberty was in deep trouble.

Germany's humiliation in World War I proved even more of a disaster for liberalism than it was in the rest of Europe, and, by the waning years of the Weimar Republic, liberalism was completely discredited. But, while in the rest of Western Europe the strongest attack on liberalism came from the emerging social democratic left, in Germany the main assaults came from the Marxist left of Rosa Luxemburg and the nationalistic, ethnocentric right of Ernst Jünger, Oswald Spengler, Carl Schmitt, and Moeller van den Bruck—who wrote that “liberalism causes nations to perish.” The stage was set for deep political polarization and, ultimately, the Nazi triumph, which epitomized the worst potential in the Western tradition of freedom: namely, the isolation of the idea of freedom as power collectively expressed in the organic sovereignty of the all-conquering state.

Even after World War II, liberalism remained suspect in Germany. The left moved toward social democracy and socialism, the right toward the “social market.” It was not until the 1980s, when the American right was beating down modern welfare-state liberalism with the club of nineteenth-century liberalism, and when communitarians, feminists, and postmodernists were attacking liberalism's foundationalist and universalist claims from their end of the spectrum, that German intellectuals and politicians finally rediscovered liberalism. German critical theorists were finding in liberal universalism the foundation principle of human freedom and democracy; Otto Graf Lambsdorff issued the “Lambsdorff paper,” which marked the small but influential Free Democratic Party's return to a market-oriented program (and, not incidentally, the party's readoption of the designation “liberal”).

IN AMERICA, THE pathways to freedom have been just as exceptional and paradoxical as those of Germany and, for African Americans, nearly as tragic. Louis Hartz's smooth linear curve from the Mayflower to the cold war champion of freedom cannot be taken seriously. Colonial American history can indeed be read as the evolution of freedom, but nowhere did that freedom take a liberal path. The Puritan Northerners brought with them a thoroughly Christian view of freedom—which they correctly defined as “ordered liberty”—that was as much concerned with inner freedom as with outer affairs: “Internally as to his Mind, Externally as to his Person,” as John Wise, one of the Puritans' most penetrating theoreticians, put it. There was moral purpose in life, and freedom was the means toward the realization of God's will. The covenant with God sternly entailed a covenant with the members of one's community. Whether modern communitarians know it or not, this is the origin of their doctrine of freedom. It was fully triadic on both the inner and outer levels: negatively, the escape from sin and English tyranny; positively, the fulfillment of God's purpose through prayer, work, and discipline. It was also participatory and egalitarian: the equality before God and the covenant with one's fellows.

But it could be harsh to the unbeliever and the slacker. And it had all sorts of unexpected consequences, the most important being outward material success and inward self-

affirmation. Obsessive piety and inward introspection, as Sacvan Bercovitch has brilliantly showed, led paradoxically to “a sort of narcissistic *Liebestod*, constantly reenacted because incapable of fulfillment,” which inevitably had to “break loose into the world at large.” The explosive consequence of this “internal Armageddon” was the invention of what Bercovitch calls “the American self.”

Well, maybe only the Northern part of it. Down in the Southern colonies, there were equally paradoxical developments. From the colonial era to the bloody termination of the Civil War, the South had its mind and heart set on the achievement of one very ancient version of the chord of freedom: an organic, neo-feudal order in which the dominant note of the chord was an honorific individualism wherein a man's positive liberty inhered in his power over others and his ownership of a great domain. To secure this, negative freedom was essential; the bickering with the imperial center, locally reflected in the interminable quarrels between governors and assemblymen, started early.

AND THERE WAS democracy, the third note of the neo-feudal chord. This is the first great paradox of the South, as Edmund Morgan and a long line of distinguished historians of the South have shown. Large-scale slavery in which the slave class belonged to a different “race” from the mass of the poor Euro-Americans not only made it easy to divide and rule but minimized the cost of mass democracy for the ruling planter class. In much the same way as it had emerged in ancient Athens, the ethno-racial solidarity of master class and freeman, conceived of as a master race of the free against the unfree, unwhite, and inferior slaves, led naturally into the inclusively exclusive demos that is the primitive core of democracy. Thus in the slave South there was both the history and the prehistory of freedom: its cultural inheritance and its pristine reconstruction. By the eighteenth century the majority of free men had the right to vote, the first such development in the Western world since the fall of ancient Athens. Two groups of people paid dearly for this miracle of freedom: the Native Americans and, of course, the African American slaves, whose holocaust was not of the body but of culture, heart, and soul.

But there was an even greater irony in the history of the South, and it goes back to the dominant note of the plantocratic chord of freedom: its ancient idea of freedom as powers and privileges. When the Revolutionary War came, the leaders of both North and South loudly proclaimed that they fought to defend their liberty. The chord was the same, but the fundamental note was different. For the Northerners, the negative note was clearly fundamental. It was the assault on property, the injustice of unfair taxes, that most offended them. Not that the taxes were all that high—it was the principle that outraged them. Property was the outward expression of inner worth, of God's approval. This is what pietistic *Liebestod* had led to. They read Locke and found all the justification they needed, if in fact they needed any. In the process, they also revived Locke's intellectual fortunes.

For Southerners, who took the lead in the Revolutionary War, the dominant note had to do with their powers and

privileges. And, like the Northerners' *Liebestod*, it too had been refined and renamed. Their primitive honorific conception of freedom-as-power had become "rights." This is the origin of the American—and, in most real senses, the world's—idea of rights. Of course, the idea of rights had been around for some time in European legal, political, and religious thought, and the Southerners took from Locke, Pufendorf, and other sources what they needed. It is a misreading of history, however, to imagine that people went to war to defend ideas they had read in old books of political philosophy. The important thing about the American Revolution and its immediate sequel was that, for the first time in history, men came to take rights seriously, so seriously that they not only waged a war of independence in their name but inscribed them in a constitution. This was only possible because these ideas were deeply held personal beliefs that they had acquired not from books but from their culture.

And these personal beliefs consisted primarily of the slaveholders' notion of freedom as personal power. When these ideas were syncretized with the Northern Christian doctrine of equality before God, the explosive consequence was the idea of rights as the possession no longer of the privileged few but of all people.

The idea that rights as a constitutional principle, not as the plaything of intellectuals, originated in the positive freedom of the slaveholder class may be hard for some to swallow, especially African Americans who are today the major beneficiaries and advocates of what has been called the "rights revolution" of our times. But swallow it we must. We can always, of course, just say, with the historians of ideas, that it all goes back to Locke. But, alas, Locke not only invested in the slave trade; he wrote the constitution of South Carolina, arguably the most brutal of the Southern slave states.

It is worth noting that British liberalism, and indeed the broader history of freedom in Britain, pays scant attention to rights rhetoric. Jeremy Bentham famously dismissed it as "nonsense on stilts." And not only is it absent from Mill, but one of Mill's few references to contract theory was dismissive. The reality of rights as a legal and constitutional claim distinct from its rhetoric is an almost peculiarly American invention, the nation's single greatest contribution to the real history of freedom.

IN THE NINETEENTH century, liberalism was to triumph in America in a manner very similar to its path in Britain, with considerable influences from that source. As in Britain, it was strongly allied to the abolitionist movement and, in the end, emerged triumphant in the Civil War, which can be read as a struggle between two irreconcilable ideas: a liberal notion of negative freedom and individualism, horrified by the idea of human slavery, and, on the other side, the last holdout of the ancient chord of freedom—focused once again, in a reversion from its revolutionary exaltation in the Declaration of Independence and the Bill of Rights, on the more primitive idea of freedom as power over others in an organic, plantocratic world.

The big difference between America and Europe, of course, was the failure of socialist movements seriously to challenge America at the turn of the century. There have

been many explanations for this American exceptionalism. I do not have the space to enter this debate here, except to say that the presence of a large semi-caste of African Americans who continued to live under a culture of slavery even after the legal ending of slavery, the great influx of immigrant labor, and the playing off of both groups against each other are major parts of the story. Recent studies have suggested that the late nineteenth and early twentieth centuries were not as hopeless an environment for some incipient forms of social security in America as was originally thought. The fact remains, though, that the first true challenge to classical liberalism in America came only with the crisis of capitalism during the Depression, followed by World War II.

Franklin D. Roosevelt's New Deal was the closest that America would come to a reintegration of the chord of freedom along the lines then being prepared in Western Europe. It may seem odd that, in articulating his doctrine of freedom in the famous "Four Freedoms" speech of 1941, FDR used classical liberal language: not freedom to a secure life in which basic human needs are met, but freedom from want; not freedom to participate in a democratic state, but freedom from fear. Nonetheless, in this shrewd, negative rephrasing of positive freedoms, Roosevelt preemptively undermined his liberal critics and, at the same time, foresaw the basic flaw in what would soon become the most celebrated postwar restatement of classical liberalism: Isaiah Berlin's view that there are two concepts of liberty, one positive and inevitably evil, the other negative and uniquely worth pursuing. It also anticipated what Amartya Sen has recently made clear: "Individual freedom is quintessentially a social product, and there is a two-way relation between (1) social arrangements to expand individual freedoms and (2) the use of individual freedoms not only to improve the respective lives but also to make the social arrangements more appropriate and effective."

TODAY WE HAVE to speak of at least three kinds of liberalism. First there is libertarianism, with its extreme curtailment of state power and egoistic individualism, perhaps best represented in the works of the early Nozick. There is, secondly, economic liberalism, which tends to equate freedom with completely free markets and a minimalist state, Friedrich von Hayek being the best representative. What is sometimes called neo-classical liberalism is really a more moderate version of economic liberalism rather than a genuine revival of classical nineteenth-century liberalism, one that has to take account of late-twentieth-century political and governmental realities. Thirdly, there is the political liberalism of Rawls, whose works have had wide appeal among moderate and left-of-center political theorists and practitioners.

The most fascinating development in the history of freedom during the second half of the century has been its diffusion outside of Europe and North America, although the record has been one of fits and starts. After the initial promise of the postwar and decolonization years, culminating in the Universal Declaration of Human Rights and the independence of the Third World, there was profound disappointment. Communism made a mockery of positive

freedom and demonstrated once and for all the need for a chordal integration of the three notes of freedom. With a few notable exceptions, one ex-colony after another, and nearly all of Latin America, moved toward dictatorship.

The cold war period demonstrated, alas, that the liberal democracies of the West could and would sacrifice some measure of democracy and freedom in the interests of national security—both at home and abroad. To some extent, this was perhaps the best that could be expected in a dismal trade-off. The alternative—abroad, at least—was, in all likelihood, a crude form of Soviet client state that may well have been worse than the dictatorships supported by the West. Nonetheless, it was crudely cynical to maintain, as many in the West did, that such dictatorships as Chile, Argentina, and even South Africa were actually free because they had free markets and respected contracts.

INDEED, THE COLD war period also saw the enormous success of the East Asian “little tigers” under authoritarian regimes; this and the economic failures of faithful democracies in places such as India or the Anglophone Caribbean demonstrated conclusively that there was no inherent link between freedom and capitalism; the Western connection had been largely contingent and historical. Milton Friedman got it only partly right. Capitalism can promote liberty, and it usually does, but only when the capitalist class is in control. Capitalism, however, can thrive under a variety of political systems, including some very nasty ones. And liberty can thrive under some pretty desperate economic conditions, as poverty-stricken India and Jamaica amply demonstrate.

In spite of the contradictory and sometimes egregious role of the Western democracies in the politics of the non-West, the West’s own postwar history has been one of the continued expansion of freedom and the extension of it to the entire population. In America, the reintegration never quite happened, even though the extent and depth of the country’s welfare state should not be underestimated. America’s great success story regarding the history of freedom has been the civil rights movement and the final embrace of the country’s African American population as full citizens with equal rights. The further extension of these rights—modeled on the civil rights movement—to women, gays, and other minorities rounds out this glorious process.

The rights revolution, however, may have run its course. There was always something intellectually awkward about its use for the promotion of group interests. The notion of rights is inescapably individualistic, and the attempt by African Americans and other minorities, as well as women, to adapt it to ends such as affirmative action were bound to founder. In broader terms, the growing commitment of these groups to identity politics and the celebration of difference has led inevitably to conflicts with all versions of liberalism. Today, liberalism is once again under siege from both right and left.

As Elizabeth Frage recently pointed out, liberalism’s universalism and its commitment to individualism and the equality of people tend to decategorize groups such as women. Its admirable propensity to treat people equally often means treating men and women the same. Its sharp

demarcation between the public and the private and its discomfort with passion lead to a distrust of movements emphasizing trust, solidarity, care, and group loyalty. What is true of the women’s movement is even truer of African Americans and of the entire multicultural project.

Since 1989, freedom—not liberalism, but freedom—has spread and triumphed all over the world. The record, of necessity, has been spotty, but there is no doubting the overall trend. It may be only a matter of time before the whole world can be called free. For 1988–1989, Freedom House rated 88 of the world’s 191 countries (46 percent) as free, meaning that “they maintain a high degree of political and economic freedom and respect civil liberties”; 53 countries (28 percent) were rated as partly free, “enjoying more limited political rights and civil liberties, often in a context of corruption, weak rule of law, ethnic strife, or civil war”; and 50 countries (26 percent) were rated as unfree. Only a decade previously, however, 68 percent of the world’s nations had been judged unfree.

But to call the present diffusion and embrace of freedom the triumph of liberal democracy would be once again to confuse the history of liberalism with the history of freedom. In some cases we do find that liberal democratic institutions have been adopted, the most perfect case being perhaps the little island state of Barbados in the Caribbean, its political rituals faithfully mimicking even the bewigged members of the British Parliament. Costa Rica and post-Pinochet Chile come to mind. However, what we mostly find is that the enormously generative power of the broader Western tradition of freedom is being adapted to local cultural and institutional exigencies.

WE SHOULD NOT be alarmed by this, since it is no different from the processes that we saw unfolding throughout the West before the co-optation of freedom by liberalism. Thus, we should expect that, in some countries, democracy will be made the fundamental note, with negative and positive freedoms important, if secondary—India and several of the Caribbean islands have followed this route. In others, negative freedom will be the fundamental note of freedom, with positive freedom and democracy following in its wake—the path of the East Asian countries, especially Korea and Taiwan. In others, positive freedom will be made fundamental, with negative freedom secondary and democracy a weak and distant goal (as is the case, perhaps, in China). And, in other parts of the world, most notably Eastern Europe, there will be a premature commitment to one note—in this case, negative freedom—with profound disappointment and confusion as the old order collapses without compensating material benefits.

As the non-Western world grapples with this most complex of Western cultural exports, however, it is only natural that it will turn to the West for guidance in the art of living with it and consolidating it. As the Western nation most distinctively forged in the fire of freedom and as the world’s sole superpower, America, now enjoying one of capitalism’s longest and most spectacular booms, is inevitably the nation expected to provide such leadership.

This is a great opportunity for a great world power.

Unencumbered by the threat of nuclear violence and the perversities of the cold war, America has the chance to realize what for so long it has imagined to be its destiny: the beacon of its great ideal of freedom and the primary agent of its global diffusion. This could be America's finest moment. Alas, it is blowing it to the winds.

For what the world finds when it turns to America for intellectual leadership on the art of freedom is a predominant doctrine of liberalism that conceives of freedom too narrowly, a doctrine divorced from any real political base, eschewing any explicit definition of ends even as it covertly promotes a particular set of them, and generally under siege from lesser doctrines on the left and the right. These lesser doctrines are hardly likely to impress the rest of the world. The non-Western world does not need communitarianism; as often as not, it is trying to get away from corrupt local variants of it. What it needs from America is a more coherent theory of the application of rights, especially when its implicit individualism comes into conflict with the more fundamental needs of development. Yet, the idea, powerfully argued by Amartya Sen, that freedom is both constitutive of and instrumental for development—that political freedoms, social and economic opportunities and entitlements, a protective safety net and guarantees of trust, openness, and disclosure in social relations are “distinct types of rights” that complement one another and “advance the general capability of a person”—is at odds not only with the authoritarian developmentalism of states such as China, but, ironically, with the “utility-centered” doctrines of freedom currently prevalent in the United States.

Finding little guidance in its doctrines, the world can still turn to the practice of freedom in America and to the example of the nation's great leaders and statesmen. When it does so, it will find that, while the notes of negative and positive freedom ring gloriously in America, the third note of its cultural chord—democracy—has acquired a tinny, hollow timbre. Wealthy interests corrupt the campaign system and the legislative process, and leaders seem unable to do anything about it. The political party system and electoral process focus on candidates rather than issues; character assassination and scandal have crowded out serious debate. Most astonishing of all, a swarm of parochial little men has captured Congress and has turned its back on the world in a new isolationism that holds the United Nations in contempt and plays partisan games with treaties the rest of the world has worked hard to fashion.

Where there should be the bold affirmation of noble ends befitting a great world polity, there is only a cautious, non-committal doctrine of moral neutrality. Where there should now be a vibrant democracy that has abolished want and inspires its electorate to the highest levels of participation, there is apathy and corruption. Where there should be global leadership and vision, there is now a void.

It need not remain this way. America now leads the world in scientific innovation, artistic creativity, and the sheer marvel of its economy. If we channel this civilizational force toward the theory and practice of politics, the next century will not only be unambiguously American, but also the one that witnesses the complete global triumph of freedom. ■

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AFFIRMING OPPORTUNITY

BY WILLIAM JULIUS WILSON

I have long argued for a multiracial, national political coalition to press for public policies to address the common concerns of families of all racial and ethnic groups in an era of rising social inequality. But I believe just as firmly that an entirely race-neutral agenda would be a mistake. Policies that explicitly address race remain crucial to a progressive strategy and to the continuing quest for racial justice in America. However, in an era of widespread opposition to affirmative action as we know it, these policies need to be redesigned so that a broad coalition can support them.

In response to cries from conservatives to abolish affirmative action, some liberals who support multiracial coalition-building have argued that we ought to shift from affirmative action programs based on race to affirmative action based on economic class or need. This shift would recognize that the problems of the disadvantaged—low-income, crime-ridden neighborhoods, broken homes, inadequate housing, poor education, cultural and linguistic differences—are not always clearly related to previous racial discrimination. Children who grow up in homes plagued by these disadvantages are likely to be denied an equal chance in life because the development of their aspirations and talents is hindered by their environment, regardless of race. Proponents of class-based affirmative action argue that minorities would benefit disproportionately from programs designed to address these disadvantages, since they suffer disproportionately from the effects of such environments, but the problems of disadvantaged whites would be addressed as well.

Despite the apparent appeal of this approach, if affirmative action were based solely on economic need, it would reduce opportunities for blacks. It would result in the systematic exclusion of many blacks from desirable positions, since they would be judged by conventional measures of aptitude, and, regardless of class, their scores on those tests are still likely to show the cumulative effects of race. By this I mean the effects of having one's life choices limited by race; the effects of living in segregated neighborhoods exposed to the particular skills and styles of behavior that emerge from patterns of racial exclusion; the effects of

attending lower-quality, de facto segregated schools, and of being nurtured by parents whose own experi-

Policies that explicitly address race remain crucial to a progressive strategy and to the continuing quest for racial justice in America.

ences and resources have also been shaped and limited by race. Thus, if we were to rely solely on the standard criteria for college admission, like SAT scores, even many children from black middle-income families would be denied admission in favor of middle-income whites, who are not weighed down by the accumulation of disadvantages that stem from racial restrictions and who, therefore, tend to

score higher on these conventional tests.

Yet the remedy does not have to consist of numerical guidelines and quotas for admitting blacks with lower scores, the kinds of programs that have made affirmative action so unpopular. The remedy can be a different set of evaluation criteria—new, more flexible yet merit-based criteria—that are more accurate than the conventional tests in gauging the actual potential of black Americans to succeed.

Indeed, it is not readily apparent to what extent the

standard measures of aptitude like the SAT or the Law School Admission Test (LSAT)—or even the tests widely used for promoting police officers—measure real merit, and not just privilege. The research reveals that for most applicants, these tests are only tenuously related to future performance. High school grades consistently predict college freshmen's grades more accurately than the SAT in both selective and nonselective colleges, and little predictive power is gained by combining the SAT with high school grades. Studies at the University of Pennsylvania Law School and the University of Texas Law School found only weak correlations between LSAT scores and law school performance. And while other test scores may correlate better with outcomes, even these do not necessarily measure important attributes that also determine performance, such as perseverance, motivation, interpersonal skills, reliability, and leadership qualities.

For example, if you compare a youngster from the ghettos of Roxbury or Harlem or East St. Louis who displays these traits and a youngster from white suburbia who has a higher SAT score but does not possess these traits, the chances are good that the inner-city child will experience a higher level of college achievement and a more enriching college experience. Two studies are relevant here. William G. Bowen and Derek Bok point out in their important book, *The Shape of the River*, that black students with lower SAT scores who are admitted to selective colleges are not only more involved than white students in social service, community service, and political endeavors, but are also more likely to be leaders in these activities. Likewise, Richard Flacks and Scott Thomas report in a recent study of students at the University of California at Santa Barbara that "African-American

New criteria do not lower standards. Rather, they stop excluding people who have as much potential to succeed as those promoted or accepted from more privileged backgrounds.

and Latino students of both sexes were more involved in cultural and community activities than white males were: They were more than twice as likely to report going to plays, concerts, films, or museums. They were three times as likely to say that they frequently participated in social-service groups." As the law professors Susan Sturm and Lani Guinier have argued, we need to "improve the capacity of institutions to find people who are creative, adaptive, reliable, and committed, rather than just good at test-taking."

CRITERIA FOR SUCCESS

When I call for flexible, merit-based criteria, I do not mean that standard aptitude tests such as the SAT should be abandoned. Rather, they should be given less weight in making school admission decisions. For example, in response to the vote of the University of California's regents to eliminate affirmative action in admissions, the university's Irvine campus developed new admission criteria recognizing that the potential for success is demonstrated in numerous forms and can be measured in various ways. Although test scores, courses completed, and grades remain important, Irvine now also considers other factors, including an applicant's initiative and leadership, ability to overcome personal hardship, self-awareness, civic and cultural awareness, honors and awards, and specialized knowledge. These new criteria reflect the findings of involvement theory—the more students are involved and socialized in their education, the more likely they are to succeed.

In order to determine the impact of the new admission process at Irvine, instituted in 1997, Susan Wilbur and Marguerite Bonous-Hammarth "compared the actual makeup of the newly admitted freshman class with the hypothetical makeup of a class admitted solely on the basis . . . of a ranking system based on the G.P.A. [grade point average] and test scores." The comparison revealed that the use of more flexible criteria "resulted in significant gains for underrepresented ethnic groups—particularly African Americans, American Indians, and Chicanos," whose admission rates increased respectively by 30 percent, 24 percent, and 21 percent.

The University of Michigan Law School provides another example of the effective use of flexible, merit-based admission criteria. In addition to an index score that represents an applicant's GPA and LSAT score, the Michigan admissions office relies heavily on other factors, including letters of recommendation, the application essay, the quality of the applicant's under-

graduate institution, course selections, personal experiences or perspectives likely to contribute to a diverse student body, and evidence of leadership ability. The result has been an outstanding number of minority law school students over the past several years, although Michigan sets no numerical guidelines or quotas.

The University of Michigan Law School faces an anti-affirmative action lawsuit filed by a white applicant, Barbara Grutter, who claims that she was denied admission in favor of less-qualified minority applicants. However, the Michigan admissions program is quite different from the affirmative action program at the University of Texas Law School, which was recently struck down by the U.S. Court of Appeals for the Fifth Circuit in *Hopwood v. Texas*. The Texas program set numerical goals to increase the enrollment of underrepresented groups (African Americans, Latinos, women, and so on). The goals were established by determining the proportion of underrepresented groups in the applicant pool.

As Jeffrey S. Lehman, dean of the University of Michigan Law School, put it:

We are confident that our admissions policy is constitutional. It conforms to the requirements of the Fourteenth Amendment as set forth in Justice Powell's opinion in *Regents of the University of California v. Bakke*. Our admissions office does not use racial quotas. The percentage of students of different races in our entering classes vary noticeably from year to year. We use diversity as a factor within the larger context of our policy of admitting only students whom we expect to go on to become outstanding lawyers.

A final practical example of the use of flexible criteria is found in Mayor Richard Daley's Chicago Police Department. It recently switched to merit promotions based on such factors as job performance and leadership ability. In previous years, police promotions were determined mainly by standard aptitude tests, which resulted in very few promotions, proportionately, for African-American and Latino officers. The new, more flexible criteria enhance the probability that merit is being measured on the basis of actual job performance rather than an officer's class or racial background.

These new criteria do not lower standards. Rather, they stop excluding people who have as much poten-

tial to succeed as those promoted or accepted from more privileged backgrounds.

I call this approach, with its emphasis on flexible, merit-based criteria of evaluation, "affirmative opportunity," not "affirmative action." And the change is more than rhetorical. It signals a shift in emphasis away from quotas and numerical guidelines to guarantee equality of results, which is how "affirmative action" has come to be understood—and widely resented. Instead, the emphasis is on achieving equality of opportunity, a principle that most Americans still support.

However, the concept of affirmative opportunity acknowledges that something more than offering formal, legal equality is required to overcome the legacy of slavery and Jim Crow segregation. As a society, we have the continuing moral obligation to compensate for the enduring burdens—the social and psychological damage—of segregation, discrimination, and bigotry. A policy of "affirmative opportunity" would renew the nation's commitment to enable all Americans, regardless of income, race, or other attributes, to achieve the highest level that their abilities will permit.

RESONATING WITH THE PUBLIC

This change of strategies, and the change in the language we use when discussing such programs, would increase public support for these policies and make them acceptable as a vital part of a progressive, mul-

If affirmative action were based solely on economic need, it would reduce opportunities for blacks.

tiracial coalition's agenda to fight social inequality. Research suggests that the idea of affirmative opportunity would resonate with the general public. In a 1990 survey, almost seven in ten white Americans opposed quotas to admit black students in colleges and universities, and more than eight in ten objected to the

idea of preferential hiring and promotion of blacks. But in the same survey, 68 percent of whites favored spending more money on schools in black neighborhoods, especially for preschool and early education programs. And 70 percent favored granting special college scholarships to black children who maintain good grades. Race-targeted programs like these that

enable blacks to take advantage of opportunities do not seem to be perceived as challenging the values of individualism and the work ethic. Unlike "preferential" racial policies, opportunity-enhancing programs have popular support and a relatively weak connection to antiblack attitudes.

In another national survey, the Princeton political scientist Carol M. Swain found that a majority of respondents, black and white alike, felt that consideration should be given in college admissions to obstacles or hardships that a student had to overcome. In other words, colleges ought to evaluate a student's potential at least in part on the basis of his or her successful navigation of difficult circumstances in, say, high-risk environments. In addition to the standard questionnaire, Swain's survey presented respondents with vignettes that described college admission and employment situations without using code words such as "preferential treatment." Though responses to the standard questionnaire revealed a clear rejection of the idea that racial preferences should guide admission decisions, in their responses to the vignettes, these respondents seemed to be asking university admissions officers to take into consideration factors other than the conventional academic criteria.

Swain concludes that "the majority of Americans, both white and black alike, are not enthusiastic about racial preference programs, but can agree on some affirmative action-related issues once we move beyond the racially inflammatory code words found all too often in existing surveys." The importance of language is also attested to by recent public opinion polls in Houston. These clearly suggest that if Texas opponents of affirmative action had been able to adopt the language used in Proposition 209 in California and in Initiative Measure 200 in the state of Washington—language that included the term "preferential treatment"—their proposal to abolish municipal-sponsored affirmative action programs in Houston quite likely would have passed.

Yet as the sociologist Jerome Karabel reminds us, while it is true that Americans worry about "quotas" and about "unqualified" people being hired, promoted, and admitted to colleges and universities, they also recognize "that the playing field is not level and that programs are needed to ensure equal opportunities for minorities and women." That probably explains why, following President Clinton's 1995 speech on affirmative action, two national opinion polls, despite slightly different wording, found that 60 to 65 percent of American voters approved of the

President's position that affirmative action should be mended and not ended.

In order to fully address the economic insecurities that beset many groups in this era of rising social inequality, a progressive, multiracial coalition would combine support for affirmative opportunity programs with support for a larger and more comprehensive set of public policies. These are race-neutral public policies that emphasize common solutions to commonly shared problems, policies that promote a sense of unity, regardless of the different degrees of severity in the problems afflicting different groups.

A new democratic vision must reject the commonly held view that race is so divisive that whites, blacks, Latinos, Asians, and Native Americans cannot work together in a common cause. Yet those articulating the new vision must realize that if a political message is tailored to a white audience, racial minorities do draw back, just as whites draw back when a message is tailored to minority audiences. The challenge, then, is to find programs and issues that concern families of all racial and ethnic groups, so that individuals in all groups can honestly perceive mutual interests and join together to move America forward.

Among such programs, I would include those that increase employment opportunities and job skills training, improve public education, promote better child and health care, strengthen supports for working families including lone-parent families, and reduce neighborhood crime and drug abuse. When I speak of issues that a multiracial coalition would find of common concern, I refer to government actions and policies that exacerbate rather than alleviate the economic stresses of ordinary families. Included among these are monetary policies that elevate real interest rates and lead to increased unemployment, trade policies that place low-skilled labor in the United States in greater competition with low-skilled labor around the world, tax policies that favor wealthier families at the expense of ordinary families, and congressional inaction on or opposition to programs such as public investment and national health insurance.

Because the gap between have-nots and haves is growing more severe, a vision that acknowledges racially distinct problems and the need for remedies like affirmative opportunity, but at the same time emphasizes the importance of transracial solutions to shared problems, is more important now than ever. □

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**State of the Union
Addresses 1996-1999**

Divider Title: _____

State of the Union Address

1999

THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release

January 19, 1999

PRESIDENT WILLIAM JEFFERSON CLINTON
STATE OF THE UNION ADDRESS

United States Capitol
Washington, D.C.

9:10 P.M. EST

THE PRESIDENT: Mr. Speaker, Mr. Vice President, members of Congress, honored guests, my fellow Americans: Tonight, I have the honor of reporting to you on the State of the Union.

Let me begin by saluting the new Speaker of the House, and thanking him, especially tonight, for extending an invitation to two special guests sitting in the gallery with Mrs. Hastert: Lyn Gibson and Wei Ling Chestnut are the widows of the two brave Capitol Hill police officers who gave their lives to defend freedom's house. (Applause.)

Mr. Speaker, at your swearing-in, you asked us all to work together in a spirit of civility and bipartisanship. Mr. Speaker, let's do exactly that. (Applause.)

Tonight, I stand before you to report that America has created the longest peacetime economic expansion in our history -- (applause) -- with nearly 18 million new jobs, wages rising at more than twice the rate of inflation, the highest home ownership in history, the smallest welfare rolls in 30 years, and the lowest peacetime unemployment since 1957. (Applause.)

For the first time in three decades, the budget is balanced. (Applause.) From a deficit of \$290 billion in 1992, we had a surplus of \$70 billion last year. And now we are on course for budget surpluses for the next 25 years. (Applause.)

Thanks to the pioneering leadership of all of you, we have the lowest violent crime rate in a quarter century and the cleanest environment in a quarter century. America is a strong force for peace from Northern Ireland to Bosnia to the Middle East.

Thanks to the leadership of Vice President Gore, we have a government for the Information Age. Once again, a government that is a progressive instrument of the common good, rooted in our oldest values of opportunity, responsibility and community; devoted to fiscal responsibility; determined to give our people the tools they need to make the most of their own lives in the 21st century -- a 21st century government for 21st century America.

My fellow Americans, I stand before you tonight to report that the state of our union is strong. (Applause.)

America is working again. The promise of our future is limitless. But we cannot realize that promise if we allow the hum of our prosperity to lull us into complacency. How we fare as a nation far into the 21st century depends upon what we do as a nation today.

So with our budget surplus growing, our economy expanding, our confidence rising, now is the moment for this generation to meet our historic responsibility to the 21st century.

Our fiscal discipline gives us an unsurpassed opportunity to address a remarkable new challenge -- the aging of America. With the number of elderly Americans set to double by 2030, the baby boom will become a senior boom. So first, and above all, we must save Social Security for the 21st century. (Applause.)

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

Today, Social Security is strong. But by 2013, payroll taxes will no longer be sufficient to cover monthly payments. By 2032, the trust fund will be exhausted and Social Security will be unable to pay the full benefits older Americans have been promised.

The best way to keep Social Security a rock-solid guarantee is not to make drastic cuts in benefits, not to raise payroll tax rates, not to drain resources from Social Security in the name of saving it. Instead, I propose that we make an historic decision to invest the surplus to save Social Security. (Applause.)

Specifically, I propose that we commit 60 percent of the budget surplus for the next 15 years to Social Security, investing a small portion in the private sector, just as any private or state government pension would do. This will earn a higher return and keep Social Security sound for 55 years.

But we must aim higher. We should put Social Security on a sound footing for the next 75 years. We should reduce poverty among elderly women, who are nearly twice as likely to be poor as our other seniors. (Applause.) And we should eliminate the limits on what seniors on Social Security can earn. (Applause.)

Now, these changes will require difficult but fully achievable choices over and above the dedication of the surplus. They must be made on a bipartisan basis. They should be made this year. So let me say to you tonight, I reach out my hand to all of you in both Houses, in both parties, and ask that we join together in saying to the American people: We will save Social Security now. (Applause.)

Now, last year we wisely reserved all of the surplus until we knew what it would take to save Social Security. Again, I say, we shouldn't spend any of it -- not any of it -- until after Social Security is truly saved. First things first. (Applause.)

Second, once we have saved Social Security, we must fulfill our obligation to save and improve Medicare. Already, we have extended the life of the Medicare trust fund by 10 years -- but we should extend it for at least another decade. Tonight, I propose that we use one out of every \$6 in the surplus for the next 15 years to guarantee the soundness of Medicare until the year 2020. (Applause.)

But, again, we should aim higher. We must be willing to work in a bipartisan way and look at new ideas, including the upcoming report of the bipartisan Medicare Commission. If we work together, we can secure Medicare for the next two decades and cover the greatest growing need of seniors -- affordable prescription drugs. (Applause.)

Third, we must help all Americans, from their first day on the job -- to save, to invest, to create wealth. From its beginning, Americans have supplemented Social Security with private pensions and savings. Yet, today, millions of people retire with little to live on other than Social Security. Americans living longer than ever simply must save more than ever.

Therefore, in addition to saving Social Security and Medicare, I propose a new pension initiative for retirement security in the 21st century. I propose that we use a little over 11 percent of the surplus to establish universal savings accounts -- USA accounts -- to give all Americans the means to save. With these new accounts Americans can invest as they choose and receive funds to match a portion of their savings, with extra help for those least able to save. USA accounts will help all Americans to share in our nation's wealth and to enjoy a more secure retirement. I ask you to support them. (Applause.)

Fourth, we must invest in long-term care. (Applause.) I propose a tax credit of \$1,000 for the aged, ailing or disabled, and the families who care for them. Long-term care will become a bigger and bigger challenge with the aging of America, and we must do more to help our families deal with it. (Applause.)

I was born in 1946, the first year of the baby boom. I can tell you that one of the greatest concerns of our generation is our absolute determination not to let our growing old place an intolerable burden on our children and their ability to raise our grandchildren. Our economic success and our fiscal discipline now give us an opportunity to lift that burden from their shoulders, and we should take it. (Applause.)

Saving Social Security, Medicare, creating USA accounts -- this is the right way to use the surplus. If we do so -- if we do so -- we will still have resources to meet critical needs in education and defense. And I want to point out that this proposal is fiscally sound. Listen to this: If we set aside 60 percent of the surplus for Social Security and 16 percent for Medicare, over the next 15 years, that saving will achieve the lowest level of publicly-held debt since right before World War I, in 1917. (Applause.)

So with these four measures -- saving Social Security, strengthening Medicare, establishing the USA accounts, supporting long-term care -- we can begin to meet our generation's historic responsibility to establish true security for 21st century seniors.

Now, there are more children from more diverse backgrounds in our public schools than at any time in our history. Their education must provide the knowledge and nurture the creativity that will allow our entire nation to thrive in the new economy.

Today we can say something we couldn't say six years ago: With tax credits and more affordable student loans, with more work-study grants and more Pell grants, with education IRAs and the new HOPE Scholarship tax cut that more than five million Americans will receive this year, we have finally opened the doors of college to all Americans. (Applause.) With our support, nearly every state has set higher academic standards for public schools, and a voluntary national test is being developed to measure the progress of our students. With over \$1 billion in discounts available this year, we are well on our way to our goal of connecting every classroom and library to the Internet.

Last fall, you passed our proposal to start hiring 100,000 new teachers to reduce class size in the early grades. Now I ask you to finish the job. (Applause.)

You know, our children are doing better. SAT scores are up; math scores have risen in nearly all grades. But there's a problem. While our 4th graders outperform their peers in other countries in math and science, our 8th graders are around average, and our 12th graders rank near the bottom. We must do better. Now, each year the national government invests more than \$15 billion in our public schools. I believe we must change the way we invest that money, to support what works and to stop supporting what does not work. (Applause.)

First, later this year, I will send to Congress a plan that, for the first time, holds states and school districts accountable for progress and rewards them for results. My Education Accountability Act will require every school district receiving federal help to take the following five steps.

First, all schools must end social promotion. (Applause.) No child should graduate from high school with a diploma he or she can't read. We do our children no favors when we allow them to pass from grade to grade without mastering the material.

But we can't just hold students back because the system fails them. So my balanced budget triples the funding for summer school and after-school programs, to keep a million children learning. (Applause.)

Now, if you doubt this will work, just look at Chicago, which ended social promotion and made summer school mandatory for those who don't master the basics. Math and reading scores are up three years running -- with some of the biggest gains in some of the poorest neighborhoods. It will work, and we should do it. (Applause.)

Second, all states and school districts must turn around their worst-performing schools -- or shut them down. (Applause.) That's the policy established in North Carolina by Governor Jim Hunt. North Carolina made the biggest gains in test scores in the nation last year. Our budget includes \$200 million to help states turn around their own failing schools.

Third, all states and school districts must be held responsible for the quality of their teachers. The great majority of our teachers do a fine job. But in too many schools, teachers don't have college majors -- or even minors -- in the subjects they teach. New teachers should be required to pass performance exams, and all teachers should know the subjects they're teaching. (Applause.) This year's balanced budget contains resources to help them reach higher standards.

And to attract talented young teachers to the toughest assignments, I recommend a sixfold increase in our program for college scholarships for students who commit to teach in the inner cities and isolated rural areas and Indian communities. Let us bring excellence in every part of America. (Applause.)

Fourth, we must empower parents, with more information and more choices. In too many communities, it's easier to get information on the quality of the local restaurants than on the quality of the local schools. Every school district should issue report cards on every school. And parents should be given more choices in selecting their public schools. (Applause.)

When I became President, there was just one independent public charter school in all America. With our support, on a bipartisan basis, today there are 1,100. My budget assures that early in the next century, there will be 3,000. (Applause.)

Fifth, to assure that our classrooms are truly places of learning, and to respond to what teachers have been asking us to do for years, we should say that all states and school districts must both adopt and implement sensible discipline policies. (Applause.)

Now, let's do one more thing for our children. Today, too many of our schools are so old they're falling apart, or so over-crowded students are learning in trailers. Last fall, Congress missed the opportunity to change that. This year, with 53 million children in our schools, Congress must not miss that opportunity again. I ask you to help our communities build or modernize 5,000 schools. (Applause.)

If we do these things -- end social promotion; turn around failing schools; build modern ones; support qualified teachers; promote innovation, competition and discipline -- then we will begin to meet our generation's historic responsibility to create 21st century schools. (Applause.)

Now, we also have to do more to support the millions of parents who give their all every day at home and at work. The most basic tool of all is a decent income. So let's raise the minimum wage by a dollar an hour over the next two years. (Applause.) And let's make sure that women and men get equal pay for equal work by strengthening enforcement of equal pay laws. (Applause.)

That was encouraging, you know. (Laughter.) There was more balance on the seats. I like that. Let's give them a hand. That's great. (Applause.)

Working parents also need quality child care. (Applause.) So, again this year, I ask Congress to support our plan for tax credits and subsidies for working families, for improved safety and quality, for expanded after-school programs. And our plan also includes a new tax credit for stay-at-home parents, too. They need support, as well. (Applause.)

Parents should never have to worry about choosing between their children and their work. Now, the Family and Medical Leave Act -- the very first bill I signed into law -- has now, since 1993, helped millions and millions of Americans to care for a newborn baby or an ailing relative without risking their jobs. I think it's time, with all the evidence that it has been so little burdensome to employers, to extend Family Leave to 10 million more Americans working for smaller companies. And I hope you will support it. (Applause.)

Finally on the matter of work, parents should never have to face discrimination in the workplace. So I want to ask Congress to prohibit companies from refusing to hire or promote workers simply because they have children. That is not right. (Applause.)

America's families deserve the world's best medical care. Thanks to bipartisan federal support for medical research, we are now on the verge of new treatments to prevent or delay diseases from Parkinson's to Alzheimer's, to arthritis to cancer. But as we continue our advances in medical science, we can't let our medical system lag behind. Managed care has literally transformed medicine in America -- driving down costs, but threatening to drive down quality as well.

I think we ought to say to every American: You should have the right to know all your medical options -- not just the cheapest. If you need a specialist, you should have the right to see one. You have a right to the nearest emergency care if you're in an accident. These are things that we ought to say. And I think we ought to say, you should have a right to keep your doctor during a period of treatment, whether it's a pregnancy or a chemotherapy treatment, or anything else. I believe this.

Now, I've ordered these rights to be extended to the 85 million Americans served by Medicare, Medicaid, and other federal health programs. But only Congress can pass a patients' bill of rights for all Americans. (Applause.) Now, last year, Congress missed that opportunity and we must not miss that opportunity again. For the sake of our families, I ask us to join together across party lines and pass a strong, enforceable patients' bill of rights. (Applause.)

As more of our medical records are stored electronically, the threats to all our privacy increase. Because Congress has given me the authority to act if it does not do so by August, one way or another, we can all say to the American people, we will protect the privacy of medical records and we will do it this year. (Applause.)

Now, two years ago, the Congress extended health coverage to up to five million children. Now, we should go beyond that. We should make it easier for small businesses to

offer health insurance. We should give people between the ages of 55 and 65 who lose their health insurance the chance to buy into Medicare. And we should continue to ensure access to family planning.

No one should have to choose between keeping health care and taking a job. And, therefore, I especially ask you tonight to join hands to pass the landmark bipartisan legislation -- proposed by Senators Kennedy and Jeffords, Roth and Moynihan -- to allow people with disabilities to keep their health insurance when they go to work. (Applause.)

We need to enable our public hospitals, our community, our university health centers to provide basic, affordable care for all the millions of working families who don't have any insurance. They do a lot of that today, but much more can be done. And my balanced budget makes a good down payment toward that goal. I hope you will think about them and support that provision.

Let me say we must step up our efforts to treat and prevent mental illness. No American should ever be afraid -- ever -- to address this disease. This year, we will host a White House Conference on Mental Health. With sensitivity, commitment and passion, Tipper Gore is leading our efforts here, and I'd like to thank her for what she's done. Thank you. Thank you. (Applause.)

As everyone knows, our children are targets of a massive media campaign to hook them on cigarettes. Now, I ask this Congress to resist the tobacco lobby, to reaffirm the FDA's authority to protect our children from tobacco, and to hold tobacco companies accountable while protecting tobacco farmers.

Smoking has cost taxpayers hundreds of billions of dollars under Medicare and other programs. You know, the states have been right about this -- taxpayers shouldn't pay for the cost of lung cancer, emphysema and other smoking-related illnesses -- the tobacco companies should. So tonight I announce that the Justice Department is preparing a litigation plan to take the tobacco companies to court -- and with the funds we recover, to strengthen Medicare. (Applause.)

Now, if we act in these areas -- minimum wage, family leave, child care, health care, the safety of our children -- then we will begin to meet our generation's historic responsibility to strengthen our families for the 21st century.

Today, America is the most dynamic, competitive, job-creating economy in history. But we can do even better -- in building a 21st century economy that embraces all Americans.

Today's income gap is largely a skills gap. Last year, the Congress passed a law enabling workers to get a skills grant to choose the training they need. And I applaud all of you here who were part of that. This year, I recommend a five-year commitment in the new system so that we can provide, over the next five years, appropriate training opportunities for all Americans who lose their jobs, and expand rapid response teams to help all towns which have been really hurt when businesses close. I hope you will support this. (Applause.)

Also, I ask your support for a dramatic increase in federal support for adult literacy, to mount a national campaign aimed at helping the millions and millions of working people who still read at less than a 5th grade level. We need to do this. (Applause.)

Here's some good news: In the past six years, we have cut the welfare rolls nearly in half. (Applause.) Two years ago, from this podium, I asked five companies to lead a national effort to hire people off welfare. Tonight, our Welfare to Work Partnership includes 10,000 companies who have hired hundreds of thousands of people. And our balanced budget will help another 200,000 people move to the dignity and pride of work. I hope you will support it. (Applause.)

We must do more to bring the spark of private enterprise to every corner of America -- to build a bridge from Wall Street to Appalachia to the Mississippi Delta, to our Native American communities -- with more support for community development banks, for empowerment zones, for 100,000 more vouchers for affordable housing. And I ask Congress to support our bold new plan to help businesses raise up to \$15 billion in private sector capital to bring jobs and opportunities to our inner cities and rural areas -- with tax credits, loan guarantees, including the new American Private Investment Company, modeled on the Overseas Private Investment Company. (Applause.)

For years and years and years, we've had this OPIC, this Overseas Private Investment Corporation, because we knew we had untapped markets overseas. But our greatest untapped markets are not overseas -- they are right here at home. And we should go after them. (Applause.)

We must work hard to help bring prosperity back to the family farm. (Applause.) As this Congress knows very well, dropping prices and the loss of foreign markets have devastated too many family farms. Last year, the Congress provided substantial assistance to help stave off a disaster in American agriculture. And I am ready to work with lawmakers of both parties to create a farm safety net that will include crop insurance reform and farm income assistance. I ask you to join with me and do this. This should not be a political issue. Everyone knows what an economic problem is going on out there in rural America today, and we need an appropriate means to address it. (Applause.)

We must strengthen our lead in technology. It was government investment that led to the creation of the Internet. I propose a 28-percent increase in long-term computing research.

We also must be ready for the 21st century from its very first moment, by solving the so-called Y2K computer problem. (Applause.)

We had one member of Congress stand up and applaud. (Laughter.) And we may have about that ratio out there applauding at home, in front of their television sets. But remember, this is a big, big problem. And we've been working hard on it. Already, we've made sure that the Social Security checks will come on time. (Applause.) But I want all the folks at home listening to this to know that we need every state and local government, every business, large and small, to

work with us to make sure that this Y2K computer bug will be remembered as the last headache of the 20th century, not the first crisis of the 21st. (Applause.)

For our own prosperity, we must support economic growth abroad. You know, until recently, a third of our economic growth came from exports. But over the past year and a half, financial turmoil overseas has put that growth at risk. Today, much of the world is in recession, with Asia hit especially hard. This is the most serious financial crisis in half a century. To meet it, the United States and other nations have reduced interest rates and strengthened the International Monetary Fund. And while the turmoil is not over, we have worked very hard with other nations to contain it.

At the same time, we have to continue to work on the long-term project, building a global financial system for the 21st century that promotes prosperity and tames the cycle of boom and bust that has engulfed so much of Asia. This June I will meet with other world leaders to advance this historic purpose. And I ask all of you to support our endeavors.

I also ask you to support creating a freer and fairer trading system for 21st century America. (Applause.)

I'd like to say something really serious to everyone in this chamber in both parties. I think trade has divided us, and divided Americans outside this chamber, for too long. Somehow we have to find a common ground on which business and workers and environmentalists and farmers and government can stand together. I believe these are the things we ought to all agree on. So let me try.

First, we ought to tear down barriers, open markets, and expand trade. But at the same time, we must ensure that ordinary citizens in all countries actually benefit from trade -- (applause) -- a trade that promotes the dignity of work, and the rights of workers, and protects the environment. We must insist that international trade organizations be more open to public scrutiny, instead of mysterious, secret things subject to wild criticism. When you come right down to it, now that the world economy is becoming more and more integrated, we have to do in the world what we spent the better part of this century doing here at home. We have got to put a human face on the global economy. (Applause.)

We must enforce our trade laws when imports unlawfully flood our nation. (Applause.) I have already informed the government of Japan that if that nation's sudden surge of steel imports into our country is not reversed, America will respond. (Applause.)

We must help all manufacturers hit hard by the present crisis with loan guarantees and other incentives to increase American exports by nearly \$2 billion. I'd like to believe we can achieve a new consensus on trade, based on these principles. And I ask the Congress again to join me in this common approach and to give the President the trade authority long used -- and now overdue and necessary -- to advance our prosperity in the 21st century. (Applause.)

Tonight, I issue a call to the nations of the world to join the United States in a new round of global trade negotiations to expand exports of services, manufacturers and farm products. Tonight I say we will work with the International Labor Organization on a new initiative to raise

labor standards around the world. And this year, we will lead the international community to conclude a treaty to ban abusive child labor everywhere in the world. (Applause.)

If we do these things -- invest in our people, our communities, our technology, and lead in the global economy -- then we will begin to meet our historic responsibility to build a 21st century prosperity for America.

You know, no nation in history has had the opportunity and the responsibility we now have to shape a world that is more peaceful, more secure, more free. All Americans can be proud that our leadership helped to bring peace in Northern Ireland. All Americans can be proud that our leadership has put Bosnia on the path to peace. And with our NATO allies, we are pressing the Serbian government to stop its brutal repression in Kosovo -- (applause) -- to bring those responsible to justice, and to give the people of Kosovo the self-government they deserve.

All Americans can be proud that our leadership renewed hope for lasting peace in the Middle East. Some of you were with me last December as we watched the Palestinian National Council completely renounce its call for the destruction of Israel. Now I ask Congress to provide resources so that all parties can implement the Wye Agreement -- to protect Israel's security, to stimulate the Palestinian economy, to support our friends in Jordan. We must not, we dare not, let them down. I hope you will help. (Applause.)

As we work for peace, we must also meet threats to our nation's security -- including increased dangers from outlaw nations and terrorism. We will defend our security wherever we are threatened, as we did this summer when we struck at Osama bin Laden's network of terror. The bombing of our embassies in Kenya and Tanzania reminds us again of the risks faced every day by those who represent America to the world. So let's give them the support they need, the safest possible workplaces, and the resources they must have so America can continue to lead. (Applause.) We must work to keep terrorists from disrupting computer networks. We must work to prepare local communities for biological and chemical emergencies, to support research into vaccines and treatments.

We must increase our efforts to restrain the spread of nuclear weapons and missiles, from Korea to India and Pakistan. We must expand our work with Russia, Ukraine, and the other former Soviet nations to safeguard nuclear materials and technology so they never fall into the wrong hands. Our balanced budget will increase funding for these critical efforts by almost two-thirds over the next five years.

With Russia, we must continue to reduce our nuclear arsenals. The START II treaty and the framework we have already agreed to for START III could cut them by 80 percent from their Cold War height.

It's been two years since I signed the Comprehensive Test Ban Treaty. If we don't do the right thing, other nations won't either. I ask the Senate to take this vital step: Approve the treaty now, to make it harder for other nations to develop nuclear arms, and to make sure we can end nuclear testing forever. (Applause.)

For nearly a decade, Iraq has defied its obligations to destroy its weapons of terror and the missiles to deliver them. America will continue to contain Saddam -- and we will work for the day when Iraq has a government worthy of its people. (Applause.)

Now, last month, in our action over Iraq, our troops were superb. Their mission was so flawlessly executed that we risk taking for granted the bravery and the skill it required. Captain Jeff Taliaferro, a 10-year veteran of the Air Force, flew a B-1B bomber over Iraq as we attacked Saddam's war machine. He's here with us tonight. I'd like to ask you to honor him and all the 33,000 men and women of Operation Desert Fox.

Captain Taliaferro. (Applause.)

It is time to reverse the decline in defense spending that began in 1985. (Applause.) Since April, together we have added nearly \$6 billion to maintain our military readiness. My balanced budget calls for a sustained increase over the next six years for readiness, for modernization, and for pay and benefits for our troops and their families. (Applause.)

We are the heirs of a legacy of bravery represented in every community in America by millions of our veterans. America's defenders today still stand ready at a moment's notice to go where comforts are few and dangers are many, to do what needs to be done as no one else can. They always come through for America. We must come through for them. (Applause.)

The new century demands new partnerships for peace and security. The United Nations plays a crucial role, with allies sharing burdens America might otherwise bear alone. America needs a strong and effective U.N. I want to work with this new Congress to pay our dues and our debts. (Applause.)

We must continue to support security and stability in Europe and Asia -- expanding NATO and defining its new missions; maintaining our alliance with Japan, with Korea, without our other Asian allies; and engaging China.

In China, last year, I said to the leaders and the people what I'd like to say again tonight: Stability can no longer be bought at the expense of liberty. (Applause.) But I'd also like to say again to the American people: It's important not to isolate China. The more we bring China into the world, the more the world will bring change and freedom to China. (Applause.)

Last spring, with some of you, I traveled to Africa, where I saw democracy and reform rising, but still held back by violence and disease. We must fortify African democracy and peace by launching Radio Democracy for Africa, supporting the transition to democracy now beginning to take place in Nigeria, and passing the African Trade and Development Act. (Applause.)

We must continue to deepen our ties to the Americas and the Caribbean; our common work to educate children, fight drugs, strengthen democracy and increase trade. In this hemisphere, every government but one is freely chosen by its people. We are determined that Cuba, too, will know the blessings of liberty. (Applause.)

The American people have opened their hearts and their arms to our Central American and Caribbean neighbors who have been so devastated by the recent hurricanes. Working with Congress, I am committed to help them rebuild. When the First Lady and Tipper Gore visited the region, they saw thousands of our troops and thousands of American volunteers. In the Dominican Republic, Hillary helped to rededicate a hospital that had been rebuilt by Dominicans and Americans, working side-by-side. With her was someone else who has been very important to the relief efforts.

You know, sports records are made and, sooner or later, they're broken. But making other people's lives better, and showing our children the true meaning of brotherhood -- that lasts forever. So, for far more than baseball, Sammy Sosa, you're a hero in two countries tonight. Thank you. (Applause.)

So I say to all of you, if we do these things -- if we pursue peace, fight terrorism, increase our strength, renew our alliances -- we will begin to meet our generation's historic responsibility to build a stronger 21st century America in a freer, more peaceful world.

As the world has changed, so have our own communities. We must make them safer, more livable and more united. This year, we will reach our goal of 100,000 community police officers -- ahead of schedule and under budget. (Applause.) The Brady Bill has stopped a quarter million felons, fugitives and stalkers from buying handguns. And, now, the murder rate is the lowest in 30 years and the crime rate has dropped for six straight years. (Applause.)

Tonight, I propose a 21st century crime bill to deploy the latest technologies and tactics to make our communities even safer. Our balanced budget will help put up to 50,000 more police on the street, in the areas hardest hit by crime -- and then to equip them with new tools, from crime-mapping computers to digital mug shots.

We must break the deadly cycle of drugs and crime. Our budget expands support for drug testing and treatment, saying to prisoners: If you stay on drugs, you have to stay behind bars. And to those on parole: If you want to keep your freedom, you must stay free of drugs. (Applause.)

I ask Congress to restore the five-day waiting period for buying a handgun -- (applause) - and extend the Brady Bill to prevent juveniles who commit violent crimes from buying a gun. (Applause.)

We must do more to keep our schools the safest places in our communities. Last year, every American was horrified and heartbroken by the tragic killings in Jonesboro, Paducah, Pearl, Edinboro, Springfield. We were deeply moved by the courageous parents now working to keep guns out of the hands of children and to make other efforts so that other parents don't have to live through their loss.

After she lost her daughter, Suzann Wilson of Jonesboro, Arkansas, came here to the White House with a powerful plea. She said, "Please, please, for the sake of your children, lock

up your gun. Don't let what happened in Jonesboro happen in your town." It's a message she is passionately advocating every day.

Suzann is here with us tonight, with the First Lady. I'd like to thank her for her courage and her commitment. Thank you. (Applause.)

In memory of all the children who lost their lives to school violence, I ask you to strengthen the Safe and Drug-Free School Act, to pass legislation to require child trigger locks, to do everything possible to keep our children safe. (Applause.)

A century ago, President Theodore Roosevelt defined our "great, central task" as "leaving this land even a better land for our descendants than it is for us." Today, we're restoring the Florida Everglades, saving Yellowstone, preserving the red rock canyons of Utah, protecting California's redwoods and our precious coasts. But our most fateful new challenge is the threat of global warming. 1998 was the warmest year ever recorded. Last year's heat waves, floods and storms are but a hint of what future generations may endure if we do not act now.

Tonight I propose a new clean air fund to help communities reduce greenhouse and other pollution, and tax incentives and investments to spur clean energy technology. And I want to work with members of Congress in both parties to reward companies that take early, voluntary action to reduce greenhouse gases. (Applause.)

All our communities face a preservation challenge, as they grow and green space shrinks. Seven thousand acres of farmland and open space are lost every day. In response, I propose two major initiatives: First, a \$1-billion Livability Agenda to help communities save open space, ease traffic congestion, and grow in ways that enhance every citizen's quality of life. (Applause.) And second, a \$1-billion Lands Legacy Initiative to preserve places of natural beauty all across America -- from the most remote wilderness to the nearest city park. (Applause.)

These are truly landmark initiatives, which could not have been developed without the visionary leadership of the Vice President, and I want to thank him very much for his commitment here. (Applause.)

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

So far, in just four years, 100,000 young Americans have built low-income homes with Habitat for Humanity, helped to tutor children with churches, worked with FEMA to ease the burden of natural disasters, and performed countless other acts of service that have made America better. I ask Congress to give more young Americans the chance to follow their lead and serve America in AmeriCorps. (Applause.)

Now, we must work to renew our national community as well for the 21st century. Last year the House passed the bipartisan campaign finance reform legislation sponsored by Representatives Shays and Meehan and Senators McCain and Feingold. But a partisan minority

in the Senate blocked reform. So I'd like to say to the House: Pass it again, quickly. (Applause.) And I'd like to say to the Senate: I hope you will say yes to a stronger American democracy in the year 2000. (Applause.)

Since 1997, our Initiative on Race has sought to bridge the divides between and among our people. In its report last fall, the Initiative's Advisory Board found that Americans really do want to bring our people together across racial lines.

We know it's been a long journey. For some, it goes back to before the beginning of our Republic; for others, back since the Civil War; for others, throughout the 20th century. But for most of us alive today, in a very real sense, this journey began 43 years ago, when a woman named Rosa Parks sat down on a bus in Alabama, and wouldn't get up. She's sitting down with the First Lady tonight, and she may get up or not, as she chooses. We thank her. (Applause.) Thank you, Rosa. (Applause.)

We know that our continuing racial problems are aggravated, as the Presidential Initiative said, by opportunity gaps. The initiative I've outlined tonight will help to close them. But we know that the discrimination gap has not been fully closed either. Discrimination or violence because of race or religion, ancestry or gender, disability or sexual orientation, is wrong, and it ought to be illegal. Therefore, I ask Congress to make the Employment Non-Discrimination Act and the Hate Crimes Prevention Act the law of the land. (Applause.)

Now, since every person in America counts, every American ought to be counted. We need a census that uses modern scientific methods to do that. (Applause.)

Our new immigrants must be part of our One America. After all, they're revitalizing our cities, they're energizing our culture, they're building up our economy. We have a responsibility to make them welcome here; and they have a responsibility to enter the mainstream of American life. That means learning English and learning about our democratic system of government. There are now long waiting lines of immigrants that are trying to do just that. Therefore, our budget significantly expands our efforts to help them meet their responsibility. I hope you will support it. (Applause.) Whether our ancestors came here on the Mayflower, on slave ships, whether they came to Ellis Island or LAX in Los Angeles, whether they came yesterday or walked this land a thousand years ago -- our great challenge for the 21st century is to find a way to be One America. We can meet all the other challenges if we can go forward as One America.

You know, barely more than 300 days from now, we will cross that bridge into the new millennium. This is a moment, as the First Lady has said, "to honor the past and imagine the future." I'd like to take just a minute to honor her. For leading our Millennium Project, for all she's done for our children, for all she has done in her historic role to serve our nation and our best ideals at home and abroad, I honor her. (Applause.)

Last year, I called on Congress and every citizen to mark the millennium by saving America's treasures. Hillary has traveled all across the country to inspire recognition and support for saving places like Thomas Edison's Invention Factory or Harriet Tubman's home. Now we have to preserve our treasures in every community. And tonight, before I close, I want to invite

every town, every city, every community to become nationally recognized "millennium community," by launching projects that save our history, promote our arts and humanities, prepare our children for the 21st century.

Already, the response has been remarkable. And I want to say a special word of thanks to our private sector partners and to members in Congress of both parties for their support. Just one example: Because of you, the Star-Spangled Banner will be preserved for the ages. In ways large and small, as we look to the millennium we are keeping alive what George Washington called "the sacred fire of liberty."

Six years ago, I came to office in a time of doubt for America, with our economy troubled, our deficit high, our people divided. Some even wondered whether our best days were behind us. But across this country, in a thousand neighborhoods, I have seen -- even amidst the pain and uncertainty of recession -- the real heart and character of America. I knew then that we Americans could renew this country.

Tonight, as I deliver the last State of the Union address of the 20th century, no one anywhere in the world can doubt the enduring resolve and boundless capacity of the American people to work toward that "more perfect union" of our founders' dream.

We're now at the end of a century when generation after generation of Americans answered the call to greatness, overcoming Depression, lifting up the dispossessed, bringing down barriers to racial prejudice, building the largest middle class in history, winning two world wars and the "long twilight struggle" of the Cold War. We must all be profoundly grateful for the magnificent achievement of our forbearers in this century.

Yet, perhaps, in the daily press of events, in the clash of controversy, we don't see our own time for what it truly is -- a new dawn for America.

A hundred years from tonight, another American President will stand in this place and report on the State of the Union. He -- or she -- (applause) -- he or she will look back on a 21st century shaped in so many ways by the decisions we make here and now. So let it be said of us then that we were thinking not only of our time, but of their time; that we reached as high as our ideals; that we put aside our divisions and found a new hour of healing and hopefulness; that we joined together to serve and strengthen the land we love.

My fellow Americans, this is our moment. Let us lift our eyes as one nation, and from the mountaintop of this American Century, look ahead to the next one -- asking God's blessing on our endeavors and on our beloved country.

Thank you and good evening.

END

10:27 P.M. EST

State of the Union Address

1998

THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release

January 27, 1998

STATE OF THE UNION ADDRESS
BY THE PRESIDENT

Hall of the House
United States Capitol

9:12 P.M. EST

THE PRESIDENT: Mr. Speaker, Mr. Vice President, members of the 105th Congress, distinguished guests, my fellow Americans:

Since the last time we met in this chamber, America has lost two patriots and fine public servants. Though they sat on opposite sides of the aisle, Representatives Walter Capps and Sonny Bono shared a deep love for this House and an unshakable commitment to improving the lives of all our people. In the past few weeks they've both been eulogized. Tonight, I think we should begin by sending a message to their families and their friends that we celebrate their lives and give thanks for their service to our nation.

For 209 years it has been the President's duty to report to you on the state of the Union. Because of the hard work and high purpose of the American people, these are good times for America. We have more than 14 million new jobs; the lowest unemployment in 24 years; the lowest core inflation in 30 years. Incomes are rising; and we have the highest home ownership in history. Crime has dropped for a record five years in a row. And the welfare rolls are at their lowest levels in 27 years. Our leadership in the world is unrivaled. Ladies and gentlemen, the state of our Union is strong.

With barely 700 days left in the 20th century, this is not a time to rest. It is a time to build, to build the America within reach.

An America where everybody has a chance to get ahead with hard work. Where every citizen can live in a safe community. Where families are strong, schools are good and all young people can go to college. An America where scientists find cures for diseases from diabetes to Alzheimer's to AIDS. An America where every child can stretch a hand across a keyboard and reach every book ever written, every painting ever painted, every symphony ever composed. Where government provides opportunity and citizens honor the responsibility to give something back to their communities. An America which leads the world to new heights of peace and prosperity.

This is the America we have begun to build; this is the America we can leave to our children -- if we join together to finish the work at hand. Let us strengthen our nation for the 21st century.

Rarely have Americans lived through so much change, in so many ways, in so short a time. Quietly, but with gathering force, the ground has shifted beneath our feet as we have moved into an Information Age, a global economy, a truly new world.

For five years now we have met the challenge of these changes as Americans have at every turning point -- by renewing the very idea of America: widening the circle of opportunity, deepening the meaning of our freedom, forging a more perfect union.

We shaped a new kind of government for the Information Age. I thank the Vice President for his leadership and the Congress for its support in building a government that is leaner, more flexible, a catalyst for new ideas. Most of all, a government that gives the American people the tools they need to make the most of their own lives.

We have moved past the sterile debate between those who say government is the enemy and those who say government is the answer. My fellow Americans, we have found a third way. We have the smallest government in 35 years, but a more progressive one. We have a smaller government, but a stronger nation.

We are moving steadily toward an even stronger America in the 21st century: an economy that offers opportunity, a society rooted in responsibility and a nation that lives as a community.

Americans in this chamber and across our nation have pursued a new strategy for prosperity: fiscal discipline to cut interest rates and spur growth; investments in education and skills, in science and technology and transportation, to prepare our people for the new economy; new markets for American products and American workers.

When I took office, the deficit for 1998 was projected to be \$357 billion, and heading higher. This year, our deficit is projected to be \$10 billion, and heading lower.

For three decades, six Presidents have come before you to warn of the damage deficits pose to our nation. Tonight, I come before you to announce that the federal deficit -- once so incomprehensibly large that it had 11 zeroes -- will be, simply, zero.

I will submit to Congress for 1999 the first balanced budget in 30 years.

And if we hold fast to fiscal discipline, we may balance the budget this year -- four years ahead of schedule.

Turning a sea of red ink into black is no miracle. It is the product of hard work by the American people, and of two visionary actions in Congress: The courageous vote in 1993 that

led to a cut in the deficit of 90 percent, and the truly historic bipartisan balanced budget agreement passed by this Congress. Here's the really good news: If we maintain our resolve, we will produce balanced budgets as far as the eye can see.

We must not go back to unwise spending or untargeted tax cuts that risk reopening the deficit. Last year, together we enacted targeted tax cuts so that the typical middle class family will now have the lowest tax rates in 20 years. My plan to balance the budget next year includes both new investments and new tax cuts targeted to the needs of working families: for education, for child care, for the environment.

But whether the issue is tax cuts or spending, I ask all of you to meet this test: Approve only those priorities that can actually be accomplished without adding a dime to the deficit.

Now, if we balance the budget for next year, it is projected that we'll then have a sizeable surplus in the years that immediately follow. What should we do with this projected surplus?

I have a simple four-word answer: Save Social Security first.

Tonight, I propose that we reserve 100 percent of the surplus -- that's every penny of any surplus -- until we have taken all the necessary measures to strengthen the Social Security system for the 21st century. Let us say to all Americans watching tonight -- whether you're 70 or 50, or whether you just started paying into the system -- Social Security will be there when you need it. Let us make this commitment: Social Security first.

I also want to say that all the American people who are watching us tonight should be invited to join in this discussion, in facing these issues squarely, and forming a true consensus on how we should proceed. We'll start by conducting nonpartisan forums in every region of the country -- and I hope that lawmakers of both parties will participate. We'll hold a White House Conference on Social Security in December. And one year from now I will convene the leaders of Congress to craft historic, bipartisan legislation to achieve a landmark for our generation -- a Social Security system that is strong in the 21st century.

In an economy that honors opportunity, all Americans must be able to reap the rewards of prosperity.

Because these times are good, we can afford to take one simple, sensible step to help millions of workers struggling to provide for their families: We should raise the minimum wage.

The Information Age is, first and foremost, an education age, in which education must start at birth and continue throughout a lifetime. Last year, from this podium, I said that education has to be our highest priority. I laid out a 10-point plan to move us forward and urged all of us to let politics stop at the schoolhouse door. Since then, this Congress, across party lines, and the American people have responded, in the most important year for education in a generation -- expanding public school choice, opening the way to 3,000 new charter schools, working to connect every classroom in the country to the Information Superhighway, committing to expand Head Start to a million children, launching America Reads, sending literally thousands of college students into our elementary schools to make sure all our 8-year-olds can read.

Last year I proposed, and you passed, 220,000 new Pell Grant scholarships for deserving students. Student loans, already less expensive and easier to repay, now you get to deduct the interest. Families all over America now can put their savings into new tax-free education IRAs. And this year, for the first two years of college, families will get a \$1,500 tax credit -- a HOPE Scholarship that will cover the cost of most community college tuition. And for junior and senior year, graduate school, and job training, there is a lifetime learning credit. You did that and you should be very proud of it.

And because of these actions, I have something to say to every family listening to us tonight: Your children can go on to college. If you know a child from a poor family, tell her not to give up -- she can go on to college. If you know a young couple struggling with bills, worried they won't be able to send their children to college, tell them not to give up -- their children can go on to college. If you know somebody who's caught in a dead-end job and afraid he can't afford the classes necessary to get better jobs for the rest of his life, tell him not to give up -- he can go on to college. Because of the things that have been done, we can make college as universal in the 21st century as high school is today. And, my friends, that will change the face and future of America.

We have opened wide the doors of the world's best system of higher education. Now we must make our public elementary and secondary schools the world's best as well by raising standards, raising expectations, and raising accountability.

Thanks to the actions of this Congress last year, we will soon have, for the very first time, a voluntary national test based on national standards in 4th grade reading and 8th grade math. Parents have a right to know whether their children are mastering the basics. And every parent already knows the key: good teachers and small classes.

Tonight, I propose the first ever national effort to reduce class size in the early grades. Thank you.

My balanced budget will help to hire 100,000 new teachers who have passed a state competency test. Now, with these teachers -- listen -- with these teachers, we will actually be able to reduce class size in the 1st, 2nd, and 3rd grades to an average of 18 students a class, all across America.

If I've got the math right, more teachers teaching smaller classes requires more classrooms. So I also propose a school construction tax cut to help communities modernize or build 5,000 schools.

We must also demand greater accountability. When we promote a child from grade to grade who hasn't mastered the work, we don't do that child any favors. It is time to end social promotion in America's schools.

Last year, in Chicago, they made that decision -- not to hold our children back, but to lift them up. Chicago stopped social promotion, and started mandatory summer school, to help

students who are behind to catch up. I propose -- I propose to help other communities follow Chicago's lead. Let's say to them: Stop promoting children who don't learn, and we will give you the tools to make sure they do.

I also ask this Congress to support our efforts to enlist colleges and universities to reach out to disadvantaged children, starting in the 6th grade, so that they can get the guidance and hope they need so they can know that they, too, will be able to go on to college.

As we enter the 21st century, the global economy requires us to seek opportunity not just at home, but in all the markets of the world. We must shape this global economy, not shrink from it. In the last five years, we have led the way in opening new markets, with 240 trade agreements that remove foreign barriers to products bearing the proud stamp "Made in the USA." Today, record high exports account for fully one-third of our economic growth. I want to keep them going, because that's the way to keep America growing and to advance a safer, more stable world.

All of you know whatever your views are that I think this a great opportunity for America. I know there is opposition to more comprehensive trade agreements. I have listened carefully and I believe that the opposition is rooted in two fears: first, that our trading partners will have lower environmental and labor standards which will give them an unfair advantage in our market and do their own people no favors, even if there's more business; and, second, that if we have more trade, more of our workers will lose their jobs and have to start over. I think we should seek to advance worker and environmental standards around the world. I have made it abundantly clear that it should be a part of our trade agenda. But we cannot influence other countries' decisions if we send them a message that we're backing away from trade with them.

This year, I will send legislation to Congress, and ask other nations to join us, to fight the most intolerable labor practice of all -- abusive child labor. We should also offer help and hope to those Americans temporarily left behind by the global marketplace or by the march of technology, which may have nothing to do with trade. That's why we have more than doubled funding for training dislocated workers since 1993 -- and if my new budget is adopted, we will triple funding. That's why we must do more, and more quickly, to help workers who lose their jobs for whatever reason.

You know, we help communities in a special way when their military base closes. We ought to help them in the same way if their factory closes. Again, I ask the Congress to continue its bipartisan work to consolidate the tangle of training programs we have today into one single G.I. Bill for Workers, a simple skills grant so people can, on their own, move quickly to new jobs, to higher incomes and brighter futures.

We all know in every way in life change is not always easy, but we have to decide whether we're going to try to hold it back and hide from it or reap its benefits. And remember the big picture here: While we've been entering into hundreds of new trade agreements, we've been creating millions of new jobs.

So this year we will forge new partnerships with Latin America, Asia, and Europe. And we should pass the new African Trade Act -- it has bipartisan support. I will also renew my request for the fast track negotiating authority necessary to open more new markets, create more new jobs, which every President has had for two decades.

You know, whether we like it or not, in ways that are mostly positive, the world's economies are more and more interconnected and interdependent. Today, an economic crisis anywhere can affect economies everywhere. Recent months have brought serious financial problems to Thailand, Indonesia, South Korea, and beyond.

Now, why should Americans be concerned about this? First, these countries are our customers. If they sink into recession, they won't be able to buy the goods we'd like to sell them. Second, they're also our competitors. So if their currencies lose their value and go down, then the price of their goods will drop, flooding our market and others with much cheaper goods, which makes it a lot tougher for our people to compete. And, finally, they are our strategic partners. Their stability bolsters our security.

The American economy remains sound and strong, and I want to keep it that way. But because the turmoil in Asia will have an impact on all the world's economies, including ours, making that negative impact as small as possible is the right thing to do for America -- and the right thing to do for a safer world.

Our policy is clear: No nation can recover if it does not reform itself. But when nations are willing to undertake serious economic reform, we should help them do it. So I call on Congress to renew America's commitment to the International Monetary Fund. And I think we should say to all the people we're trying to represent here that preparing for a far-off storm that may reach our shores is far wiser than ignoring the thunder until the clouds are just overhead.

A strong nation rests on the rock of responsibility. A society rooted in responsibility must first promote the value of work, not welfare. We can be proud that after decades of finger-pointing and failure, together we ended the old welfare system. And we're now replacing welfare checks with paychecks.

Last year, after a record four-year decline in welfare rolls, I challenged our nation to move 2 million more Americans off welfare by the year 2000. I'm pleased to report we have also met that goal, two full years ahead of schedule.

This is a grand achievement, the sum of many acts of individual courage, persistence and hope. For 13 years, Elaine Kinslow of Indianapolis, Indiana, was on and off welfare. Today, she's a dispatcher with the a van company. She's saved enough money to move her family into a good neighborhood, and she's helping other welfare recipients go to work. Elaine Kinslow and all those like her are the real heroes of the welfare revolution. There are millions like her all across America. And I'm happy she could join the First Lady tonight. Elaine, we're very proud of you. Please stand up.

We still have a lot more to do, all of us, to make welfare reform a success -- providing child care, helping families move closer to available jobs, challenging more companies to join our welfare-to-work partnership, increasing child support collections from deadbeat parents who have a duty to support their own children. I also want to thank Congress for restoring some of the benefits to immigrants who are here legally and working hard -- and I hope you will finish that job this year.

We have to make it possible for all hard-working families to meet their most important responsibilities. Two years ago, we helped guarantee that Americans can keep their health insurance when they change jobs. Last year, we extended health care to up to 5 million children. This year, I challenge Congress to take the next historic steps.

One hundred sixty million of our fellow citizens are in managed care plans. These plans save money and they can improve care. But medical decisions ought to be made by medical doctors, not insurance company accountants. I urge this Congress to reach across the aisle and write into law a Consumer Bill of Rights that says this: You have the right to know all your medical options, not just the cheapest. You have the right to choose the doctor you want for the care you need. You have the right to emergency room care, wherever and whenever you need it. You have the right to keep your medical records confidential. Traditional care or managed care, every American deserves quality care.

Millions of Americans between the ages of 55 and 65 have lost their health insurance. Some are retired; some are laid off; some lose their coverage when their spouses retire. After a lifetime of work, they are left with nowhere to turn. So I ask the Congress: Let these hard-working Americans buy into the Medicare system. It won't add a dime to the deficit -- but the peace of mind it will provide will be priceless.

Next, we must help parents protect their children from the gravest health threat that they face: an epidemic of teen smoking, spread by multimillion-dollar marketing campaigns. I challenge Congress: Let's pass bipartisan, comprehensive legislation that improve public health, protect our tobacco farmers, and change the way tobacco companies do business forever. Let's do what it takes to bring teen smoking down. Let's raise the price of cigarettes by up to \$1.50 a pack over the next 10 years, with penalties on the tobacco industry if it keeps marketing to our children.

Tomorrow, like every day, 3,000 children will start smoking, and 1,000 will die early as a result. Let this Congress be remembered as the Congress that saved their lives.

In the new economy, most parents work harder than ever. They face a constant struggle to balance their obligations to be good workers -- and their even more important obligations to be good parents. The Family and Medical Leave Act was the very first bill I was privileged to sign into law as President in 1993. Since then, about 15 million people have taken advantage of it, and I've met a lot of them all across this country. I ask you to extend that law to cover 10 million more workers, and to give parents time off when they have to go see their children's teachers or take them to the doctor.

Child care is the next frontier we must face to enable people to succeed at home and at work. Last year, I co-hosted the very first White House Conference on Child Care with one of our foremost experts, America's First Lady. From all corners of America, we heard the same message, without regard to region or income or political affiliation: We've got to raise the quality of child care. We've got to make it safer. We've got to make it more affordable.

So here's my plan: Help families to pay for child care for a million more children. Scholarships and background checks for child care workers, and a new emphasis on early learning. Tax credits for businesses that provide child care for their employees. And a larger child care tax credit for working families. Now, if you pass my plan, what this means is that a family of four with an income of \$35,000 and high child care costs will no longer pay a single penny of federal income tax.

I think this is such a big issue with me because of my own personal experience. I have often wondered how my mother, when she was a young widow, would have been able to go away to school and get an education and come back and support me if my grandparents hadn't been able to take care of me. She and I were really very lucky. How many other families have never had that same opportunity? The truth is, we don't know the answer to that question. But we do know what the answer should be: Not a single American family should ever have to choose between the job they need and the child they love.

A society rooted in responsibility must provide safe streets, safe schools, and safe neighborhoods. We pursued a strategy of more police, tougher punishment, smarter prevention, with crime-fighting partnerships with local law enforcement and citizen groups, where the rubber hits the road. I can report to you tonight that it's working. Violent crime is down, robbery is down, assault is down, burglary is down -- for five years in a row, all across America. We need to finish the job of putting 100,000 more police on our streets.

Again, I ask Congress to pass a juvenile crime bill that provides more prosecutors and probation officers, to crack down on gangs and guns and drugs, and bar violent juveniles from buying guns for life. And I ask you to dramatically expand our support for after-school programs. I think every American should know that most juvenile crime is committed between the hours of 3:00 in the afternoon and 8:00 at night. We can keep so many of our children out of trouble in the first place if we give them someplace to go other than the streets, and we ought to do it.

Drug use is on the decline. I thank General McCaffrey for his leadership. And I thank this Congress for passing the largest antidrug budget in history. I ask you to join me in a groundbreaking effort to hire 1,000 new border patrol agents and to deploy the most sophisticated available new technologies to help close the door on drugs at our borders.

Police, prosecutors, and prevention programs, as good as they are, they can't work if our court system doesn't work. Today there are large number of vacancies in the federal courts. Here is what the Chief Justice of the United States wrote: Judicial vacancies cannot remain at such high levels indefinitely without eroding the quality of justice. I simply ask the United States

Senate to heed this plea, and vote on the highly qualified judicial nominees before you, up or down.

We must exercise responsibility not just at home, but around the world. On the eve of a new century, we have the power and the duty to build a new era of peace and security. But, make no mistake about it, today's possibilities are not tomorrow's guarantees. America must stand against the poisoned appeals of extreme nationalism. We must combat an unholy axis of new threats from terrorists, international criminals and drug traffickers. These 21st century predators feed on technology and the free flow of information and ideas and people. And they will be all the more lethal if weapons of mass destruction fall into their hands.

To meet these challenges, we are helping to write international rules of the road for the 21st century, protecting those who join the family of nations and isolating those who do not. Within days, I will ask the Senate for its advice and consent to make Hungary, Poland, and the Czech Republic the newest members of NATO. For 50 years, NATO contained communism and kept America and Europe secure. Now these three formerly communist countries have said yes to democracy. I ask the Senate to say yes to them -- our new allies.

By taking in new members and working closely with new partners, including Russia and Ukraine, NATO can help to assure that Europe is a stronghold for peace in the 21st century.

Next, I will ask Congress to continue its support for our troops and their mission in Bosnia. This Christmas, Hillary and I traveled to Sarajevo with Senator and Mrs. Dole and a bipartisan congressional delegation. We saw children playing in the streets, where two years ago they were hiding from snipers and shells. The shops are filled with food; the cafes were alive with conversation. The progress there is unmistakable -- but it is not yet irreversible.

To take firm root, Bosnia's fragile peace still needs the support of American and allied troops when the current NATO mission ends in June. I think Senator Dole actually said it best. He said, "This is like being ahead in the 4th quarter of a football game. Now is not the time to walk off the field and forfeit the victory."

I wish all of you could have seen our troops in Tuzla. They're very proud of what they're doing in Bosnia. And we're all very proud of them. One of those brave soldiers is sitting with the First Lady tonight -- Army Sergeant Michael Tolbert. His father was a decorated Vietnam vet. After college in Colorado, he joined the Army. Last year, he led an infantry unit that stopped mob of extremists from taking over a radio station that is a voice of democracy and tolerance in Bosnia. Thank you very much, Sergeant, for what you represent.

In Bosnia and around the world, our men and women in uniform always do their mission well. Our mission must be to keep them well-trained and ready, to improve their quality of life, and to provide the 21st century weapons they need to defeat any enemy.

I ask Congress to join me in pursuing an ambitious agenda to reduce the serious threat of weapons of mass destruction. This year, four decades after it was first proposed by President Eisenhower, a comprehensive nuclear test ban is within reach. By ending nuclear testing we can

help to prevent the development of new and more dangerous weapons and make it more difficult for non-nuclear states to build them.

I'm pleased to announce four former Chairmen of the Joint Chiefs of Staff -- Generals John Shalikashvili, Colin Powell, and David Jones, and Admiral William Crowe -- have endorsed this treaty. And I ask the Senate to approve it this year.

Together, we also must also confront the new hazards of chemical and biological weapons, and the outlaw states, terrorists and organized criminals seeking to acquire them. Saddam Hussein has spent the better part of this decade, and much of his nation's wealth, not on providing for the Iraqi people, but on developing nuclear, chemical, and biological weapons -- and the missiles to deliver them. The United Nations weapons inspectors have done a truly remarkable job, finding and destroying more of Iraq's arsenal than was destroyed during the entire Gulf War. Now Saddam Hussein wants to stop them from completing their mission.

I know I speak for everyone in this chamber, Republicans and Democrats, when I say to Saddam Hussein: You cannot defy the will of the world. And when I say to him: You have used weapons of mass destruction before; we are determined to deny you the capacity to use them again.

Last year, the Senate ratified the Chemical Weapons Convention to protect our soldiers and citizens from poison gas. Now we must act to prevent the use of disease as a weapon of war and terror. The Biological Weapons Convention has been in effect for 23 years now. The rules are good, but the enforcement is weak. We must strengthen it with a new international inspection system to detect and deter cheating.

In the months ahead, I will pursue our security strategy with old allies in Asia and Europe, and new partners from Africa to India and Pakistan, from South America to China. And from Belfast, to Korea to the Middle East, America will continue to stand with those who stand for peace.

Finally, it's long past time to make good on our debt to the United Nations. More and more, we are working with other nations to achieve common goals. If we want America to lead, we've got to set a good example. As we see so clearly in Bosnia, allies who share our goals can also share our burdens. In this new era, our freedom and independence are actually enriched, not weakened, by our increasing interdependence with other nations. But we have to do our part.

Our founders set America on a permanent course toward "a more perfect union." To all of you I say it is a journey we can only make together -- living as one community. First, we have to continue to reform our government -- the instrument of our national community. Everyone knows elections have become too expensive, fueling a fundraising arms race. This year, by March 6th, at long last the Senate will actually vote on bipartisan campaign finance reform proposed by Senators McCain and Feingold. Let's be clear: A vote against McCain and Feingold is a vote for soft money and for the status quo. I ask you to strengthen our democracy and pass campaign finance reform this year.

At least equally important, we have to address the real reason for the explosion in campaign costs -- the high cost of media advertising. To the folks watching at home, those were the groans of pain in the audience. I will formally request that the Federal Communications Commission act to provide free or reduced-cost television time for candidates who observe spending limits voluntarily. The airwaves are a public trust, and broadcasters also have to help us in this effort to strengthen our democracy.

Under the leadership of Vice President Gore, we've reduced the federal payroll by 300,000 workers, cut 16,000 pages of regulation, eliminated hundreds of programs and improved the operations of virtually every government agency. But we can do more. Like every taxpayer, I'm outraged by the reports of abuses by the IRS. We need some changes there -- new citizen advocacy panels, a stronger taxpayer advocate, phone lines open 24 hours a day, relief for innocent taxpayers. Last year, by an overwhelming bipartisan margin, the House of Representatives passed sweeping IRS reforms. This bill must not now languish in the Senate. Tonight I ask the Senate: follow the House, pass the bipartisan package as your first order of business.

I hope to goodness before I finish I can think of something to say, "follow the Senate" on, so I'll be out of trouble.

A nation that lives as a community must value all its communities. For the past five years, we have worked to bring the spark of private enterprise to inner city and poor rural areas -- with community development banks, more commercial loans in the poor neighborhoods, cleanup of polluted sites for development. Under the continued leadership of the Vice President, we propose to triple the number of empowerment zones, to give business incentives to invest in those areas.

We should also should give poor families more help to move into homes of their own, and we should use tax cuts to spur the construction of more low-income housing.

Last year, this Congress took strong action to help the District of Columbia. Let us renew our resolve to make our capital city a great city for all who live and visit here. Our cities are the vibrant hubs of great metropolitan areas. They are still the gateways for new immigrants, from every continent, who come here to work for their own American Dreams. Let's keep our cities going strong into the 21st century. They're a very important part of our future.

Our communities are only as healthy as the air our children breathe, the water they drink, the Earth they will inherit. Last year, we put in place the toughest-ever controls on smog and soot. We moved to protect Yellowstone, the Everglades, Lake Tahoe. We expanded every community's right to know about the toxins that threaten their children. Just yesterday, our food safety plan took effect, using new science to protect consumers from dangers like E. coli and salmonella.

Tonight, I ask you to join me in launching a new Clean Water Initiative, a far-reaching effort to clean our rivers, our lakes, our coastal waters for our children.

Our overriding environmental challenge tonight is the worldwide problem of climate change, global warming, the gathering crisis that requires worldwide action. The vast majority of scientists have concluded unequivocally that if we don't reduce the emission of greenhouse gases, at some point in the next century we'll disrupt our climate and put our children and grandchildren at risk. This past December, America led the world to reach a historic agreement committing our nation to reduce greenhouse gas emissions through market forces, new technologies, energy efficiency. We have it in our power to act right here, right now. I propose \$6 billion in tax cuts and research and development to encourage innovation, renewable energy, fuel-efficient cars, energy-efficient homes.

Every time we have acted to heal our environment, pessimists have told us it would hurt the economy. Well, today our economy is the strongest in a generation, and our environment is the cleanest in a generation. We have always found a way to clean the environment and grow the economy at the same time. And when it comes to global warming, we'll do it again.

Finally, community means living by the defining American value -- the ideal heard round the world that we are all created equal. Throughout our history, we haven't always honored that ideal and we've never fully lived up to it. Often it's easier to believe that our differences matter more than what we have in common. It may be easier, but it's wrong.

What we have to do in our day and generation to make sure that America becomes truly one nation -- what do we have to do? We're becoming more and more and more diverse. Do you believe we can become one nation? The answer cannot be to dwell on our differences, but to build on our shared values. We all cherish family and faith, freedom and responsibility. We all want our children to grow up in a world where their talents are matched by their opportunities.

I've launched this national initiative on race to help us recognize our common interests and to bridge the opportunity gaps that are keeping us from becoming one America. Let us begin by recognizing what we still must overcome. Discrimination against any American is un-American. We must vigorously enforce the laws that make it illegal. I ask your help to end the backlog at the Equal Employment Opportunity Commission. Sixty thousand of our fellow citizens are waiting in line for justice, and we should act now to end their wait.

We also should recognize that the greatest progress we can make toward building one America lies in the progress we make for all Americans, without regard to race. When we open the doors of college to all Americans, when we rid all our streets of crime, when there are jobs available to people from all our neighborhoods, when we make sure all parents have the child care they need, we're helping to build one nation.

We, in this chamber and in this government, must do all we can to address the continuing American challenge to build one America. But we'll only move forward if all our fellow citizens -- including every one of you at home watching tonight -- is also committed to this cause.

We must work together, learn together, live together, serve together. On the forge of common enterprise Americans of all backgrounds can hammer out a common identity. We see it today in the United States military, in the Peace Corps, in AmeriCorps. Wherever people of all races and backgrounds come together in a shared endeavor and get a fair chance, we do just fine. With shared values and meaningful opportunities and honest communication and citizen service, we can unite a diverse people in freedom and mutual respect. We are many; we must be one.

In that spirit, let us lift our eyes to the new millennium. How will we mark that passage? It just happens once every thousand years. This year, Hillary and I launched the White House Millennium Program to promote America's creativity and innovation, and to preserve our heritage and culture into the 21st century. Our culture lives in every community, and every community has places of historic value that tell our stories as Americans. We should protect them. I am proposing a public-private partnership to advance our arts and humanities, and to celebrate the millennium by saving American's treasures, great and small.

And while we honor the past, let us imagine the future. Think about this -- the entire store of human knowledge now doubles every five years. In the 1980s, scientists identified the gene causing cystic fibrosis -- it took nine years. Last year, scientists located the gene that causes Parkinson's Disease -- in only nine days. Within a decade, "gene chips" will offer a road map for prevention of illnesses throughout a lifetime. Soon we'll be able to carry all the phone calls on Mother's Day on a single strand of fiber the width of a human hair. A child born in 1998 may well live to see the 22nd century.

Tonight, as part of our gift to the millennium, I propose a 21st Century Research Fund for path-breaking scientific inquiry -- the largest funding increase in history for the National Institutes of Health, the National Science Foundation, the National Cancer Institute.

We have already discovered genes for breast cancer and diabetes. I ask you to support this initiative so ours will be the generation that finally wins the war against cancer, and begins a revolution in our fight against all deadly diseases.

As important as all this scientific progress is, we must continue to see that science serves humanity, not the other way around. We must prevent the misuse of genetic tests to discriminate against any American. And we must ratify the ethical consensus of the scientific and religious communities, and ban the cloning of human beings.

We should enable all the world's people to explore the far reaches of cyberspace. Think of this -- the first time I made a State of the Union speech to you, only a handful of physicists used the World Wide Web. Literally, just a handful of people. Now, in schools, in libraries, homes and businesses, millions and millions of Americans surf the Net every day. We must give parents the tools they need to help protect their children from inappropriate material on the Internet. But we also must make sure that we protect the exploding global commercial potential of the Internet. We can do the kinds of things that we need to do and still protect our kids.

For one thing, I ask Congress to step up support for building the next generation Internet. It's getting kind of clogged, you know. And the next generation Internet will operate at speeds up to a thousand times faster than today.

Even as we explore this inner space in a new millennium we're going to open new frontiers in outer space. Throughout all history, humankind has had only one place to call home -- our planet Earth. Beginning this year, 1998, men and women from 16 countries will build a foothold in the heavens -- the international space station. With its vast expanses, scientists and engineers will actually set sail on an uncharted sea of limitless mystery and unlimited potential.

And this October, a true American hero, a veteran pilot of 149 combat missions and one, five-hour space flight that changed the world, will return to the heavens. Godspeed, John Glenn. John, you will carry with you America's hopes. And on your uniform, once again, you will carry America's flag, marking the unbroken connection between the deeds of America's past and the daring of America's future.

Nearly 200 years ago, a tattered flag, its broad stripes and bright stars still gleaming through the smoke of a fierce battle, moved Francis Scott Key to scribble a few words on the back of an envelope -- the words that became our national anthem. Today, that Star Spangled Banner, along with the Declaration of Independence, the Constitution and the Bill of Rights, are on display just a short walk from here. They are America's treasures and we must also save them for the ages.

I ask all Americans to support our project to restore all our treasures so that the generations of the 21st century can see for themselves the images and the words that are the old and continuing glory of America; an America that has continued to rise through every age, against every challenge, of people of great works and greater possibilities, who have always, always found the wisdom and strength to come together as one nation -- to widen the circle of opportunity, to deepen the meaning of our freedom, to form that "more perfect union." Let that be our gift to the 21st century.

God bless you, and God bless the United States.

END

10:26 P.M. EST

State of the Union Address

1997

THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release

February 4, 1997

REMARKS BY THE PRESIDENT
IN STATE OF THE UNION ADDRESS

United States Capitol

9:15 P.M. EST

THE PRESIDENT: Mr. Speaker, Mr. Vice President, members of the 105th Congress, distinguished guests, and my fellow Americans:

I think I should start by saying, thanks for inviting me back. (Applause.) I come before you tonight with a challenge as great as any in our peacetime history, and a plan of action to meet that challenge, to prepare our people for the bold new world of the 21st century.

We have much to be thankful for. With four years of growth, we have won back the basic strength of our economy. With crime and welfare rolls declining, we are winning back our optimism, the enduring faith that we can master any difficulty. With the Cold War receding and global commerce at record levels, we are helping to win unrivaled peace and prosperity all across the world.

My fellow Americans, the state of our union is strong. (Applause.) But now we must rise to the decisive moment, to make a nation and a world better than any we have ever known. The new promise of the global economy, the Information Age, unimagined new work, life-enhancing technology -- all these are ours to seize. That is our honor and our challenge. We must be shapers of events, not observers. For if we do not act, the moment will pass -- and we will lose the best possibilities of our future.

We face no imminent threat, but we do have an enemy -- the enemy of our time is inaction. So, tonight, I issue a call to action -- action by this Congress, action by our states, by our people, to prepare America for the 21st century. Action to keep our economy and our democracy strong and working for all our people; action to strengthen education and harness the forces of technology and science; action to build stronger families and stronger communities and a safer environment; action to keep America the world's strongest force for peace, freedom and prosperity. And above all, action to build a more perfect union here at home.

The spirit we bring to our work will make all the difference. We must be committed to the pursuit of opportunity for all Americans, responsibility from all Americans, in a community of all Americans. And we must be committed to a new kind of government -- not to solve all our problems for us, but to give our people -- all our people -- the tools they need to make the most of their own lives.

And we must work together. The people of this nation elected us all. They want us to be partners, not partisans. They put us all right here in the same boat, they gave us all oars, and they told us to row. Now, here is the direction I believe we should take.

First, we must move quickly to complete the unfinished business of our country -- to balance our budget, renew our democracy, and finish the job of welfare reform.

Over the last four years, we have brought new economic growth by investing in our people, expanding our exports, cutting our deficits, creating over 11 million new jobs, a four-year record. (Applause.) Now we must keep our economy the strongest in the world. We here tonight have an historic opportunity. Let this Congress be the Congress that finally balances the budget. (Applause.)

In two days, I will propose a detailed plan to balance the budget by 2002. This plan will balance the budget and invest in our people while protecting Medicare, Medicaid, education, and the environment. It will balance the budget and build on the Vice President's efforts to make our government work better, even as it costs less. It will balance the budget and provide middle class tax relief to pay for education and health care, to help to raise a child, to buy and sell a home.

Balancing the budget requires only your vote and my signature. It does not require us to rewrite our Constitution. (Applause.) I believe it is both unnecessary and unwise to adopt a balanced budget amendment that could cripple our country in time of crisis, and force unwanted results, such as judges halting Social Security checks or increasing taxes. Let us at least agree, we should not pass any measure -- no measure should be passed that threatens Social Security. (Applause.) Whatever your view on that, we all must concede we don't need a constitutional amendment, we need action. (Applause.)

Whatever our differences, we should balance the budget now. And then, for the long-term health of our society, we must agree to a bipartisan process to preserve Social Security and reform Medicare for the long run, so that these fundamental programs will be as strong for our children as they are for our parents.

And let me say something that's not in my script tonight. I know this is not going to be easy. But I really believe one of the reasons the American people gave me a second term was to take the tough decisions in the next four years that will carry our country through the next 50 years. I know it is easier for me than for you to say or do. But another reason I was elected is to support all of you, without regard to party, to give you what is necessary to join in these decisions. We owe it to our country and to our future. (Applause.)

Our second piece of unfinished business requires us to commit ourselves tonight, before the eyes of America, to finally enacting bipartisan campaign finance reform. (Applause.)

Now, Senators McCain and Feingold, Representatives Shays and Meehan, have reached across party lines here to craft tough and fair reform. Their proposal would curb spending, reduce the role of special interests, create a level playing field between challengers and incumbents, and ban contributions from noncitizens, all corporate sources, and the other large soft money contributions that both parties receive.

You know and I know that this can be delayed. And you know and I know the delay will mean the death of reform. So let's set our own deadline. Let's work together to write bipartisan campaign finance reform into law and pass McCain-Feingold by the day we celebrate the birth of our democracy -- July the 4th. (Applause.)

There is a third piece of unfinished business. Over the last four years, we moved a record 2.25 million people off the welfare rolls. Then last year, Congress enacted landmark welfare reform legislation, demanding that all able-bodied recipients assume the responsibility of moving from welfare to work.

Now each and every one of us has to fulfill our responsibility -- indeed, our moral obligation -- to make sure that people who now must work, can work. (Applause.) Now we must act to meet a new goal: 2 million more people off the welfare rolls by the year 2000.

Here is my plan: Tax credits and other incentives for businesses that hire people off welfare; incentives for job placement firms and states to create more jobs for welfare recipients; training, transportation, and child care to help people go to work.

Now I challenge every state: Turn those welfare checks into private sector paychecks. I challenge every religious congregation, every community nonprofit, every business to hire someone off welfare. And I'd like to say especially to every employer in our country who ever criticized the old welfare system, you can't blame that old system anymore, we have torn it down. Now do your part. Give someone on welfare the chance to go to work. (Applause.)

Tonight, I am pleased to announce that five major corporations -- Sprint, Monsanto, UPS, Burger King and United Airlines -- will be the first to join in a new national effort to marshal America's businesses, large and small, to create jobs so that people can move from welfare to work. (Applause.)

We passed welfare reform. All of you know I believe we were right to do it. But no one can walk out of this chamber with a clear conscience unless you are prepared to finish the job. (Applause.)

And we must join together to do something else, too -- something both Republican and Democratic governors have asked us to do -- to restore basic health and disability benefits when

misfortune strikes immigrants who came to this country legally, who work hard, pay taxes and obey the law. To do otherwise is simply unworthy of a great nation of immigrants. (Applause.)

Now, looking ahead, the greatest step of all -- the high threshold of the future we now must cross -- and my number one priority for the next four years is to ensure that all Americans have the best education in the world. (Applause.)

Let's work together to meet these three goals: Every 8-year-old must be able to read; every 12-year-old must be able to log on to the Internet; every 18-year-old must be able to go to college; and every adult American must be able to keep on learning for a lifetime. (Applause.)

My balanced budget makes an unprecedented commitment to these goals -- \$51 billion next year. But far more than money is required. I have a plan, a Call to Action for American Education, based on these 10 principles.

First, a national crusade for education standards -- not federal government standards, but national standards, representing what all our students must know to succeed in the knowledge economy of the 21st century. Every state and school must shape the curriculum to reflect these standards, and train teachers to lift students up to them. To help schools meet the standards and measure their progress, we will lead an effort over the next two years to develop national tests of student achievement in reading and math.

Tonight, I issue a challenge to the nation: Every state should adopt high national standards, and by 1999, every state should test every 4th grader in reading and every 8th grader in math to make sure these standards are met. (Applause.)

Raising standards will not be easy, and some of our children will not be able to meet them at first. The point is not to put our children down, but to lift them up. Good tests will show us who needs help, what changes in teaching to make, and which schools need to improve. They can help us to end social promotion. For no child should move from grade school to junior high, or junior high to high school until he or she is ready.

Last month, our Secretary of Education Dick Riley and I visited Northern Illinois, where 8th grade students from 20 school districts, in a project aptly called "First in the World," took the Third International Math and Science Study. That's a test that reflects the world-class standards our children must meet for the new era. And those students in Illinois tied for first in the world in science and came in second in math. Two of them, Kristin Tanner and Chris Getsla, are here tonight, along with their teacher, Sue Winski; they're up there with the First Lady. And they prove that when we aim high and challenge our students, they will be the best in the world. Let's give them a hand. Stand up, please. (Applause.)

Second, to have the best schools, we must have the best teachers. Most of us in this chamber would not be here tonight without the help of those teachers. I know that I wouldn't be here. For years, many of our educators, led by North Carolina's Governor Jim Hunt and the National Board for Professional Teaching Standards, have worked very hard to establish nationally accepted credentials for excellence in teaching. Just 500 of these teachers have been

certified since 1995. My budget will enable 100,000 more to seek national certification as master teachers. We should reward and recognize our best teachers. (Applause.) And as we reward them, we should quickly and fairly remove those few who don't measure up, and we should challenge more of our finest young people to consider teaching as a career.

Third, we must do more to help all our children read. Forty percent -- forty percent -- of our 8-year-olds cannot read on their own. That's why we have just launched the America Reads initiative -- to build a citizen army of one million volunteer tutors to make sure every child can read independently by the end of the 3rd grade. We will use thousands of AmeriCorps volunteers to mobilize this citizen army. We want at least 100,000 college students to help. And tonight I am pleased that 60 college presidents have answered my call, pledging that thousands of their work-study students will serve for one year as reading tutors. (Applause.)

This is also a challenge to every teacher and every principal. You must use these tutors to help students read. And it is especially a challenge to our parents. You must read with your children every night.

This leads to the fourth principle: Learning begins in the first days of life. Scientists are now discovering how young children develop emotionally and intellectually from their very first days, and how important it is for parents to begin immediately talking, singing, even reading to their infants. The First Lady has spent years writing about this issue, studying it. And she and I are going to convene a White House Conference on Early Learning and the Brain this spring, to explore how parents and educators can best use these startling new findings.

We already know we should start teaching children before they start school. That's why this balanced budget expands Head Start to one million children by 2002. (Applause.) And that is why the Vice President and Mrs. Gore will host their annual family conference this June on what we can do to make sure that parents are an active part of their children's learning all the way through school.

They've done a great deal to highlight the importance of family in our life, and now they're turning their attention to getting more parents involved in their children's learning all the way through school. And I thank you, Mr. Vice President, and I thank you especially, Tipper, for what you do. (Applause.)

Fifth, every state should give parents the power to choose the right public school for their children. Their right to choose will foster competition and innovation that can make public schools better. We should also make it possible for more parents and teachers to start charter schools, schools that set and meet the highest standards, and exist only as long as they do. Our plan will help America to create 3,000 of these charter schools by the next century -- nearly seven times as there are in the country today -- so that parents will have even more choices in sending their children to the best schools.

Sixth: Character education must be taught in our schools. We must teach our children to be good citizens. (Applause.) And we must continue to promote order and discipline,

supporting communities that introduce school uniforms, impose curfews enforce truancy laws, remove disruptive students from the classroom, and have zero tolerance for guns and drugs in school. (Applause.)

Seventh: We cannot expect our children to raise themselves up in schools that are literally falling down. With the student population at an all-time high, and record numbers of school buildings falling into disrepair, this has now become a serious national concern. Therefore, my budget includes a new initiative --\$5 billion to help communities finance \$20 billion in school construction over the next four years. (Applause.)

Eighth: We must make the 13th and 14th years of education -- at least two years of college -- just as universal in America by the 21st century as a high school education is today, and we must open the doors of college to Americans. (Applause.)

To do that, I propose America's HOPE Scholarship, based on Georgia's pioneering program: two years of a \$1,500 tax credit for college tuition, enough to pay for the typical community college. I also propose a tax deduction of up to \$10,000 a year for all tuition after high school; an expanded IRA you can withdraw from tax free for education; and the largest increase in Pell Grant scholarships in 20 years. (Applause.) Now, this plan will give most families the ability to pay no taxes on money they save for college tuition. I ask you to pass it -- and give every American who works hard the chance to go to college.

Ninth: In the 21st century, we must expand the frontiers of learning across a lifetime. All our people, of whatever age, must have a chance to learn new skills. Most Americans live near a community college. The roads that take them there can be paths to a better future. My G.I. Bill for America's Workers will transform the confusing tangle of federal training programs into a simple skill grant to go directly into eligible workers' hands. For too long, this bill has been sitting on that desk there without action -- I ask you to pass it now. Let's give more of our workers the ability to learn and to earn for a lifetime. (Applause.)

Tenth: We must bring the power of the Information Age into all our schools. Last year, I challenged America to connect every classroom and library to the Internet by the year 2000, so that, for the first time in our history, children in the most isolated rural towns, the most comfortable suburbs, the poorest inner city schools, will have the same access to the same universe of knowledge. (Applause.) That is my plan -- a Call to Action for American Education. Some may say that it is unusual for a President to pay this kind of attention to education. Some may say it is simply because the President and his wonderful wife have been obsessed with this subject for more years than they can recall. That is not what is driving these proposals.

We must understand the significance of this endeavor: One of the greatest sources of our strength throughout the Cold War was a bipartisan foreign policy; because our future was at stake, politics stopped at the water's edge. Now I ask you -- and I ask all our nation's governors; I ask parents, teachers, and citizens all across America -- for a new nonpartisan commitment to education -- because education is a critical national security issue for our future, and politics must stop at the schoolhouse door. (Applause.)

To prepare America for the 21st century we must harness the powerful forces of science and technology to benefit all Americans. This is the first State of the Union carried live in video over the Internet. But we've only begun to spread the benefits of a technology revolution that should become the modern birthright of every citizen.

Our effort to connect every classroom is just the beginning. Now, we should connect every hospital to the Internet, so that doctors can instantly share data about their patients with the best specialists in the field. And I challenge the private sector tonight to start by connecting every children's hospital as soon as possible, so that a child in bed can stay in touch with school, family and friends. A sick child need no longer be a child alone. (Applause.)

We must build the second generation of the Internet so that our leading universities and national laboratories can communicate in speeds 1,000 times faster than today, to develop new medical treatments, new sources of energy, new ways of working together.

But we cannot stop there. As the Internet becomes our new town square, a computer in every home -- a teacher of all subjects, a connection to all cultures -- this will no longer be a dream, but a necessity. And over the next decade, that must be our goal. (Applause.)

We must continue to explore the heavens -- pressing on with the Mars probes and the international space station, both of which will have practical applications for our everyday living.

We must speed the remarkable advances in medical science. The human genome project is now decoding the genetic mysteries of life. American scientists have discovered genes linked to breast cancer and ovarian cancer, and medication that stops a stroke in progress and begins to reverse its effect, and treatments that dramatically lengthen the lives of people with HIV and AIDS.

Since I took office, funding for AIDS research at the National Institutes of Health has increased dramatically -- to \$1.5 billion. With new resources, NIH will now become the most powerful discovery engine for an AIDS vaccine, working with other scientists to finally end the threat of AIDS. (Applause.) Remember that every year -- every year we move up the discovery of an AIDS vaccine will save millions of lives around the world. We must reinforce our commitment to medical science.

To prepare America for the 21st century, we must build stronger families. Over the past four years, the Family and Medical Leave law has helped millions of Americans to take time off to be with their families. With new pressures on people in the way they work and live, I believe we must expand family leave so that workers can take time off for teacher conferences and a child's medical checkup. We should pass flex-time, so workers can choose to be paid for overtime in income or trade it in for time off to be with their families. (Applause.)

We must continue -- we must continue, step by step, to give more families access to affordable, quality health care. Forty million Americans still lack health insurance. Ten million

children still lack health insurance -- 80 percent of them have working parents who pay taxes. That is wrong. (Applause.)

My balanced budget will extend health coverage to up to 5 million of those children. Since nearly half of all children who lose their insurance do so because their parents lose or change a job, my budget will also ensure that people who temporarily lose their jobs can still afford to keep their health insurance. No child should be without a doctor just because a parent is without a job. (Applause.)

My Medicare plan modernizes Medicare, increases the life of the trust fund to 10 years, provides support for respite care for the many families with loved ones afflicted with Alzheimer's. And for the first time, it would fully pay for annual mammograms. (Applause.)

Just as we ended drive-through deliveries of babies last year, we must now end the dangerous and demeaning practice of forcing women home from the hospital only hours after a mastectomy. (Applause.) I ask your support for bipartisan legislation to guarantee that a woman can stay in the hospital for 48 hours after a mastectomy. With us tonight is Dr. Kristen Zarfos, a Connecticut surgeon whose outrage at this practice spurred a national movement and inspired this legislation. I'd like her to stand so we thank her for her efforts. Dr. Zarfos, thank you. (Applause.)

In the last four years, we have increased child support collections by 50 percent. Now we should go further and do better by making it a felony for any parent to cross a state line in an attempt to flee from this, his or her most sacred obligation. (Applause.)

Finally, we must also protect our children by standing firm in our determination to ban the advertising and marketing of cigarettes that endanger their lives. (Applause.)

To prepare America for the 21st century, we must build stronger communities. We should start with safe streets. Serious crime has dropped five years in a row. The key has been community policing. We must finish the job of putting 100,000 community police on the streets of the United States. (Applause.) We should pass the Victims Rights Amendment to the Constitution.

And I ask you to mount a full-scale assault on juvenile crime, with legislation that declares war on gangs, with new prosecutors and tougher penalties; extends the Brady Bill so violent teen criminals will not be able to buy handguns; requires child safety locks on handguns to prevent unauthorized use; and helps to keep our schools open after hours, on weekends, and in the summer, so our young people will have someplace to go and something to say yes to. (Applause.)

This balanced budget includes the largest antidrug effort ever: to stop drugs at their source, punish those who push them, and teach our young people that drugs are wrong, drugs are illegal, and drugs will kill them. I hope you will support it. (Applause.)

Our growing economy has helped to revive poor urban and rural neighborhoods. But we must do more to empower them to create the conditions in which all families can flourish and to create jobs through investment by business and loans by banks.

We should double the number of empowerment zones. They've already brought so much hope to communities like Detroit, where the unemployment rate has been cut in half in four years. We should restore contaminated urban land and buildings to productive use. We should expand the network of community development banks. And together we must pledge tonight that we will use this empowerment approach -- including private sector tax incentives -- to renew our Capital City, so that Washington is a great place to work and live, and once again the proud face America shows to world. (Applause.)

We must protect our environment in every community. In the last four years, we cleaned up 250 toxic waste sites, as many as in the previous 12. Now, we should clean up 500 more, so that our children grow up next to parks, not poison. I urge you to pass my proposal to make big polluters live by a simple rule: If you pollute our environment, you should pay to clean it up. (Applause.)

In the last four years, we strengthened our nation's safe food and clean drinking water laws; we protected some of America's rarest, most beautiful land in Utah's Red Rocks region; created three new national parks in the California desert; and began to restore the Florida Everglades. Now we must be as vigilant with our rivers as we are with our lands. Tonight, I announce that this year I will designate 10 American Heritage Rivers, to help communities alongside them revitalize their waterfronts and clean up pollution in the rivers, proving once again that we can grow the economy as we protect the environment. (Applause.)

We must also protect our global environment, working to ban the worst toxic chemicals and to reduce the greenhouse gases that challenge our health even as they change our climate.

Now, we all know that in all of our communities, some of our children simply don't have what they need to grow and learn in their own homes, or schools or neighborhoods. And that means the rest of us must do more, for they are our children, too. That's why President Bush, General Colin Powell, former Housing Secretary Henry Cisneros will join the Vice President and me to lead the President's Summit of Service in Philadelphia in April.

Our national service program, AmeriCorps, has already helped 70,000 young people to work their way through college as they serve America. Now we intend to mobilize millions of Americans to serve in thousands of ways. Citizen service is an American responsibility which all Americans should embrace, and I ask your support for that endeavor. (Applause.)

I'd like to make just one last point about our national community. Our economy is measured in numbers and statistics, and it's very important. But the enduring worth of our nation lies in our shared values and our soaring spirit. So instead of cutting back on our modest efforts to support the arts and humanities, I believe we should stand by them and challenge our artists, musicians, and writers -- (applause) -- challenge our museums, libraries and theaters --

(applause) -- we should -- we should challenge all Americans in the arts and humanities to join with our fellow citizens to make the year 2000 a national celebration of the American spirit in every community -- a celebration of our common culture in the century that has passed, and in the new one to come in a new millennium, so that we can remain the world's beacon not only of liberty, but of creativity, long after the fireworks have faded.

To prepare America for the 21st century we must master the forces of change in the world and keep American leadership strong and sure for an uncharted time.

Fifty years ago, a farsighted America led in creating the institutions that secured victory in the Cold War and built a growing world economy. As a result, today more people than ever embrace our ideals and share our interests. Already, we have dismantled many of the blocs and barriers that divided our parents' world. For the first time, more people live under democracy than dictatorship, including every nation in our own hemisphere, but one -- and its day, too, will come. (Applause.)

Now, we stand at another moment of change and choice --and another time to be farsighted, to bring America 50 more years of security and prosperity. In this endeavor, our first task is to help to build, for the first time, an undivided, democratic Europe. When Europe is stable, prosperous and at peace, America is more secure.

To that end, we must expand NATO by 1999, so that countries that were once our adversaries can become our allies. At the special NATO summit this summer, that is what we will begin to do. We must strengthen NATO's Partnership for Peace with non-member allies. And we must build a stable partnership between NATO and a democratic Russia. (Applause.) An expanded NATO is good for America. And a Europe in which all democracies define their future not in terms of what they can do to each other, but in terms of what they can do together for the good of all -- that kind of Europe is good for America.

Second, America must look to the East no less than to the West. Our security demands it. Americans fought three wars in Asia in this century. Our prosperity requires it. More than two million American jobs depend upon trade with Asia.

There, too, we are helping to shape an Asian Pacific community of cooperation, not conflict. Let our progress there not mask the peril that remains. Together with South Korea, we must advance peace talks with North Korea and bridge the Cold War's last divide. And I call on Congress to fund our share of the agreement under which North Korea must continue to freeze and then dismantle its nuclear weapons program. (Applause.)

We must pursue a deeper dialogue with China -- for the sake of our interests and our ideals. An isolated China is not good for America. A China playing its proper role in the world is. I will go to China, and I have invited China's President to come here, not because we agree on everything, but because engaging China is the best way to work on our common challenges like ending nuclear testing, and to deal frankly with our fundamental differences like human rights. (Applause.)

The American people must prosper in the global economy. We've worked hard to tear down trade barriers abroad so that we can create good jobs at home. I am proud to say that today, America is once again the most competitive nation and the number one exporter in the world. (Applause.)

Now we must act to expand our exports, especially to Asia and Latin America -- two of the fastest growing regions on Earth -- or be left behind as these emerging economies forge new ties with other nations. That is why we need the authority now to conclude new trade agreements that open markets to our goods and services even as we preserve our values. (Applause.)

We need not shrink from the challenge of the global economy. After all, we have the best workers and the best products. In a truly open market, we can out-compete anyone, anywhere on Earth.

But this is about more than economics. By expanding trade, we can advance the cause of freedom and democracy around the world. There is no better example of this truth than Latin America where democracy and open markets are on the march together. That is why I will visit there in the spring to reinforce our important tie.

We should all be proud that America led the effort to rescue our neighbor, Mexico, from its economic crises. And we should all be proud that last month Mexico repaid the United States -- three full years ahead of schedule -- with half a billion dollar profit to us. (Applause.)

America must continue to be an unrelenting force for peace --- from the Middle East to Haiti, from Northern Ireland to Africa. Taking reasonable risks for peace keeps us from being drawn into far more costly conflicts later.

With American leadership, the killing has stopped in Bosnia. Now the habits of peace must take hold. The new NATO force will allow reconstruction and reconciliation to accelerate. Tonight, I ask Congress to continue its strong support for our troops. They are doing a remarkable job there for America, and America must do right by them. (Applause.)

Fifth, we must move strongly against new threats to our security. In the past four years, we agreed to ban -- we led the way to a worldwide agreement to ban nuclear testing. With Russia, we dramatically cut nuclear arsenals and we stopped targeting each others citizens. We are acting to prevent nuclear materials from falling into the wrong hands and to rid the world of land mines. (Applause.) We are working with other nations with renewed intensity to fight drug traffickers and to stop terrorists before they act, and hold them fully accountable if they do. (Applause.)

Now, we must rise to a new test of leadership: ratifying the Chemical Weapons Convention. (Applause.) Make no mistake about it, it will make our troops safer from chemical attack; it will help us to fight terrorism. We have no more important obligations -- especially in

the wake of what we now know about the Gulf War. This treaty has been bipartisan from the beginning -- supported by Republican and Democratic administrations and Republican and Democratic members of Congress -- and already approved by 68 nations.

But if we do not act by April the 29th -- when this Convention goes into force, with or without us -- we will lose the chance to have Americans leading and enforcing this effort. Together we must make the Chemical Weapons Convention law, so that at last we can begin to outlaw poison gas from the Earth. (Applause.)

Finally, we must have the tools to meet all these challenges. We must maintain a strong and ready military. We must increase funding for weapons modernization by the year 2000, and we must take good care of our men and women in uniform. They are the world's finest. (Applause.)

We must also renew our commitment to America's diplomacy, and pay our debts and dues to international financial institutions like the World Bank, and to a reforming United Nations. (Applause.) Every dollar we devote to preventing conflicts, to promoting democracy, to stopping the spread of disease and starvation, brings a sure return in security and savings. Yet international affairs spending today is just one percent of the federal budget -- a small fraction of what America invested in diplomacy to choose leadership over escapism at the start of the Cold War. If America is to continue to lead the world, we here who lead America simply must find the will to pay our way.

A farsighted America moved the world to a better place over these last 50 years. And so it can be for another 50 years. But a shortsighted America will soon find its words falling on deaf ears all around the world. (Applause.)

Almost exactly 50 years ago, in the first winter of the Cold War, President Truman stood before a Republican Congress and called upon our country to meet its responsibilities of leadership. This was his warning -- he said, "If we falter, we may endanger the peace of the world, and we shall surely endanger the welfare of this nation." That Congress, led by Republicans like Senator Arthur Vandenberg, answered President Truman's call. Together, they made the commitments that strengthened our country for 50 years.

Now let us do the same. Let us do what it takes to remain the indispensable nation -- to keep America strong, secure and prosperous for another 50 years. (Applause.)

In the end, more than anything else, our world leadership grows out of the power of our example here at home, out of our ability to remain strong as one America.

All over the world, people are being torn asunder by racial, ethnic, and religious conflicts that fuel fanaticism and terror. We are the world's most diverse democracy, and the world looks to us to show that it is possible to live and advance together across those kinds of differences.

America has always been a nation of immigrants. From the start, a steady stream of people, in search of freedom and opportunity, have left their own lands to make this land their home. We started as an experiment in democracy fueled by Europeans. We have grown into an experiment in democratic diversity fueled by openness and promise.

My fellow Americans, we must never, ever believe that our diversity is a weakness -- it is our greatest strength. (Applause.) Americans speak every language, know every county. People on every continent can look to us and see the reflection of their own great potential -- and they always will, as long as we strive to give all of our citizens, whatever their background, an opportunity to achieve their own greatness.

We're not there yet. We still see evidence of abiding bigotry and intolerance, in ugly words and awful violence, in burned churches and bombed buildings. We must fight against this, in our country and in our hearts.

Just a few days before my second Inauguration, one of country's best known pastors, Reverend Robert Schuller, suggested that I read Isaiah 58:12. Here's what it says: "Thou shalt raise up the foundations of many generations, and thou shalt be called, the repairer of the breach, the restorer of paths to dwell in." I placed my hand on that verse when I took the oath of office, on behalf of all Americans. For no matter what our differences -- in our faiths, our backgrounds, our politics -- we must all be repairers of the breach.

I want to say a word about two other Americans who show us how. Congressman Frank Tejeda was buried yesterday, a proud American whose family came from Mexico. He was only 51 years old. He was awarded the Silver Star, the Bronze Star and the Purple Heart, fighting for his country in Vietnam. And he went on to serve Texas and America fighting for our future in this chamber. We are grateful for his service and honored that his mother, Lillie Tejeda, and his sister, Mary Alice, have come from Texas to be with us here tonight. And we welcome you. (Applause.)

Gary Locke, the newly elected Governor of Washington State, is the first Chinese-American governor in the history of our country. He's the proud son of two of the millions of Asian-American immigrants who have strengthened America with their hard work, family values and good citizenship. He represents the future we can all achieve. Thank you, Governor, for being here. Please stand up. (Applause.)

Reverend Schuller, Congressman Tejeda, Governor Locke, along with Kristin Tanner and Chris Getsla, Sue Winski and Dr. Kristen Zarfos -- they're all Americans from different roots, whose lives reflect the best of what we can become when we are one America. We may not share a common past, but we surely do share a common future.

Building one America is our most important mission -- "the foundation for many generations," of every other strength we must build for this new century. Money cannot buy it. Power cannot compel it. Technology cannot create it. It can only come from the human spirit.

America is far more than a place. It is an idea, the most powerful idea in the history of nations. And all of us in this chamber, we are now the bearers of that idea, leading a great people into a new world. A child born tonight will have almost no memory of the 20th century. Everything that child will know about America will be because of what we do now to build a new century.

We don't have a moment to waste. Tomorrow there will be just over 1,000 days until the year 2000. One thousand days to prepare our people. One thousand days to work together. One thousand days to build a bridge to a land of new promise. My fellow Americans, we have work to do. Let us seize those days and the century.

Thank you, God bless you and God bless America. (Applause.)

END

10:15 P.M. EST

State of the Union Address

1996

THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release

January 23, 1996

STATE OF THE UNION ADDRESS
BY THE PRESIDENT

Hall of the House
United States Capitol

9:12 P.M. EST

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 living 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 in 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 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 D.A.R.E. officers are making a real impression on grade schoolchildren 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 rancor—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.

Estimated Time of Delivery: 61 minutes

