

State of the
Union

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TRANSCRIPT OF
STATE OF THE UNION PREPARATORY MEETING

The Oval Office

4:00 P.M. EST

THE PRESIDENT: Okay, what are we going to do?

MR. LADER: Your reactions to the briefing book that you were given, your thoughts, your direction. There is a bit of an outline. David Dreyer has been commandeering this week's efforts and has something of an outline for you to react to and then for you to just forward to these brains whatever you want carried out.

Do you have an outline?

THE PRESIDENT: I don't know how you write a speech by committee. I never had 10 people write a speech. So what are we going to do? And what should we do in this meeting?

MR. DREYER: Here's a suggestion. Based on the consultations that we've been having on staff and the outreach that we did to the outside advisors to the Cabinet, I put a suggested outline together that is based on the idea of a master narrative for the speech.

THE PRESIDENT: By the way, the memo you sent me, essentially, I agree with it. I think of the stuff you sent me to read, I read it all. This (all following names spelled phonetically) Schwenninger's piece was good. But, basically, it's what I've been saying for the last seven or eight years. I thought the Carter piece was pretty good. It had some stuff in it that we needed. I thought Holum was good.

And I thought -- I personally thought that Sandel's piece was good -- and I thought the way he had it structured was good. And I thought what Galston and Reed said was excellent because it was more to the point of what we've been doing.

The Cabinet stuff I had different opinions about, just generally. I think that there's a lot of specific stuff that's quite

good. I thought Peter Edelman's thing about violence is quite important.

I read it. There's a lot of stuff that's really good. I think the real trick is deciding just how much we can accomplish in a speech. But I think a lot of it is making sure we've got our story out about what's happened so far.

MR. LADER: The current thought, you realize, is to have a written State of the Union for the next day or two. But there would be a written piece as well that would be more of a litany of specific programs and actions that are pliant. This could be more thematic.

THE PRESIDENT: I think, again, trying to use this to describe the world we're living in is important -- sort of a vision thing. But I think you have to say what we've done in the last year -- you've got to lay that marker down. And then we have to describe where we're going in ways that -- I think the principal political challenge, looking forward, is to rekindle the energy of the health care debate, and to describe our plan in ways that meet some of the principal opposition to it, but basically to try to box the debate into our principles: universal coverage and preventive and primary care and all that kind of stuff. I mean, I think that's the one specific nub we have to deal with. We can litanize all the other things we want to say, but I think by then we will have had a full year -- including this last trip -- so we'll be able to say some important things generally about the world and then put the record of the last year in it and I think it will be good.

I do think it gives us a real chance to put some markers down about what we did in ways that people can recall.

MR. DREYER: I thought there was strategic agreement among the memos that we were seeing that while it's important to do that, that that shouldn't be seen as a dominant part of the speech -- that there's a lot of new business, in essence, to be done. Now, what the members of the economic team are doing is they're trying to quantify a lot of the achievements.

THE PRESIDENT: But don't forget that's what they did -- don't forget what Newstat told us when the Presidential Scholars came; and remember that he studied the presidency more closely than most of these people and knows who gets elected and gets re-elected and why. And basically, one of the things that we've learned here -- except when it does break through like in a speech to Congress or in a Memphis speech -- in the ordinary course of events, the President has only slightly more ability than other people to cut through whatever the media fog is. And Newstat -- that was the one thing that he said over and over and over again that night we were together, George, that we had use the same view to let the people know not only what the vision was, but what had been done already to carry it out -- it had

to be laid in there. It doesn't have to be a lot of it. It can be three paragraphs. But it's got to be stuff that we know -- Stan Greenberg did a survey which shows you that huge numbers of the American people believe that a lot of the stuff we did was very, very important.

So I agree that it can't be the focus of the speech. But if we don't put it in there, we're making a huge mistake.

MR. DREYER: Right, I don't think anyone has recommended that. One of the things that struck me in the memos is how often, particularly the outside advisors, turn and return to the theme of renewal. And that that represented the good jumping-off point for the story line tying all the speech together. That throughout the nation's history when we face a challenge, we have, in essence, recreated and renewed ourselves on the basis of internal principles. And that the great paradox of your coming to Washington was at a time when a, we had triumphed in the wake of the Cold War and b, there were new challenges upon us.

A lot of our strength in a lot of different areas was depleted, had made it more difficult to adapt to the challenges of this day. And that our mission right now is to go through a period of renewal, just as we have with prior parts of American history, in order to equip us to meet the challenges of our time, to prepare ourselves for the 21st century, to provide the opportunity at home and the leadership abroad that we are summoned to do in this particular era.

That we begin -- this is a journey -- that we begin that process of renewal in 1993, and that this is an opportunity in describing your achievements to also talk about the roughness -- the Vice President's notion of "three yards and a cloud of dust": the fact that sometimes it loses a humanizing way of describing you and your leadership traits in making it a plus. That sometimes it may have been a little messy, but the point is that we move the ball forward in a variety of areas -- economy first and then whatever list is agreed upon.

THE PRESIDENT: I think you ought to say that because **that's because change is difficult**. I don't think you should --that's why you ought to say that.

MR. DREYER: And then that 1994 is a year of moving ahead, if you will, on the renewal agenda. And, because you're going to be coming back from a trip, that you want to lead with foreign policy. That would also be unexpected. It would confound some of the expectations of people who think you're disinterested and may treat it with 147-word brush-off that it received in February. And that you can talk about foreign policy challenges that you dealt with while you were over there, and the fact that the major accomplishment among many

in '93 was the elevation of international economics to a centerpiece of your foreign policy; and that that would lead you into economic renewal with economic policies you're going to be doing in '94, renewal of the social contract, challenging people for opportunities, there's going to be responsibility to do health care, to do the education and training piece and to do welfare reform.

To then speak about renewal in terms of the frayed bonds of community -- crime, violence and values. And, finally, to talk about renewal in terms of restoring faith in public institutions and restoring faith in democracy to surmount these challenges that we're facing here. And that would be the basic architecture of the speech.

THE PRESIDENT: That's okay. But I think -- I'll say again, when it's all over, 1994 is over, we're looking back on it instead of forward of it, we're going to get scored based on whether we passed health care or not. And that's how we're going to get scored. You know, whether you like it or not, I mean, that's it.

And we're going to pass the crime bill and we're going to pass all those education bills we're going to advocate. And we're going to pass a campaign finance reform bill which will be -- which the experts will say in advance over the President, and which everybody can say is not what it ought to be, and that we all know that in all matters of political reform, the press is never satisfied, anyway. So they will not permit the people to be enthusiastic about campaign reform of any kind, or any political reform. So the only ones we can win on are the ones that we can advertise in one-liners, like Congress now has to live under the same laws it passes and the American people. If they pass that, that's a winner. Or, we all lobby and it has to be disclosed, or you know, whatever -- they do that. You get some good one-liners.

All this pathos about the political reform and the way we're going to restore people's confidence in the system is through stuff we can control -- reinventing government and producing results for people. Because we learned this on the ethics thing -- nothing we ever do, the press will not permit the American people to be excited about it, or to believe it. We can shoot every third Senate staffer, and they would say, well, they left two-thirds of them standing.
(Laughter.)

I'm just telling you, it's just in the nature of the dynamics. So the scorecard is going to be, are we going to get this done or not? So this whole sense of renewal, responsibility, community, everything, we have got to make another gangbusters argument to galvanize health care. I told Hillary -- I called her before she came over here today. I went to the CIA and they had over 1,000 people there in the building to shake hands with me. And I spent, I don't know, 30 or 40 minutes shaking hands with them. They only talked to me about two things. They said stuff about how much they liked what we were doing or said,

say hello to Hillary or something like that -- personal stuff -- and they talked about health care. So that little thing we did yesterday, as small as it was -- I guess it was on the network news last night -- it got through. It got through. It registered on there. That was the only specific thing people raised to me as I went through that crowd. Nothing else.

But there is this real lag where -- Phil Gramm obviously thinks that this thing has no legs because everybody can figure out some specific thing about it they don't like, so he can stand up and say, well, the President wants everybody to have the same health care package General Motors employees have, but we just can't afford it. So they can beat us if they get to stay at that level of abstraction, and we really need to think through exactly how we're going to present the argument for -- I have no problem with the general themes and the arguments, and I absolutely believe we have to talk about what we did in the last year as a predicate to remind people we can get things done and we're chug-a-lugging, and that's what the American people want.

The other problem I think you have -- a much more minor problem -- is what to say about and how to position the welfare reform issue here in the speech. And, of course, Bob, I think you're doing with some work on that, and Carol and whoever else is working on -- what's going to be what we're going to say about that.

So I think whatever we say in this framework, the renewal thing, that's fine, because that's thoroughly consistent with what I've been saying since I started running for President. And whatever we say needs to be an easier, simpler, clearer thing that is 100 percent consistent with the framework of the New Covenant speeches at Georgetown 1991. It's got to be, because that way you're not running away from it, you're running toward it. But I see that as our biggest problem, is what kind of argument to make on health care and how to make it.

MR. BOORSTIN: Mr. President, one that occurs to me, which is the most recent argument that Cheney and others have been making on the right is that there is no health care crisis in America. Following Bill Krystal's argument is --

THE PRESIDENT: What's his argument?

MR. BOORSTIN: He basically has denied that there's any -- that's the line. He's put out a memo saying don't do it. And Cheney's followed.

THE PRESIDENT: And those people have it?

MR. BOORSTIN: Yes. Everybody's got it, there's only 10 percent of the population who worry about it. And I think that if we

went very strong at that argument -- I don't think we have to use the word "crisis," but if we went very strong on that notion that they are denying that it exists, they don't understand what you feel, that we might be able to get somewhere in terms of setting a marker up. And we have to paint them, as far as I'm concerned, away from Chaffee and into Graham-Nickles, Cheney and Krystal into that corner, or otherwise move.

THE VICE PRESIDENT: I think that's right. I think they've made a strategic mistake arguing that there is no crisis. And many of them have avoided that line. And to catch them up on the most extreme statement is, I think, smart.

MR. BOORSTIN: They can be characterized -- they have characterized us as government, government, government. And now we have a real chance to, right before the debate, get them.

THE PRESIDENT: I think you have to go back to that government, government, government thing, too, and some of that DLC language that we're expanding opportunity, not government, and then talk about how we're not -- I mean, it's not a government. That's why I like the guaranteed private insurance. That's why I like -- the way I did it that I thought was pretty effective at Renaissance Weekend, I said there are some simple questions here: which one of these things does the most to reduce second-guessing of the doctor-patient relationships? Which one of these plans does the most to reduce paperwork, which one of these plans provides the largest number of choices for patients and for their doctors and other health care providers.

We've got to put the questions out there, because if they just get to do the labels without the questions, they get away with murder. Anyway, I think my own judgment is that that's going to be -- the rest of this stuff we can adopt -- there's some very good stuff in here, and we could adopt one or two or three different approaches. We can put some of the community stuff, the crime and violence stuff in there. We know how to do it and we can do it right. You can balance security and change and any kind of renewal, and you can do a lot of this stuff. We can work through all that labeling stuff. It's worth working through it, it's a lot of time, but in the end we'll come up with something that works.

But I think the most significant thing we have to do is to jump-start this health care thing, because it's going to be our best opportunity. We'll have the largest number of people paying the most amount of attention than any other thing that we're going to do in the next six months.

So how we do it, I think we really need to think through what will make the biggest impression on Congress; what will make the biggest impression on the people; how can we recharacterize what we

want; how can we refute our adversaries, like what you said.

Those are the thing I think we really need -- because we know we can say a lot of stuff that sounds good and that I can say it with great passion and they'll go off the charts on the applause meter, but we also know that these speeches tend to have a short half-life, no matter how good they are.

So that's the other thing I'd like to say to you is that we'll be in here after the speech and we'll all be happy and we'll all be up and my numbers will be high and the applause meters or whatever, those things will be good, almost like they were the other two times I talked to Congress. But what we need to think about is how can we structure this thing on health care primarily but also on these other issues so that we move quickly -- we get our agenda going -- we move quickly on crime; we move quickly on the education bills; we get them out of the way; we get major focus on the committee deliberations on health care.

In other words, I think this speech ought to be designed -- I know you can't overload it, but it ought to be written in such a way that there is a strategy that stems right out of the speech and not just for two weeks but for six months, and that every week there's something that piles on top of what went before that you can reference back to the State of the Union speech. So you really are telling the American people here's what we did last year and here's what we're going to do next year.

And I agree, you've got to have the right themes and all that kind of stuff because some people can remember it better. But I think how we make these arguments on health care and how it legitimizes and gives energy and force to what we then do a week after that and a month after that and three months after that I think is important.

MR. LADER: I'm sorry that Stan isn't here, Mr. President, because he has said several times over the course of the meetings that we've had that perhaps we should introduce or get the leadership to introduce a resolution that by the end of '94 we will achieve health care reform. And I'm wondering if there's something symbolic we want to lay out in the speech --

THE PRESIDENT: That's the kind of thing we need to explore and whether -- we should run that by Mitchell and the Speaker and Gephardt and all those people. I don't know about --

MR. SPERLING: We picked it up and we dropped it. And I'm just --

MR. GERGEN: -- resolution early that many people by the end of '94 have health care and make it universal -- get that principle established early --

THE PRESIDENT: It would be like the reconciliation resolution

THE VICE PRESIDENT: I'm not saying it couldn't work --another way you can do the same thing is to repeat what you said in the last State of the Union by challenging them not to leave here until it's finished. It was one of those occasions where the Republicans tried to stay in their seats while everybody else --

MR. GERGEN: I think where you can get them to stand up, challenge them to stand up those who are for health care this year, and make it universal and make them stand up that night --

THE VICE PRESIDENT: This is a bipartisan commitment to you and the American people.

If I could suggest a bridge between this three yards and a cloud business and the economy on the one hand and health care on the other -- spinning off of your challenge -- suggestion that you've got to tell them what you've done, this quote in The Wall Street Journal this morning that I pointed out to you -- it was a column by Peter Pascal, is that how he pronounces his name -- where he says, you know, there are a lot of questions about what's going on with the economy, but actually those of us who have been so critical with Clintonomics have to recognize there's an intellectual challenge here. If he is so wrong, why do we feel better? Why are things getting better?

Now, as I said earlier, I think we ought to react to that statement the way sharks react to blood in the water. That is a revealing manifestation of self-doubt on the right wing that we are running. In this fashion: think back, ladies and gentlemen of the Congress, to a year ago. We had been through years of triple-dip, however you want to characterize it: fairly, incredibly, no growth, and we laid out an ambitious plan and we asked you -- and you can also reinforce the partnership with Congress theme and you give the Democrats running this year some credit for making the tough decision. And we face relentless attacks from people who said they don't know what they're doing, and they have on direction. This will never work. The naysayers, those who are afraid of change, all that stuff.

But we just kept going and kept charging at the line and kept making slow, steady progress. And try to create the memory of all the hard work that has gone into this and know look where we are. We just had the highest number of new home starts in the history of this country. And you try to create the impression that, in fact, you do know what you're doing. And those who were so opposed to it and opposed to change, the opponents of change were wrong. And they're not -- and now some of them are saying maybe we have to reconsider. I welcome that. That's the spirit of America, finally giving into change.

But now we're in the exact same situation once again. The opponents of change are saying about health care, you don't know what you're doing. This is too ambitious. You can't do this. This is too much change. The country can't absorb it -- hang in there with us, keep fighting and let us resolve that next year at this time when we reconvene in this place that we'll have more to cheer about.

THE PRESIDENT: I like that. Let me just say, in that regard that maybe that the quickest way to go through last years achievements in a sense of renewal, a category is to take those things that we know from Greenburg's latest survey, the American people thought were really important, or which had a real constituency and thank the Congress for the change embodied in all of them because what you're laying -- I want to start, the other thing I want to do is to send a clear message to those people that stuck with us that we know that 1994 is an election year, we know we're asking them to vote for health care in an election year and that we want to lay the foundation for their reelection. And I believe the yes's versus the no's, you know, if this does stay popular and the economy is in pretty good in November, that all the people that said yes to these twelve things that Greenburg's survey showed are real important to the voters are going to be in a lot better shape than those that said no to them.

THE VICE PRESIDENT: Can I add one other thing on that exact point? This same column said, darn it, it looks like the Democrats has dodged the bullet in 1994. In 1995 too, but watch out in 1996, that's what they're saying. Well, take the positive side to that, it seems to me that it's fair to say to these people in the Congress, those of you who had the courage to make these tough votes, the improvements going to continue. Lay out a marker inviting the people to judge whether or not the economy continues to improve through 1994. Make that an explicit test that they use when they go into the voting booth next November. If the economy continues to improve throughout this year, you should know that the credit belongs to those who have the guts to take that withering criticism. Why? Do you think it's risky?

THE PRESIDENT: I just think we can say the same thing by claiming credit for what's happened already. It's not risky unless Europe collapses and Japan does.

THE VICE PRESIDENT: I think it's in the dye, but you may be right.

THE PRESIDENT: What?

MR. GERGEN: In the 11th century there was a lot of political gain by labeling the opponent -- I think that to the degree you can get the opponents of change here to be the do-nothings that you've got an advantage in putting them in that box.

THE PRESIDENT: We've been the no box.

MR. GERGEN: Yes --

THE PRESIDENT: I am confident that's how we can avoid the major losses of midterm -- just run the nos up, show the no signs. Our crowd -- we're the yes crowd; we said yes to America, they said no to America. You don't have to agree with every decision we've made, but how -- who can you say that we were wrong to do these things and just reel those six things off to the most popular in each congressional district. I was in the yes crowd -- are you going to reward the no crowd? -- want to go back to no in America? Say yes to America's future. That's what I think they ought to be running on in '94.

And if they've got a good economym, being able to say, I took the tough vote for the economic plan, and I said yes, yes, yes, yes. And this person running against me, he represents a crowd that said, no, no, no, no. You decide.

MR. SPERLING: I think in terms of defining them also, too, the notion that we are the optimists -- and what this is about is you believe we can fix everything bad -- something right about America. They kind of think, the Krystols, what they're really saying is they don't think we can make things better. They're the pessmists, we're the optmimists.

The other thing is there are a million arrows that will get fired -- have already been fired at us at health care and a million more arrows. And the only possible way to have a generic way of defining it is I think they have to be like the special interests. It's amazing to me that like doctors take shots at us and it's portrayed as it's another hole in our plan, another lack of support. And I think one thing that was pretty good after the last State of the Union, at least for a couple months was it was kind of hard to criticize the deficit reduction plan. We kind of elevated that as being a sense of national purpose. People who were against it were narrow -- some way of setting so that when people see the criticisms coming on health care, they're looking to see if they have a financial interest -- status quo.

*because
it was a
conservative
issue*

MR. GERGEN: I think to the degree you can more and more cast your opponents not as Republicans but as opponents of change -- that doesn't make it partisan anymore -- you can have a bipartisan coalition for change that gets above the partisan labels. And I think that helps to put the special interest into that other category.

The other thing, even if you go through themes, it's obvious that what happens at the end of one of these speeches is people make a judgment not just about programs, but they make a judgment about the person, about you. That's what we want to have in line, what memory

they bring out about you, what sense they have about you. And I think what we're building on is a sense of starting -- you seemed to be gaining strength in the fall, that you were lining up problems and solving them. Even if people disagreed with the solutions they were saying, at least he has the courage to face up to them. And I think to the degree that people have a sense that you're trying to move the country out of the wilderness, they will admire what you're doing even if they may disagree with a particular solution. And that in itself gives you momentum on a lot of different fronts and it's worth trying to keep that in mind as we go through this process.

THE PRESIDENT: I had a sentence in that talk I gave down at Renaissance Weekend about problems faced and problems deferred. And I think there needs to be something about that in there. There needs to be something about how we have taken on the problems and that walking away from them is not an option. We tried it that way and it didn't work very well.

But again, I recommend that we really give a lot of thought to the specific -- we used in the health care theme -- not just run some numbers up on that mike, but how it repositions the debate for the months afterward. Because we ran the numbers up on the economic program last time, but somehow they came right back on us on the taxes even though we tried. And of course they will here. But there's -- I just want to make as much of it as I can.

I know these things have a short half-life, but insofar as you can have a game plan that flows out of it where you can show the press we're writing about this and we're describing it in one week and in one month and three months later, you're more likely to have the storied spinning your direction, I think, in that way. And to capture that ground and hold it. And I kind of think we got a better chance in the health care debate to do that than we did in the budget debate, because in the budget debate we were still very much dealing with a country and a press who saw these things in the categories of the last 12 years -- who looked through those lenses.

MRS. CLINTON: I think it would be useful to try to kind of do a run-through of preemptive arguments. I mean, I keep thinking back to the economic speech. Would it have been more successful and more strategically positioned if you had anticipated what the attacks would have been, so that people were hearing them from you and you were in a sense defanging them before they could get out.

I mean, one of the strategic mistakes in retrospect that was made in the economic speech was calling for them to come up with more spending cuts. I mean, that was a great line, when you turned on them and all of that. But strategically it was a terrible mistake. It was a wonderful applause line, and it gave you a lot of credibility for being quick and we all thought it was terrific. But in retrospect it gave them the club that they then could turn around and beat you over

-- we keep asking for more spending cuts and you won't give them to us.

And I think if you can kind of think through what the major arguments would be, and going back to what Bob said, and we know some of the no-nothings and do-nothings don't believe there is a problem; don't agree with Medicare. We know we can kind of paint them in a corner. And then if we can kind of take the four or five major arguments and characterize them in a preemptive way. And I think that would be one of the ways you could strategically position the speech, and I think it would help you. Because then you could say, well, remember, I told you they were going to say that. And then you have a kind of affirmative response as soon as they start in.

THE PRESIDENT: You know, that's not a bad idea.

MRS. CLINTON: For example, if -- you've got the obvious ones about socialism and no problem and all that, all of which are great and I think should be positioned. And we ought to think of some folksy kind of metaphorical way of characterizing them. I don't think they'd call it socialism when their mother needs Medicare and that's a government program. There are ways of linking all this up. And then some of you think the way ought to fund health care is by taxing the health benefits of the 100 million Americans who already have it. Well, I'm not here to be in favor of a middle class tax cut.

And that's really what -- there are ways of taking each of the major building blocks of the opposition and characterizing them. That will then help us do what we have been unsuccessful with so far which is shifting the burden so that they have to start justifying. The reporters are not smart enough or well-educated enough on the other plans to even know the questions to ask. So, people get up and they spout this rhetoric and call themselves Clinton -- or whatever they call themselves, and people just nod and then they go on to attacking us because we've laid it all out there.

And some will say that we should pass health care but not tell you what the benefits are, that we should leave that for a national board to decide whether you're going to get care when you go to the hospital or whether your mammogram will be paid for. That's not the kind of health care I want for my family. I think we could just really do a good job of taking those three or four things and then putting them on the defensive.

That might be something to think about.

THE PRESIDENT: I do think if there aren't too many of them -- if there are like four, there is a chance that we will inoculate ourselves a bit. Because we really didn't inoculate ourselves much last time.

MR. LADER: On health care -- to what degree do you want to devote any of this, or how much of this, to crime and violence and to some of the Memphis themes?

THE PRESIDENT: Oh, I think it has to be in there. Oh, I think it has to be in there. And I think it has to be in the beginning of what we are looking forward to. We've begun to come together as a people. We've begun to honestly discuss these things. If we don't -- we're all in this together -- all that stuff I always said and the Memphis stuff. And then you talk about the crime bill, what's in it and what we still have to do beyond the crime bill. And then -- I think that's all very important. It should come, in a way, before that because you can argue that the health care thing is about responsibility and opportunity and economic health and community and everything else. *not really*

I don't want the whole thing to be a health care speech. I'm just telling you that when you're talking about next year's agenda, it's a practical matter that's what the fight will be over and that's where we'll be judged. Because we'll get a crime bill fairly early. We'll get the education bills fairly early. Don't you think at the latest it'll be 90 days that we get them both?

MR. STEPHANOPOULOS: Probably, yeah. Ninety days, sure.

MR. GERGEN: I think you have touched in here on three issues, health care being one of the three centerpieces for this year. But I would imagine it would be health care, crime and jobs. If you can deal with those three issues successfully, a lot of people feel very strongly --

THE PRESIDENT: But on the crime issue, I think we've got to do it the way I did it in Memphis. We've got to make part of the larger -- people cannot -- we know, by the way, that most people believe that the ultimate answer to the crime problem is to lock everybody up forever who commits a serious crime.

So if we want to do some other stuff -- by the way, Gene, is there in the Senate crime bill a "three strikes and you're out" provision? Is there, George? Is there any kind of increased sentencing in the Senate bill?

MR. STEPHANOPOULOS: I'm almost positive.

MR. GERGEN: I don't think there's a three penalties and you're out deal, but there is increased sentencing.

MR. STEPHANOPOULOS: There's going to be in the final bill.

THE PRESIDENT: There's a lot of things we can say, though, that's consistent with this whole thing. Like I think when we talk

about the retraining thing, we ought to talk about what we do with NAFTA and GATT and how it won't work unless the American people are able to deal with the dislocations and they take advantage of the opportunities, and that's why this reemployment thing has to pass. That's why this apprenticeship program has to pass. That's why this stuff has to pass and to challenge the business community to come in here and help this pass.

MRS. CLINTON: One of the things that I was thinking about is that you might consider -- especially since there's so much to say and you don't have enough time in one speech to say it -- that you might consider making a speech on the anniversary of your inauguration at Georgetown. You know, going back to Georgetown and kind of doing a lot of the sort of framework, world view, detail stuff that you can't possibly get in the State of the Union. But it's the Thursday before the Tuesday you give the State of the Union.

I think there's a real argument to be made to make a major speech talking about accomplishments, linking it to the promises you made in the campaign, and how you have fulfilled those. It'll free you up a little bit from not having to mention everything in the State of the Union, and also will give you a run up to the State of the Union. And you go back to where you made those three speeches, and if you -- we never got off the ground with new covenant. People liked the idea, but for a lot of reasons the phrase just never caught on. But if you could recharacterize it and kind of refill it with the same meaning you brought to it in the three Georgetown speeches, linking it to the campaign promises, to the inaugural promise, to the year that's gone by -- I think that would be a very powerful way to lay the groundwork for the State of the Union.

THE PRESIDENT: Did you all see that AP -- who'd I give that AP article to?

MR. STEPHANOPOULOS: You said you had it, but we couldn't find it. We'll have to find it. The one on the accomplishments?

THE PRESIDENT: It ran in a local paper.

MRS. CLINTON: Yeah, I mean, it was about a page and a half of the promises he made.

THE PRESIDENT: A page and a half. I mean, there were like 200 things in there.

--

MRS. CLINTON: Yeah, it was an AP article.

THE PRESIDENT: It was an AP -- it was a wire service story. Did you see it?

THE VICE PRESIDENT: Yeah, it was good.

THE PRESIDENT: It said, here's what they said they'd do, and here's what they did, and here's what they might still do. It was very long and detailed.

Can somebody get it?

MR. STEPHANOPOULOS: I can get it.

THE PRESIDENT: It happened right after Christmas.

MRS. CLINTON: In fact, there was a short version that I saw, and then we came across this very long version. It's the very long version that you want to get.

THE PRESIDENT: What's your reaction to Hillary's suggestion about going to Georgetown?

MR. GERGEN: I would make it more past year than too forward looking --

MRS. CLINTON: But it would lay the groundwork. I mean, I think it's very important to do, because you all are going to write 10 speeches. You've got enough materials for 10 speeches. This outline is wonderful, But there's no way to get everything in one speech.

THE PRESIDENT: The one thing you could do if you went back to Georgetown, and we could test the theme of the renewal deal in terms of what I said there. But there's one thing that David said to me the first time he came to work was, whenever I get up and give a speech if I make a reference back to something I said in the campaign, so that this is a manifestation of something we said in the campaign, is a good thing to do. It gave your administration integrity and coherence.

MRS. CLINTON: This may be asking too much, but if there were a way -- I would have an editorial for it -- mailing that went out that week talking about all the promises and what had been accomplished. I would have a political mailing that went out that week. You know, here we are a year from the inauguration -- look at what we've done. I would have people on the talk shows leading up to the State of the Union from the administration. I'd have regional satellite feeds. I think there is a huge opportunity here.

You get back off a foreign trip. It'll be wonderful, in which case you're riding high, or it'll have been mediocre, in which case you need a boost. And if you have a -- if you know what you're trying to get out and you do that kind of concerted, strategic outreach linking the country. I think -- it's what I would do. I think that there's no excuse not to do it basically.

MS. SEIDMAN: I agree a thousand percent on the outreach part. I'm a little concerned about planning a speech because I think the strong possibility is that you're going to still be quite tired coming back from the trip.

MRS. CLINTON: He's never that tired.

THE PRESIDENT: When do I get back?

MRS. CLINTON: You get back on Sunday night. You'll be fine by Thursday.

THE PRESIDENT: Sunday, the what?

MRS. CLINTON: Sunday, the 16th.

THE PRESIDENT: I'll be fine by then.

MRS. CLINTON: That's not a problem. And especially if we could get some drafts, and he could be working on it flying back and everything. We will miss a terrific opportunity if we don't take this January 20 and remind people. The one thing we have not done very well -- we've been moving in a million different directions. We have not had any coherent message. We have not connected up with what we've done so that everybody can recite three things that he's done, and it's all fuzzy in their heads. And, of course, my great preference would be that we could come up with those three things -- you know, what did Reagan stand for? Lower taxes, strong defense, less government. I mean, you can all recite it. What does Bill Clinton stand for? Let me read you this 100-page book here. And at some point, we've got to start distilling this and looking back and using a Georgetown speech, going back saying, I told you what I would do when I was here with those three speeches, I ran a campaign, and it hasn't always pretty. I've been dodging a lot of land mines, but I want to tell you what we've done.

MR. GERGEN: you're doing Larry King Live --

THE PRESIDENT: When?

MR. GEARAN: The 20th.

MR. GERGEN: It would be a good -- going into that.

MR. GEARAN: We had talked about having some kind of event on the 20th that would be uplinked. You could get Wilhelm and the DNC involved. If we did some kind of -- this is a little more party than substance, but somehow effectively a rally.

MRS. CLINTON: But you've got to have a message. You've got

to write the speech and then you've got to write your talking points.

THE PRESIDENT: We could do both those things. We could give the Georgetown speech in the morning. We could go to the DNC.

MS. SEIDMAN: I think you also have to decide in terms of -- and one thing that we had talked about was having a Cabinet meeting that day so that at the beginning of that meeting, we could use the pool spray to do what you're talking about, but in a more compact way.

MRS. CLINTON: I don't we get the punch for it. I mean, I want an editorial board mailing, I want the 20th, I want talking points and I want a speech. I don't think -- there is no way to tell the story --

THE PRESIDENT: The Cabinet thing is great if you've got one message, if you've got one thing you want to say. But, otherwise, you're sitting down, you're going to get 20 seconds on the evening news.

MR. GERGEN: -- play into was that all the news magazines that Monday going into the State of the Union will all do big briefings on the State of the Union, to a degree, you could have some thematic introduction --

THE PRESIDENT: And is Thursday time enough for them to get in the --

MR. GERGEN: Yeah. And it also plays into the weekend. All like Brinkley call the Sunday before the State of the Union. They're all looking ahead to be a preview time. I think we could do (End of tape one, begin tape two.)

They are connected to the campaign. They are a connected theme of the inaugural. They are connected what you all did this year. And nobody makes the connection. I mean, they're all disparate pieces --

✓ THE PRESIDENT: I think you've got to get that AP thing. You also ought to get Stan's latest thing, where he says here are the 15 things you did this year in order that people think are really important.

MR. STEPHANOPOULOS: You walk into the State of the Union with greater sense of comfort and a lot of what hasn't already happened is more closely tied to you.

MR. PODESTA: You'll never, I think, be remembered for three things. That's the only -- we need to be able to instill into a simple message this complexity.

THE PRESIDENT: Now, you say that, but Richard Nixon --

MRS. CLINTON: This is a goofy try, but, look, you just take Reagan's things -- what are we trying to do -- better government, fairer, stronger economy. We can play with this and we can get some things. And that has been one of our great -- we have operated strategically on the same level we operate tactically. And we're all over the place tactically, and we need to be.

MR. SPERLING: Right, but I think what we need to do is capture that spirit of tactically being all over the place. That's why I'm so partial to the three yards and a cloud of dust metaphor.

THE PRESIDENT: You still have to tell people what it means to them.

MR. SPERLING: Absolutely.

THE PRESIDENT: One of the things that really struck me -- I remember one of the things that Nixon did before he went haywire as President, everywhere he went, everyplace he sat, apparently he had a yellow pad. And I remember -- I read an interview with him one time when he said, it will be a miracle, a miracle if five years from the time I leave office, people can name five things I did.

MRS. CLINTON: But you know who was one of the best --greatest defenders of this President as Renaissance Weekend was Roy Ashe, who was Nixon's OMB Director, who stood up in a session and said, the things that were needing to be done, he was doing. And I went up to him afterwards and I said in part because Nixon was the last domestic President we had. He was the last one who cared about any of these issues. And Ashe talked about how difficult it was to do and how much credit he deserved because these things had gotten done. And somehow we don't ever figure out how to that for ourselves. And I don't know what the explanation is. I wish I were smart enough to figure it out.

But I think three yards and a cloud of dust is fine as long as we can kind of put it in a context that we're on their field and we're going for a touchdown for them.

THE PRESIDENT: On their side doing something for them. That's what I want.

MRS. CLINTON: And people are sometimes -- they're throwing bottles at him out of the stands. They're putting ropes across the 50-yard line to trip him. They're shooting at him. They're doing all kind of things. And he keeps on going because he's on your field trying to make a touchdown for you and your family. That's what the story has to be.

THE PRESIDENT: But the Roy Ashe thing was, I was -- he said that -- he went through all the major criticisms that I dealt with too

many issues. He said he had no choice but to deal with them. They were there and they were all related to one another. I mean, he went through about four things like that. I was just stunned.

THE VICE PRESIDENT: May I raise a couple of questions about the proposal for a speech on the 20th? Two things about the idea worry me. Number one, the process by which a speech is produced that you're comfortable with and that reflects your personal view of what you want to say, it is a difficult process. It always is for anybody. And since you have done a lot and you're trying to do a lot, it's difficult. I worry a little bit that everybody involved in this process --

MRS. CLINTON: A big spider -- I'm sorry -- (laughter) -- a big spider right behind -- the only person who can see it is the stenographer and me, the transcriber. Bill, if you'll turn around --

THE VICE PRESIDENT: Is it after me?

MRS. CLINTON: It's either after you or the President.

THE VICE PRESIDENT: Oh, there it is.

THE PRESIDENT: -- after me -- where did it go? Where is it? Watch it, it's on the wall now.

THE VICE PRESIDENT: Well, anyway, the first point is --

THE PRESIDENT: Hard to get the speech done. Can we do two great speeches?

THE VICE PRESIDENT: Can you do -- or do you have a -- I mean, if part of the reason for it is you have so much to say that you really need more than one speech to do it, does the second speech then become a "B" speech to the "A" speech; and does that complicate a process by which you become comfortable with a speech; and does that then complicate the process by which it is produced, leading to a -- I'm not saying -- I'm just raising this question. I think that the State of the Union speech because it's live on all the networks is so crucial that I would worry a little bit about a designed process that diminishes the capacity of the organization as a whole to support the production of an "A+" speech on the evening of the State of the Union.

The second question, which may not be valid, either -- we have in fits and starts at times worried about this thing called overexposure. I don't think there's any point in starting to worry about it now. But one of the first cousins of that phenomenon is that if people see it in a speech laying out big themes and so forth, then a few days later here you are again and you're trying to kind of conserve enough ummph to really make that State of the Union an "A+" even, I worry a little bit about that. And I wonder if a solution to

the fact that there's so much material that it's really more than one speech is really -- the old saying about if you want a 40-page speech, give me two hours; if you want a two-page speech, give me a week -- I mean, it's trite but true. And doesn't that really mean that there has to be an even more brutal and ruthless culling process, especially since the principal focus of that speech has to be health care. And that means that all of the stuff on the potential agenda have to be very brutally culled whether or not there's a second speech -- and squeezed into thematic expressions rather than a laundry list expression.

I don't feel strongly about it because you give speeches all the time anyway. And yet if it's going to be a big speech on the 20th, I mean, it's just -- there's two things to think about.

THE PRESIDENT: On the other hand, if we could in the days leading up to that really lay a claim to having had a very good first year, and what the first year was about and how the second year is about the same thing the first year was about with a different expression -- I mean, I think there's something. What do you think, David?

MR. GERGEN: -- asking networks to cover and if it in fact was going to be future oriented. I thought what we were talking about a daytime speech that would cover the past and help to set the predicate for a future-oriented State of the Union speech.

THE VICE PRESIDENT: That answers all the concerns except the process concern. And it may partially answer the process concern, too, if you assume that a litany of past achievements is inherently easier.

THE PRESIDENT: Well, one of the things that I would like to do, to go back to what Hillary said -- by the time I'd been Governor of Arkansas six years, everybody knew that our whole deal was about schools and jobs basically. And I had a variant between 30 seconds and five minutes that I started every speech with -- every speech. I had the same intro. I mean, it varied -- I had a 30-second version; I had a two-minute version; I had a five-minute version. But it was my Reagan deal -- and everybody knew what I was about. And I think we've got enough laid in now that we can go back and think through -- our labels didn't work so well. I mean, the new covenant didn't quite work, and the Putting People First didn't have any real content, so it became a laundry list and so they were scoring up against the laundry list in the book and all. But we got enough there to do it.

And I guess, what I really agree with Hillary about is, the three yards and a cloud of dust, I think is good; but you've still got to say, here's why I'm on your side and here's what we're going to do. And it's going to be three yards and a cloud of dust because it's hard and because everybody's getting --

THE VICE PRESIDENT: Here's where we started and here's where we've come and here's where we're going.

MR. STEPHANOPOULOS: I hope that you don't use the Thursday speech as an excuse not to do the accomplishments in the Tuesday, and for this reason: I think there was a -- you've given two well-received speeches before the Congress -- two things that were scored off the charts. I think it's going to be very hard for you to get scored very well purely on speech grounds in the third time you're up because of that. And what they're going to do if they're smart is talk about the fact that he always gives good speeches. The guy gives a good speech. The problem is what he does doesn't match what he says.

And I think that the reason why you need the accomplishments very concretely in the State of the Union itself. And that doesn't mean you don't do a speech Thursday, it just means you repeat is heavily on Tuesday -- is that it is the answer to that criticism. They made these criticisms before, but you did this. You came through every time.

MRS. CLINTON: But see, we have the speech -- I agree with that, George, but if we have the speech on Thursday and it does the job it should do and it has a political content as well, then you can have the Democrats showing up on Tuesday saying he kept his promises, or some kind of a something.

MR. STEPHANOPOULOS: I would love to repeat the first part of Thursday's speech Tuesday night. That's why I'm not against it, I just wanted the speech not to be too long.

MR. GERGEN: -- I said he's coming back, in effect, to report what he's tried to do in that first year.

MS. SEIDMAN: Why don't, if you have a few more minutes, why don't we try to keep this group together and move it into the Roosevelt Room for a couple more minutes and let the President --

THE PRESIDENT: Given all the caveats that the Vice President raised and that George raised, I still would like to explore the Georgetown thing because I think you could spend more time reviewing the last year and setting up the framework and then this renewal framework -- then you do the framework, you start with it and you lead off with what you've done. And still maybe you've only taken six minutes of the State of the Union speech, or eight. And you could still, if you do it right, with discipline, you could do pound, pound, pound, pound, pound, pound.

Just keep in mind, George, if we give them, let's take a big number, let's say we give them 10 accomplishments, right, you can give

them a test at the end of the State of the Union and if I get an even higher ratings than I did on the two previous speeches, which is unlikely, most people would remember three things on that 10 item list.

So I think it's very important to unpack it. The thing I see the Georgetown thing is doing for the press, for the political people, for our political supporters, a big mailing out by the DNC and all that, and also to set the stage for what the Congress ought to run on -- I am convinced that if our crowd in Congress that's up can run on the -- it's the yes crowd versus the no crowd, the yes crowd will win every time. We will win that election. And we will do much better at mid-term than people think, assuming we've got a decent economy, which he thinks is -- (laughter.)

THE VICE PRESIDENT: Absolutely assured.

END

President William Jefferson Clinton
Address Before a Joint Session of Congress
State of the Union: DRAFT ONE JAN 8 A10:25
January 25, 1994

Mr. Speaker, Mr. Vice President, Members of the 103rd Congress, my fellow Americans (and you, down there, running the TelePrompter):

Standing at this podium tonight, one cannot help but recall the giant who presided here for so many years. Tip O'Neill of Massachusetts was an example to us all, a true patriot, a fighter for the American people. A colleague once said of the Speaker: "he has no enemies in this House." Well, Tip, if you're listening, I hope you'll pass some of that magic down my way.

Tonight, I ask you to join me and continue the journey of renewal we began last year. A journey to help spread prosperity and democracy around the globe. To expand our economic recovery, and create jobs. To reward those who work and restore security by providing every American with health care benefits that can never be taken away. To join hands and battle back against the gusts of violence that imperil our neighbors.

And I ask you to advance in many other ways, large and small, the cause and ideal of America.

Last year, when I came before you, our economy was struggling. Twelve years of irresponsibility and exploding deficits had rusted the engine of our economic growth.

To many of the people who strive to live a good life and pass on a better one to their children, America was on the verge of losing her hopeful soul.

How ironic. Our nation had won a great victory in the long, twilight struggle for freedom; our ideals inspired revolutions on every continent. But here at home, there was a sense that we were destined to drift. That nothing could be done and that, if change were possible, this chamber would be the last place to make it happen.

It was then -- one year ago -- that I came here and spoke of a new direction. I promised the American people we would "accept responsibility" and work to chart a new course for our country.

ACCOMPLISHMENTS: A LOOK BACK

When historians look back at 1993, I am pretty sure that they will not remember it as a simple or neat year. They will see it, rather, as a year when America woke up and smelled the

coffee. A year when we said no to retreat, faced up to reality, and determined once again to take control of our lives.

The year reminded us that persistence and hard work can triumph over politics and partisanship. That we must prepare for the great challenges ahead, and keep the promises we have made.

We began by recognizing a simple truth: people should be able to work and care for loved ones. You passed, and I signed, the Family and Medical Leave Act. And in so doing we gave mothers and fathers all over this nation the time they deserve to enjoy the first months of a newborn's life or sit with a sick child whose time is up too soon. We have done right, and we can be proud.

We made it easier and cheaper for the sons and daughters of the middle class to borrow for college, and we threw out an old program that enriched banks, but not minds.

For the thousands of young people that we so rarely read or hear about -- those who want to contribute to their communities and earn money to educate themselves -- we joined together across party lines and said: "You deserve the chance."

In this, its first year, our Americorps program will send 20,000 young people out across our nation. They will work to give our families more homes and less hopelessness, our students more tutors and less truancy, and our sick and aged more friendship and less fear. And I am confident that the cheers that went up when national service became law, will echo from small town clinics to inner city playgrounds for generations to come.

In 1993, we began our effort to end welfare as we know it. When Congress voted to increase the Earned Income Tax Credit, you sent a simple message to 15 million American families who work for low wages. You said to them: "If you work full time, and raise children, you will no longer labor or live in poverty."

And, together, we began to make up for senseless years lost in the fight against violence. Last year I offered you a bargain. I said: "If you will pass the Brady bill, I'll sure sign it." Well, you did and I did -- and thousands of lives will be saved because of what we did.

But before we pat ourselves on the back too hard, let's not forget that what we have accomplished -- and we accomplished a lot -- has not restored the public's faith in us. Millions and millions of Americans are angry. They feel that their voices have been drowned out by the monied chorus of special interests. They want us to listen, to reinvent our government, to reform the way we do business.

So, in the year ahead, let us act to restore their trust. Let's pass real campaign finance reform -- reform that curbs the PACs and lobbyists, that limits spending, and that opens the airwaves to candidates with new ideas. Let's make it real. Let's give it teeth. And let's get it done.

We took one giant step last year to restore the public trust. We faced up to economic reality. We passed a comprehensive economic growth plan and began building the foundation for a recovery that will endure.

For years, the federal budget process was a sham. We changed that. We used real numbers. We put our fiscal house in order. We passed a plan that will reduce the deficit by \$500 billion over five years.

Know what? It's working. This year, our national deficit will be 50 [cq] billion dollars lower than expected.

We also restored fairness to our tax code. More than a few words have been said on the subject of taxes so let's clear the air.

Our budget raised taxes on the richest 2 percent [cq] of Americans. But when 98 percent of our citizens fill out their 1040 forms this year, many of them will pay less in incomes taxes because of indexed tax brackets. For 98 percent of taxpayers, income taxes did not go up. (cq)

Tonight, I can report that we have begun to take hold of our economic destiny. I know our recovery is not good enough. I know that people are still hurting, that not everyone feels the growing strength. But we are moving in the right direction.

Deficit reduction has lead to dramatically lower interest rates. Car sales are up. Home sales are at record highs. And homeowners are refinancing their mortgages at record low rates.

All of this serves our highest goal: to create jobs. In 1993, we created 1.6 million new private sector jobs -- twice as many jobs in one year than my predecessor saw in four. The unemployment rate in December declined to 6.4 percent -- the lowest it's been in almost three years.

In 1993, we built jobs for the future by taking historic steps to increase our exports. We didn't always agree -- I have the scars to prove it -- but I am confident that our efforts to open markets abroad will help create jobs and raise living standards here at home.

The North American Free Trade Agreement will open up markets in Mexico and Canada, and generate 200,000 new American jobs in

the next five years. It was one of many steps we took to sell American products abroad. We liberalized export controls and brought the leaders of Asia together to start building a new Pacific alliance for economic growth.

And we used our renewed economic credibility and strength to wrap up seven years of trade talks with 115 nations; I urge you to pass the General Agreement on Tariffs and Trade when it comes before you this year.

NSC Accomplishments Insert

- o Our efforts to renew America's economy are also essential to America's security; when we are strong and prosperous at home we are better able to inspire and lead abroad.
- o This is a time of vast global changes and our leadership is more important than ever.

--We have seen the promise of new progress in the Mideast peace talks, and I was proud to stand with Israeli and Palestinian leaders as they reached across years of animosity to join hands in a promise of peace.

--We have seen black and white join together in adopting a new constitution in South Africa, and immediately after they did so, I was pleased to enact the lifting of sanctions so that economy can thrive again for black and white alike.

- o When I ran for President, I promised I would engage actively abroad to advance that economic renewal, to make our military strong and ready for the challenges of a new era, and to promote the wave of democracy we have seen abroad. During the past year, we made progress on all of these.
- o We have worked to update our forces for this era's challenges:

--Bottom Up Review.

--Defense conversion -- worked to take care of those in the military and in our industries who helped win the Cold War, and to help hard-hit communities adjust.

--During my trip earlier this month, proposed an historic plan -- the Partnership for Peace -- to begin enlarging NATO so it can meet the new challenges facing both Europe and America.

- o We have worked to support the world-wide march toward democracy that is bringing freedom to millions while making our own nation more secure:

--Actively and staunchly supported President Boris Yeltsin and other reformers in Russia and the other new states of the former Soviet Union as they make the hard transitions from communism to democracy, and from state economies to free markets.

--As I stressed with Lech Walesa, Vaclav Havel and the leaders of Hungary and Slovakia, we are supporting the efforts of Central and Eastern Europe's former communist states to build thriving, prosperous democracies that enjoy real security as they make their historic transformations.

NSC section: 1994 Agenda

1. Continue supporting these democratic reforms. Democracies do not go to war against each other. The most important thing we can do to increase our own security is to support the enlargement of the free community of market democracies. That's why:
 - Continue to support reform in Russia and other former communist states.
 - Convene a Summit here in the US of the leaders of democratic leaders of our own Hemisphere.
 - Continue supporting the birth of a non-racial democracy in South Africa and that nation's economic renewal.
 - Continue to apply pressure on those who would destroy democracy by force -- as we did in Guatemala, as we will continue to do in Haiti.
 - Continue to press for improvements in China's performance on human rights, as part of a broader effort to strengthen our relations with this great and growing country, which will play such an important role in the coming years.
2. As we make the adjustments from the Cold War to a new peace, I am committed to keeping America secure and keeping our military ready for whatever dangers this era holds.
 - Must prepare for this era's new threats. Work to combat the proliferation of weapons of mass destruction, including the start of negotiations toward a comprehensive test ban treaty. Also new efforts on environmental degradation.
 - But the core of our security, as always, will remain with our military. One of the things I have enjoyed most this past year is meeting with the fine men and

women who wear America's uniform and stand sentry over our security, every day, around the world.

- I am committed to keep them the best-trained, best-equipped, best-prepared fighting force on the face of the earth.
 - Starting with the Bush Administration, military spending has been reduced significantly since 19xx to reflect the end of the Cold War. There were pressures to make even more cuts this year. But in the budget I will send to Congress, I rejected that idea. Despite all the investments we want to make, despite all the needs we want to address, America must not withdraw our stabilizing presence from the world or sacrifice our military readiness.
3. Continue using our engagement abroad to build our economic strength back here at home.
- Will host world jobs summit here in March.
 - Will go to G-7 meeting in Italy in July to talk with major industrialized countries about further steps to get the world economy growing faster.
 - Will build on this year's APEC meeting by going to next summit in Indonesia.

THE ECONOMIC AGENDA

Our economic plan aligns our country's fortunes with the forces of change. For there is no security and no future for a nation standing still in a churning world.

We have no choice but to change. To build protective walls will do little but generate fear and divide our nation from within. To improve the state of our union, we must embrace the change and continue our course of economic renewal.

As we go forward, we will pick up where we left off last year -- with a tight and disciplined budget.

The budget I ask you to support reduces discretionary spending by 12% over five years. It gives nine Cabinet Departments less money than they had last year. It reduces the federal workforce by 252,000 positions, and reforms the federal procurement system, as advocated by the Vice President's National Performance Review.

We must make the tough choices and the tough cuts. We will fight for them. We will make them not for austerity's sake, but

to keep faith with what our people demand: to do more with less, to cut and invest.

When we follow our plan, the budget deficit will go down for two years running for the first time in twenty years. When we stay with the program, and reform health care, we will post three consecutive years of declining deficits for the first time since Harry Truman lived in the White House. Now, the buck stops with us.

But no matter how much we lower the deficit or bring down interest rates, we will not lead the world into the 21st century unless we raise the skills and talents of our people. That's why our strategy calls for a revolution in lifelong learning.

We must make sure that every child enters school ready to learn. We know what works. Immunization and nutrition programs for infants and children; Head Start during the early years of schooling; and efforts to help parents -- the first teachers -- prepare their children for the challenge of education.

We must develop a world-class system of public education, with clear standards and accountability for results. Our effort must start with the Goals 2000 bill, which gives states new incentives to develop reforms and make them real at the local level.

For those young people who do not go directly on to college -- and half do not -- we must build new roads that lead to better jobs. My school-to-work initiative will link schools to workplaces, teachers to employers, and students to skills.

This year, I will also ask the Congress to transform America's unemployment system. In a dynamic economy -- where the average eighteen year old will change jobs seven times in a lifetime, where people stay unemployed longer, and most don't get called back to the same job they left -- this system must go. It unfairly taxes employers, and rips off employees. And it is our responsibility to set it right.

We will scrap this outdated unemployment system with a forward-looking re-employment system, and transform today's bureaucratic maze of training programs into a single source of information and assistance.

When we do more for our people -- when this Congress passes Goals 2000, School-to-Work, and our [Reemployment Act] -- then we will truly be able to say: "We made 1994 a year for education and training for all Americans."

Education and training are fine ideas. But as I travel across our nation, people tell me that all the degrees or

training in the world do not matter if there are no jobs.

That is why every time I walk into the Oval Office, I know that my job is to make sure you have a job.

I know, too, that government does not create jobs. In our nation, jobs are created by the men and women who operate America's nineteen million businesses. And we must turn to them, and help them, as we launch an all-out effort to generate jobs today and tomorrow.

In every center of economic activity, we will free private capital. We will make Empowerment Zones a reality, reform the Community Reinvestment Act, and unleash one hundred Community Development Banks to boost jobs, opportunity and hope in distressed urban and rural areas.

The budget we passed last year rewards those who start and own small businesses. It makes nine of every ten small business owners eligible for tax write-offs when they invest in the future. This year, we must build on those incentives, fight to keep the credit crunch at bay, strip away unnecessary regulations, and help enterprises create profits and jobs.

In our cities, suburbs and states, we will create jobs by building a more healthy environment through Clean Water and Wastewater Grants. We will fully fund the highway bill, and invest in the information highways of the future. And one day in the not too distant future, as the Vice President says, it will be as easy for an American child to hook up to the Library of Congress as it is for him to play a video game today.

To invest in the technologies of tomorrow, we will shift funds away from the weapons of the past. To replace the jobs we lost when we won the Cold War, we will move aggressively to help abandoned communities.

In too many communities across America, work has simply vanished, and the work ethic has disappeared with it. Instead of creating jobs where there are none, we have created a welfare system that penalizes people for trying to work, and encourages families to split up, not stay together.

That is why, last year, we began our fight to end welfare as we know it. We took the first vital steps: expanding the Earned Income Tax Credit, giving states the chance to experiment with innovative programs, and moving toward comprehensive health care reform.

Now this year, we as a society must say that people who bring children into this world must take personal responsibility for raising them. We will launch a national campaign to prevent

teen pregnancy -- and stop people from going on welfare in the first place. We will urge teenagers not to conceive outside of marriage. And we will tell children who have children to stay at home with their parents, and not set up housekeeping with the help of a welfare check.

We must remember a basic truth: Governments don't raise children, parents do. And parents must. Millions of children are stuck grow up on welfare because parents refuse to pay child support. Our welfare reform plan will include the toughest child support measures any White House has introduced. We'll give states the tools to collect child support from every parent who owes it, and throw the book at those who won't pay.

Our final step will be to give people on welfare the skills and training they need for up to two years, but after that, anyone who can work will have to go to work -- in the private sector if possible, in community service if necessary. We will make welfare what it used to be -- a second chance, not a way of life.

Health Care

This year we will finally face up to the challenge of providing health security for every American.

Our national discussion on health care has already begun, and I hope that every plan will be subjected to the same rigorous scrutiny that our plan has passed. In many cases it has been a constructive debate. At times, however, more heat than light has been shed. And I suspect that the temperature may rise a few degrees more in the months ahead.

So tonight -- before it gets any hotter -- I want to be clear where I stand.

I believe we Americans can rightly boast of the finest medical care and the best health professionals in the world. No one among us would allow these accomplishments to be put at risk. And that is why -- from the first day forward -- our health care reform program has been based on a simple premise: that we must preserve and strengthen what is right while we fix what is wrong.

The solution that we have put forward is a system of guaranteed private insurance. Guaranteed private insurance.

No matter how many false charges are lobbed in our direction, these are the facts. We considered -- and rejected -- a health care system run by the government. And when the defenders of the status quo tell you otherwise, ask yourselves: "what stake do they critics have in today's health care mess?"

Remember nothing could be more confusing than the system we have now. And the steps that we take will make it more difficult for special interests to protect their profits but easier for you to live a healthy life.

The vast majority of Americans -- the nine of ten of us who have insurance today and get it through our employers -- will keep doing just that. But when you visit the doctor, you'll present your health security card and fill out one standard form. And you'll know what you're getting.

No more insurance company fine print. No more policies that require a Ph.D. to understand. And no more hemming and hawing when you need help.

But we will also take two critical steps to make things better for working families: we must guarantee every American comprehensive health benefits that can never be taken away, and give individuals and small businesses more power to choose affordable, quality health coverage.

Fixing the system will not be easy. This much, however, is certain: If we do nothing, millions more Americans will lose their insurance, thousands of businesses will be strangled by rising costs, and uncontrolled federal deficits will threaten our future. Other nations have devised ways to provide excellent health care to all their citizens -- and spend much less than we do. If they can do it, so can we.

The opponents of change, nevertheless, counsel us to sit still. They tell us everything is okay. They insist that health care costs aren't rising. That your family is not in any danger of losing its insurance. That all we need do is tinker at the edges.

They are wrong. And they don't understand how you live.

The fight to guarantee health security is about all of us. It's about every one of the 210 million Americans who has health insurance - and pays more and more each year to make up for the exploding costs of caring for those who do not. It's about the tens of millions of Americans who go to bed every night just a pink slip or an illness away from a life of constant fear or potential bankruptcy. It's about the millions of people who are trading wage increases just to keep the same health benefits. And it's about the tens of thousands of small business owners who want to provide health insurance to their families and employees but simply cannot afford it.

The fact is, if you're very wealthy or very poor, if you work for a big company, if you sit in this Congress or live in the White House, our health care system works for you. But if you're in the middle -- trying to move up or hang on -- you can never be sure that your health

care will be there when you need it.

And the question that we must answer in 1994 is: will we sit back and take our chances, or stand up and take control of the change?

Tonight, I want every one of you here in this chamber to stand up for the people who sent us here. Stand up and promise that before you go home next fall and ask them to send you back, you will pass -- and I will sign -- a bill that guarantees every American health security.

Now let's be clear what health security means.

True health security means guaranteed, comprehensive benefits that can never be taken away. It means that if you lose your job, you're covered. If you switch jobs, you're covered. If you start a small business, you're still be covered. And if you decide to retire early, you'll still be covered.

It means, if you, or someone in your family, has a pre-existing condition, you're covered -- because it will be illegal to turn someone down who's been ill. If your health bills rise out of sight, you're still covered -- because it will be illegal to set lifetime limits on coverage. [AIDS] And if an insurance company tries to drop you, you'll still be covered -- because that will be illegal, too.

There are many health reform proposals before this Congress, and many contain good ideas. But if the final legislation you send me does not cover every American, I will do something I have not yet done in this young Presidency -- I will veto the legislation and tell you to start over again.

The health reform bill you pass must also guarantee every American a comprehensive package of benefits set down in law.

Some will argue that we don't need to spell them out -- that a government agency should handle that later. Don't believe them. You deserve to know what you're getting and how much you'll pay. And there's no way to know unless the benefits are spelled out.

In the coming debate, some will urge that we penalize companies who want to provide top-notch benefits to their employees. Or, they'll tell us to strip the benefits down to the basics. That we can't afford shots for kids or mammogram for women, that care for mental health is frivolous, and that there's really no need to help seniors with prescription drugs or long-term care.

I disagree. Providing preventive care to every citizen will spare so much pain and solve all of us money. And if we're going to slow the rate of growth in Medicare -- and we must -- we owe it to older Americans to reinvest the savings and help them buy the prescription drugs, and home and community-based care they need.

Let me be clear: health care reform must protect older Americans -- and my plan does that. It preserves Medicare. It gives you more. As the American Association of Retired Persons has said, my plan is "the best option for senior citizens." [Veterans]

Health care reform is a big task. It will not happen overnight. It will phase in over several years. It will cost money up front. Everybody will pay something. But in the end, every American will be guaranteed comprehensive health benefits that can never be taken away.

In the next year, Congress will come under intense pressure. Those who are getting rich off our health care system will prowl the halls outside this chamber, and they'll spend millions to protect their billions in profits. Those who summon the courage to face this challenge will be subject to withering attacks. The fact is: the lives of all of us here tonight would be a whole lot easier if we put health care back on the shelf.

But every generation -- and every generation of public servants -- faces challenges that it cannot afford to walk away from. And for ours, health care is the one.

Providing health security is more than an economic necessity. It will define who we are as a people. It is a vital step to give every American the freedom to take chances and change -- to move from welfare to work, to start a small business, or to seek a better job or a different life. It is a contest between those who would shrink before the challenge, and those who would tackle it with vigor. It is a test for all of us -- a test of whether the leaders of this country can serve those who sent us here.

We can do this. All we need do is look back to 1935 -- the year that our nation passed Social Security and guaranteed that Americans would never again grow old in fear. Or to 1965, the year that a courageous Congress looked beyond labels and lobbyists and provided Medicare for older Americans. 1994 can be such a year, too -- a year in which we renew our people's spirit by giving them the freedom of true health security.

VALUES SECTION

This yearning for security is as old as time itself. The Prophet Micah said, "and they shall sit every man under his vine and his fig tree, and none shall make them afraid." Throughout our history, we Americans followed his admonition. We obeyed the law. We respected our neighbors. We cherished our faith. And because we did, we became the greatest country on earth.

Today, however, the peace of our society has been broken. An innocent slumber party gives way to agonizing tragedy. An ordinary train ride home ends in a hail of 9-millimeter shells. Michael Jordan loses his father to brutal murder. A tourist is nearly burned alive by

bigots simply because he is black. Right here in our nation's capital, a brave young man -- a policeman, son of a policeman--is ruthlessly gunned down.

Each of us has become vulnerable, and none of us feels safe. We can lock our doors, move to the suburbs, we can keep crossing the street when we are scared.

Or we can rise up and declare with a single mighty voice, "Enough is enough." And in the name of the decent hardworking Americans--in the name of Polly Klass, James Jordan, Officer Jason White, and the other victims whose names we will never know--let's pledge tonight to put politics aside and take back our homes and reclaim our lives.

Before this Congress is the toughest anti-crime and violence effort ever proposed by the Federal government. I want you to send it to me. And I want to sign it.

I want to hire 100,000 new police officers and put them on the beat in communities across America.

I want cop killers and carjackers who kill, and terrorists who murder people with their bombs and their guns, to face the death penalty with certainty and swiftness.

I want more boot camps for first-time offenders, and more prisons for those who must be locked away.

I want to invest hundreds of millions in safe schools to prevent our children from being mugged, raped or shot on their way to school or class.

I want a law that says to violent felons: "The revolving door is shut. Commit a third violent crime, and you will never see the outside of a cellblock again."

When it comes to guns: hunters should be free to hunt; law abiding citizens should be free to own guns for self-protection. But killer weapons that terrorize our communities and cut down our children must be banished. It's time to clear assault weapons off the streets and take casual dealers out of the business of selling guns.

Let there be no mistake. Drugs must never be legalized. Violence is the drug trade's constant companion, despair its silent partner. We must move aggressively to control drug related crime, and make special efforts to fight drug abuse. We must rid our cities of the drug lords -- and treat desperate customers before we lose them forever.

These measures, and more, are in the crime bill that awaits final action. Pass this legislation, pass it this spring. I will sign it, and together we will help calm the rising tide of fear.

Fear. But fear is only the most visible and terrifying symptom of what is becoming a moral-- even spiritual--crisis. The precious fabric of family, neighborhood, and community is being unraveled -- by students who drop out and give up; by coarsened youth, who kill without remorse; by absent fathers, unwed mothers and broken homes.

As a people, we have no greater responsibility than to restore the bonds of civility and respect that bind us together.

The condition of our larger society is always a reflection of our inner lives. We must never forget that changes from the outside in will surely fail unless they are met, and matched, by changes made from the inside out. We must do what's right because it is right -- because the habits of our hearts know the difference between right and wrong.

We must remind all parents -- nothing you do is more important than protecting the children you bring into the world; teaching them-- by power of example -- the importance of hard work, of respect for education and learning, of resistance in the face of temptation, of patient building for a better future. That much is your duty.

But we cannot expect parents to succeed if the larger culture that surrounds -- indeed, invades -- our homes to undercut their efforts. We must challenge the people who create our culture -- who bring us films, radio, and television shows -- to curb pointless violence, immorality, and imagery that degrades women or needlessly tramples on religion.

This is not a call for censorship. It is a call for conscience and responsibility on the part of those who could better use their gifts to elevate our spirit.

Let us give our children a future. Let us take away their guns and give them books. Let us remove their despair and replace it with hope. Let us rebuild our families, our neighborhoods, and our communities. Let us weave these thin but good and sturdy threads into a new social fabric that can once more warm us against the chill of evil, and lead us to a better tomorrow.

Tonight, we meet in a time of great challenge and great promise. Our democratic values light the way for all those who remain repressed by leaders or ideas long obsolete. Our economy gathers strength, our citizens grow more confident. We are home to this planet's most energetic and optimistic people.

These people, the American people, are eager to get on with the task of making history as we want it to be made. Little wonder. This restless state of reinvention and renewal is the natural state of our people, our democracy, and our union. It is our task to help breathe new life into the American spirit, and grow new wings for the American soul. Thank you. And may God Bless America.

President William Jefferson Clinton
Address Before a Joint Session of Congress
State of the Union: DRAFT ONE JAN 8 AIO: 25
January 25, 1994

Mr. Speaker, Mr. Vice President, Members of the 103rd Congress, my fellow Americans (and you, down there, running the TelePrompter):

Standing at this podium tonight, one cannot help but recall the giant who presided here for so many years. Tip O'Neill of Massachusetts was an example to us all, a true patriot, a fighter for the American people. A colleague once said of the Speaker: "he has no enemies in this House." Well, Tip, if you're listening, I hope you'll pass some of that magic down my way.

Tonight, I ask you to join me and continue the journey of renewal we began last year. A journey to help spread prosperity and democracy around the globe. To expand our economic recovery, and create jobs. To reward those who work and restore security by providing every American with health care benefits that can never be taken away. To join hands and battle back against the gusts of violence that imperil our neighbors.

And I ask you to advance in many other ways, large and small, the cause and ideal of America.

Last year, when I came before you, our economy was struggling. Twelve years of irresponsibility and exploding deficits had rusted the engine of our economic growth.

To many of the people who strive to live a good life and pass on a better one to their children, America was on the verge of losing her hopeful soul.

How ironic. Our nation had won a great victory in the long, twilight struggle for freedom; our ideals inspired revolutions on every continent. But here at home, there was a sense that we were destined to drift. That nothing could be done and that, if change were possible, this chamber would be the last place to make it happen.

It was then -- one year ago -- that I came here and spoke of a new direction. I promised the American people we would "accept responsibility" and work to chart a new course for our country.

ACCOMPLISHMENTS: A LOOK BACK

When historians look back at 1993, I am pretty sure that they will not remember it as a simple or neat year. They will see it, rather, as a year when America woke up and smelled the

coffee. A year when we said no to retreat, faced up to reality, and determined once again to take control of our lives.

The year reminded us that persistence and hard work can triumph over politics and partisanship. That we must prepare for the great challenges ahead, and keep the promises we have made.

We began by recognizing a simple truth: people should be able to work and care for loved ones. You passed, and I signed, the Family and Medical Leave Act. And in so doing we gave mothers and fathers all over this nation the time they deserve to enjoy the first months of a newborn's life or sit with a sick child whose time is up too soon. We have done right, and we can be proud.

We made it easier and cheaper for the sons and daughters of the middle class to borrow for college, and we threw out an old program that enriched banks, but not minds.

For the thousands of young people that we so rarely read or hear about -- those who want to contribute to their communities and earn money to educate themselves -- we joined together across party lines and said: "You deserve the chance."

In this, its first year, our Americorps program will send 20,000 young people out across our nation. They will work to give our families more homes and less hopelessness, our students more tutors and less truancy, and our sick and aged more friendship and less fear. And I am confident that the cheers that went up when national service became law, will echo from small town clinics to inner city playgrounds for generations to come.

In 1993, we began our effort to end welfare as we know it. When Congress voted to increase the Earned Income Tax Credit, you sent a simple message to 15 million American families who work for low wages. You said to them: "If you work full time, and raise children, you will no longer labor or live in poverty."

And, together, we began to make up for senseless years lost in the fight against violence. Last year I offered you a bargain. I said: "If you will pass the Brady bill, I'll sure sign it." Well, you did and I did -- and thousands of lives will be saved because of what we did.

But before we pat ourselves on the back too hard, let's not forget that what we have accomplished -- and we accomplished a lot -- has not restored the public's faith in us. Millions and millions of Americans are angry. They feel that their voices have been drowned out by the monied chorus of special interests. They want us to listen, to reinvent our government, to reform the way we do business.

So, in the year ahead, let us act to restore their trust. Let's pass real campaign finance reform -- reform that curbs the PACs and lobbyists, that limits spending, and that opens the airwaves to candidates with new ideas. Let's make it real. Let's give it teeth. And let's get it done.

We took one giant step last year to restore the public trust. We faced up to economic reality. We passed a comprehensive economic growth plan and began building the foundation for a recovery that will endure.

For years, the federal budget process was a sham. We changed that. We used real numbers. We put our fiscal house in order. We passed a plan that will reduce the deficit by \$500 billion over five years.

Know what? It's working. This year, our national deficit will be 50 [cq] billion dollars lower than expected.

We also restored fairness to our tax code. More than a few words have been said on the subject of taxes so let's clear the air.

Our budget raised taxes on the richest 2 percent [cq] of Americans. But when 98 percent of our citizens fill out their 1040 forms this year, many of them will pay less in incomes taxes because of indexed tax brackets. For 98 percent of taxpayers, income taxes did not go up. (cq)

Tonight, I can report that we have begun to take hold of our economic destiny. I know our recovery is not good enough. I know that people are still hurting, that not everyone feels the growing strength. But we are moving in the right direction.

Deficit reduction has lead to dramatically lower interest rates. Car sales are up. Home sales are at record highs. And homeowners are refinancing their mortgages at record low rates.

All of this serves our highest goal: to create jobs. In 1993, we created 1.6 million new private sector jobs -- twice as many jobs in one year than my predecessor saw in four. The unemployment rate in December declined to 6.4 percent -- the lowest it's been in almost three years.

In 1993, we built jobs for the future by taking historic steps to increase our exports. We didn't always agree -- I have the scars to prove it -- but I am confident that our efforts to open markets abroad will help create jobs and raise living standards here at home.

The North American Free Trade Agreement will open up markets in Mexico and Canada, and generate 200,000 new American jobs in

the next five years. It was one of many steps we took to sell American products abroad. We liberalized export controls and brought the leaders of Asia together to start building a new Pacific alliance for economic growth.

And we used our renewed economic credibility and strength to wrap up seven years of trade talks with 115 nations; I urge you to pass the General Agreement on Tariffs and Trade when it comes before you this year.

NSC Accomplishments Insert

- o Our efforts to renew America's economy are also essential to America's security; when we are strong and prosperous at home we are better able to inspire and lead abroad.
- o This is a time of vast global changes and our leadership is more important than ever.
 - We have seen the promise of new progress in the Mideast peace talks, and I was proud to stand with Israeli and Palestinian leaders as they reached across years of animosity to join hands in a promise of peace.
 - We have seen black and white join together in adopting a new constitution in South Africa, and immediately after they did so, I was pleased to enact the lifting of sanctions so that economy can thrive again for black and white alike.
- o When I ran for President, I promised I would engage actively abroad to advance that economic renewal, to make our military strong and ready for the challenges of a new era, and to promote the wave of democracy we have seen abroad. During the past year, we made progress on all of these.
- o We have worked to update our forces for this era's challenges:
 - Bottom Up Review.
 - Defense conversion -- worked to take care of those in the military and in our industries who helped win the Cold War, and to help hard-hit communities adjust.
 - During my trip earlier this month, proposed an historic plan -- the Partnership for Peace -- to begin enlarging NATO so it can meet the new challenges facing both Europe and America.
- o We have worked to support the world-wide march toward democracy that is bringing freedom to millions while making our own nation more secure:

--Actively and staunchly supported President Boris Yeltsin and other reformers in Russia and the other new states of the former Soviet Union as they make the hard transitions from communism to democracy, and from state economies to free markets.

--As I stressed with Lech Walesa, Vaclav Havel and the leaders of Hungary and Slovakia, we are supporting the efforts of Central and Eastern Europe's former communist states to build thriving, prosperous democracies that enjoy real security as they make their historic transformations.

NSC section: 1994 Agenda

1. Continue supporting these democratic reforms. Democracies do not go to war against each other. The most important thing we can do to increase our own security is to support the enlargement of the free community of market democracies. That's why:

-- Continue to support reform in Russia and other former communist states.

-- Convene a Summit here in the US of the leaders of democratic leaders of our own Hemisphere.

-- Continue supporting the birth of a non-racial democracy in South Africa and that nation's economic renewal.

-- Continue to apply pressure on those who would destroy democracy by force -- as we did in Guatemala, as we will continue to do in Haiti.

-- Continue to press for improvements in China's performance on human rights, as part of a broader effort to strengthen our relations with this great and growing country, which will play such an important role in the coming years.

2. As we make the adjustments from the Cold War to a new peace, I am committed to keeping America secure and keeping our military ready for whatever dangers this era holds.

-- Must prepare for this era's new threats. Work to combat the proliferation of weapons of mass destruction, including the start of negotiations toward a comprehensive test ban treaty. Also new efforts on environmental degradation.

-- But the core of our security, as always, will remain with our military. One of the things I have enjoyed most this past year is meeting with the fine men and

women who wear America's uniform and stand sentry over our security, every day, around the world.

- I am committed to keep them the best-trained, best-equipped, best-prepared fighting force on the face of the earth.
 - Starting with the Bush Administration, military spending has been reduced significantly since 19xx to reflect the end of the Cold War. There were pressures to make even more cuts this year. But in the budget I will send to Congress, I rejected that idea. Despite all the investments we want to make, despite all the needs we want to address, America must not withdraw our stabilizing presence from the world or sacrifice our military readiness.
3. Continue using our engagement abroad to build our economic strength back here at home.
- Will host world jobs summit here in March.
 - Will go to G-7 meeting in Italy in July to talk with major industrialized countries about further steps to get the world economy growing faster.
 - Will build on this year's APEC meeting by going to next summit in Indonesia.

THE ECONOMIC AGENDA

Our economic plan aligns our country's fortunes with the forces of change. For there is no security and no future for a nation standing still in a churning world.

We have no choice but to change. To build protective walls will do little but generate fear and divide our nation from within. To improve the state of our union, we must embrace the change and continue our course of economic renewal.

As we go forward, we will pick up where we left off last year -- with a tight and disciplined budget.

The budget I ask you to support reduces discretionary spending by 12% over five years. It gives nine Cabinet Departments less money than they had last year. It reduces the federal workforce by 252,000 positions, and reforms the federal procurement system, as advocated by the Vice President's National Performance Review.

We must make the tough choices and the tough cuts. We will fight for them. We will make them not for austerity's sake, but

to keep faith with what our people demand: to do more with less, to cut and invest.

When we follow our plan, the budget deficit will go down for two years running for the first time in twenty years. When we stay with the program, and reform health care, we will post three consecutive years of declining deficits for the first time since Harry Truman lived in the White House. Now, the buck stops with us.

But no matter how much we lower the deficit or bring down interest rates, we will not lead the world into the 21st century unless we raise the skills and talents of our people. That's why our strategy calls for a revolution in lifelong learning.

We must make sure that every child enters school ready to learn. We know what works. Immunization and nutrition programs for infants and children; Head Start during the early years of schooling; and efforts to help parents -- the first teachers -- prepare their children for the challenge of education.

We must develop a world-class system of public education, with clear standards and accountability for results. Our effort must start with the Goals 2000 bill, which gives states new incentives to develop reforms and make them real at the local level.

For those young people who do not go directly on to college -- and half do not -- we must build new roads that lead to better jobs. My school-to-work initiative will link schools to workplaces, teachers to employers, and students to skills.

This year, I will also ask the Congress to transform America's unemployment system. In a dynamic economy -- where the average eighteen year old will change jobs seven times in a lifetime, where people stay unemployed longer, and most don't get called back to the same job they left -- this system must go. It unfairly taxes employers, and rips off employees. And it is our responsibility to set it right.

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training in the world do not matter if there are no jobs.

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I know, too, that government does not create jobs. In our nation, jobs are created by the men and women who operate America's nineteen million businesses. And we must turn to them, and help them, as we launch an all-out effort to generate jobs today and tomorrow.

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To invest in the technologies of tomorrow, we will shift funds away from the weapons of the past. To replace the jobs we lost when we won the Cold War, we will move aggressively to help abandoned communities.

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Health Care

This year we will finally face up to the challenge of providing health security for every American.

Our national discussion on health care has already begun, and I hope that every plan will be subjected to the same rigorous scrutiny that our plan has passed. In many cases it has been a constructive debate. At times, however, more heat than light has been shed. And I suspect that the temperature may rise a few degrees more in the months ahead.

So tonight -- before it gets any hotter -- I want to be clear where I stand.

I believe we Americans can rightly boast of the finest medical care and the best health professionals in the world. No one among us would allow these accomplishments to be put at risk. And that is why -- from the first day forward -- our health care reform program has been based on a simple premise: that we must preserve and strengthen what is right while we fix what is wrong.

The solution that we have put forward is a system of guaranteed private insurance. Guaranteed private insurance.

No matter how many false charges are lobbed in our direction, these are the facts. We considered -- and rejected -- a health care system run by the government. And when the defenders of the status quo tell you otherwise, ask yourselves: "what stake do they critics have in today's health care mess?"

Remember nothing could be more confusing than the system we have now. And the steps that we take will make it more difficult for special interests to protect their profits but easier for you to live a healthy life.

The vast majority of Americans -- the nine of ten of us who have insurance today and get it through our employers -- will keep doing just that. But when you visit the doctor, you'll present your health security card and fill out one standard form. And you'll know what you're getting.

No more insurance company fine print. No more policies that require a Ph.D. to understand. And no more hemming and hawing when you need help.

But we will also take two critical steps to make things better for working families: we must guarantee every American comprehensive health benefits that can never be taken away, and give individuals and small businesses more power to choose affordable, quality health coverage.

Fixing the system will not be easy. This much, however, is certain: If we do nothing, millions more Americans will lose their insurance, thousands of businesses will be strangled by rising costs, and uncontrolled federal deficits will threaten our future. Other nations have devised ways to provide excellent health care to all their citizens -- and spend much less than we do. If they can do it, so can we.

The opponents of change, nevertheless, counsel us to sit still. They tell us everything is okay. They insist that health care costs aren't rising. That your family is not in any danger of losing its insurance. That all we need do is tinker at the edges.

They are wrong. And they don't understand how you live.

The fight to guarantee health security is about all of us. It's about every one of the 210 million Americans who has health insurance - and pays more and more each year to make up for the exploding costs of caring for those who do not. It's about the tens of millions of Americans who go to bed every night just a pink slip or an illness away from a life of constant fear or potential bankruptcy. It's about the millions of people who are trading wage increases just to keep the same health benefits. And it's about the tens of thousands of small business owners who want to provide health insurance to their families and employees but simply cannot afford it.

The fact is, if you're very wealthy or very poor, if you work for a big company, if you sit in this Congress or live in the White House, our health care system works for you. But if you're in the middle -- trying to move up or hang on -- you can never be sure that your health

care will be there when you need it.

And the question that we must answer in 1994 is: will we sit back and take our chances, or stand up and take control of the change?

Tonight, I want every one of you here in this chamber to stand up for the people who sent us here. Stand up and promise that before you go home next fall and ask them to send you back, you will pass -- and I will sign -- a bill that guarantees every American health security.

Now let's be clear what health security means.

True health security means guaranteed, comprehensive benefits that can never be taken away. It means that if you lose your job, you're covered. If you switch jobs, you're covered. If you start a small business, you're still be covered. And if you decide to retire early, you'll still be covered.

It means, if you, or someone in your family, has a pre-existing condition, you're covered -- because it will be illegal to turn someone down who's been ill. If your health bills rise out of sight, you're still covered -- because it will be illegal to set lifetime limits on coverage. [AIDS] And if an insurance company tries to drop you, you'll still be covered -- because that will be illegal, too.

There are many health reform proposals before this Congress, and many contain good ideas. But if the final legislation you send me does not cover every American, I will do something I have not yet done in this young Presidency -- I will veto the legislation and tell you to start over again.

The health reform bill you pass must also guarantee every American a comprehensive package of benefits set down in law.

Some will argue that we don't need to spell them out -- that a government agency should handle that later. Don't believe them. You deserve to know what you're getting and how much you'll pay. And there's no way to know unless the benefits are spelled out.

In the coming debate, some will urge that we penalize companies who want to provide top-notch benefits to their employees. Or, they'll tell us to strip the benefits down to the basics. That we can't afford shots for kids or mammogram for women, that care for mental health is frivolous, and that there's really no need to help seniors with prescription drugs or long-term care.

I disagree. Providing preventive care to every citizen will spare so much pain and solve all of us money. And if we're going to slow the rate of growth in Medicare -- and we must -- we owe it to older Americans to reinvest the savings and help them buy the prescription drugs, and home and community-based care they need.

Let me be clear: health care reform must protect older Americans -- and my plan does that. It preserves Medicare. It gives you more. As the American Association of Retired Persons has said, my plan is "the best option for senior citizens." [Veterans]

Health care reform is a big task. It will not happen overnight. It will phase in over several years. It will cost money up front. Everybody will pay something. But in the end, every American will be guaranteed comprehensive health benefits that can never be taken away.

In the next year, Congress will come under intense pressure. Those who are getting rich off our health care system will prowl the halls outside this chamber, and they'll spend millions to protect their billions in profits. Those who summon the courage to face this challenge will be subject to withering attacks. The fact is: the lives of all of us here tonight would be a whole lot easier if we put health care back on the shelf.

But every generation -- and every generation of public servants -- faces challenges that it cannot afford to walk away from. And for ours, health care is the one.

Providing health security is more than an economic necessity. It will define who we are as a people. It is a vital step to give every American the freedom to take chances and change -- to move from welfare to work, to start a small business, or to seek a better job or a different life. It is a contest between those who would shrink before the challenge, and those who would tackle it with vigor. It is a test for all of us -- a test of whether the leaders of this country can serve those who sent us here.

We can do this. All we need do is look back to 1935 -- the year that our nation passed Social Security and guaranteed that Americans would never again grow old in fear. Or to 1965, the year that a courageous Congress looked beyond labels and lobbyists and provided Medicare for older Americans. 1994 can be such a year, too -- a year in which we renew our people's spirit by giving them the freedom of true health security.

VALUES SECTION

This yearning for security is as old as time itself. The Prophet Micah said, "and they shall sit every man under his vine and his fig tree, and none shall make them afraid." Throughout our history, we Americans followed his admonition. We obeyed the law. We respected our neighbors. We cherished our faith. And because we did, we became the greatest country on earth.

Today, however, the peace of our society has been broken. An innocent slumber party gives way to agonizing tragedy. An ordinary train ride home ends in a hail of 9-millimeter shells. Michael Jordan loses his father to brutal murder. A tourist is nearly burned alive by

bigots simply because he is black. Right here in our nation's capital, a brave young man -- a policeman, son of a policeman--is ruthlessly gunned down.

Each of us has become vulnerable, and none of us feels safe. We can lock our doors, move to the suburbs, we can keep crossing the street when we are scared.

Or we can rise up and declare with a single mighty voice, "Enough is enough." And in the name of the decent hardworking Americans--in the name of Polly Klass, James Jordan, Officer Jason White, and the other victims whose names we will never know--let's pledge tonight to put politics aside and take back our homes and reclaim our lives.

Before this Congress is the toughest anti-crime and violence effort ever proposed by the Federal government. I want you to send it to me. And I want to sign it.

I want to hire 100,000 new police officers and put them on the beat in communities across America.

I want cop killers and carjackers who kill, and terrorists who murder people with their bombs and their guns, to face the death penalty with certainty and swiftness.

I want more boot camps for first-time offenders, and more prisons for those who must be locked away.

I want to invest hundreds of millions in safe schools to prevent our children from being mugged, raped or shot on their way to school or class.

I want a law that says to violent felons: "The revolving door is shut. Commit a third violent crime, and you will never see the outside of a cellblock again."

When it comes to guns: hunters should be free to hunt; law abiding citizens should be free to own guns for self-protection. But killer weapons that terrorize our communities and cut down our children must be banished. It's time to clear assault weapons off the streets and take casual dealers out of the business of selling guns.

Let there be no mistake. Drugs must never be legalized. Violence is the drug trade's constant companion, despair its silent partner. We must move aggressively to control drug related crime, and make special efforts to fight drug abuse. We must rid our cities of the drug lords -- and treat desperate customers before we lose them forever.

These measures, and more, are in the crime bill that awaits final action. Pass this legislation, pass it this spring. I will sign it, and together we will help calm the rising tide of fear.

Fear. But fear is only the most visible and terrifying symptom of what is becoming a moral-- even spiritual--crisis. The precious fabric of family, neighborhood, and community is being unraveled -- by students who drop out and give up; by coarsened youth, who kill without remorse; by absent fathers, unwed mothers and broken homes.

As a people, we have no greater responsibility than to restore the bonds of civility and respect that bind us together.

The condition of our larger society is always a reflection of our inner lives. We must never forget that changes from the outside in will surely fail unless they are met, and matched, by changes made from the inside out. We must do what's right because it is right -- because the habits of our hearts know the difference between right and wrong.

We must remind all parents -- nothing you do is more important than protecting the children you bring into the world; teaching them-- by power of example -- the importance of hard work, of respect for education and learning, of resistance in the face of temptation, of patient building for a better future. That much is your duty.

But we cannot expect parents to succeed if the larger culture that surrounds -- indeed, invades -- our homes to undercut their efforts. We must challenge the people who create our culture -- who bring us films, radio, and television shows -- to curb pointless violence, immorality, and imagery that degrades women or needlessly tramples on religion.

This is not a call for censorship. It is a call for conscience and responsibility on the part of those who could better use their gifts to elevate our spirit.

Let us give our children a future. Let us take away their guns and give them books. Let us remove their despair and replace it with hope. Let us rebuild our families, our neighborhoods, and our communities. Let us weave these thin but good and sturdy threads into a new social fabric that can once more warm us against the chill of evil, and lead us to a better tomorrow.

Tonight, we meet in a time of great challenge and great promise. Our democratic values light the way for all those who remain repressed by leaders or ideas long obsolete. Our economy gathers strength, our citizens grow more confident. We are home to this planet's most energetic and optimistic people.

These people, the American people, are eager to get on with the task of making history as we want it to be made. Little wonder. This restless state of reinvention and renewal is the natural state of our people, our democracy, and our union. It is our task to help breathe new life into the American spirit, and grow new wings for the American soul. Thank you. And may God Bless America.

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THE WHITE HOUSE
Office of the Press Secretary

For Immediate Release

January 20, 1993

INAUGURAL ADDRESS
OF
WILLIAM JEFFERSON CLINTON,
42ND PRESIDENT OF THE UNITED STATES

The U.S. Capitol
Washington, DC

12:01 P.M. EST

THE PRESIDENT: My fellow citizens, today we celebrate the mystery of American renewal. This ceremony is held in the depth of winter, but by the words we speak and the faces we show the world, we force the spring -- a spring reborn in the world's oldest democracy that brings forth the vision and courage to reinvent America.

When our Founders boldly declared America's independence to the world and our purposes to the Almighty, they knew that America to endure would have to change; not change for change sake, but change to preserve America's ideals: life, liberty, the pursuit of happiness.

Though we marched to the music of our time, our mission is timeless. Each generation of Americans must define what it means to be an American.

On behalf of our nation, I salute my predecessor, President Bush, for his half-century of service to America. (Applause.) And I thank the millions of men and women whose steadfastness and sacrifice triumphed over depression, fascism and communism.

Today, a generation raised in the shadows of the Cold War assumes new responsibilities in a world warmed by the sunshine of freedom, but threatened still by ancient hatreds and new plagues. Raised in unrivaled prosperity, we inherit an economy that is still the world's strongest, but is weakened by business failures, stagnant wages, increasing inequality and deep divisions among our own people.

When George Washington first took the oath I have just sworn to uphold, news traveled slowly across the land by horseback and across the ocean by boat. Now, the sights and sounds of this ceremony are broadcast instantaneously to billions around the world. Communications and commerce are global. Investment is mobil. Technology is almost magical. And ambition for a better life is now universal.

We earn our livelihood in America today in peaceful competition with people all across the Earth. Profound and powerful forces are shaking and remaking our world. And the urgent question of our time is whether we can make change our friend and not our enemy.

This new world has already enriched the lives of millions of Americans who are able to compete and win in it. But when most people are working harder for less; when others cannot work at all; when the cost of health care devastates families and threatens to bankrupt our enterprises great and small; when the fear of crime robs law-abiding citizens of their freedom; and when

millions of poor children cannot even imagine the lives we are calling them to lead, we have not made change our friend.

We know we have to face hard truths and take strong steps, but we have not done so; instead, we have drifted. And that drifting has eroded our resources, fractured our economy and shaken our confidence. Though our challenges are fearsome, so are our strengths. Americans have ever been a restless, questing, hopeful people. And we must bring to our task today the vision and will of those who came before us.

From our Revolution to the Civil War, to the Great Depression, to the Civil Rights Movement, our people have always mustered the determination to construct from these crises the pillars of our history.

Thomas Jefferson believed that to preserve the very foundations of our nation, we would need dramatic change from time to time. Well, my fellow Americans, this is our time. Let us embrace it. (Applause.)

Our democracy must be not only the envy of the world but the engine of our own renewal. There is nothing wrong with America that cannot be cured by what is right with America. (Applause.) And so today we pledge an end to the era of deadlock and drift, and a new season of American renewal has begun. (Applause.)

To renew America we must be bold. We must do what no generation has had to do before. We must invest more in our own people, in their jobs and in their future, and at the same time cut our massive debt. And we must do so in a world in which we must compete for every opportunity. It will not be easy. It will require sacrifice, but it can be done and done fairly. Not choosing sacrifice for its own sake but for our own sake, we must provide for our nation the way a family provides for its children.

Our Founders saw themselves in the light of posterity. We can do no less. Anyone who has ever watched a child's eyes wander into sleep knows what posterity is. Posterity is the world to come -- the world for whom we hold our ideals; from whom we have borrowed our planet; and to whom we bear sacred responsibility.

We must do what America does best: offer more opportunity to all and demand more responsibility from all. (Applause.) It is time to break the bad habit of expecting something for nothing from our government or from each other. Let us all take more responsibility not only for ourselves and our families but for our communities and our country.

To renew America, we must revitalize our democracy. This beautiful Capitol, like every capitol since the dawn of civilization, is often a place of intrigue and calculation. Powerful people maneuver for position and worry endlessly about who is in and who is out, who is up and who is down, forgetting those people whose toil and sweat sends us here and pays our way. (Applause.)

Americans deserve better. And in this city today there are people who want to do better. And so I say to all of you here, let us resolve to reform our politics so that power and privilege no longer shout down the voice of the people. Let us put aside personal advantage so that we can feel the pain and see the promise of America. Let us resolve to make our government a place for what Franklin Roosevelt called bold, persistent experimentation -- a government for our tomorrows, not our yesterdays. Let us give this Capitol back to the people to whom it belongs. (Applause.)

To renew America we must meet challenges abroad as well as at home. There is no longer a clear division between what is

foreign and what is domestic. The world economy, the world environment, the world AIDS crisis, the world arms race -- they affect us all. Today, as an old order passes, the new world is more free but less stable. Communism's collapse has called forth old animosities and new dangers. Clearly, America must continue to lead the world we did so much to make.

While America rebuilds at home, we will not shrink from the challenges nor fail to seize the opportunities of this new world. Together with our friends and allies, we will work to shape change, lest it engulf us. When our vital interests are challenged or the will and conscience of the international community is defied, we will act -- with peaceful diplomacy whenever possible, with force when necessary.

The brave Americans serving our nation today in the Persian Gulf, in Somalia, and wherever else they stand are testament to our resolve. But our greatest strength is the power of our ideas, which are still new in many lands. Across the world, we see them embraced and we rejoice. Our hopes, our hearts, our hands are with those on every continent who are building democracy and freedom. Their cause is America's cause.

The American people have summoned the change we celebrate today. You have raised your voices in an unmistakable chorus. You have cast your votes in historic numbers. And you have changed the face of Congress, the presidency and the political process itself. Yes, you, my fellow Americans, have forced the spring.

Now, we must do the work the season demands. To that work, I now turn with all the authority of my office. I ask the Congress to join with me. But no President, no Congress, no government can undertake this mission alone.

My fellow Americans, you, too, must play your part in our renewal. I challenge a new generation of young Americans to a season of service; to act on your idealism by helping troubled children; keeping company with those in need; reconnecting our torn communities. There is so much to be done -- enough, indeed, for millions of others who are still young in spirit to give of themselves in service, too.

In serving, we recognize a simple, but powerful truth. We need each other, and we must care for one another. Today, we do more than celebrate America. We rededicate ourselves to the very idea of America, an idea born in revolution and renewed through two centuries of challenge; an idea tempered by the knowledge that, but for fate, we, the fortunate, and the unfortunate, might have been each other; an idea ennobled by the faith that our nation can summon from its myriad diversity the deepest measure of unity; an idea infused with the conviction that America's long, heroic journey must go forever upward. (Applause.)

And, so, my fellow Americans, as we stand at the edge of the 21st century, let us begin anew with energy and hope, with faith and discipline. And let us work until our work is done. The Scripture says, "and let us not be weary in well-doing, for in due season we shall reap if we faint not." From this joyful mountaintop of celebration we hear a call to service in the valley. We have heard the trumpets. We have changed the guard. And now each in our own way, and with God's help, we must answer the call.

Thank you and God bless you all. (Applause.)

A NEW COVENANT FOR ECONOMIC CHANGE

GEORGETOWN UNIVERSITY, WASHINGTON, D.C.

NOVEMBER 20, 1991

Thank you for being here today. A better future for your generation — a better life for all who will work for it — is what this campaign is about.

But I come here today convinced that your future — the very future of our country, the American Dream — is in peril. This country is in trouble. As I've traveled around this country, I've seen too much pain on people's faces, too much fear in people's eyes. We've got to do better.

This month, I visited with a couple from New Hampshire named David and Rita Springs. He's a chemical engineer by training; she's studying to be a lab technician. They told me that a month before his pension was vested, the people who ran his company fired him to cut their payrolls. Then they turned around and sold the company and bailed out with a golden parachute while David Springs and his family got the shaft.

Last week, at a bowling alley in Manchester, I met a fireman who was working two jobs and his wife who was working 50 hours a week in a mill. They told me they were worried that even though both of them were working like this and their son was a straight-A student, they still wouldn't be able to afford to send him to college because of the rising cost of college education and because they were too well-off to get government help.

At a breakfast in a cafe in New Hampshire, I met a young man whose 12-year-old child had had open-heart surgery, and now no one will hire him because they can't afford his health insurance.

The families I met are from New Hampshire, but they could be from anywhere in America. They're the backbone of the country, the ones who do the work and pay the taxes and send their children off to war. They're a lot like people I've seen in Arkansas for years, living with the real consequences of our national neglect. These are the real victims of the Reagan Revolution, the Bush Succession, and this awful national recession.

During this administration, the economy has grown more slowly and fewer jobs have been created than in any administration since World War II. People who have jobs are working longer hours for less money; people who don't are looking harder to find less. Middle-class people are paying more for health care, housing, education and taxes, when government services have been cut.

And as these hard-working middle class families look to their President to make good on his promises, his answer to them is: Tough luck. It's your fault. Go buy a house or a car.

Just this week, George Bush said we don't need a plan to end this recession — that if we wait long enough, our problems will go away. Well, he's right about that part: If he doesn't have a plan to turn this country around by November of 1992, we're going to lay George Bush off, put America back to work, and our problems will go away.

We need a President who will take responsibility for getting this country moving again. A President who will provide the leadership to pull us together and challenge our nation to compete in the world and win again.

Ten years ago, America had the highest wages in the world. Now we're 10th, and falling. Last year, Germany and Japan had productivity growth rates three and four times ours because they educate their people better, invest more in their future, and organize their economies for global competition, and we don't.

"We need a President who will take responsibility for getting this country moving again. A President who will provide the leadership to pull us together and challenge our nation to compete in the world and win again."

For 12 years of this Reagan-Bush era, the Republicans let S&L crooks and self-serving CEOs try to build an economy out of paper and perks instead of people and products. It's the Republican way: every man for himself and get it while you can. They stacked the odds in favor of their friends at the top and told everybody else to wait for whatever trickled down.

And every step of the way, the Republicans forgot about the very people they had promised to help — the very people who elected them in the first place — the forgotten middle-class Americans who still live by American values and whose hopes, hearts and hands still carry the American Dream.

But Democrats forgot about real people, too.

Democrats in Congress joined the White House in tripling the national debt and raising the deficit to the point of paralysis. Democrats and Republicans in Congress joined the White House on the sidelines, cheering on an S&L boom until it went bust to the tune of \$500 billion.

For too many Americans, for too long, it's seemed that Congress and the White House have been more interested in looking out for themselves and for their friends, but not for the country and not for the people who make it great.

And now, after 12 years of Reagan-Bush, the forgotten middle class is discovering that the reward for 12 years of sacrifice and hard work is more sacrifice and more hard times: They've paid higher taxes on lower incomes for service cuts, while the rich got tax cuts, while poverty increased, and the President and Congress got pay raises and health insurance.

We've got to move in a radically different direction. The Republicans' failed experiment in supply-side economics doesn't produce growth. It doesn't create upward mobility. And most important, it doesn't prepare millions and millions of Americans to compete and win in the new world economy.

And we've got to move away from the old Democratic theory that says we can just tax and spend our way out of any problem we face. Expanding government doesn't expand opportunity. And big deficits don't produce sustained economic growth, especially when the borrowed money is spent on yesterday's mistakes, not tomorrow's investments.

Stale theories produce nothing but stalemate. The old economic answers are obsolete. We've seen the limits of Keynesian economics. We've seen the worst of supply-side economics. We need a new approach.

For 12 years, we've had no economic vision, no economic leadership, no national economic strategy. What America needs is a President with a radical new approach to our economic problems that will give new life to the American Dream.

We need a New Covenant for economic change, a new economics that empowers people, rewards work and organizes America to compete and win again. A national economic strategy to liberate and energize the abilities of millions of Americans who are paying more taxes when the government is doing less for them, who are working harder while their wages go down.

This New Covenant isn't liberal or conservative. It's both and it's different. The American people don't care about the idle rhetoric of left and right. They're real people, with real problems, and they think no one in Washington wants to solve their problems or stand up for them.

The goals of our New Covenant for economic change are straightforward:

• We need a president who will put economic opportunity in the hands of ordinary people, not rich and powerful special interests;

"This country is in trouble. As I've traveled around this country, I've seen too much pain on people's faces, too much fear in people's eyes. We've got to do better."

- A President who will revolutionize government to invest more in the future;
- A President who will encourage the private sector to organize in new ways and cooperate to produce economic growth;
- A President who will challenge and lead America to compete and win in the global economy, not retreat from the world.

That's how we'll turn this country's economy around, recapture America's leadership in the world and build a better future for our children. That's how we'll show the forgotten middle class we really understand their struggle. That's how we'll reduce poverty and rebuild the ladder from poverty to the middle class. And that, my friends, is why I'm running for President of the United States.

Our first responsibility under this New Covenant is to move quickly to put this recession behind us. Last week, I released a plan for what I would do right away to help working people and get the economy moving again. I'd not only extend unemployment benefits, as Congress and the President have finally done, but I'd push through a middle-class tax cut, an accelerated highway bill to create 40,000 to 45,000 new construction jobs over the next six months, and an increase in the ceiling on FHA mortgage guarantees so half a million families could pump up the economy by buying their first home. I do think good credit card customers should receive a break from the 18 and 19 percent rates of banks, which have cut the rates the customers get paid on their deposit accounts. And I'm proud to say that four of the ten banks charging the lowest credit card rates nationwide are in my state.

I would also make sure federal regulators send a clear signal to the financial community not to call in loans that are performing, and not to fear making good loans to local businesses.

But even if we did all those things tomorrow, it wouldn't change the fundamental challenge of the 1990s. We need to get out of this recession, and soon. But we also need a long-term national strategy to create a high-wage, high-growth, high-opportunity economy, not a hard-work, low-wage economy that's sinking when it ought to be rising.

It doesn't have to be that way. I believe we can win again. In the global economy of the 1990s, economic growth won't come from government spending. It will come, instead, from individuals working smarter and learning more, from entrepreneurs taking more risks and going after new markets, and from corporations designing better products and taking a longer view. We're going to reward work, expand opportunity, empower people, and we are going to win again.

There are two reasons why middle-class people today are working harder for less pay. First, their taxes have gone up — but that's only 30 percent of their problem. The other 70 percent is America's loss of economic growth and world economic leadership.

If we're going to turn this country around, we've not only got to liberate ordinary people from unfair taxes, we've got to empower every American with the education and training essential to get ahead.

Let me make this clear: Education is economic development. We can only be a high-wage, high-growth country if we are a high-skills country. In a world in which money and production are mobile, the only way middle-class people can keep good jobs with growing incomes is to be lifetime learners and innovators. Without world-class skills, the middle class will surely continue to decline. With them, middle-class workers will generate more high-wage jobs in America in the '90s.

Empowering everybody begins with preschool for every child who needs it, and fully funding Head Start. It includes a national examination system to

push our students to meet world-class standards in core subjects like math and science, and an annual report card for every state, every school district and every school to measure our progress in meeting those standards.

Empowerment means training young people for high-wage jobs, not dead-end ones. Young Americans with only a high school education make 25 percent less today than they would have 15 years ago. In a Clinton Administration we'll have a national apprenticeship program that will enable high school students who aren't bound for college to enter a course of study, designed by schools and local businesses, to teach them valuable skills, with a promise of a real job with growing incomes when they graduate.

Empowerment means challenging our students and every American with a system of voluntary national service. In a Clinton Administration we will offer a domestic GI Bill that will say to middle-class as well as low-income people: We want you to go to college and we're glad to pay for it, but you've got to give something back to your country in return. As President, I'll ask Congress to establish a trust fund out of which any American can borrow money for a college education, so long as they pay it back either as a small percentage of their income over time or with a couple of years of national service as teachers, police officers, child care workers — doing work our country urgently needs. The fund would be financed with a portion of the peace dividend and by redirecting the present student loan program, which is nowhere near as cost-effective as it should be. This program will pay for itself many times over.

But in an era when what you can earn depends largely on what you can learn, education can't stop at the schoolhouse door. From now on, anyone who's willing to work will have a chance to learn. In a Clinton Administration, we'll make adult literacy programs available to all who need it, by working with states to make sure every state has a clear, achievable plan to teach everyone with a job to read, to give them a chance to earn a GED, and wherever possible, to do it where they work. In Arkansas we had 14,000 people in adult education programs in 1983. Today we have over 50,000. By 1993, we'll have over 70,000. Every state can do the same for a modest cost with a disciplined plan and a flexible delivery system.

And we will ensure that every working American has the opportunity to learn new skills every year. Today, American business spends billions of dollars on training — the equivalent of 1.5 percent of the costs of their payrolls — but 70 percent of it goes to the 10 percent at the top of the ladder. In a Clinton Administration, we'll require employers to offer every worker his or her share of those training dollars, or contribute the equivalent to a national training fund. Workers will get the training they need, and companies will learn that the more you train your workers, the more your profits increase.

We need special efforts to empower the poor to work their way out of poverty. We'll make work pay by expanding the Earned Income Tax Credit for the working poor and by supporting private and public partnerships to give low-income entrepreneurs the tools to start new businesses, through innovative institutions like Shore Bank in Chicago and its rural counterpart, the Southern Development Bancorporation in Arkansas. We've got to break the cycle of dependency and put an end to permanent dependence on welfare as a way of life, by really investing in the development of poor people and giving them the means, the incentives and the requirement to go to work.

Finally, empowering working Americans means letting them keep more of what they earn. Ronald Reagan and George Bush raised taxes on the middle class. I'm going to cut them. In a Clinton Administration, we'll cut income tax rates on

"What I am proposing is hard, unglamorous work. It will require us to reexamine every dollar of the taxpayers' money we spend and every minute of time that the government puts in on business."

the middle class: An average family's tax bill will go down 10 percent, a savings of \$350 a year. And the deficit won't go up — instead those earning over \$200,000 a year will pay more, though still a smaller percentage of their incomes than they paid in the '70s, not to soak the rich but to return to basic fairness.

Besides empowering citizens, we must lead a revolution in government so it becomes an engine of opportunity again, not an obstacle to it. Voters who went to the polls in this month's elections sent us a clear message: People want more for their money. The experts in Washington think that is a contradiction. But I think the experts are wrong and the people are right. People want a better deal from government, and they'll get it in a Clinton Administration.

Too many Washington insiders of both parties think the only way to provide more services is to spend more on programs already on the books in education, housing and health care. But if we reinvent government to deliver new services in different ways, eliminate unnecessary layers of management and offer people more choices, we really can give taxpayers more services with fewer bureaucrats for the same or less money.

Every successful major corporation in America had to restructure itself to compete in the last decade, to decentralize, become more entrepreneurial, give workers more authority to make decisions and offer customers more choices and better products.

That's what we're trying to do in Arkansas — balancing the budget every year, improving services and treating taxpayers like our customers and our bosses, because they are. Arkansas was the first state to initiate a statewide total quality management program. We've dramatically reduced the number of reports the Department of Education requires of school districts, slashed bureaucratic costs in the Department of Human Services and put the money into direct services that help real people, and speeded up customer services in the Revenue Department. We measure the job placement rate of graduates from vocational-technical programs, and if a program can't show results we shut it down.

So I know it can be done. But let us be clear: Serious restructuring of government for greater productivity is very different from the traditional top-down reorganization plans that have been offered over the last 20 years, including in this campaign. Those require a lot of time and energy and generally leave us with more of the same government, not less.

What I am proposing is hard, unglamorous work. It will require us to reexamine every dollar of the taxpayers' money we spend and every minute of time that the government puts in on business. It will require us to enlist the energies of front-line public servants who are often as frustrated as the rest of us with bureaucracy. And if we do it in Arkansas, which has among the lowest taxes in the country, imagine how much more important and productive it will be at the federal level. In a Clinton Administration we'll make government more effective by holding ourselves to the same standard of productivity growth as business and insisting on three percent across-the-board cuts in the administrative costs of the federal bureaucracy every year.

If we're going to get more for our money, we ought to have a federal budget which invests more in the future and spends less on the present and the past. As President, I'll throw out last year's budget deal, which brought us the biggest deficits in American history and the fastest-growing spending since World War II. In its place, I'll establish a new three-part federal budget: a past budget for interest payments; a present budget for spending on current consumption, and a future budget for investments in things that will make us richer.

"For 12 years, we've had no economic vision, no economic leadership, no national economic strategy. What America needs is a President with a radical new approach to our economic problems that will give new life to the American Dream."

Today the federal government spends only nine percent of the budget on investing in the future — in education, child health, environmental technology, infrastructure and basic research. We'll double that in a Clinton Administration. We'll begin to finance the future budget by converting resources no longer needed for national defense to the investments needed to rebuild our economic security and by controlling health care costs.

We can bring the deficit down over time, but only if we control spending on current consumption programs by tying overall increases to real revenue increases, not estimates. I propose to limit overall increases in the consumption budget to increases in personal income, so that the federal budget can't go up any faster than the average American's paycheck. Making Congress and the President live by this rule will cut the deficit drastically in five years, in a dramatic budget reform.

Finally, if we're serious about reinventing government, we must reinvent the way we deliver health care in this country. We spend 30 percent more than any other country on health care and do less with it. For many Americans, the rising cost of health care and the loss of it is the number one fear they face on a daily basis. Thousands of American businesses are losing jobs because health care costs are a 30 percent handicap in the global marketplace. Two-thirds of the strikes today are about health care, and no matter how they come out, both sides lose. We are the only nation in the world that doesn't help control health care costs.

We could cover every American with the money we're spending if we had the courage to demand insurance reform and slash health care bureaucracies, and if we followed the lead of other nations in controlling the unnecessary spread of technology, stopping drug prices from going up three times the rate of inflation, and forcing the people who send bills and the people who pay them to agree on how much health care should cost. We don't need to reduce quality; we need to restructure the system. And no nation has ever done it without a national government that took the lead in controlling costs and providing health care for all.

In the first year of the Clinton Administration, Congress and I will deliver quality, affordable health care for all Americans.

These changes are vital, but American workers and American businesses are going to have to change too; the private sector is where the jobs are created. Many of the most urgent changes cannot be legally mandated, but we know they're overdue after a decade in which the stock market tripled and average wages went down.

Old economic arrangements are holding America back. It's time for a revolution in the American workplace that will radically raise the status of the American worker and tear down the Berlin Wall between labor and management.

It's been years since the U.S. could outproduce the rest of the world by treating workers like so many cogs in a machine. We need a whole new organization of work, where workers at the front lines make decisions, not just follow orders, and entire levels of bureaucratic middle management become obsolete. And we need a new style of management, where front-line workers and managers have more responsibility to make decisions that improve quality and increase productivity.

Dynamic, flexible, well-trained workers who cooperate with savvy, sensitive managers to make changes every day are the keys to high growth in manufacturing and in the service sector, including government, education and health care, areas where productivity growth was very weak in the 1980s.

Everyone will have to change, but everyone will get something in return. Workers will gain new prosperity and independence, but they'll have to give up non-productive work rules and rigid job classifications and be more open to change.

"In the global economy of the 1990s, economic growth won't come from government spending. It will come, instead, from individuals working smarter and learning more, from entrepreneurs taking more risks and going after new markets, and from corporations designing better products and taking a longer view."

Managers will reap more profits but will have to manage for the long run, train all workers and not treat themselves better than their workers are treated. Corporations will reach new heights in productivity, growth and profitability, but CEOs will have to put the long-term interests of their workers, their customers and their companies first.

We should restore the link between pay and performance by encouraging companies to provide for employee ownership, profit-sharing for all employees, not just executives. And executives should profit when their companies do. We should all go up or down together. We'll say to America's corporate leaders: No more taking bonuses for yourselves if you don't give bonuses to everybody. And no more golden parachutes if you don't make good severance packages available for your workers.

It's wrong for executives to do what so many did in the '80s. Executives at the biggest companies raised their pay by four times the percentage their workers' pay went up and three times the percentage their profits went up. It's wrong to drive a company into the ground and have the boss bail out with a golden parachute to a cushy life.

The average CEO at a major American corporation is paid 85 times as much as the average worker. And our government today rewards that excess with a tax break for executive pay, no matter how high it is, or whether it reflects increased performance. If a company wants to overpay its executives to perform less well, and underinvest in the future, it shouldn't get any special treatment from Uncle Sam.

If a company wants to transfer jobs abroad and cut the security of working people, it shouldn't get special treatment from the Treasury. In the 1980s, we didn't do enough to help our companies to compete and win in a global economy. We did too much to transfer wealth away from hard-working middle-class people to the rich without good reason and too much to weaken our country with debt that wasn't invested in America. That's got to stop. There should be no more deductibility for irresponsibility.

I believe in business. I believe in the marketplace. I believe that the best jobs program this country will ever have is economic growth. Most new jobs in this country are created by small businesses and entrepreneurs who get little help from the government.

Too often, especially in this environment, banks and other investors won't take a chance on good ideas and good people. I want to encourage small business people and entrepreneurs. In a Clinton Administration, we'll offer a tax incentive to those who take risks by starting new businesses and developing new technologies. Instead of offering a capital gains tax cut for the wealthy who will churn stocks on Wall Street anyway, we'll put forth a new enterprise tax cut that rewards those with the patience, the courage and the determination to create new jobs. Those who risk their savings on new businesses that create most of the jobs in the country will receive a 50 percent tax exclusion for gains held more than five years.

And I want to encourage investment here in America in other ways — by making the R&D tax credit permanent, by taking away incentives for companies to shut down their plants in the U.S. and move their jobs overseas, and by offering a targeted investment tax credit to medium and small-size businesses who'll create new jobs with new plants and equipment.

Finally, we owe American workers, entrepreneurs and industry a pledge that all their hard work will not go down the drain.

We must have a *national* strategy to compete and win in the global economy. The American people aren't protectionists. Protectionism is just a fancy

"For many Americans, the rising cost of health care and the loss of it is the number one fear they face on a daily basis."

word for giving up; we want to compete and win. That is why our New Covenant must include a new trade policy that says to Europe, Japan and our other trading partners: We favor an open trading system, but if you won't play by those rules, we'll play by yours. That's why we need a stronger, sharper "Super 301" bill as the means to enforce that policy.

I supported fast-track negotiations with Mexico for a free trade agreement, but our negotiators need to insist upon tough conditions that prevent our trading partners from exploiting their workers or by lowering costs through pollution to gain an advantage. We should seek out similar agreements with all of Latin America, because rich countries will get richer by helping other countries grow into strong trading partners.

We also need a new energy policy to lower the trade deficit, increase productivity, and improve the environment. We must rely less on imported oil and more on cheap and abundant natural gas, and on research and development into renewable energy resources. We must achieve European standards of energy efficiency in factories and office buildings. That will free up billions of dollars to invest in the American economy.

If we want to help U.S. companies keep pace in the world economy, we need to restore America to the forefront, not just in inventing products but in bringing them to market. Too often, we have won the battle of the patents but lost the war of creating jobs, profits and wealth. American scientists invented the microwave, the VCR, the color TV and the memory chip, and yet today the Koreans, the Japanese and other nations make most of those products.

The research and development arm of the Defense Department did a great job of developing products and taking them to production because we didn't want them produced overseas. We should launch the civilian equivalent — an agency to provide basic research for new and critical technologies and make it easier to move these ideas into the marketplace. And we can pledge right now that for every dollar we reduce the defense budget on research and development, we'll increase the civilian R&D budget by the same amount. We should commit ourselves to a transitional plan for converting from a defense to a domestic economy in a way that creates more high-wage jobs and doesn't destroy our most successful high-wage industrial base, and with it the careers of many thousands of our best scientists, engineers and workers.

We must do all these things and something more. The economic challenges we confront today are not just a matter of statistics and numbers. Behind them are real human beings and real human suffering. I have seen the pain in the faces of unemployed workers in New Hampshire, policemen in New York and Texas, computer company executives in California, middle-class people everywhere. They're all showing the same pain and worry I hear in the voices of my own people in Arkansas, including men and women I grew up with who played by the rules and now see their dreams for the future slipping away.

That's why we're offering a new radical approach to economics. Economics as if people were really important. If we offer these hard-working families no hope for the future, no solutions to their problems, no relief for their pain, then fear and insecurity will grow, and the politics of hate and division will spread. If we do not act to bring this country together in common cause to build a better future, David Duke and his kind will be able to divide and destroy our nation. Our streets will get meaner, our families will be devastated, and our very social fabric — our goodness and tolerance and decency as a people — will be torn apart.

The politics of division which the Republicans have parlayed into the Presidency will turn on even them. George Bush has forgotten the warning of our

greatest Republican President, Abraham Lincoln: A house divided cannot stand. Lincoln gave his life for the American community. The Republicans have squandered his legacy.

I want to be a President who will unite this country. This morning, here at Georgetown, the Robert Kennedy Human Rights Award ceremony was held. Twenty-six years ago, when I was President of my class here, Robert Kennedy accepted our invitation to come to Georgetown to give a speech. In the following year, he gave a very different description of what American politics should be all about. And I would like to read that to you today and ask you how long it's been since you heard an American President say and believe these things:

"Each time a man stands up for an ideal or acts to improve the lot of others or strikes out against injustice, he sends forth a tiny ripple of hope, and crossing each other from a million different centers of energy and daring, those ripples build a current that can sweep down the mightiest walls of oppression and resistance."

That is the spirit I seek to bring to the Presidency. The spirit of renewal of America. I believe with all my heart that the very future of our country is on the line. That is why these are not just economic proposals. They are the way to save the very soul of our nation.

This is not just a campaign. This is a crusade to restore the forgotten middle class, give economic power back to ordinary people, and recapture the American Dream. It is a crusade not just for economic renewal but for social and spiritual renewal as well. It is a crusade to build a new economic order of empowerment and opportunity that will preserve our social order and make it possible for our country once again to make the American Dream live at home and to be strong enough to triumph abroad.

THE NEW COVENANT: RESPONSIBILITY AND REBUILDING THE AMERICAN COMMUNITY

GEORGETOWN UNIVERSITY, WASHINGTON, D.C.

OCTOBER 23, 1991

Thank you all for being here today. You are living in revolutionary times. When I was here, America sought to contain communism, not roll it back. Most respected academics held that once a country "went Communist" the loss of freedom was permanent and irreversible. Yet in the last three years, we've seen the Berlin Wall come down. Germany reunified, all of Eastern Europe abandon communism, a coup in the Soviet Union fail and the Soviet Union itself disintegrate, liberating the Baltics and other republics. Now the Soviet Foreign Minister is trying to help our Secretary of State make peace in the Middle East. And in the space of one year, Lech Walesa and Vaclav Havel both came to this city to thank America for supporting their quest for freedom. Nelson Mandela walked out of a jail in South Africa he entered before I entered Georgetown in 1964. He now wants a Bill of Rights like ours for his country.

We should be celebrating. All around the world, the American Dream — political freedom, market economics, national independence — is ascendant. Everything your parents and grandparents stood for from World War II on has been rewarded.

Yet we're not celebrating. Why? Because our people fear that while the American Dream reigns supreme abroad, it is dying here at home. We're losing jobs and wasting opportunities. The very fiber of our nation is breaking down.

Families are coming apart, kids are dropping out of school, drugs and crime dominate our streets. And our leaders here in Washington are doing nothing to turn America around. Our political system rotates between being the butt of jokes and the object of scorn. Frustration produces calls for term limits from voters who think they can't vote incumbents out, resentment produces votes for David Duke — not just from racists, but from voters so desperate for change, they'll support the most anti-establishment message, even from an ex-Klansman who was inspired by Adolf Hitler. We've got to rebuild our political life together before demagogues and racists and those who pander to the worst in us bring this country down.

People once looked to our President and Congress to bring us together, solve problems, and make progress. Now, in the face of massive challenges, our government stands discredited, our people disillusioned. There's a hole in our politics where a sense of common purpose used to be.

The Reagan-Bush years have exalted private gain over public obligations, special interests over the common good, wealth and fame over work and family. The 1980s ushered in a gilded age of greed, selfishness, irresponsibility, excess and neglect.

Savings and loan crooks stole billions of dollars in other people's money. Pentagon contractors and HUD consultants stole from the taxpayers. Many big corporate executives raised their own salaries when their companies were losing money and their workers were losing their jobs. Middle-class families worked longer hours for less money and spent more on health care, housing, education and taxes. Poverty rose. Many inner-city streets were taken over by crime and drugs, welfare and despair. Family responsibility became an oxymoron for deadbeat fathers who were more likely to make their car payments than pay their child support.

And government, which should have been setting an example, was even worse. Congress raised its pay and guarded its perks while most Americans were

"We've got to rebuild our political life together before demagogues and racists and those who pander to the worst in us bring this country down."

working harder for less money. Two Republican presidents elected on a promise of fiscal responsibility advanced budget policies that more than tripled the national debt. Congress went along with that, too. Taxes were lowered on the wealthiest people whose incomes rose, and raised on middle-class people whose incomes fell.

And through it all, millions of decent, ordinary people who worked hard, played by the rules and took responsibility for their own actions were falling behind, living a life of struggle without reward or security. For 12 years, the forgotten middle class watched their economic interests ignored and their values run into the ground. In the 1980s, nothing illustrates this more clearly than the fact that charitable giving by middle-class families went up as their incomes went down, while charitable giving by the wealthiest Americans went down as their incomes went up. Responsibility went unrewarded and so did hard work. It's no wonder so many kids growing up on the street think it makes more sense to join a gang and deal drugs than to stay in school and go to work. The fast buck was glorified from Wall Street to Main Street to Mean Street.

To turn America around, we need a new approach founded on our most sacred principles as a nation, with a vision for the future. We need a New Covenant, a solemn agreement between the people and their government, to provide opportunity for everybody, inspire responsibility throughout our society and restore a sense of community to this great nation. A New Covenant to take government back from the powerful interests and the bureaucracy and give this country back to ordinary people.

More than two hundred years ago, our founders outlined our first social compact between government and the people, not just between lords and kings. More than a century ago, Abraham Lincoln gave his life to maintain the Union that compact created. Sixty years ago, Franklin Roosevelt renewed that promise with a New Deal that offered opportunity in return for hard work.

Today we need to forge a New Covenant that will repair the damaged bond between the people and their government and restore our basic values — the notion that our country has a responsibility to help people get ahead. That citizens have not only the right but a responsibility to rise as far and as high as their talents and determination can take them, and that we're all in this together. We must make good on the words of Thomas Jefferson, who said, "A debt of service is due from every man to his country proportional to the bounties which nature and fortune have measured to him."

Make no mistake — this New Covenant means change ... change in our party, change in our national leadership and change in our country. Far away from Washington, in your hometowns and mine, people have lost faith in the ability of government to change their lives for the better. Out there, you can hear the quiet, troubled voice of the forgotten middle class, lamenting that government no longer looks out for their interests or honors their values — like individual responsibility, hard work, family, community. They think their government takes more from them than it gives back, and looks the other way when special interests only take from this country and give nothing back. And they're right.

This New Covenant can't be between the politicians and the established interests. It can't be just another back-room deal between the people in power and the people who keep them there. This New Covenant can only be ratified by the people in the 1992 election. That is why I'm running for President.

Some people think it's old-fashioned to talk like this. Some people even think I am naive to suggest that we can restore the American Dream through a covenant between people and their government. But I believe with all my heart after

11 years of work as Governor, working every day to create opportunity and jobs and improve education and deal with all the problems that we all know so much about — I believe that the only way we can hold this country together, and move boldly forward into the future, is to do it together with a New Covenant.

Over 25 years ago, Professor Carroll Quigley taught in his Western Civilization class here at Georgetown that the defining idea of our culture in general and our country in particular is "future preference," the idea that the future can be better than the present, and that each of us has a personal, moral responsibility to make it so.

I hope they still teach that lesson here, and I hope you believe it, because I don't think we can save America without it.

In the weeks to come, I will come back to Georgetown and outline my plans to rebuild our economy, regain our competitive leadership in the world, restore the forgotten middle class, and reclaim the future for the next generation. I will put forth my views on how to promote our national security and foreign policy interests after the Cold War. And I will tell you in clear terms what I believe the President and the Congress owe the people in this New Covenant for change.

But I can tell you, based on my long experience in public life, there will never be a government program for every problem. Much of what holds us together and moves us ahead is the daily assumption of personal responsibility by millions of Americans from all walks of life. I can promise to do a hundred different things for you as President. But none of them will make any difference unless we all do more as citizens. And today, I want to talk about the responsibilities we owe to ourselves, to one another, and to our nation.

It's been 30 years since a Democrat ran for President and asked something of all the American people. I intend to challenge you to do more and to do better.

We must go beyond the competing ideas of the old political establishment: beyond every man for himself on the one hand, and the right to something for nothing on the other.

We need a New Covenant that will challenge all our citizens to be responsible. The New Covenant will say to our corporate leaders at the top of the ladder: We'll promote economic growth and the free market, but we're not going to help you diminish the middle class and weaken the economy. We'll support your efforts to increase profits and jobs through quality products and services, but we're going to hold you responsible to be good corporate citizens, too.

The New Covenant will say to people on welfare: We're going to provide the training and education and health care you need, but if you can work, you've got to go to work, because you can no longer stay on welfare forever.

The New Covenant will say to the hard-working middle class and those who aspire to it: We're going to guarantee you access to a college education, but if you get that help, you've got to give something back to your country.

And the New Covenant will challenge all of us in public service. We have a solemn responsibility to honor the values and promote the interests of the people who elected us, and if we don't, we don't belong in government anymore.

This New Covenant must begin here in Washington. The New Covenant will literally revolutionize government and fundamentally change its relationship to people. People don't want some top-down bureaucracy telling them what to do anymore. That's one reason they tore down the Berlin Wall and threw out the communist regimes in Eastern Europe and Russia. Now, the New Covenant will challenge our government to change its way of doing business, too. The American

"Much of what holds us together and moves us ahead is the daily assumption of personal responsibility by millions of Americans from all walks of life. I can promise to do a hundred different things for you as President. But none of them will make any difference unless we all do more as citizens."

people need a government that works at a price they can afford.

The Republicans have been in charge of the government for 12 years. They've brought the country to the brink of bankruptcy. Democrats who want the government to do more — and I'm one of them — have a heavy responsibility to show that we're going to spend the taxpayer's money wisely and with discipline.

I want to make government more efficient and more effective by eliminating unnecessary layers of bureaucracy and cutting administrative costs, and by giving people more choices in the services they get, and empowering them to make those choices. That's what we've tried to do in Arkansas — balancing our budget every year, improving services, and treating taxpayers like our customers and our bosses, giving them more choices in public schools, child care centers and services for the elderly.

The New Covenant must challenge Congress to act responsibly. And here again, Democrats must lead the way. Because they want to use government to help people, Democrats have to put Congress in order. Congress must live by the laws it applies to other workplaces. No more midnight pay raises. Congressional pay shouldn't go up while the pay of working Americans is going down. Let's clamp down on campaign spending and open the airwaves to encourage real political debate instead of paid political assassination. No more bounced checks. No more bad restaurant debts. No more fixed tickets. Service in Congress is privilege enough.

We can't go on like this. We have to honor, reward and reflect the work ethic, not the power grab. Responsibility is for everybody, and it begins here in the nation's capital.

The New Covenant will also challenge the private sector. The most irresponsible people in the 1980s were those in business who abused their position at the top of the totem pole. This is my message to the business community: As President, I'm going to do everything I can to make it easier for your company to compete in the world, with a better trained workforce, cooperation between labor and management, fair and strong trade policies and incentives to invest in America's economic growth. But I want the jetsetters and the feather bedders of corporate America to know that if you sell your companies and your workers and your country down the river, you'll get called on the carpet. That's what the President's bully pulpit is for.

All of you who are going into business, it is a noble endeavor. It is the thing that makes this country run. The private sector creates jobs, not the public sector. But you have to know that the people with the responsibility in the private sector should think it's simply not enough to obey the letter of the law and make as much money as you can. It's wrong for executives to do what so many did in the 1980s. The biggest companies raised their pay by four times the percentage their workers' pay went up and three times the percentage their profits went up. It's wrong to drive a company into the ground and have the chief executive bail out with a golden parachute to a cushy life.

The average CEO at a major American corporation is paid about 100 times as much as the average worker. Compare that to two countries doing much better than we are in the world economy. In Germany it's 23 to 1, and in Japan, which just completed 58 months of untrammelled economic growth, it's 17 to 1. Our government today rewards that excess with a tax break for executive pay, no matter how high it is. That's wrong. If a company wants to overpay its executives and underinvest in the future, it shouldn't get any special treatment from Uncle Sam. If a company wants to transfer jobs abroad and cut the security of working people, it shouldn't get special treatment from the Treasury. In the 1980s, we didn't do enough

to help our companies to compete and win in a global economy. We did too much to transfer wealth away from hard-working middle-class people to the rich without good reason. That's got to stop. There should be no more deductibility for irresponsibility.

The New Covenant will also challenge the hard-working middle-class families of America. Their challenge centers around work and education. I know Americans worry about the quality of education in this country and want the best for their children. The Clinton Administration will set high national standards based on international competition for what everybody ought to know, and a national examination system to measure whether they're learning it. It's not enough to put money into schools. We need to challenge the schools to produce, and we've got to insist on results.

I just came from Thomas Jefferson Junior High School here in Washington, and the principal of that school, Vera White, I think is here with me today. I've been to that school three times in the last five years. That school is in a building that was built when Grant was President. They have the plaster models of the Jefferson Memorial in the school auditorium. But every time I've been in that school, you could eat lunch off every floor in the school. There is a spirit of learning that pervades the atmosphere. Almost everyone in the school comes from an ordinary family in Washington — it's almost 100 percent minority. In several years that school has won the National Math Council's competition, going all the way to the finals for junior high school performance in math. Every time I go there I'm just overwhelmed by the spirit that exists at Thomas Jefferson Junior High School. The teachers and the principal don't make excuses for the problems that the kids bring to the classroom; they open those kids to a brighter world. We need more of that.

But we also have to recognize that teachers can't do it all. We must challenge all parents and children to believe all children can learn. And here is the biggest challenge of all: Too many American parents raise their kids to believe that how much they learn depends on the IQ that God gave them and how much money their family makes. Yet in the countries we are competing against for the future, children are raised to believe that how much they learn depends on how hard they work, and how much their parents encourage them to learn.

The New Covenant will challenge students of America to stay in school. Students who drop out of school or fail to learn as much as they can are not just letting down themselves and their families. They're failing their communities, because from that point on, chances are they're subtracting from society, not adding to it. In Arkansas, we've tried to enhance responsibility for students by saying that if they drop out for no good reason, they lose the privilege of a driver's license.

The New Covenant means new challenges for every young person. I want to establish a system of voluntary national service for all Americans. In a Clinton Administration, we'll put forth a domestic GI Bill that will say to the middle class as well as low-income people: We want you to go to college, we'll pay for it, it will be the best money we ever spent, but you've got to give something back to your country in return. As President, I'll set up a trust fund out of which any American can borrow money for a college education, so long as they pay it back either as a small percentage of their income over time or with a couple of years of national service as teachers, police officers, child care workers — doing work our country desperately needs.

And education doesn't stop in school. Adults have a responsibility to keep learning so they can stay ahead of the competition, too. All of us are going to have to work smarter in the years to come. That will require new forms of cooperation in the workplace between management and workers, and a continuing effort to move toward high-performance work organizations.

"In a Clinton Administration, we'll do everything we can to break the cycle of dependency and help the poor climb out of poverty."

There's a special challenge in the New Covenant for the young men and women who live in America's most troubled urban neighborhoods. There are children, like those I met in Chicago and Los Angeles, who live in fear of being forced to join a gang or getting shot going to and from school.

Many of these young people believe this country has ignored them for too long, and they're right. Many of them think America unfairly blames them for every wrong in our society — for drugs, crime, poverty, the breakup of the family and the breakdown of the schools — and they're right. They worry that because their race is of a different color, their only choice in life is jail or welfare or a dead-end job, that being a minority in an inner city is a guarantee of failure. But they're wrong — and when I'm President, I'm going to do my best to prove they're wrong.

I know these young people can overcome anything they set their mind to. I believe America needs their strength, their intelligence, and their humanity. And because I believe in them and what they can contribute to our society, they must not be let off the hook. All society can offer them is a chance to develop their God-given abilities. They have to do the rest. Anybody who tells them otherwise is lying — and they know it.

As President, I'll see that they get the same deal as everyone else: They've got to play by the rules, stay off drugs, stay in school and keep out of the streets. They've got to stop having children if they're not prepared to support them. Governments don't raise children. People do. And for those young people who do get into trouble, we'll give them one chance to avoid prison, by setting up community boot camps for first-time non-violent offenders — where they can learn discipline, get drug treatment if necessary, continue their education, and do useful work for their community. A second chance to be a first-rate citizen.

The New Covenant must be pro-work. That means people who work shouldn't be poor. In a Clinton Administration, we'll do everything we can to break the cycle of dependency and help the poor climb out of poverty. First, we need to make work pay by expanding the Earned Income Tax Credit for the working poor, creating savings accounts that make it easier for poor people even on welfare to save. I support micro-enterprise grants for those who want to start a small business. At the same time, we need to assure all Americans that they'll have access to health care when they go to work.

The New Covenant can break the cycle of welfare. Welfare should be a second chance, not a way of life. In a Clinton Administration, we're going to put an end to welfare as we know it. I want to erase the stigma of welfare for good by restoring a simple, dignified principle: no one who can work can stay on welfare forever.

We'll still help people who can't help themselves, and those who need education and training and child care. But if people can work, they'll have to do so. We'll give them all the help they need for up to two years. But after that, if they're able to work, they'll have to take a job in the private sector, or start earning their way through community service. That way, we'll restore the covenant that welfare was first meant to be: to give temporary help to people who've fallen on hard times.

If the New Covenant is pro-work, it must also be pro-family. That means we must demand the toughest possible child support enforcement. We need an administration that will give state agencies that collect child support full law enforcement authority, and find new ways of catching deadbeats. In Arkansas, we passed a law this year that says if you owe more than a thousand dollars in child support, we're going to report you to every credit agency in the state. People shouldn't be able to borrow money before they take care of their children.

"Today we need to forge a New Covenant that will repair the damaged bond between the people and their government and restore our basic values."

Finally, the President has the greatest responsibility of all — to bring us together, not drive us apart. For 12 years, this President and his predecessor have divided us against each other — pitting rich against poor, black against white, women against men — creating a country where we no longer recognize that we're all in this together. They have profited by fostering an atmosphere of blame and denial instead of building an ethic of responsibility. They had a chance to bring out the best in us and instead they appealed to the worst in us.

Nothing exemplifies this more clearly than the battle over the Civil Rights Act of 1991. You know from what I've already said today that I can't be for quotas. I'm for responsibility at every turn. That bill is not a quota bill. When the Civil Rights Act was in place from 1964 to 1987, I never had a single employer in my state say, "It's a quota bill." We need rules of workplace fairness for the 70 percent of new entrants in our workforce who will be women and minorities in the decade of the '90s. That's what that bill is for.

Why does the President refuse to let a civil rights bill pass? Because he knows that the people he is dependent on for his electoral majority — white, working-class men and women, mostly men — have had their incomes decline in the 1980s and they may return to their natural home, to someone who offers them real opportunity. And so he is dredging up the same old tactic that the Hard Right has employed in my part of the country, in the South, since I was a child. When everything gets tight, and you think you're going to lose those people, you find the most economically insecure white people, and you scare the living daylights out of them.

That is wrong. This President turned away John Danforth, who shepherded Clarence Thomas' nomination through the Senate. John Danforth begged him for a civil rights bill. He said no. He turned away the Business Roundtable, an organization of corporate executives, largely Republican, who said we need a civil rights bill. He said no. And today in the press it's reported that he turned away his own minority leader in the United States Senate, Senator Bob Dole, who wanted a civil rights bill.

This man does not want a bill. He wants an issue to drive a stake into the heart of America, and it's wrong. And I won't let him get away with it.

I pledge to you that I'm not going to let the Republicans get away with this cynical scam anymore. A New Covenant means it's my responsibility and the responsibility of every American in this country to fight back against the politics of division and bring this country together.

After all, that is what's special about America. We want to be part of a nation that's coming together, not coming apart. We want to be part of a community where people look out for each other, not just for themselves. We want to be part of a nation that brings out the best in us, not the worst. And we believe that the only limit to what we can do is what our leaders are willing to ask of us and what we are willing to expect of ourselves.

Nearly sixty years ago, in a famous speech to the Commonwealth Club in the final months of his 1932 campaign, Franklin Roosevelt outlined a new compact that gave hope to a nation mired in the Great Depression. The role of government, he said, was to promise every American the right to make a living. The people's role was to do their best to make the most of it. He said: "Faith in America demands that we recognize the new terms of the old social contract. In the strength of great hope we must all shoulder our common load."

That's what our hope is today: A New Covenant to shoulder our common load. When people assume responsibility and shoulder that common load, they acquire a dignity they never knew before. When people go to work, they

"If a company wants to overpay its executives and under-invest in the future, it shouldn't get any special treatment from Uncle Sam."

rediscover a pride that was lost. When fathers pay their child support, they restore a connection that they and their children need. When students work harder, they find out they all can learn and do as well as anyone else on Earth. When corporate managers put their workers and their long-term profits ahead of their own paychecks, their companies do well, and so do they. When the privilege of serving is enough of a perk for people in Congress, and the President finally assumes responsibility for America's problems, we'll not only stop doing wrong, we'll begin to do what is right to move America forward.

And that is what this election is really all about — forging a New Covenant of change that will honor middle-class values, restore the public trust, create a new sense of community, and make America work again. Thank you.

A. NEW COVENANT FOR AMERICAN SECURITY
GEORGETOWN UNIVERSITY, WASHINGTON, D.C.

DECEMBER 12, 1991

I was born nearly half a century ago at the dawn of the Cold War, a time of great change, enormous opportunity and uncertain peril. At a time when Americans wanted nothing more than to come home and resume lives of peace and quiet, our country had to summon the will for a new kind of war — containing an expansionist and hostile Soviet Union which vowed to bury us. We had to find ways to rebuild the economies of Europe and Asia, encourage a worldwide movement toward independence and vindicate our nation's principles in the world against yet another totalitarian challenge to liberal democracy.

Thanks to the unstinting courage and sacrifice of the American people, we were able to win that Cold War. Now we've entered a new era, and we need a new vision and the strength to meet a new set of opportunities and threats. We face the same challenge today that we faced in 1946 — to build a world of security, freedom, democracy, free markets and growth at a time of great change.

Anyone running for President right now — Republican or Democrat — is going to have to provide a vision for security in this new era. That is what I hope to do today.

Given the problems we face at home, we do have to take care of our own people and their needs first. We need to remember the central lesson of the collapse of communism and the Soviet Union. We never defeated them on the field of battle. The Soviet Union collapsed from the inside out — from economic, political and spiritual failure.

Make no mistake: Foreign and domestic policy are inseparable in today's world. If we're not strong at home we can't lead the world we've done so much to make. And if we withdraw from the world, it will hurt us economically at home.

We can't allow this false choice between domestic policy and foreign policy to hurt our country and our economy. Our President has devoted his time and energy to foreign concerns and ignored dire problems here at home. As a result, we're drifting in the longest economic slump since World War II, and, in reaction to that, elements in both parties now want America to respond to the collapse of communism and a crippling recession at home by retreating from the world.

I have agreed with President Bush on a number of foreign policy questions. I supported his efforts to kick Saddam Hussein out of Kuwait. I think he did a masterful job in pulling together the victorious multi-lateral coalition. I support his desire to pursue peace talks in the Middle East. I agree with the President that we can't turn our back on NATO. And I supported giving the administration fast-track authority to negotiate a sound and fair free trade agreement with Mexico.

But because the President seems to favor political stability and his personal relations with foreign leaders over a coherent policy of promoting freedom, democracy and economic growth, he often does things I disagree with. For example, his close personal ties with foreign leaders helped forge the coalition against Saddam Hussein, but also led him to side with China's communist rulers after the democratic uprising of students. The President forced Iraq out of Kuwait, but as soon as the war was over, he seemed so concerned with the stability of the area that he was willing to leave the Kurds to an awful fate. He is rightfully seeking peace in the Middle East, but his urge to personally broker a deal has led him to take public positions which may undermine the ability of the Israelis and the Arabs to agree on an enduring peace.

In the aftermath of the Cold War, we need a President who

"The defense of freedom and the promotion of democracy around the world aren't merely a reflection of our deepest values; they are vital to our national interests."

The President must articulate a vision of where we're going. The President and his administration have yet to meet that test — to define the requirements of U.S. national security after the Cold War.

Retreating from the world or discounting its dangers is wrong for the country and sets back everything else we hope to accomplish as Democrats. The defense of freedom and the promotion of democracy around the world aren't merely a reflection of our deepest values; they are vital to our national interests. Global democracy means nations at peace with one another, open to one another's ideas and one another's commerce.

The stakes are high. The collapse of communism is not an isolated event; it's part of a worldwide march toward democracy whose outcome will shape the next century. If individual liberty, political pluralism and free enterprise take root in Latin America, Eastern and Central Europe, Africa, Asia and the former Soviet Union, we can look forward to a grand new era of reduced conflict, mutual understanding and economic growth. For ourselves and for millions of people who seek to live in freedom and prosperity, this revolution must not fail.

And yet, even as the American Dream is inspiring people around the world, America is on the sidelines, a military giant crippled by economic weakness and an uncertain vision.

We face two great foreign policy challenges today. First, we must define a new national security policy that builds on freedom's victory in the Cold War. The communist idea has lost its power, but the fate of the peoples who lived under it and the fate of the world will be in doubt until stable democracies rise from the debris of the Soviet empire.

And second, we must forge a new economic policy to serve ordinary Americans by launching a new era of global growth. We must tear down the wall in our thinking between domestic and foreign policy.

We need a coherent strategy that enables us to lead the world we have done so much to make, and that supports our urgent efforts to take care of our own here at home. We cannot do one without the other.

We need a New Covenant for American Security after the Cold War, a set of rights and responsibilities that will challenge the American people, American leaders and America's allies to work together to build a safer, more prosperous, more democratic world.

The strategy of American engagement I propose is based on four key assumptions about the requirements of our security in this new era:

- First, the collapse of communism does not mean the end of danger. A new set of threats in an even less stable world will force us, even as we restructure our defenses, to keep our guard up.
- Second, America must regain its economic strength to maintain our position of global leadership. While military power will continue to be vital to our national security, its utility is declining relative to economic power. We cannot afford to go on spending too much on firepower and too little on brainpower.
- Third, the irresistible power of ideas rules in the Information Age. Television, cassette tapes and the fax machine helped ideas to pierce the Berlin Wall and bring it down.
- Finally, our definition of security must include common threats to all people. On the environment and other global issues, our very survival depends upon the United States taking the lead.

Guided by these assumptions, we must pursue three clear

"No national security issue is more urgent than the question of who will control the nuclear weapons and technology of the former Soviet empire."

objectives: First, we must restructure our military forces for a new era. Second, we must work with our allies to encourage the spread and consolidation of democracy abroad. And third, we must reestablish America's economic leadership at home and in the world.

When Americans elect a President, they select a Commander in Chief. They want someone they can trust to act when our country's interests are threatened. To protect our interests and our values, sometimes we have to stand and fight. That is why, as President, I pledge to maintain military forces strong enough to deter and when necessary to defeat any threat to our essential interests.

Today's defense debate centers too narrowly on the size of the military budget. But the real questions are, what threats do we face, what forces do we need to counter them, and how must we change?

We can and must substantially reduce our military forces and spending, because the Soviet threat is decreasing and our allies are able to and should shoulder more of the defense burden. But we still must set the level of our defense spending based on what we need to protect our interests. First let's provide for a strong defense. Then we can talk about defense savings.

At the outset of this discussion, I want to make one thing clear: The world is still rapidly changing. The world we look out on today is not the same world we will see tomorrow. We need to be ready to adjust our defense projections to meet threats that could be either heightened or reduced down the road.

Our defense needs were clearer during the Cold War, when it was widely accepted that we needed enough forces to deter a Soviet nuclear attack, to defend against a Soviet-led conventional offensive in Europe and to protect other American interests, especially in Northeast Asia and the Persian Gulf. The collapse of the Soviet Union shattered that consensus, leaving us without a clear benchmark for determining the size or mix of our armed forces.

However, a new consensus is emerging on the nature of post-Cold War security. It assumes that the gravest threats we are most likely to face in the years ahead include:

- First, the spread of deprivation and disorder in the former Soviet Union, which could lead to armed conflict among the republics or the rise of a fervently nationalistic and aggressive regime in Russia still in possession of long-range nuclear weapons.

- Second, the spread of weapons of mass destruction, nuclear, chemical and biological, as well as the means for delivering them.

- Third, enduring tensions in various regions, especially the Korean peninsula and the Middle East and the attendant risks of terrorist attacks on Americans traveling or working overseas.

- And finally, the growing intensity of ethnic rivalry and separatist violence within national borders, such as we have seen in Yugoslavia, India and elsewhere, that could spill beyond those borders.

To deal with these new threats, we need to replace our Cold War military structure with a smaller, more flexible mix of capabilities, including:

- **Nuclear deterrence.** We can dramatically reduce our nuclear arsenals through negotiations and other reciprocal actions. But as an irreducible minimum, we must retain a survivable nuclear force to deter any conceivable threat.

- **Rapid deployment.** We need a force capable of projecting power quickly when and where it's needed. This means the Army must develop a more mobile mix of mechanized and armored forces. The Air Force should emphasize tactical air power and airlift, and the Navy and Marine Corps must maintain sufficient carrier and

"Without growth abroad, our own economy cannot thrive."

ambitious forces as well as more capable. We also need strong special operations forces to deal with terrorist threats.

• **Technology.** The Gulf War proved that the superior training of our soldiers, tactical air power, advanced communications, space-based surveillance, and smart weaponry produced a shorter war with fewer American casualties. We must maintain our technological edge.

• **Better intelligence.** In an era of unpredictable threats, our intelligence agencies must shift from military bean-counting to a more sophisticated understanding of political, economic and cultural conditions that can spark conflicts.

To achieve these capabilities, I would restructure our forces in the following ways:

First, now that the nuclear arms race finally has reversed course, it's time for a prudent slowdown in strategic modernization. We should stop production of the B-2 bomber. That alone could save \$20 billion by 1997.

Since Ronald Reagan unveiled his "Star Wars" proposal in 1983, America has spent \$26 billion in futile pursuit of a foolproof defense against nuclear attack. Democrats in Congress have recommended a much more realistic and attainable goal: defending against very limited or accidental launches of ballistic missiles. This allows us to proceed with R&D on missile defense within the framework of the ABM treaty — a prudent step as more and more countries acquire missile technology.

At the same time, we must do more to stop the threat of weapons of mass destruction from spreading. We need to clamp down on countries and companies that sell these technologies, punish violators and work urgently with all countries for tough, enforceable international non-proliferation agreements.

Although the President's plan does reduce our conventional force structure, I believe we can go farther without undermining our core capabilities. We can meet our responsibilities in Europe with less than the 150,000 troops now proposed by the President, especially as the Soviet republics withdraw their forces from the Red Army. We can defend the sea lanes and project force with 10 carriers rather than 12. We should continue to keep some U.S. forces in Northeast Asia as long as North Korea presents a threat to our South Korean ally.

To upgrade our conventional forces, we need to develop greater air and sea lift capacity, including production of the C-17 transport aircraft. But we should end or reduce programs intended to meet the Soviet threat. Our conventional programs, like the new Air Force fighter and the Army's new armored systems, should be redesigned to meet regional threats.

The administration has called for a 21 percent cut in military spending through 1995, based on the assumption, now obsolete, that the Soviet Union would remain intact. With the dwindling Soviet threat, we can cut defense spending by over a third by 1997.

Based on calculations by the Congressional Budget office, my plan would bring cumulative savings of about \$100 billion beyond the current Bush plan. If favorable political and military trends continue, and we make progress on arms control, we may be able to scale down defense spending still more by the end of the decade. However, we should not commit ourselves now to specific deeper cuts ten years from now. The world is changing quickly, and we must retain our ability to react to potential threats.

Also, we must not forget about the real people whose lives will be turned upside down when defense is cut deeply. The government should look out for its defense workers and the communities they live in. We should insist on advanced

"We must be strong at home to lead and maintain global growth."

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notification and help communities plan for a transition from a defense to a domestic economy. Thirty-one percent of our graduate engineers work for the defense industry. They and other highly skilled workers and technicians are a vital national resource at a time when our technological edge in a world economy must be sharper than ever before. I have called for a new advanced research agency — a civilian DARPA — that could help capture for commercial work the brilliance of scientists and engineers who have accomplished wonders on the battlefield.

Likewise, those who have served the nation in uniform cannot be dumped on the job market. We've got to enlist them to help meet our many needs at home. By shifting people from active duty to the National Guard and reserves, offering early retirement options, limiting re-enlistment and slowing the pace of recruitment, we can build down our forces in a gradual way that doesn't abandon people of proven commitment and competence.

Our people in uniform are among the most highly skilled in the areas we need most. We need to transfer those human resources into our workforce and even into our schools, perhaps in part by using reserve centers and closed bases for community-based education and training programs.

The defense policy I have outlined keeps America strong and still yields substantial savings. The American people have earned this peace dividend through forty years of unrelenting vigilance and sacrifice and an investment of trillions of dollars. And they are entitled to have the dividend reinvested in their future.

Finally, America needs to reach a new agreement with our allies for sharing the costs and risks of maintaining peace. While Desert Storm set a useful precedent for cost-sharing, our forces still did most of the fighting and dying. We need to shift that burden to a wider coalition of nations of which America will be a part. In the Persian Gulf, in Namibia, in Cambodia and elsewhere in recent years, the United Nations has begun to play the role that Franklin Roosevelt and Harry Truman envisioned for it. We must take the lead now in making their vision real — by expanding the Security Council and making Germany and Japan permanent members; by continuing to press for greater efficiency in U.N. administration; and by exploring ways to institutionalize the U.N.'s success in mobilizing international participation in Desert Storm.

One proposal worth exploring calls for a U.N. Rapid Deployment Force that could be used for purposes beyond traditional peacekeeping, such as standing guard at the borders of countries threatened by aggression; preventing attacks on civilians; providing humanitarian relief; and combatting terrorism and drug trafficking.

In Europe, new security arrangements will evolve over the next decade. While insisting on a fairer sharing of the common defense burden, we must not turn our back on NATO. Until a more effective security system emerges, we must give our allies no reason to doubt our constancy.

As we restructure our military forces, we must reinforce the powerful global movement toward democracy.

U.S. foreign policy cannot be divorced from the moral principles most Americans share. We cannot disregard how other governments treat their own people, whether their domestic institutions are democratic or repressive, whether they help encourage or check illegal conduct beyond their borders. This does not mean we should deal only with democracies or that we should try to remake the world in our image. But recent experience from Panama to Iran to Iraq shows the dangers of forging strategic relationships with despotic regimes.

It should matter to us how others govern themselves. Democracies don't go to war with each other. The French and British have nuclear weapons, but we don't fear annihilation at their hands. Democracies don't sponsor terrorist acts against each other. They are more likely to be reliable trading partners, protect the global environment and abide by international law.

Over time, democracy is a stabilizing force. It provides non-violent means for resolving disputes. Democracies do a better job of protecting ethnic, religious and other minorities. And elections can help resolve fratricidal civil wars.

Yet President Bush too often has hesitated when democratic forces needed our support in challenging the status quo. I believe the President erred when he secretly rushed envoys to resume cordial relations with China barely a month after the massacre in Tiananmen Square; when he spurned Yeltsin before the Moscow coup; when he poured cold water on the Baltic and Ukrainian aspirations for self-determination and independence; and when he initially refused to help the Kurds.

The administration continues to coddle China, despite its continuing crackdown on democratic reforms, its brutal subjugation of Tibet, its irresponsible exports of nuclear and missile technology, its support for the homicidal Khmer Rouge in Cambodia, and its abusive trade practices. Such forbearance on our part might have made sense during the Cold War, when China was a counterweight to Soviet power. But it makes no sense to play the China card now, when our opponents have thrown in their hand.

In the Middle East, the administration deserves credit for bringing Israel and its Arab antagonists to the negotiating table. Yet I believe the President is wrong to use public pressure tactics against Israel. In the process, he has raised Arab expectations that he'll deliver Israeli concessions and fed Israeli fears that its interests will be sacrificed to an American-imposed solution.

We must remember that even if the Arab-Israeli dispute were resolved tomorrow, there would still be ample causes of conflict in the Middle East: ancient tribal, ethnic and religious hatreds; control of oil and water; the bitterness of the have-nots toward those who have; the lack of democratic institutions to hold leaders accountable to their people and restrain their actions abroad; and the territorial ambitions of Iraq and Syria. We have paid a terrible price for the administration's earlier policies of deference to Saddam Hussein. Today, we must deal with Hafez Assad in Syria, but we must not overlook his tyrannical rule and domination of Lebanon.

We need a broader policy toward the Middle East that seeks to limit the flow of arms into the region, as well as the materials needed to develop and deliver weapons of mass destruction; promotes democracy and human rights; and preserves our strategic relationship with the one democracy in the region: Israel.

And in Africa as well, we must align America with the rising tide of democracy. The administration has claimed credit for the historic opening to democracy now being negotiated in South Africa, when in fact it resisted the sanctions policy that helped make this hopeful moment possible.

Today, we should concentrate our attention on doing what we can to help end the violence that has ravaged the South African townships, by supporting with our aid the local structures that seek to mediate these disputes and by insisting that the South African government show the same zeal in prosecuting the perpetrators of the violence as it did in the past when pursuing the leaders of the anti-apartheid movement. The administration and our states and cities should only relax our remaining sanctions as it becomes clearer that the day of democracy and guaranteed individual rights is at hand. And when that day does dawn, we must be prepared to

extend our assistance to make sure that democracy, once gained, is not lost there.

An American foreign policy of engagement for democracy will unite our interests and our values. Here's what we should do:

- First, we need to respond more forcefully to one of the greatest security challenges of our time, to help the people of the former Soviet empire demilitarize their societies and build free political and economic institutions. Congress has passed \$500 million to help the Soviets destroy nuclear weapons, and for humanitarian aid. We can do better. As Senator Sam Nunn and Representative Les Aspin have argued, we should shift money from marginal military programs to this key investment in our future security. We can radically reduce the threat of nuclear destruction that has dogged us for decades by investing a fraction of what would otherwise have to be spent to counter that threat. And, together with our G-7 partners, we can supply the Soviet republics with the food and medical aid they need to survive their first winter of freedom in 74 years. We should do all that we can to coordinate aid efforts with our allies, and to provide the best technical assistance we can to distribute that food and aid.

No national security issue is more urgent than the question of who will control the nuclear weapons and technology of the former Soviet empire. Those weapons pose a threat to the security of every American, to our allies, and to the republics themselves.

I know it may be bad politics to be for any aid program. But we owe it to the people who defeated communism, the people who defeated the coup. And we owe it to ourselves. A small amount spent stabilizing the emerging democracies in the former Soviet empire today will reduce by much more the money we may have to commit to our defense in the future. And it will lead to the creation of lucrative new markets which mean new American jobs. Having won the Cold War, we must not now lose the peace.

- We should recognize Ukraine's independence, as well as that of other republics who make that decision democratically. But we should link U.S. and western non-humanitarian aid to agreements by the republics to abide by all arms agreements negotiated by Soviet authorities, demonstrate responsibility with regard to nuclear weapons, demilitarize their economies, respect minority rights, and proceed with market and political reforms.

- We should use our diplomatic and economic leverage to increase the material incentives to democratize and raise the costs for those who won't. We have every right to condition our foreign aid and debt relief policies on demonstrable progress toward democracy and market reforms. In extreme cases, such as that of China, we should condition favorable trade terms on political liberalization and responsible international conduct.

- We need to support evolving institutional structures favorable to countries struggling with the transition to democracy and markets, such as the new European Bank for Reconstruction and Development, whose mission is to rebuild the societies of Central and Eastern Europe. We are right to encourage the European Community to open its doors to those societies, perhaps by creating an affiliate status that carries some but not all of the privileges of membership.

- We should encourage private American investment in the former Soviet empire. The Soviet republics, after all, are rich in human and natural resources. One day, they and Eastern Europe could be lucrative markets for us.

- We should regard increased funding for democratic assistance as a legitimate part of our national security budget. We should support groups like the National Endowment for Democracy, which work openly rather than covertly to

"We must devise and pursue national policies that serve the needs of our people by uniting us at home and restoring America's greatness in the world."

promote democratic pluralism and free markets abroad. I would encourage both the Agency for International Development and the U.S. Information Agency to channel more of their resources to promoting democracy. And just as Radio Free Europe and the Voice of America helped bring the truth to the people of those societies, we should create a Radio Free Asia to carry news and hope to China and elsewhere.

• Finally, just as President Kennedy launched the Peace Corps 30 years ago, we should create a Democracy Corps today that will send thousands of talented American volunteers to countries that need their legal, financial and political expertise.

Our second major strategic challenge is to help lead the world into a new era of global growth. Any governor who's tried to create jobs over the last decade know that experience in international economics is essential and that success in the global economy must be at the core of national security in the 1990s.

Without growth abroad, our own economy cannot thrive. U.S. exports of goods and services will be over a half-trillion dollars in 1991 — and 10 percent of our economy. Without global growth, healthy international competition turns all too readily to economic warfare. Without growth and economic progress, there can be no true economic justice among or within nations.

I believe the negotiations on an open trading system in the GATT are of extraordinary importance. And I support the negotiation of a North American Free Trade Agreement, so long as it's fair to American farmers and workers, protects the environment and observes decent labor standards.

Freer trade abroad means more jobs at home. Every \$1 billion in U.S. exports generates 20,000 to 30,000 more jobs. We must find ways to help developing nations finally overcome their debt crisis, which has lessened their capacity to buy American goods and probably cost us 1.5 million American jobs.

We must be strong at home to lead and maintain global growth. Our weakness at home has caused even our economic competitors to worry about our stubborn refusal to establish a national economic strategy that will regain our economic leadership and restore opportunity for the middle class.

How can we lead when we have gone from being the world's largest creditor country to the world's largest debtor nation — now owing the world \$405 billion? When we depend on foreigners for \$100 billion a year of financing, we're not the masters of our own destiny.

I spoke in my last lecture about how we must rebuild our nation's economic greatness, for the job of restoring America's competitive edge truly begins at home. I have offered a program to build the most well-educated and well-trained workforce in the world and put our national budget to work on programs that make America richer, not more indebted.

Our economic strength must become a central defining element of our national security policy. We must organize to compete and win in the global economy. We need a commitment from American business and labor to work together to make world-class products. We must be prepared to exchange some short-term benefits — whether in the quarterly profit statement or in archaic work rules — for long-term success.

The private sector must maintain the initiative, but government has an indispensable role. A recent Department of Commerce report is a wake-up call that we are falling behind our major competitors in Europe and Japan on emerging technologies that will define the high-paying jobs of the future — like advanced materials, biotechnology, superconductors and computer-integrated manufacturing.

I have mentioned a civilian advanced research projects agency to

"We should use our diplomatic and economic leverage to increase the material incentives to democratize and raise the costs for those who won't."



work closely with the private sector, so that its priorities are not set by government alone. We have hundreds of national laboratories with extraordinary talent that have put the United States at the forefront of military technology. We need to reorient their mission, working with private companies and universities, to advance technologies that will make our lives better and create tomorrow's jobs.

Not enough of our companies engage in export — just 15 percent of our companies account for 85 percent of our exports. We have to meet our competitors' efforts to help smaller- and medium-sized businesses identify and gain foreign markets.

And most important, government must assure that international competition is fair by insisting to our European, Japanese and other trading partners that if they won't play by the rules of an open trading system, then we will play by theirs.

We have no more important bilateral relationships than our alliance with Japan, a relationship that has matured from one of dependency in the 1950s to one of partnership today. Our relationship is based on ties of democracy, but as we cooperate, we also compete. And the maturity of our relationship allows American Presidents, as I will, to insist on fair play. As we put our own economic house in order, Japan must open the doors of its economic house, or our partnership will be imperiled with consequences for all the world.

Now we must understand, as we never have before, that our national security is largely economic. The success of our engagement in the world depends not on the headlines it brings to Washington politicians, but on the benefits it brings to hard-working middle-class Americans. Our "foreign" policies are not really foreign at all.

When greenhouse gas emissions from developed nations warm the atmosphere and CFCs eat away at the ozone layer, our beaches and farmlands and people are threatened. When drugs flood into our country from South America and Asia, our cities suffer and our children are put at risk. When a Libyan terrorist can go to an airport in Europe and check a bomb in a suitcase that kills hundreds of people, our freedom is diminished and our people live in fear.

So let us no longer define national security in the narrow military terms of the Cold War. We can no longer afford to have foreign and domestic policies. We must devise and pursue national policies that serve the needs of our people by uniting us at home and restoring America's greatness in the world. To lead abroad, a President of the United States must first lead at home.

Half a century ago, this country emerged victorious from an all-consuming war into a new era of great challenge. It was a time of change, a time for new thinking, a time for working together to build a free and prosperous world, a time for putting that war behind us. In the aftermath of that war, President Harry Truman and his successors forged a bipartisan consensus in America that brought security and prosperity for 20 years.

Today we need a President, a public and a policy that are not caught up in the wars of the past — not World War II, not Vietnam, not the Cold War. What we need to elect in 1992 is not the last President of the 20th century but the first President of the 21st century.

This spring, when the troops came home from the Persian Gulf, we had over 100,000 people at a welcome home parade in Little Rock. Veterans came from all across the state — not just those who had just returned from the Gulf, but men and women who had served in World War II, Korea and Vietnam. I'll never forget how moved I was as I watched them march down the street to our cheers and saw the

Vietnam veterans finally being given the honor they deserved all along. The divisions we have lived with for the last two decades seemed to fade away amid the common outburst of triumph and gratitude.

That is the spirit we need as we move into this new era. As President Lincoln told Congress in another time of new challenge, in 1862:

"The dogmas of the quiet past are inadequate to the stormy present. The occasion is piled high with difficulty, and we must rise with the occasion. As our case is new, so we must think anew, and act anew. We must disenthrall ourselves, and then we shall save our country. Fellow citizens, we cannot escape history."

Thank you very much.

"Even as the American Dream is inspiring people around the world, America is on the sidelines, a military giant crippled by economic weakness and an uncertain vision."

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