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State of the Union Address, January 13,
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STATE OF THE UNION

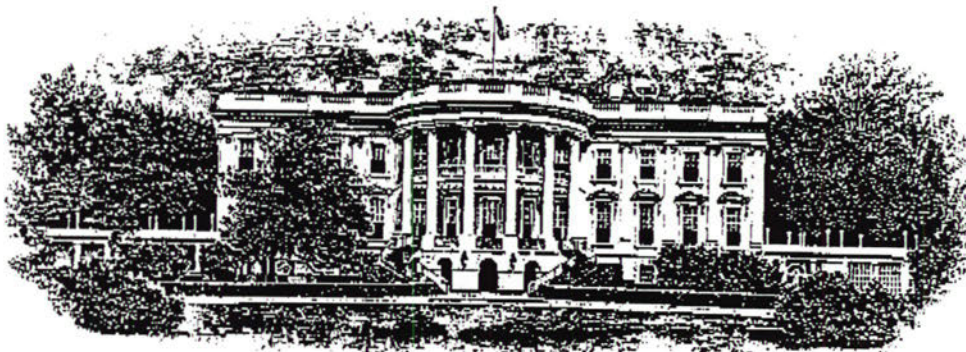
ADDRESS TO THE 104th CONGRESS



SECOND SESSION

President William J. Clinton

JANUARY 23, 1996 • WASHINGTON, D.C.



THE WHITE HOUSE
OFFICE OF CABINET AFFAIRS

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AMERICA'S CHALLENGE

*Background on President Clinton's
State of the Union Address to Congress
January 23, 1996*

1. **CHALLENGE ON FAMILIES:** Cherish our children and strengthen the American family.
2. **CHALLENGE ON EDUCATION:** Renew our schools for the new century and open wide the doors of college.
3. **CHALLENGE ON ECONOMIC SECURITY:** Provide new security for the American family in the new economy.
4. **CHALLENGE ON CRIME AND DRUGS:** Join together to take back our streets from crime, gangs and drugs.
5. **CHALLENGE ON THE ENVIRONMENT:** Protect the environment for future generations.
6. **CHALLENGE ON WORLD LEADERSHIP:** Meet our responsibility to lead the fight for freedom and peace.
7. **CHALLENGE ON GOVERNMENT:** Reform our political system and make government work for the people.

AMERICA'S CHALLENGE

*President Clinton's State of the Union Address to Congress
January 23, 1996*

CHALLENGE ON FAMILIES

- Challenge fathers to care for their children.
- Cut-down on TV violence.
- Protect our children from tobacco.
- Child support enforcement
- National campaign against teen pregnancy.
- End the tragedy of domestic violence.

CHALLENGE ON ECONOMIC SECURITY

- Raise the minimum wage.
- Preserve the Earned Income Tax Credit.
- \$500 per child tax credit.
- Protect workers' pensions.
- Protect Medicare and Medicaid.
- Make health care portable and eliminate pre-existing conditions exclusions.

CHALLENGE ON WORLD LEADERSHIP

- America as Peacemaker, not isolationist and not global policeman.
- Ratify Start II Treaty to cut nuclear stockpiles by another 25%.
- Pass Comprehensive Test Ban Treaty.
- Approve Chemical Weapons Convention.
- Pass Anti-Terrorism Bill to give law enforcement greater power to fight terrorism at home and abroad.

CHALLENGE ON EDUCATION

- Higher standards and public school choice.
- Educational Technology Initiative.
- Expand college work-study to more than 1 million students.
- \$10,000 tax deduction for college tuition.
- \$1,000 college merit scholarship for top 5% of high school graduates.

CHALLENGE ON CRIME AND DRUGS

- Challenge states to meet 85% truth-in-sentencing.
- Direct FBI to wage war on gangs that involve juveniles in violent crime.
- "One-Strike-and-You're-Out" in Public Housing.
- Appoint General McCaffrey as Drug Czar.

CHALLENGE ON THE ENVIRONMENT

- Brownfields Initiative to clean up contaminated sites in distressed areas.
- Project XL-- Challenge businesses to find cheaper ways to meet tougher standards.
- Expand and strengthen citizens' Right-To-Know about toxic chemicals in their communities.

CHALLENGE ON GOVERNMENT

- Executive Order revoking federal contracts of businesses that hire illegal workers.
- Continue Reinventing Government -- creating the smallest, smartest government in 30 years.
- Enact McCain-Feingold real campaign finance reform.

AMERICA'S CHALLENGE

*Background on President Clinton's
State of the Union Address to Congress
January 23, 1996*

1. CHALLENGE ON FAMILIES: *Cherish our children and strengthen the American Family.*

Families are the foundation of American life. The President challenges families to stay together, respect one another, end domestic violence, and for parents to take responsibility for their children.

Cut Down On TV-Violence.

The Administration wants to give parents the information they need to determine what their children see and hear. For this reason, the President supports the V-chip and voluntary rating system established by the television industry. The Administration also supports action to increase and improve the quality of programming for children.

To this end, the President has urged the Commissioners of the Federal Communications Commission to require broadcasters to air at least three hours per week -- and preferably more - of quality children's programming and has supported Public Broadcasting and the quality programming option it offers children and adults. The President's meeting with leaders of major media corporations and the entertainment industry will discuss voluntary ways to achieve these goals without delay.

Protect Our Children From Tobacco.

More than 300,000 Americans every year die because of illnesses associated with tobacco use. Every single day, another 3,000 children become regular smokers. One thousand of these children will eventually die from smoking-related disease. It is up to all of us -- family, schools and communities -- to work together to protect our children from the deadly disease of nicotine addiction.

This past year, President Clinton proposed targeted measures to fight this deadly problem. The Administration has proposed regulations designed to restrict the methods used by the tobacco industry to sell tobacco products to children. Specifically, these proposals cut off children's access to tobacco and reduce the appeal of these products.

Just last week, the Clinton Administration gave states guidance on how to implement the Synar Amendment, which requires states to have and to enforce laws banning the sale and distribution of tobacco products to children.

Child Support Enforcement.

The President reiterated his proposal for the toughest child support enforcement measures ever: streamlined paternity establishment; employer reporting of new hires to catch non-paying parents who move from job to job; uniform interstate child support laws; computerized state-wide collections to speed up payments; and tough new penalties, like drivers' license revocation. Together, these measures will send a clear and consistent message that both parents must take responsibility for the children they bring into this world. Congress should pass them now as part of real, bipartisan welfare reform.

Teen Pregnancy.

In last year's State of the Union Address, the President called for a national campaign to address teen pregnancy, which he called "our most serious social problem." This year, the President announced that his call has been answered. A diverse and bipartisan group of prominent Americans is about to announce the formation of A National Campaign to Reduce Teenage Pregnancy. Their goal is to reduce teenage pregnancy by one-third over the next ten years. This is a serious, nonpartisan effort to mobilize many sectors of American society -- business, entertainment, media, religious leaders and others -- to tackle this serious problem. The Clinton administration has worked to help the organizers of this independent effort get started, and the President has promised his active support for their work.

2. CHALLENGE ON EDUCATION: *Renew our schools for the new century and open wide the doors of college.*

Over the past three years, President Clinton has led efforts to dramatically reform education and training policy. Now, President Clinton proposes several new initiatives to bring more technology into the classroom; urge states, communities, and schools to raise standards; give parents more public school choice; and greatly expand access to college.

Educational Technology Initiative -- Technologically Literacy For The 21st Century.

Nothing is more critical to preparing our public schools for the 21st century than ensuring they have the modern technology to prepare students for the information age. The President challenges the nation to work together in a major new national effort to help every student become technologically literate for the 21st century.

Specifically the President has four goals:

- (1) Provide access to modern computers for all teachers and students;
- (2) Connect every school in America to the Information Superhighway;
- (3) Develop effective software in all subject areas, and
- (4) Give every teacher the development they need to help students use and learn through technology.

To reach these goals the President will lead a national effort that will include the following new initiatives:

- The President and Vice President will lead an effort to wire all of the nation's classrooms for computer access to the Internet by the year 2000.
- The President is calling for the creation of an Educational Technology Fund -- a private/public technology "matching fund" to help ensure that every student has adequate access to a cutting-edge computer and every teacher has the skills and software to make the best possible use of available technology.
- Challenge to educational software and entertainment leaders to produce better educational software to make learning more exciting and interesting.

Higher Education Standards For Students And Teachers.

Perhaps no challenge is more central to ensuring America's competitive strength in the 21st century than renewing our public school system. The President wants to see public schools driven by demanding high standards for students and teachers.

President Clinton challenges states and school districts to enact professional standards of excellence for teachers, and high standards of achievement for students. He also urged that all parents should have the opportunity to change schools or start new ones if their child's school is not performing.

Schools need to be safe and drug-free, and need to teach well the basics, good citizenship, responsibility, and core academics. The President believes that schools need to be accountable for their students' performance and that a high school diploma must mean something.

Public School Choice.

President Clinton believes that information, competition, and choice among public schools should be the rule, not the exception. Any parent who is dissatisfied with either their own child's or the school's performance should have the opportunity to choose a public school that will do better.

Charter Schools.

To ensure that every parent has this chance, the President is calling on all 50 states to enact charter school laws within 12 months. Twenty states currently have laws providing for the creation of charter schools -- public schools, created and managed by parents, teachers and administrators. They are held accountable for their results through a performance-based contract with a local school board, state, or other public institution.

The President will also be asking for a substantial increase in federal funding, up to \$40 million annually, to help local efforts to start nearly 3,000 new charter schools over the next five years.

Parent Involvement.

The President believes strongly in the critical importance of parent involvement in their children's education. Parents are and continue to be their children's first and most important teacher. The President asks parents to read with children, see that their homework is done, see that they take the tough courses, know their children's teachers, talk to their children directly about the dangers of drugs and alcohol, and talk to them about the values they want them to have. These conversations could literally save their lives. Businesses, schools, and religious organizations can help parents find the time for all of this by being family-friendly for learning.

Dramatically Expand Access To College.

President Clinton is deeply committed to ensuring that all deserving students can afford to go to college, and to helping American families invest in their children's and their nation's future. That is why he will continue to block attempts to cap the Direct Lending Student Loan program, which makes college more accessible by allowing students to repay loans as a percentage of their income and by cutting out the middle-man and eliminating red tape. That is also why he will block attempts to cut Pell Grant Scholarships and instead wants to increase their number and the maximum award.

Now, President Clinton calls for the enactment of three key initiatives to increase access to and the affordability of college education. Each of these proposals rewards responsible students and hard-working families.

- **Merit Scholarships.** The President calls for the creation of the largest-ever merit-based scholarship program, rewarding the top 5% of high school graduates in every school -- over 125,000 students annually -- with \$1,000 grants toward the cost of college. The scholarships, rewarding excellence and achievement, will be awarded to the top five percent of graduating students in every secondary school in the United States.
- **Expansion Of Work Study.** The President proposed a dramatic expansion of the College Work Study program, from 700,000 students to over one million over the next five years. This nearly 50 percent increase will significantly expand a program that reaffirms the American ethic, rewarding hard work and helping ensure that all who want a higher education are able to afford it.
- **Tuition Tax Deduction.** The President renewed his call for a deduction of up to \$10,000 for the cost of tuition and training. 16.5 million students stand to benefit from this proposal for tax relief to working families.

3. CHALLENGE ON ECONOMIC SECURITY. *Provide new security for the American family in the new economy.*

America's economy is strong. Home ownership is at its highest rate in 15 years and 7.8 million new jobs have been created during the last three years. The President's 1993 Economic Plan has cut the deficit nearly in half. And Taxes have been lowered for 15 million households by dramatically expanding the Earned Income Tax Credit. But our people are working harder than ever, and they deserve what it takes to get ahead in the new economy.

A G.I. Bill for America's Workers.

In the new economy, skills matter more. For workers, a year of either on-the-job or formal training raises wages by about as much as a year of college education. That is why the President challenged the Congress in December 1994 to enact a new GI Bill for America's Workers.

Now, the President calls for the Congress to pass his fundamental reform of the federal job-training system. The Administration's proposal would eliminate at least 70 separate job training programs, replacing them with an integrated system that minimizes red tape and maximizes individual choice in each local community. Unemployed and low-income workers would be able to get individual Skill Grants to use as they choose for learning new skills to find new and better jobs.

The President's proposal would also provide workers access, through networks of One-Stop Career Centers already under construction in the States, to reliable computerized data on jobs, careers, what skills are in demand, and the success records of training institutions, so that workers can make good choices to improve their futures. States and localities would have flexibility to work in partnership with the private sector to tailor training programs and delivery systems to reflect local conditions and priorities.

The Administration proposal also includes a youth component. Federal education, training, and employment programs for youth would be reshaped to support the community-based school-to-work movement already underway in states under the School-to-Work Opportunities Act of 1994. The proposal will enable schools, colleges, and the private sector in each local community to offer all youth work-based learning opportunities and clear pathways to good jobs, rewarding careers, and lifelong learning.

Increase the Minimum Wage.

The President challenges Congress to raise the minimum wage and provide the opportunity for Americans to lift themselves and their families out of poverty. One year ago, the President proposed increasing the minimum wage from \$4.25 to \$5.15 an hour in two equal steps. If Congress does not act now, the value of the minimum wage will fall to its lowest level in 40 years. The President's proposal would help lift the lives of the estimated 11 million Americans who earn less than \$5.15. For those people working full-time, this minimum wage increase provides \$1,800 -- enough money for the average American family to buy groceries for seven months.

A rise in the minimum wage helps families that are working hard but struggling to make ends meet. Most workers who earn the minimum wage are adults; nearly 40 percent are the sole breadwinner in their family; and the average minimum wage worker brings home half of their family's earnings. And more than one dozen studies suggest that a modest minimum wage increase -- like the President's proposal -- would not cost jobs.

Despite criticism in some corners, the minimum wage has traditionally had bipartisan support. In 1989, the minimum wage increase passed the House by a vote of 382 to 37, and 89 to 8 in the Senate. It's time to raise the minimum wage. And it's time to ensure that those who work hard and play by the rules can live with the dignity that they have earned.

The Earned Income Tax Credit and \$500 Per Child Tax Credit.

President Clinton's 1993 Economic Plan expanded the Earned Income Tax Credit to provide tax relief to 15 million working families and households. The EITC encourages families to move from welfare to work by making work pay. President Clinton has staunchly opposed deep cuts in the EITC proposed by Republicans which would raise income taxes on millions of hard-working families. The President's seven-year balanced budget plan provides additional tax relief to working families. It would provide a tax credit of up to \$500 per child to families with incomes up to \$75,000.

Making Pensions More Accessible For All Americans.

Only about half of all full-time workers in the private sector are covered by a pension. Three-quarters of workers in small businesses with fewer than 100 employees are not covered by a pension plan. President Clinton believes that we need to better empower Americans to save for their futures.

Simplifying Pension Rules.

In June of last year, the President proposed a significant simplification of our pension system, so that businesses of all sizes, but particularly small businesses, could more easily make tax-advantaged savings programs available to their employees. The NEST option would enable businesses with 100 or fewer employees to establish a retirement savings program by sending the IRS a simple one-page form. By getting rid of the family aggregation rules, families who work together in small or large businesses could save as individuals. Larger businesses and tax-exempt organizations could also offer simpler plans, so more money could go to workers' retirement and less to accountants, lawyers, and other consultants. These proposals are all part of the President's budget offer of January 18, 1996. Similar reforms have been passed by the Congress. This is an area where agreement to benefit all Americans is both possible and close to fruition.

Safeguarding Retirement Savings.

The Clinton Administration has taken important actions to make certain that pension savings are there when people need them. The Retirement Protection Act enacted in 1994 protects the pension funds of more than 40 million workers and retirees in traditional pension plans, including more than 8 million in plans that remain underfunded. Pension underfunding has been reduced for the first time in a decade -- from \$71 billion in 1993 to \$31 billion in 1994. The Department of Labor's 401(k) enforcement program and proposed legislation and regulations are designed to ensure that employees' savings are actually contributed to their retirement plan and invested. The Department has already recovered more than \$3.5 million for 2,800 workers. This Administration has demonstrated its commitment to safety and security in the pension system.

Opposing Raids on Pension Funds.

No corporation should be able to raid your hard-earned savings. The Clinton Administration will continue to fight cynical Republican efforts to fund tax cuts by allowing corporations to raid their pension funds -- the same kind of raids that cost workers about \$20 billion in the 1980s to fund corporate mergers and leveraged buyouts. The Republican proposal would allow corporations to reduce pension fund assets by approximately \$15 billion.

Health Insurance Reform -- Portability Protections.

The President calls on the Congress to pass meaningful health insurance reforms that would guarantee that insurers no longer apply pre-existing condition exclusions to previously insured workers who have had at least one year of coverage. Providing for this portability protection and eliminating "job-lock" for all Americans has always been one of President Clinton's top priorities. His proposal would also require plans to renew coverage without regard to health status.

Insurance reform bills similar to the President's have received broad, bipartisan support in the Congress. Over 35 insurance market reform bills have been introduced since 1990, including legislation cosponsored by Republican Senator Kassebaum and Democratic Senator Kennedy that was unanimously reported out of the Labor Committee last year.

Protect Medicare and Medicaid: Reform that Protects and Strengthens the Programs.

Medicare. The President's proposal preserves and enhances Medicare. In so doing, he rejects proposals that structurally undermine the program through excessive cuts and unwise programmatic changes that unnecessarily harm beneficiaries and providers. Instead, the President proposes reforms that achieve savings that limit the per person growth of the program to just below the private sector growth rate, extends the life of the Medicare Trust Fund through at least 2010, adds new cost-effective preventive benefits, and provides a new respite benefit for families of beneficiaries with Alzheimer's disease.

In addition, the President proposal expands plan choices for beneficiaries to include HMOs with a point-of-service option, Preferred Provider Organizations (PPOs), and Provider Service Networks. These options work to promote competition on the basis of cost and quality, rather than to "cherry-pick" at the expense of the sick and the elderly.

Medicaid. Like the Medicare program, the President calls on the nation to maintain its commitment to a strong, but more flexible and cost-conscious Medicaid program. He rejects proposals that block grant the program and provide for harmful and excessive cuts that could deny health benefits to 3-6 million Americans in 2002, including more than 1 million children. Instead, President Clinton advocates making the program more flexible by removing unnecessary Federal health care delivery and reimbursement strings that tie a Governor's hands in administering an efficient and responsive program. In so doing, however, he maintains the Federal guarantee to a set of meaningful benefits, retains financial and quality protections for the states (through his per capita cap, which provides more dollars during economic downturns), and continues protections of recipients and their families (through retention of nursing home quality, spousal impoverishment, and family financial resources protections, and retention of coverage of low-income Medicare beneficiaries' premiums and costsharing).

Health Insurance Reforms -- Building On Portability Protections: Health Insurance For The Temporarily Unemployed.

The President believes that individuals who lose their health insurance when they lose their job should be eligible for premium subsidies to pay for private insurance coverage for up to six months. Such a proposal would provide coverage for 3.8 million more Americans a year.

Health Insurance Reform -- Making Insurance More Accessible And Affordable For Small Business And Their Employees.

In addition to the insurance reforms outlined above, the President's proposal would require plans to make coverage available to all groups of businesses, regardless of the health status of any of the group's members ("guaranteed issue"). Insurers would be required to provide an open enrollment period of at least 30 days for all new employees (whether or not they had been previously insured). Moreover, insurers could not individually underwrite new enrollees. i.e., their premiums would have to be the same as other enrollees with similar demographic characteristics. These provisions also have broad, bipartisan support.

To address the issue of affordability, the President's insurance reforms would also limit premium variations for small businesses by phasing out the use of claims experience, duration of coverage, and health status in determining rates. To put the self-employed on a more equal footing with other businesses, the President proposes to gradually increase the self-employed tax deduction from 25 to 50 percent. And finally, to help provide small businesses with the type of purchasing clout larger businesses have, technical assistance and funding (\$25 million a year in grants) would be provided to states to set up voluntary purchasing cooperatives. (Purchasing cooperatives are also included in the Kassebaum/Kennedy plan.) Under the President's plan, the State could request that commercial insurers providing Federal Employee Health Benefit Plans (FEHBP) also offer insurance products to small businesses in a voluntary purchasing cooperative. To assure cost control within the Federal program, the Federal employee and private sector "pools" would be kept separate.

Cracking Down On Health Care Fraud And Abuse.

In the last three years alone, the Administration has saved an unprecedented \$15 billion by cracking down on fraud and abuse in the Medicare and Medicaid programs.

The President's balanced budget plan continues these aggressive policies. It strengthens the fraud and abuse laws so that we can better prosecute health care fraud in all government programs and private plans, makes it easier to restore money to Medicare and Medicaid and to American taxpayers, and increases penalties so that wrongdoers are punished severely. It expands "Operation Restore Trust" nationwide -- a program currently operating in five states that coordinates anti-fraud activities and uses new technology to fight fraud and abuse. Finally, it guarantees funding to investigate and prosecute those who have defrauded the Medicare and Medicaid programs and the taxpayers who support them.

4. CHALLENGE ON CRIME AND DRUGS: *Take back our streets from crime, gangs, and drugs.*

America has begun to find the way to stop crime. In New York City murders are down 25%, in St. Louis 18%, and in Seattle 32%. The President's Crime Bill is putting more police on the streets -- 31,000 just this last year. The Brady Bill has stopped 44,000 felons and over 20,000 fugitives, stalkers, and others from buying handguns. The Assault Weapons Ban is keeping UZIs out of the hands of drug runners, and the Violence Against Women Act has cracked down on abusers of women while improving services for victims so that they have somewhere to turn. The President's anti-crime strategy is working.

The President reiterated that he will veto any attempt to repeal the Brady Bill, the Assault Weapons Ban, or the COPS program -- which will put an additional 25,000 cops on the streets of America in 1996. In addition, the President announced several new initiatives to build on his Administration's successful efforts to win the war on crime and drugs.

Anti-Gang Initiatives.

Over the past decade, street gangs have become the major force in the distribution of narcotics and the commission of violent crimes. Gangs are a significant problem affecting not only our inner cities but also suburban and rural communities throughout the country. Over the last year, the Justice Department's Anti-Violent Crime Strategy -- in which Federal prosecutors work in tandem with members of their local law enforcement and communities -- has lead to the prosecution of thousands of violent and repeat offenders.

- *Building on that success, the President directed the FBI and other investigative agencies to wage a coordinated war on gangs that involve juveniles in violent crime.* The Justice Department has also developed a comprehensive anti-gang strategy that it will submit to Congress later this week. In addition, the Administration has submitted legislation to Congress that would afford Federal prosecutors the discretion to prosecute juvenile offenders as adults. Juveniles who commit adult crimes should be treated like adults. President Clinton calls on the Congress to pass this legislation now. At the same time, we will hold adults who traffic crime guns to kids accountable by launching an initiative in over 10 cities that will track, arrest, and prosecute these gun peddlers.

One Strike And You're Out -- A Directive To Remove Criminals From Public Housing.

President Clinton is committed to cracking down on gangs and drugs in public housing. Large, violent street gangs have controlled entire projects in some of our cities, recruiting children as young as 7 years old to sell drugs.

President Clinton challenges HUD, local governments and public housing residents to link arms

in ousting drug dealers and violent crime from public housing. In city after city, the count for abusive residents involved in drugs and crime will now be "one strike and you're out." Under this plan, the President will direct the Secretary of HUD to implement a one strike program for public housing. We will no longer tolerate these drug dealers and violent offenders terrorizing residents in their homes.

Truth-In-Sentencing.

State and local prison populations continue to grow. Unfortunately, some correctional systems faced with rising prison populations have released offenders when their institutions reach a certain population level. The result is that prisoners are released before they finish serving their full sentence. This is a hoax being played on the American public. The Federal criminal justice system resolved this problem some time ago by adopting truth-in-sentencing. Federal prisoners serve at least 85% of the sentence imposed and are not eligible for parole. Now is the time for the States to get on board and stop releasing criminals back into the general public before they serve their time. That is why the President is challenging the States to ensure that by the year 2000 State prisoners serve at least 85% of their sentence.

New Drug Czar -- General Barry R. McCaffrey.

Ending the drug scourge in America has and will be a top priority for the Clinton Administration. That is why President Clinton announced during the State of the Union that he will be nominating General Barry R. McCaffrey to be his next Director of the Office of National Drug Control Policy.

A Four Star General, McCaffrey served in four combat tours, was wounded three times in action, and was decorated twice with the Distinguished Service Cross and twice with the Silver Star. In praising President Clinton for choosing McCaffrey, *The Miami Herald* described him as "decisive, analytical, candid, soldier's soldier, the Army's most decorated officer... says what he thinks, and he thinks with great clarity."

As Commander of U.S. forces in Latin America McCaffrey built an international and interagency coalition that has achieved significant successes over the last two years against narcotraffickers attempting to bring cocaine into the United States. His service and leadership in Latin America will build upon the success that his predecessor, Lee Brown, contributed in dismantling the Cali Drug Cartel.

General McCaffrey's skills and background make him perfectly suited for this position -- a proven military leader who commands respect from young Americans, pursues his goals with efficiency and order, and expects positive results. He has spent his military career engaged in coordinated campaigns that are directed toward solutions and winning. He will not tolerate bureaucratic turf wars or grandstanding on this critical issue.

5. CHALLENGE ON THE ENVIRONMENT: *Protect the environment for future generations.*

For the past generation we have made great progress in protecting the environment. We now have cleaner and safer air and water. Lead levels in children's blood have been cut 70 percent and toxic emissions from factories are cut in half. 25 years ago, lake Erie was dead, now it is a thriving resource. Now, President Clinton challenges Congress to move forward, not backward, on the environment, and called on Congress to abandon reckless proposals to cut environmental enforcement by 25% and make taxpayers -- not polluters -- pick up the tab for environmental cleanup.

Project XL -- Tougher Standards And More Flexibility.

As the nation has made progress in protecting the environment, the system created to address the environmental crises of 25 years ago must change with the times.

To achieve better environmental results at less cost, provide regulatory flexibility, and maintain accountability, President Clinton announced Project XL -- for excellence and leadership -- in March 1995. In November 1995, the President named eight pilot projects from six companies and a state and a local government as the first of 50 projects.

Project XL is based on the premise that by giving businesses, states and communities the flexibility to explore creative solutions for controlling pollution, they will develop innovative ways to achieve results that go beyond the ones required by environmental regulations -- and do so in more common-sense and cost-effective ways.

In his 1996 State of the Union Address, the President offered this challenge to all businesses: If you can meet even higher environmental standards, we will cut red tape and regulations, so that you can find the cheapest and most efficient way to do it.

Expanding Community Right-To-Know About Toxic Chemicals Released In Their Communities.

For nearly a decade, Americans have had an important right: the right to know what dangerous chemicals are being released into their communities. Armed with Community-Right-To-Know information, citizens around the country are taking action to solve local environmental problems that affect their health and safety. Since the inception of these laws in 1986, reported releases of toxic chemicals have declined by 43% nationwide.

EPA's Toxics Release Inventory is an annual listing of chemical hazards that industries have released into the environment, organized by zip code. Citizens have easy access to these reports through local libraries, state and federal environmental offices, the internet, and EPA's toll-free hotline. President Clinton has acted to strengthen and expand the public's right to know about local pollution by requiring Federal facilities and government contractors to report on chemical releases, by expanding the number of chemicals that must be publicly reported, and by making it easier for small businesses to report right-to-know information. Now, President Clinton calls on Congress to work with his Administration to expand and strengthen communities' right-to-know.

Brownfields Initiative -- Common Sense Approach To Cleaning The Environment.

The Administration is taking a new approach to environmental regulation, one that tackles problems with common sense. Throughout America's cities, hundreds of thousands of old industrial sites lie neglected. These so-called "brownfields" have lingered as trash-strewn eyesores while businesses have shifted their operations to pristine locations in the suburbs and the countryside.

The President pledges that his Administration would revitalize America's cities by challenging American business to work with their communities to clean up brownfields that are a blight to our communities, a threat to our health, and an obstacle to economic growth. Under this proposal, EPA will continue to make common sense policy changes that speed the cleanup of brownfields and provide grants to cities to cleanup and redevelop contaminated land.

The President is proposing to offer new purchasers and other businesses that will redevelop brownfields a new targeted tax incentive to recover the cost of clean-up in distressed communities over a shorter period of time. This initiative will spur the private sector to create jobs, return land to productive use, and clean up the environment. As part of this package, the Administration will also ask Congress to enact legislation to protect lenders who finance the clean-up or redevelopment of these sites. This common sense, cost-effective initiative captures the best of what we can do together to revitalize the cities of this country.

6. CHALLENGE ON WORLD LEADERSHIP: *Meet our responsibility to lead the fight for freedom and peace.*

President Clinton has continued the strong tradition of American leadership in the world that has brought our people 50 years of security and prosperity. He has addressed the challenges of today: ethnic and religious hatreds; aggression by rogue states; the spread of weapons of mass destruction; terrorism; crime; drug trafficking; environmental decay -- because problems that start beyond our borders can quickly become problems within them. The United States cannot be the world's policeman, because our reach and resources are limited. Instead, where our interests and values demand it -- and where we can make a difference -- America takes the lead.

America The Peacemaker -- Not Isolationist, Not Global Policeman.

- ▶ We stayed engaged with Russia -- now there are no Russian missiles pointed at our cities or citizens.
- ▶ Our patient pressure persuaded North Korea to freeze its nuclear weapons program.
- ▶ By threatening to use force in Haiti, we gave democracy a second chance and stopped the flow of refugees to our shores.
- ▶ By standing with those who take risks for peace in Northern Ireland and the Middle East, we have helped people turn from conflict to cooperation.
- ▶ By opening markets abroad, we have created more jobs for Americans at home.
- ▶ By standing up for peace in Bosnia, we have helped end the worst atrocities in Europe since World War II.
- ▶ We are bringing the nations of Europe closer together, modernizing and preparing to expand NATO, working with Russia and revitalizing the economies of Central Europe and the Former Soviet Union.
- ▶ America is leading because we've kept our military strong and know when to use it.

Ratification of START II Treaty To Cut Nuclear Stockpiles By Another 25%.

President Clinton calls on the Senate to give its advice and consent to ratification of the Treaty Between the United States and Russian Federation on Further Reduction and Limitation of Strategic Offensive Arms (START II) now. Before Christmas 1995, the Senate virtually completed debate on the Treaty and adopted a unanimous consent agreement that no further amendments to the resolution of ratification would be in order.

When ratified by Russia and entered into force, START II will require far-reaching nuclear arms reductions. In combination with the START I Treaty, START II will eliminate launchers that carried over 14,000 of the 21,000 warheads deployed when the START I Treaty was signed in 1991 -- a reduction of two-thirds. In addition, START II will eliminate the most destabilizing strategic nuclear arms -- heavy ICBMs and multiple warhead ICBMs. The President urges no further delay in reducing the nuclear threat to all Americans.

Comprehensive Test Ban Treaty.

President Clinton challenges the 38 nations participating in the Geneva Conference on Disarmament to finish work on the Treaty so that it is ready to be signed this fall as called for by the United Nations General Assembly last December. As President Clinton said on August 11, "American leaders since Presidents Eisenhower and Kennedy have believed a comprehensive test ban would be a major stride toward stopping the proliferation of nuclear weapons. Now, as then, such a treaty would greatly strengthen the security of the United States and nations throughout the world. But now, unlike then, such a treaty is within our reach."

Last August, the President announced his decision to ban nuclear testing for all time by negotiating a true "zero yield" Comprehensive Test Ban Treaty (CTBT). This decision was an historic milestone in our efforts to reduce the nuclear threat and to strengthen U.S. and global security that will stop an entire generation of new nuclear weapons.

Chemical Weapons Convention.

The President calls upon the Senate to outlaw poison gas once and for all by ratifying the Chemical Weapons Convention now. At the UN General Assembly last October, the President pressed for ratification of this vital treaty, stating: "As the Cold War gives way to the global village, too many people remain vulnerable. No one is immune We must press other countries and our own Congress to ratify the Chemical Weapons Convention."

Since the use of chemical weapons in World War I, the United States has led the effort to control and ultimately eliminate them. We outlawed the wartime use of poisonous gas in the Geneva Protocol of 1925 and today President Clinton is working hard to outlaw not only the use but also the development, production and possession of chemical weapons. Completed in 1992 and opened for signature in January 1993, 160 countries now have signed the Convention and 47 have ratified it. It is time the United States did so too.

Counter-Terrorism.

In the past three years, the President has devoted unprecedented attention to the fight against terrorism. New strategies and resources resulted in the arrest of World Trade Center bombers; increased pressure on the most dangerous terrorist groups, including preventing other bombing plots; blocking the fundraising by terrorist groups opposed to the Middle East peace process; and improved our effectiveness in coping with terrorism involving chemical and biological weapons. The Clinton Administration was preparing to counter this new scourge well before the terrifying Sarin attack in Tokyo's subway.

One year ago this month, the President asked Congress for legislation to strengthen our ability to combat international terrorism. On April 19, 1995 terrorists bombed the Murrah Federal Building in Oklahoma City, killing and maiming scores of innocent workers, visitors, and children. In response, the President asked Congress to expand the international terrorism bill to include domestic terrorism. Although the Senate acted quickly, the House has failed to act. This bill is essential if we are to keep overseas terrorists from attacking Americans here at home; to prevent terrorist groups from raising funds here; to respond effectively to chemical or biological attacks; and give our Federal law enforcement agencies the tools they need to bring terrorists to justice before they strike again. The President calls upon Congress to act now on this bill creating a more secure America at home.

Supporting Resources for Leadership

America cannot lead without adequate resources. Some want to retreat in the post-cold war era, while others want to lead on the cheap. Our ability to lead now faces a clear and present danger from efforts to drastically cut our foreign affairs budget. Such cuts could eliminate aid to some states of the former Soviet Union and hinder our efforts to reduce the nuclear threat; cripple our non-proliferation efforts; eliminate our contribution to peace operations, which can save us from deploying our own forces; limit our ability to promote peace in the Middle East; undermine our efforts to expand U.S. exports; and slash programs to wipe out production and smuggling of drugs that ultimately destroy our neighborhoods.

Support for these programs requires only 1% of the Federal budget. This is good investment for the American people -- and a good bargain.

America must maintain the best trained, best equipped, and best prepared military in the world. Together with a strong military, an adequately funded international affairs programs will preserve our security, expand our prosperity and advance democracy. The President calls on Congress to give us the resources we need to lead for peace.

7. CHALLENGE ON GOVERNMENT: *Reform our political system and make government work for the people.*

This government must again become one of the people, by the people, and for the people. The President challenges Congress to curb special interest influence in politics by passing the first truly bipartisan campaign finance reform in a generation. And the President challenges government to continue down the path of reinvention and downsizing, creating the smallest, smartest, and cheapest government in 30 years.

Political Reform -- Endorsement of The McCain-Feingold Bipartisan Campaign Finance Reform Bill.

In his first three years in office, the President has pursued a strong, wide-ranging political reform agenda. He imposed the toughest-ever ethics code on his appointees, closed the tax provision that allowed corporations to deduct the cost of lobbying expenses, signed the Motor Voter law, and cut the White House staff by 25%.

Last year the President signed two major reform bills that he had promised to enact in Putting People First. The Congressional Accountability Act which requires Members of Congress to live by the laws of the land and lobbying disclosure legislation.

Yet, two major reforms have yet to be sent to his desk. President Clinton calls on Congress to send him the line-item veto bill so he can sign it immediately and to pass the McCain-Feingold bipartisan campaign finance reform legislation. This legislation would provide thirty minutes of free television time and require broadcasters to sell advertising at 50% of the lowest available unit rate for candidates who abide by voluntary spending limits; would limit PAC contributions to \$1,000; toughen bundling rules; ban personal use of campaign funds; increase disclosure and accountability of those who engage in political advertising and restrict the use of soft money.

Reinventing Government.

Under the Vice President's National Performance Review, the Clinton Administration has cut 16,000 pages of unnecessary rules and regulations and cut the Federal workforce by 205,000 employees, making it the smallest in 30 years.

President Clinton feels strongly that never again should a public servant threaten the full faith and credit of the United States and no public servant should ever again shut down the government of the United States.

Federal workers who remain are working harder and delivering better value for less money. In the coming weeks the Administration will be pursuing even more initiatives for governing with less resources. The guiding principle behind these initiatives is the need to manage government in a way that rewards performance and not red tape.

Critical to this goal will be the following initiatives: transforming the federal work force via Civil Service Reform, transforming certain government organizations into Performance Based Organizations, reinventing federalism via the establishment of more Performance Partnerships with States and localities, transforming the regulatory agencies in the federal government in order to improve compliance, and establishing specific, widely publicized customer service standards for those American citizens who interact with the federal government.

Executive Order To Revoke Federal Contracts Of Businesses That Hire Illegal Workers.

The President is preparing to issue an Executive Order that is intended to ensure that Federal Government contracts are not awarded to companies that employ illegal workers. Consistent with federal law prohibiting such employment, this order provides for debarment of any federal contractor who knowingly employs illegal workers thereby depriving U.S. legal workers of opportunities to hold those jobs. Unfortunately, this does occur. A recent INS enforcement action, Operation SouthPAW, found that illegal aliens were employed in the construction of a federal building in Atlanta. Nothing in this order relieves employers of their obligations to avoid unfair immigration-related employment practices and to comply with all antidiscrimination requirements of applicable law.

THE WHITE HOUSE
Office of the Press Secretary

For Immediate Release

January 23, 1996

STATE OF THE UNION ADDRESS
OF THE PRESIDENT

U.S. Capitol

9:14 P.M. EST

THE PRESIDENT: Thank you very much.

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

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

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

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

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

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

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

MORE

- 2 -

Instead, we must go forward as one America, one nation working together to meet the challenges we face together. Self-reliance and teamwork are not opposing virtues; we must have both. (Applause.) I believe our new, smaller government must work in an old-fashioned American way, together with all of our citizens through state and local governments, in the workplace, in religious, charitable and civic associations. Our goal must be to enable all our people to make the most of their own lives -- with stronger families, more educational opportunity, economic security, safer streets, a cleaner environment in a safer world.

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

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

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

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

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

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

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

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

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

MORE

- 3 -

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

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

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

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

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

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

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

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

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

MORE

- 4 -

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

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

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

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

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

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

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

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

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

MORE

- 5 -

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

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

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

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

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

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

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

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

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

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

MORE

- 6 -

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

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

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

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

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

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

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

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

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

MORE

- 7 -

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

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

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

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

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

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

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

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

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

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

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

MORE

- 8 -

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

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

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

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

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

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

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

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

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

MORE

- 9 -

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

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

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

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

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

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

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

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

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

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

MORE

- 10 -

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

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

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

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

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

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

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

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

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

MORE

- 11 -

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

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

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

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

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

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

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

Please stand up. (Applause.)

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

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

MORE

- 12 -

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

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

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

END

10:15 P.M. EST