

To: Mack McLarty
From: David Dreyer
Re: DRAFT Thematic Rendering 1993-1994 Issues

I. Vision

- A. What has historically made America exceptional is the promise of progress and prosperity; the belief that middle class people who worked hard and played by the rules could raise themselves economically, and pass on a better life to their children. The reality of economic progress legitimizes both our democracy and our economy, and becomes a source of national renewal and international leadership. The promise of a better tomorrow has been the inspiration for our journey as a nation.
- B. While our system has historically risen to the occasion and overcome great obstacles -- racial division, great Depression, and World War -- when President Clinton came to office, the ability of our system to overcome the obstacles of our day was in doubt. We lost the promise of middle class life. Our nation was going in the wrong direction economically. We were turning inward at a time of great global change. Our society, rather than coming together, was being pulled apart. And confidence among our citizens in the ability of our public institutions to deal with these problems was at an all time low.
- C. We are beginning to turn that around. The national government is finally addressing the problems and needs of average Americans. We are putting our fiscal house in order. We are raising living standards, and advancing the values and security of mainstream communities. And President Clinton -- by fighting for economic security, health security, personal security, and a new definition of national security -- is giving our people the confidence to embrace a new world where the only constant is change. This is the basis for an American renewal.

II. Critique: When Bill Clinton came to office, he faced a situation in the country that was without precedent --

- A. Fiscal House Is Out of Order
 - 1. We Quadrupled the National Debt which kept interest rates high, crowded out demands for capital, and commanded more government money to service the debt. All of this reduced investment, productivity, job creation, and the living standards of the middle class.

2. At the same time we ran up the debt, we failed to make needed public investments in policies and ideas that make us strong.
3. Fiscal failures deprived us of leverage with our international trading partners, made us unable to coordinate economies for growth or to reduce trade barriers to American exports.
4. Compromised the faith of the American people to manage our finances.

B. The Middle Class Is Losing Ground

1. For two decades, most people worked harder for less. Seemingly secure jobs were lost. Along with declining wages, people lost the security of stable and reliable health insurance. Two earners per family were required to stabilize family income.
2. While America is now the most productive nation on earth, this productivity itself contains the seeds of further insecurity, because it means fewer people are required to produce as much or more goods and services.
3. That means you must export more and find more open markets. But the lesson of the last decade was that Americans had reason to fear rather than embrace the global economy.
4. The loss of manufacturing jobs, in particular, cut off the ladder of opportunity for working poor to move into the middle class, thus contributing to social upheaval.

C. Social Upheaval

1. Family breakdown, unwed mothers and broken homes at levels without precedent.
2. Loss of jobs in urban centers as manufacturing left American shores.
3. All successful societies are organized around family and work, and if you have to do without both, you have a truly chaotic situation. In communities devastated by poverty and despair, the vacuum created by the absence of work and the decline of community institutions has been filled by the alternatives of crime, violence and drugs.
4. Social breakdown adds to the feelings of the middle class that nothing works: Streets are unsafe, kids are not safe, schools do not work, there are not opportunities for training, they can lose their health care.
5. Overall condition of meanness and surliness in society leads to conditions of intolerance, rejection of immigrants.

E. Advent of Global Economy

1. At the same time, the global economy, with its promise and perils, is now the central face of life for hardworking Americans. It creates winners and losers here at home.
2. Minimal job creation, growth differential, slows demand for US exports and shows need for international coordination.
3. Foreign corporations have competitive edge with more government investment in skills, and lower cost of health care for employees
4. The new global economy creates insecurities for Americans and tempts us to turn inward. This is the wrong reaction -- it will make us poorer and less able to deal with change.
5. We must persuade Americans that self-interest has now replaced self-defense as the rationale for our engagement in the world. Economic internationalism will make us richer, and safer. Free markets create middle classes, and middle classes are forces for tolerance, openness, liberty and democracy in societies -- and these forces make nations more stable.

F. Changing Definition of National Security

1. Emergence of the global economy comes at the end of the Cold War, and that means we must put international economics at the center of our foreign policy.
2. We are now summoned to organize the world in ways that promote stability, democracy, safety from nuclear proliferation and environmental hazards without the organizing rigors of the Cold War.
3. Ethnic and national aspirations are resurgent
4. Economically, the downsizing of the defense establishment is costing jobs. While on one hand we have nuclear peace, an entrepreneurial boom, and a demand for political openness, the end of the Cold War and the new global economy has created insecurity among people who fear that forces outside of their control will rob them of their livelihoods.
5. Just as **self-defense** motivated American foreign policy during the Cold War, **self-interest** must underlie our policy in the post-Cold War.

F. Lost Confidence In Public Institutions

1. All of these changes come at a time when citizen confidence in our public institutions are at record lows.
2. Government has lost touch with the middle class.

3. Government fails to provide honest value for hard-earned tax dollars.
 4. Narrow interests prevail over the national interest.
 5. Politics and gridlock prevent progress.
 6. Government cannot pursue the common good.
- G. Call for Action -- We have taken important steps. There is much more to do.
1. Our problems were not created overnight, and they cannot be solved overnight. But President Clinton responded immediately with action.
 2. Moved quickly to put our fiscal house in order.
 3. Restored the interests of the middle class to the center of the public debate.
 4. Began dealing with social breakdown.
 5. Urged America to compete, not retreat in the face of the global economy.
 6. Redefined national security
 7. Began Restoring Confidence in Government

III. What We Accomplished - We said we would and we did it.

- A. Put Our Fiscal House In Order
1. Cut spending in 342 separate accounts of the Federal budget. We cut \$255 billion in spending over five years. Discretionary spending was cut twelve percent. Through the Vice President's REGO project, we are cutting the federal workforce by 250,000, largely through attrition, and reforming the way we procure goods and services for the Federal government.
 2. We reversed trickle-down economics. We asked the top 1.2 percent of Americans to pay higher incomes taxes, and middle income Americans to pay a modest 4.3 cent gasoline tax which, along with some higher corporate taxes, completed our effort to put together a \$500 billion net deficit reduction package.
 3. We persuaded the financial markets and our foreign allies that we were real:
 - a. Progress on interest rates, inflation, job creation, housing starts, consumer confidence, business investment, auto sales, and durable goods. This is a real recovery.
 - b. It also persuaded our allies we were serious about putting our house in order, and gave the President leverage on issues ranging from macroeconomic coordination to trade barrier reduction, e.g. successful G-7 meeting in

Japan, successful APEC conference, and successful conclusion of the GATT deal.

- B. Began Making the Economy Work for Middle Class
 - 1. Economic progress helped them in home refinancings, creation of jobs, and reduction of interest and inflation rates.
 - 2. Clinton economic program contained specific measures to create jobs and growth:
 - a. small business expensing and ITC.
 - b. credit crunch for access to capital
 - c. defense conversion and technology reinvestment project
 - d. Clinton budget funds 70% of investments for children, students, workers, and jobs.
 - e. Student loan reform
 - f. Family and Medical Leave
- C. Began Dealing With Social Breakdown
 - 1. Passage of Brady Bill
 - 2. Passage of initiatives to reward work and families
 - a. EITC
 - b. Family Preservation Act
 - c. WIC and Immunization Investments
 - d. Empowerment Zones
 - 3. National service, giving 20,000 people a chance to work next year, in distressed areas, sparking a new sense of civic responsibility and opportunity in the communities in which they work.
- D. Began Embracing the Global Economy
 - 1. NAFTA
 - 2. GATT
 - 3. National Export Strategy
 - 4. Japan Framework at Tokyo G-7
- E. Began Redefining National Security
 - 1. Aiding the Russian reform experiment, and assisting the dismantling of the nuclear arsenals.
 - 2. Fighting for Democracy in places like Guatemala and Haiti.
 - 3. Assisting the peace process in the Middle East.
 - 4. New policies to stem illegal immigration and drug trafficking. Protect global environment and prevent proliferation of weapons of mass destruction.
- F. Began Restoring the Public Trust and Restoring Our Democracy

1. Motor Voter
2. Reinventing Government
3. FEMA-Midwest Floods and California Fires
4. First time in 60 years no Presidential vetoes.
5. Where bipartisanship was possible, we did great things: National Service, NAFTA, Family and Medical Leave, and relief for the Midwestern Floods.

IV. 1994 Agenda - Protecting the Economic Recovery and continuing the progress we have made; resisting efforts by narrow interests to backtrack; focusing on jobs and the security agenda; and supporting the President's efforts to speak to America's most profound values and ideals.

A. **Fiscal Responsibility**

1. We will fulfill our commitments under the 1993 Budget and Economic Growth Plan to keep faith with the American people and control spending.
2. 1995 Budget maintains the caps, continues the largest downsizing of the Federal workforce in history, includes 214 of 237 recommendations for reinventing government, and asks Congress for new reforms in the procurement process.
3. The biggest advance Congress can make to control spending is passage of Health Care Reform.
4. Most important thing is to protect the recovery. We will resist policies of contraction; we will resist changes in the economic plan that produced growth; we will resist fiscal changes that make health care reform impossible; we will resist gimmicks like the Balanced Budget Amendment.
5. Ideas like the President's Modified Line Item Veto should move forward. We will consider recommendations by the Kerrey Commission consistent with our principles.

B. **Economic Security** - Ideas to create jobs, lift incomes and improve skills so that people will have the courage, confidence and the ability to embrace change.

1. Jobs agenda.
 - a. Continue recovery
 - b. Clean Water Act.
 - c. National highway system.
 - d. High speed rail.
 - e. Housing authorization.
 - f. National information highway
 - g. Telecommunications Reform.
 - h. Defense Conversion
 - i. Reform of OSHA
2. Job Training and Dislocated Workers

- a. Change unemployment system to reemployment
- b. Extended unemployment and dislocated workers
- 3. New Economic Security Through a Continuing Capacity to learn.
 - a. School to Work/Apprenticeships
 - b. Training and job location
- 4. Invest in the Skills of our Students/Goals 2000
- 5. Reforming Welfare
 - a. Empowerment Zones
 - b. EITC
 - c. State Waivers
 - d. Task Force Hard At Work
 - e. Call for Bipartisanship
 - f. (Note POTUS Promised Reform in 1993)
- 6. International Economics
 - a. GATT
 - b. Japan Framework
 - c. Western Hemispheric Summit
 - d. Fall APEC
 - e. G-7 In Italy

C. HEALTH SECURITY

- 1. Congress should not take summer vacation without passing a comprehensive health care bill that provides universal coverage and benefits that can never be taken away.
- 2. Let's work out particulars on a bipartisan basis, within the principles laid out during September 22, 1993 speech.
- 3. This is about virtually everything we talk about - fiscal house in order, middle class, social breakdown, global economy and trust in government.

D. PERSONAL SECURITY

- 1. Finish the Crime Bill
- 2. What can be done about violence - moral dimension

E. Redefining National Security

- 1. Defense. Maintain a margin for safety, keep our security commitments, respond to post-Cold War threats, and maintain dual use technology for strong civilian and defense industrial base. As always, security depends on the quality of our people: we have the finest.
- 2. Reform foreign aid -- democracy, non-proliferation, environmental preservation, free markets.
- 3. A new partnership for peace that will draw the Central and Eastern European countries toward our community of security. This will help us build a

stable environment in which the new democracies and free markets of Eastern and Central Europe and the former USSR can flourish.

4. Fighting backlash States like North Korea and Libya. Urging China to comply with human rights and non-proliferation policies to ensure maintenance of MFN status. Russia Denuclearization.

F. Foster trust in government.

1. Finish Lobbying Reform
2. Finish campaign finance reform
3. Finish Procurement reform

G. **QUESTION MARKS**

1. **IMMIGRATION REFORM MUST BE INCORPORATED. HOW?**
2. **WHERE TO TREAT ENVIRONMENT ISSUES? SUPERFUND. RCRA, SAFE DRINKING WATER. CLEAN WATER ACT. WESTERN ISSUES.**

V. **Conclusion**

The national government is finally addressing the problems and needs of average Americans. We are putting our fiscal house in order. We are raising living standards, and advancing the values and security of mainstream communities. And President Clinton -- by fighting for economic security, health security, personal security, and a new definition of national security -- is giving our people the confidence to embrace a new world where the only constant is change. This is our journey; it is the basis for an American renewal.

MAJOR THEMES OF FY 1995 BUDGET

MAINTAINING BUDGET DISCIPLINE

o The FY 1995 budget will stick to the spending caps freezing spending at FY 1993 levels put in place by this year's reconciliation bill. By sticking to the caps, and with other deficit reduction provided by the reconciliation bill, the deficit will drop from an estimated \$250 billion in FY 1994 to below \$200 billion in FY 1995 (note: last year the deficit for FY 1995 was projected to be \$301 billion).

MAJOR CUTS

- o Agriculture: -\$1.0 billion
- o Energy: -\$1.5 billion
- o 9 of 14 major agencies are cut below the FY 1994 enacted level
- o Number of programs cut below FY 1994 levels: 219
- o Number of programs frozen at FY 1994 levels: 142
- o 100,000 personnel reduction by the end of FY 1995

MAJOR INVESTMENTS

Substantial investments are made in the following areas:

- o Health
- o Crime
- o Jobs
- o Children
- o Technology
- o International Affairs
- o Trade
- o National Security

Attached is a very preliminary summary of the major investment programs.

MAJOR THEMES OF FY 1995 BUDGET

	Budget Authority			Delta 1995
	1993	1994	1995	Over 1994
HEALTH				
<i>Total Investment: +2.932 billion</i>				
Comprehensive health care reform providing universal access is fully paid for outside the discretionary totals being discussed. The following health initiatives fall within these totals.				
Ryan White.....	348	579	672	+93
Immunizations (including vaccine purchase).....	341	528	918	+390
Drugs*.....	12,102	12,069	13,432	+1,363
NIH.....	10,326	10,956	11,473	+517
Environment.....	4,584	4,724	5,293	+569
CRIME				
<i>Total Investment: +3.059 billion</i>				
The FY 1995 budget will parallel the \$22 billion 5 year funding of the Senate crime bill providing 100,000 cops, immigration enforcement, boot camps, Brady bill funding and drug courts.				
Crime Bill.....	183	63	2,423	+2,360
Prisons.....	2012	2263	2766	+503
FBI and DEA.....	2604	2761	2817	+56
INS.....	978	1049	1138	+89
U.S. Attorneys.....	1295	1329	1380	+51
JOBS				
<i>Total Investment: +3.175 billion</i>				
Dislocated Workers.....	651	1,118	1,465	+347
Highways.....	18,157	19,725	20,088	+363
Job Corps.....	966	1,040	1,183	+143
Community Dev. Banks.....			104	+104
Mass Transit.....	898	1613	2330	+717
Small Business Development.....	347	195	325	+130
EDA.....	332	351	391	+40
One Stop Career Shopping.....		50	250	+200
Clean Water.....	1,944	1,839	2,300	+461
New Community Development.....			500	+500
Empowerment Zones (housing subsidies).....			170	+170
CHILDREN				
<i>Total Investment: +2.891 billion</i>				
Head Start.....	2,776	3,326	4,026	+700
Goals 2000.....		105	700	+595
Chapter 1.....	6,709	6,924	7,579	+655
National Service.....		575	862	+287
WIC.....	2,860	3,210	3,564	+354
School to Work.....		50	150	+100

*double counts investments in crime and health

MAJOR THEMES OF FY 1995 BUDGET

	Budget Authority			Delta 1995
	1993	1994	1995	Over 1994
TECHNOLOGY				
<i>Total Investment: +1.423 billion</i>				
NIST.....	381	520	935	+415
ARPA (DOD).....	472	474	575	+101
Aeronautics (NASA).....	242	286	357	+71
NSF.....	2,700	2,901	3,090	+189
Information Highway.....		26	78	+52
Energy Research.....	981	1,366	1,961	+595
INTERNATIONAL AFFAIRS				
<i>Total Investment: +665 million</i>				
Environment.....		292	450	+158
Population Assistance.....		502	585	+83
Multilateral Development Banks		1,478	1,902	+424
TRADE				
<i>Total Investment: +104 million</i>				
OPIC.....		17	19	+2
Trade and Development Agency.....		40	42	+2
IMF.....		0	100	+100
Exim.....		700	700	
NATIONAL SECURITY				
<i>Total Investment: +1.7 billion</i>				
Department of Defense (in billions).....		250.6	252.2	+1.7

THE WHITE HOUSE
Office of the Press Secretary

Internal Transcript

December 22, 1993

TRANSCRIPT OF MEETING ON
STATE OF THE UNION SPEECH

The Oval Office

4:40 P.M. EST

MR. GEARAN: The purpose of this meeting is to go through plans for the State of the Union address; go through the time line of what we suggest for the preparation, how we would suggest laying it out, and then to get some feedback, early feedback, you might have on thoughts on how we're going to prepare and any ideas you might have.

THE PRESIDENT: Did you get the note I sent you from Mary Hill from Concord, New Hampshire? The one that runs a little store in Concord? "In your State of the Union challenge us to do this, not that; this, not that; this, not that." About 20 things in her little hand-written --

MR. GEARAN: Well, David will outline this, but part of the plan is to ask an awful lot of people for ideas. We had thought of Arthur Schlesinger. But Mary Hill wasn't on -- (laughter) --

THE PRESIDENT: -- sits in the grocery store all day in New Hampshire watching C-Span. All of a sudden, we're affecting real people.

MR. GEARAN: This is the time line that we've been talking about. Over Christmas you'll see all the past State of the Union addresses of the first year of several of the former Presidents; memos on ideas that David and Jody have been working together for next year, a legislative outline; outside submissions -- this is Schlesinger, McCullough, all that stuff.

THE PRESIDENT: We ought to go back to a lot of those people - - Santel, all those people that were a part of our meeting.

MR. PODESTA: The other thing we'll do is kind of canvas the Cabinet as well.

MR. GEARAN: White House staff and Cabinet. John has sent out a memo to the Cabinet members asking for specific ideas.

THE PRESIDENT: I think that's important.

MR. GEARAN: That can be forwarded to you over New Year's if you want to receive it down there.

When we get back on the 4th we'll have a quick meeting to see if you have any reaction to any of this stuff. On the 6th you'll get a preliminary either extended outline or, in fact, a draft.

THE PRESIDENT: That I can take with me?

MR. GEARAN: Well, hopefully that you could react to on the 7th. So there's some guidance during the course of your trip. You get back the 16th, but assuming fatigue and everything, by the 19th or 20th then we could meet --

THE PRESIDENT: Fatigue?

THE VICE PRESIDENT: Unknown.

MR. GEARAN: So then we could go through final editing.

THE PRESIDENT: I like the time frame; I think it's fine.

MR. GERGEN: Mr. President, I think we need one person to take charge of the day to day, pulling this together and making sure it all happens, to get the pieces in. David Dreyer has prepared this outline. I think David ought to be -- Mack and I have talked about this -- if he could run this on a day to day basis right through the process, probably work with the principal draft as well as participating on the draft. He worked with Jeremy on the health care draft those last couple days. It worked out very well. I think it's good to have him do that.

Jody has already been working with him on some aspects of this. I know a lot of other players are going to have views on it and will be able to participate through that. Mack has asked me to sort of assume some sort of an overview, help look after the process as we go through, which I am delighted to do. But I think David is the best candidate to do this.

Not at this session, but we'd like to have a chance sometime to talk a little bit about drafter, the writer and how we can get that. But we can do that another time. But David has already started on this. If you want to talk about people we talked about and the process.

MR. DREYER: I've been on the phone today -- I spoke to Professor Carter. I have some other folks who George recommended -- Steve Carter out of Yale. So I have a sense of the people who were at that meeting. What I'm asking them to do is to send us a memorandum addressed to you before next Thursday when you go to Hilton Head that talks about the master narrative for the speech -- where we are, a sense of history -- understanding that they're not aware of the budget priorities that are going to be driving some of the policies within the speech; some of the larger themes that they think ought to be addressed by you in the speech.

You have an opportunity to see that. The senior staff would have an opportunity to see that, and from that we would work off an outline, and then the crude drafting would be given on the 6th of January.

MR. GERGEN: And the people we're talking about we would draw from -- within the White House would be obviously by subject matter. Bruce Reed could take crime, for example; and Jeremy, working with Tony, would take the national security element. We have the elements of the program for next year. So we would draw from within the White House, we would draw from the Cabinet, we would draw from the outside thinkers as well as the consultants. So we would have fairly large universal ideas that we were drawing from. And the individual speechwriting staff would be asked to provide speech material so we get passages and ideas from them as well. So we draw on their talents as well. I don't think we ought to exclude them from the process; indeed, I think they can help to strengthen it.

So there would be a lot of folks involved in this. I don't think you have to read all this material. I think that's something that can all go to David and we can work that within the staff. But we'll show you the things that are most interesting. There's no reason for you to read everything that comes in.

MR. LADER: Looking over the last couple of months, what are some of the interviews or speeches you've done that you feel you were at the form and in the substance that you'd like embraced in this, as well? What should be reflected and incorporated in this sum?

THE PRESIDENT: Oh, I don't know. I think I was having the biggest impact when I did the Memphis speech, the North Carolina speech, the Yale speech at the reunion. Those are three that we sort of did in succession.

But I also think the -- it's a little -- it's not the right form, probably, but I also think that entitlement speech had a lot of good stuff in it, because it laid down a lot of markers. It sort of forced people to climb barriers. Just keep in mind, we're going to have to deal with -- we may or may not have to deal with the State of the Union. There's a chance we'll have to -- you've got the balanced

budget amendment issues. But I think what we need is an overarching sort of theme and approach that, first of all, captures what we did do in this last year. That's the one thing Newstat said, -- said the State of the Union is so important because this is really the first one you've got. The last one you could go way up in the polls but they could take you right back down and arguing about it because you didn't have a record. Now you've got a record. You can talk about what you actually did in the first year.

MR. STEPHANOPOULOS: You should probably also read your Blumenthal interview. Not that you would use the language at all, but the way you talked about things was a little different.

THE PRESIDENT: Do you want to put it out?

MR. STEPHANOPOULOS: The interview, not the story.

MR. DREYER: It's really good, very helpful.

THE PRESIDENT: Is it helpful?

MR. GERGEN: Yes, he thought it was very good.

THE PRESIDENT: That's good. We need all the help we can get. (Laughter.) We accept. Thank you very much.

THE VICE PRESIDENT: His piece this week was very good in the New Yorker.

THE PRESIDENT: What was it about?

THE VICE PRESIDENT: He does that front piece on the Washington column, right? It was just a broad overview. It must have been based in part on the interview.

MR. GERGEN: Let me tell you there's a possibility on this -- before we go further on the substance. And that is given the ambitious nature of the agenda for next year and the fact that you're not going to say very much in one speech about some of these individual initiatives, it may well be that we would want to have accompanying this one or two days later a written State of the Union from which the speech is a shortened version. But that would give you a chance to cover some of these topics and put things in a more complete framework.

It would also allow your Cabinet officers to feel that you've honored their pet programs -- It gives you a chance to get more of the laundry list out without having to say it and it gives everybody one document as a foundation for the year, what you're hoping to do for the country that year. It gives you a chance to discuss foreign policy in more complete detail in one place. There are a lot of

benefits. It's done occasionally. It's not frequently done, but it is done occasionally. We can think about that. I know that we don't have to cross that bridge now.

If the budget message takes care of that, if the economic report takes care of that, we wouldn't do it. I just think it's something we can keep as an option.

Do you want to talk about themes or points or do you want to get into that now? Do you feel up to that now? You've had a long day.

THE PRESIDENT: Had a long day. Those interviews were exhausting when you do them right back to back.

Well, I do think there's a way that this whole thing has to sort of continue this idea that there's a partnership, there's sort of a connection between me and the American people; and that we're challenging, but it's not as simple as Kennedy's rhetoric. Because basically he challenged them to do stuff and then didn't ask them to do much beside join the Peace Corps and support his foreign policy. It was a different time, I'm not being critical. But it was a different sort of dynamic.

I think we're going to need to think through. It's so important to have the right sort of mind-set in the country, the right sort of attitude, the right sort of outlook in order for us to have any shot at this health care debate. There are two things we need to make sure we can do health care, it seems to me, is credibility that we're doing the right thing with the government -- reducing the deficit and reinventing government, cutting spending and all this. And, therefore, we don't need the balanced budget amendment -- that sort of mechanical thing.

And the second thing is -- I mean, apart from our own strategy, apart from our having a good plan, a good strategy, blah, blah, blah -- the second thing is the right sort of framework in the country's mind.

I mean, I always thought that I was able to get constantly reelected in Arkansas because I convinced people that the only thing that really mattered were schools and jobs and having a strategy for both of them -- kids and the future, all that kind of stuff -- and that once I defined what state government was about, it became very hard for anybody else to come in. And even when I ran for a fifth term, the only way they could have beat me was where I had high job approval rating, but low reelect because I'd been there so dad-gum long. The only way they could have beat me was this give him a gold watch theory-- he may be the best governor we ever had, but somebody else ought to do it. And they wouldn't do it, so that any time -- because I won the framework argument -- somehow we've got to get in a

phrase or two, we have to control the way people think about it.

It's just like -- what's that phrase Moynihan uses all the time? Not semantic positioning, but something like that. The best example I know is, if in GATT whether we put *As the World Turns* on the French television in the middle of the afternoon, if that becomes a cultural issue, you're beat before you start. I mean, *As the World Turns* is a product produced and commeced for the purpose of making money. If it becomes the high culture of our country as opposed to the high culture of their alternative version we're beat, because surely you've got a right to protect your culture.

But that's the best argument I've heard lately. But I think that somehow -- you try to do that within the health care debate with things like security and all that, but I think we really have -- the thing that made Reagan's deal last 12 years in part was not just the fact that it worked well at 1984 when he was reelected -- and the economy was in pretty good shape in 1988 when Bush was elected -- they also had a language all their own which sort of fit the predispositions of the American people to be skeptical of government, to believe taxes were bad, to believe that they would bring growth by restraining government. And you've got to give them that.

So that if you looked at it -- it was very interesting. I watched it. Because I was involved in '88 in a more dispassionate way I could see it more clearly. But in the '88 election, the people had decided that it was a good thing that Reagan's two terms were over because we couldn't stay with that sort of extreme version and now we needed Reagan plus something. It needed to be Reagan plus whatever, be more active, government will do more.

MR. GERGEN: It was Reagan with a friendly face.

THE PRESIDENT: Yes. But it was Reagan plus question mark, and it was a race to fill in the blank. During the primary Bush was getting beat up, right? But he won. And Dukakis got beat up a little bit, but not bad, and he was the New Democrat, the governor, the whatever. So Dukakis defined Reagan plus. It was more money for education, less money for defense; more money for jobs, less money for defense; but don't waste any money, be tight with it, manage well, bring down the crime rate -- governor of Massachusetts, Massachusetts' miracle. He was Reagan plus.

Then Bush gives his speech -- and this is very important because it was all characterized within the language that was set up in the Reagan era. That's the point I'm trying to make -- we haven't won the language battle yet. Then Bush gives his great speech at the convention and he says, I'm Reagan plus. I'm Reagan plus kinder, gentler, the environmental President, the education President; and Dukakis is Reagan minus. He's Mondale, doesn't share your values, he's Willie Horton, he's whatever.

Well, so now -- one of the things they did to us was, with a lot of people, they made us minus because of taxes or minus because of the stimulus or whatever. They had their rhetoric. Even though if you poll the issue, we would win every issue. If you confine the issue and you called the representative sample and you described fairly the stimulus plan and you described fairly the opposition to the stimulus plan, you were very fair, we'd win by 20 points. If you described the tax thing, you described the opposition to the tax thing, we'd win by 30 points. But it never came out that way in the numbers. Why? I am convinced it was because the language of the Reagan era still controlled the debate; that the framework is still in our mind that we look at these things through governmental screw up -- you know what I mean.

And I just really believe that they had five or six little simple ideas that they plugged in there and made a little architecture in people's minds. And for a decisive majority of the people, that's the way that all the issues had to be squeezed through that architecture.

I think I'm right about this. And I think we have begun, with community and responsibility and all this stuff, we've begun to create a new architecture. But we have to be sensitive to it. And until we do, we ain't gonna get this health care thing done, because you can win all the specific debates and still, if it gets squeezed through the architecture, it's going to get dismantled. That's what I'm afraid of.

THE VICE PRESIDENT: If I could add a thought to that -- I think one reason they were successful in defining an architecture that has endured as long as it has is that they provided something that we have not yet really turned to because we don't naturally have a zest for it; and that is a clear thematic explanation of what the opposition is trying to do. They did that very well.

I think that one of your advantages in delivering this State of the Union address is that you can not only play out your overarching themes and your agenda -- and I don't think you should be fearful of a litany kind of approach. I mean, you want to weave it in to overarching themes. But I think that there's a difference between the view outside the Beltway and the view inside the Beltway. Inside the Beltway, there is a feeling that too many things are bad, and maybe that's right. But I personally feel that one of the things the country likes is that we're trying to do a lot, we're taking a lot on. We're going to do it anyway, for God's sake. You might as well play to your strength and let them know what's in store, because I think there are a lot of people who like that.

Now, where it comes to the other side, I think that one of the most powerful things a President can do is to define the opposition --

paint them in a corner. And present a thematic explanation of why they are so dead-set against the progress that you're proposing, that you're fighting for.

And in the same context, I want to come back to a buzz phrase -- and there's a lot better, more elegant way to present this -- but the whole idea that I referred to as "three yards and a cloud of dust" over and over and over again I'm convinced resonates out in the country, because it gives them a way to understand why this is messy and difficult and hard, but results in real accomplishments.

See, from their standpoint, they see all this stuff going on constantly and they can't make sense of it, but at the end of the day you win. At the end of the day things change. Laws are passed, they're signed, and programs are put into effect. And what in the heck is going on? The whole concept of "three yards and a cloud of dust" plays into -- it gives them a way -- it explains that process and gives them a chance to say, the next time it happens, yeah, that's just Clinton grinding out yardage again. Just wait, it will come out for the best. He'll win, you just wait. And it also plays into the sense that you're doing a lot, which they like. And if it's connected to this other thought of why there's opposition, then it can connect the two halves of what you're doing, what they're doing.

MR. STEPHANOPOULOS: It's not only that he's doing a lot, he's doing big things. Big things encounter big opposition.

THE VICE PRESIDENT: Well, the process is painful and difficult.

MR. STEPHANOPOULOS: The process is painful and slow, but it's for big results. If you can make people understand that, that will get to what you're -- I think what you're trying to do when you're changing the language. People have to understand that this is stuff they haven't even contemplated before.

THE VICE PRESIDENT: I don't want to filibuster here, but I want to offer one thematic explanation. I think there is a way to connect what you're doing and why they're opposing it to a values theme, and come back to the whole concept of hope and optimism; and to paint them in a corner more in sorrow than in anger, that it's understandable why they feel our country has lost its capacity to reach for greatness. It's understandable why, after all that we've suffered in the last so many years, why they would be so pessimistic about our ability to reform health care, to reinvent government, to do this. I kind of understand it, but they misjudged the character of the American people. And they underestimated our ability to do these great things if we have the stamina and the persistence to keep grinding it out.

MR. GERGEN: If I could add to that -- I think one of the

reasons that Reagan -- to go back to your point about the formula and getting the people's mind, getting some mind-set -- it worked in part not because they were phrases, but because the ideas captured and articulated a feeling within the country, a deep feeling that the country had lost its greatness and needed to restore itself as an optimistic people; and also, that people wanted to get government out of their lives. And there was that feeling then.

And I think that Reagan rode in on a lot of those ideas and was able to capture them rhetorically. But the ideas were out there and the feelings were out there, and it seems to me that mood has now changed. And what has been working for you in the last two or three months is you're speaking much more successfully to the new mood. And that is that you are speaking to what people want, which is they now want to restore something within the country. They do want change, but they want to know that the change is going to be consistent with their values. They don't want somebody who's going to be sort of doing it to them, they want to know somebody who's going to stand up for their values and be consistent with them so they can trust the kind of change that you're proposing.

It seems to be the way you've been speaking in Memphis and elsewhere, you have spoken much more directly and authentically -- not only authentically because it's coming from within you, but I think you captured much more successfully where the country is. And what we now need to do is keep refining and working on what you've been building up.

I think Phil's question is to that point. Take the speeches that have been successful and work and build out on those themes. This is not a time to have a complete departure from what you've been doing in the fall that's been working. This is time to build on the fall and try to weave out into the programs.

THE PRESIDENT: That's what I think. I think what we're doing is working. I mean, it's obviously working out there.

MR. LEDER: And that's why, building on the Vice President's comments, I think showing the building blocks that are in place already, demonstrating the competence of the principles of this administration has to be an important expressed and continuing subliminal theme throughout the statement of vision for what you want to accomplish. Not to assume that the American people necessarily give you the credit for what, if they stop back and think, has been accomplished in the past year, but tying that in to your connecting to what Americans want and need right now.

MR. GERGEN: And to go back to the Vice President's point, I think where the Republicans are running out of gas, where they've been having trouble recently -- the conservatives -- is instead of government getting off your back, but it's the flip side of that is

government doesn't seem to care, and people don't give a damn. If you have a total laissez-faire sort of approach, it's one that lacks compassion, that has this built-in class bias.

THE PRESIDENT: You know, my old DLC phrase was, we may want the government off our back, but we still want it on our side. Or by our side.

MR. MCLARTY: Right, support, but not impede, not intrude.

THE PRESIDENT: There was a great little portrait of the view of health care from Quincy, Illinois, that was in the Wall Street Journal where this 47-year old guy says, "I believe in government, I just don't trust them," which really shows you the sort of clash. Government's got to do this. If they don't do it nobody else will. I know it and I need it, but they'll probably screw it up.

MR. GERGEN: I think our problem right now with health care is that the opposition has been able to make it government on your back, government too dominant. We need to get it back over to sort of reframing the health care debate. We're losing the framing argument on the health care debate right now because the opposition has been able to paint it as --

MR. MCLARTY: What I hope will happen -- maybe it's too much to expect that all this will connect -- but what I hope will happen, even on health care, is people will somehow process, they told me this economic was bad, they told me my taxes were going up. Well, the economy's better, by mortgage is down, I just got my tax forms and they're not going up. It's the same people saying the same thing about health care, and I know intuitively that we need to do something about it. That's what I hope it will all connect. That may be a dot that won't quite make it all the way around the track.

MR. DREYER: There's one way, though, you can make it explicit and that's where the value -- In response to Mack, where The New Yorker interview I think is really useful -- this also responds to what the Vice President said -- is that there was a discussion in the interview about whether the economic recovery could be used as a political tool. First, to say if you try to do something like Penny-Kasich to eat up too much of the savings, where if you try to reverse the economic plan through change in the retroactivity you're messing with the economic recovery. And you don't want to do that.

But also, if you make the case for the economic recovery and you talk about the criticism of the economic plan at its genesis, you're, in essence, making the point that Mack wants to make, which is they're also going to lie about health care, but if they're as credible on health care as they were on economics, let's go on health care.

The point about the master narrative that Dave mentioned raises me to ask the question, do you feel you've run the course on security? Because if you haven't, that has so far been the most resonant theme -- that ties together what people are feeling in their lives, that is best representative of the program, particularly for next year.

THE PRESIDENT: I do, and the only thing I would say to you is we had a Cabinet lunch at Blair House -- which, by the way, I still think we should do more of. We ought to do that once a month anyway, just unstructured. It was great.

But when we did that, Lloyd and some of the others were worried that security made us look like status quo, hunker-down protectionists. And what I think you have to do is you always have to say that security gives you the courage to change and the ability to make change your friend. Don't misunderstand me, I'm not talking -- the new American security is not a security that is associated with total stability or no change or the status quo or a life of ease. It requires a rigor, a willingness to change, but you have to have the building blocks of security in place -- safe streets, health care, basic education.

MR. SPERLING: I think security is a great theme if somebody said take health care and crime and the economy and come up with one theme that fits that -- I think security is great. But I really don't think it should be the main word out there. I think what's distinguished you in the minds of the American people is that you're young and it's pro-growth and it's change. And it's the notion of a pro-growth dynamic presidency.

And I think we need a phrase that reflects that kind of energy. And I think security is virtually the opposite of that phrase. And I would like to see something more uplifting and dynamic.

MR. LADER: Mr. President, if I might take the liberty, I'm not convinced that you at this time are the President who should be speaking of security in that sense in the way that will resonate best. There are other ways in which you are perceived that plays upon your strengths and your persona in a way that perhaps -- as you're suggesting -- speaks much more directly to Americans.

THE PRESIDENT: Well, I agree with that. The thing that made the security thing work in the two speeches that I gave in Carolina and at Yale at the reunion was that I talked about all the changes we need to make -- and that why were people resisting the changes? Why were they fighting it? Why couldn't they make change their friend? Because they had been ravaged by insecurities, some of which were unavoidable and some of which were. And we had to deal with the ones that were avoidable and give them safe streets, health care and education.

I'm not suggesting we do it, but we have to figure out what to do about it.

MR. MCLARTY: Yes, somehow you've got to do both. It's a little bit like a cut-invest -- deficit-investment program. Because I think somehow people have to feel enough security or comfort in you -- I mean, you can't unsettle with pro-growth and change. You've got to find the right balance, which you do a pretty extraordinary job doing.

THE PRESIDENT: By the way, cut and invest -- that's not a bad description for -- this time. Didn't wash so well last time because we had taxes --

MR. SPERLING: As we were saying, you say certain things that capture people. And the question is, will the thing that captures people be something like embracing the future, embracing change, and security. These things are things we need to do to embrace the future and change -- or will security be the word that people remember?

If it was something like these are the foundations to embrace the future and change -- whatever the phrase is.

MR. STEPHANOPOULOS: I don't know that this President can embrace. (Laughter.)

MR. SPERLING: -- you're preparing for the 21st century. You're not there underscoring security, though the themes are still there.

THE PRESIDENT: I agree with that. That's what I got elected to do.

MR. PODESTA: I think, stylistically -- the Vice President's point -- the main image is one of a little roughness. And we need to capture that and make it ours; make that a plus, not a minus.

THE PRESIDENT: It's going to be what?

THE VICE PRESIDENT: Three yards and a cloud of dust. Activism is a messy process, but we know how to do it and we know how to do it well.

MR. PODESTA: And get results.

MS. SEIDMAN: As Mack says, we're not City Corp.

MR. MCLARTY: You never thought I'd say something like that. George has gotten to be pro-business. I mean, it's working. (Laughter.)

THE PRESIDENT: Gosh, Sperling -- until the last day, until he recovered his juices, was a regular conservative.

THE VICE PRESIDENT: I think that the main difference philosophically between us and our opponents is our confidence that we as a nation can actively shape our future with confidence, with success, with a key awareness of the dangers of unattended consequences of activism. And we can do it well. Look at what we have accomplished in the first year. Based upon that, trust us to continue this process of shaping our future.

Those who want to stand in the way understandably are pessimistic about whether this can be accomplished, because so many mistakes have been made in the past. But we are different. We've proven it already. And we'll continue to prove it to you. We're doing this for you.

This is about the state of the Union, but it's also about the state of your family and your community, your house, your neighborhood. We got in this because you asked us to take on these challenges. We're fighting for you. We're working with you to shape our future. We're getting some results, and we need your help to continue. Don't listen to the pessimists.

Now, I think that the fulcrum is necessarily government itself. We used to lose all these megadebates because of the deep, abiding skepticism about the instrument of government itself. The key to winning that argument is to drive home the message that we're doing it differently, we're doing it better, we're doing it more effectively.

In David's outline there are several references to the reinventing government thing. I think you have an opportunity to restate philosophically some of the principal themes of the whole reinventing government thing, going back as far as the campaign book, and say, we're fighting for these things and we are doing it differently and more effectively.

MR. GERGEN: I think that's absolutely right. I think now that you've gotten your -- I think people now take you much more seriously as a person who's trying to change things, lining up problems, and dealing with them. But you may want to start shifting fairly soon, whether it's in this speech or sometime, what you want to get accomplished -- what kind of country you want by the end of the century, to enter the next century.

It's clear now by the end of the century you want Goals 2000 in place. You want to have every child prepared to go to school, every child is getting first-rate education. You want every child immunized. You want everybody to have universal health care in this country. You want to have the welfare system changed. I mean, there

are so many things you want to have done now by the end of the century, and indeed, given a second term, that's where you going to be. You're going to be the President who ushers in the next century.

At some point, we need to start getting that lined up. Because I think people have a sense of that's where you're going, and that's your deadline -- to transform the country. It's what I think would give people a lot of sense about we've got a goal like going to the moo

MR. MCLARTY: This is not totally different -- it's such a larger stage, but it's not totally different from where you were in Arkansas and what you did. It's really the journey, the destination. It's a huge world stage here. But it's the same preacher/teacher President here. I think it's what you got to do.

THE PRESIDENT: You got to figure out what we're going to say about national security, and how it's going to --

MR. DREYER: It's going to be a big theme.

THE PRESIDENT: It needs to be a big part of the speech, especially since I will have just come back from Russia and the Vice President went there, we're doing all this other stuff --

THE VICE PRESIDENT: Middle East peace --

MR. LADER: -- the answer which your thinking on which might be very helpful to this group -- how would you at this moment address these issues in a way so that traditional Democratic constituencies feel that you are turning the back on the Democratic party, that the new Democrat is not their President as well. How are you reconciling some of these reinventing, preparing for the next century things with the very traditional Democratic party interests?

THE PRESIDENT: Well, I think if you stay with a lot of this work and family community rhetoric, it helps you. I mean, we've got a lot -- it was a great article in the L.A. Times or someplace on how we were fighting the quiet war on poverty that nobody noticed showing all the stuff we've done through Head Start and WIC and the tax system. So this guy is out there trying to help those folks. They're just not talking much about it.

THE VICE PRESIDENT: I've got another contribution to make if I could, and I apologize for saying so much in this, but another theme that I'd like to suggest that's relevant to this particular point is the idea of sustainable solutions -- not quick fix, flash-in-the-pan political payoff solutions, but sustainable solutions that are intended to last. Now, I think that there is a very subtle, but very powerful generational message that you as President can convey even more powerfully than you could as a candidate.

You know, people understand a lot of these things just in terms of their own lives, and their own life cycle. They know that the generation now in its middle 40s with kids that are in elementary school and high school -- the whole concept of generativity -- the idea that people our age are naturally consumed with notions of what we can do to prepare the way for our kids to come into a life that's not all messed up by just quick, greedy kind of things that are done for the present moment only.

And to convey this idea that all of this slow, steady progress shaping our future, making things better, making government work well, and an instrument of positive change -- is for the purpose of lasting, sustainable improvements that are not going to go away. Just as health care can't be taken away this progress on education and stuff has to be done in a way steadily, slowly, with difficulty but for lasting improvements. And that fits with David's focus on the year 2000 as well.

MS. SEIDMAN: I think the next step might be for -- you might want to look more carefully at the memo that David wrote and send out your notes on it which would help give them direction. The other thing is that he's doing a list. They're going to send out a memo to people that have helped us before.

END

For Immediate Release

October 12, 1993

REMARKS BY THE PRESIDENT
AT UNIVERSITY OF NORTH CAROLINA

Chapel Hill, North Carolina

THE PRESIDENT: Thank you very much. Thank you. Thank you very much, President Spangler, President Friday, Chancellor Hardin, my good friend, Governor Hunt, and other distinguished platform guests, ladies and gentlemen.

I must say I have thought for a long time about what it might feel to be in a vast crowd of North Carolinians and have them do something besides root against one of my athletic teams from Arkansas. (Laughter.)

I began to think of this moment in August when I was on vacation, and I spent an evening with a person who used to be one of your great sons, James Taylor. (Applause.) And I asked him to sing Carolina in My Mind, so that I could begin to think about what this day might mean to all of us.

Five other presidents have come to this great university to

America to change, with the desperate need for us to reestablish the security that most of us took for granted when we were children, with the need to rebuild the American community, I say to you, my fellow classmates, we have much to do. Yale gave us the tools to do it with. We owe it to the rest of the country because of our success to share what we know and what we can give to the future so that we can enter the next century with the American Dream alive and the American family strong.

Thank you, and God bless you all.

THE WHITE HOUSE

Office of the Press Secretary

Internal Transcript

December 16, 1993

INTERVIEW OF THE PRESIDENT
BY THE NEW YORKER MAGAZINE

The Oval Office

2:10 P.M. EDT

Q I know you've done a lot of reading of former Presidents' biographies, presidential studies. And I wonder from that whether it's been helpful in seeing problems as you've gone through this early period, or whether you feel like you're reinventing the wheel? Or is that too broad?

THE PRESIDENT: No, no. I would say in terms of learning kind of some rules of the road and remembering the basic things that make for successful leadership and, hence, successful life, I think it's been very helpful. If I read the Truman biography, for example, or the biography of Woodrow Wilson, which I'm just trying to finish now, or any of the others you inevitably -- particularly if

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you read those as President, you begin to put yourself in the position of the person at the time. And you realize that a lot of the kinds of dilemmas are similar and that you have to be. So you learn things about the importance of finding your voice as President, speaking to the American people and how words are more important than you ever imagined them to be. You learn about what you -- how you should deal with your advisors, how you have to keep other open lines of communications. You learn a lot of those general things.

But then there are some times which have more parallels to this one. I mean, the period right after the second world war is not unlike this period in the sense that we are almost being called on to make a new world. And the problems in the world today really are not being very well addressed by the institutions and arrangements that are there.

On the other hand, I think to some extent this is a time without precedent in the experience of the United States. We have big problems at home. With the collapse of the Soviet empire, the Cold War is over, but it's still a chaotic and difficult world. There's an exciting global economy, but it is absolutely plagued by global recession and the inability of wealthy countries to create jobs. We have quadrupled the national debt in 12 years without doing anything to increase investment here at home very much. And yet, because of the size of the deficit, aggravated by the new enthusiasm by Congress to do something about it, after years of letting it go the other way, our capacity to invest publicly in things is somewhat limited.

And I think the other thing that is unprecedented in a period of profound change like this is we're dealing with a presidency -- and you see this in other Western countries, too -- where change is made more difficult by the information revolution, the information explosion, and 30 years of increasing cynicism about government, people in public life. So that combination of factors, I think, is without historical precedent.

Q I've been reading a book, which I'll give you, which I brought for you, about the sequencing of presidents. It's by a Yale political scientist. He points out how, sort of in historical time, that nature of presidencies is partly shaped; and he does types of Presidents. And where you fit in all this is, just in historical time, quite apart from who you might be, is this is the time for innovation. It follows George Bush's, what he would call, disjunction, a failure to articulate.

But I feel that this innovation runs up against the problem of the politics of preemption -- all these things bearing down on you, namely the legacy of the Reagan fiscal policy and the kind of politics that's been unleashed by it. And it strikes me you're in that vise between the need for innovation, your own desire for it and this force of preemption.

THE PRESIDENT: Well --

Q I'll keep talking, you can eat more.

THE PRESIDENT: No, there's plainly something to that.

In the last year where we had, by any conventional standards, enormous legislative success and began to turn the economy around and began to turn the whole theory of Reaganomics on its head. We were able to get about two-thirds of the new investments that I recommended, what by historic terms, was a modest budget for aggressive new investment except in certain important areas. So there's no question that that's a real problem, and it's going to continue to plague us.

On the other hand, I believe that the only way you can work your way through it is to make the changes that you can make, and in the process try to create a new reality. That is we have to fend off the efforts of people who, many of whom were in the Congress while we quadrupled the deficit, who now see that we've got it going in the right direction for a change and have decided that the real answer is to try to solve the problem overnight which would be deflationary and which would undermine our ability to make the kinds of investments that are necessary to adjust to this world we are living in.

Q Yes, I think you are really in the situation where you need to articulate a response to that, although -- I mean, I don't see a way out of it.

THE PRESIDENT: I mean, I think we've done -- I don't think the deficit is unemployment. As I said when I went to Bryn Mawr last week, the ability to bring down interest rates and keep them down and have growth without inflation and to begin to build a job base in the country again is all related to our having a credible budgetary policy with real discipline.

On the other hand, a lot of these things -- the balanced budget amendment requiring balancing by 1999-2000, and a lot of the implicit arguments behind Penny-Kasich -- the aggregate impact of those things would be to risk contraction and reversion to recession at a time when the global economy is very fragile anyway, and certainly undermine our ability to build in to this economy the kind of flexibility and investment that is necessary for a modern economy to grow. For example, to have the kind of retraining system that ought to accompany the unemployment system; to have the kind of defense conversion programs that really offers the promise of having long term benefits out of all those defense investments in the early '80s, just to name two things.

And I could name a dozen more, but those are just two. There has to be some sense of balance here. It's almost as if Congress for a long time, under two Republicans who talked against government, were more than happy to let the deficit explode. I come in with a plan to really bring it down and to do something about health care costs, which would require them to take some really tough stands, and instead a lot of people say now, well, they haven't done enough on the deficit. Yes, they've done more than anybody else ever has. Yes, they've done more than has been done in the last 12 years. But we insist on doing more even if it -- never mind the consequences.

I think that you can't turn the deficit reduction into the holy grail of American politics. It is important as a part of a strategy, but it is not the ultimate objective. The ultimate objective should be to grow jobs and incomes, stability for the

American people. That is what gives us the personal security necessary to stay engaged in the world, to reach out in trade and in other ways, and that's what gives us the money to continue to do the things we need to do.

Also, just one final point, ultimately the deficit reduction movement could be self-defeating if it's so tight as to throw us back into recession because it will slow our revenue growth more and --

Q I think the greatest political thing you've got going for you is this recovery to use against that.

THE PRESIDENT: Yes. That's what I keep talking about. The policy we are pursuing is working. Why mess it up?

Q See, but I also think, as a political resource -- I want to get back to my question -- but as a political resource, what you have that you didn't have in the beginning is you have your first year. And the whole country has gone through that; the whole country has made the decision to do this. There have been some beneficial results. It's a first step. It's hardly completed, and all of this jeopardizes risks, threatens this. I just think the recovery is a very powerful tool, and this experience of the American people having gone -- making the decisions to have brought about the recovery.

THE PRESIDENT: They did make those decision, too. And it was very hard for them.

Q Yes, that's right. And there's a -- that's right.

I want to talk about the relationship between policy and your voice which I think you are really beginning to explore. Because I think that there was a danger in the beginning that the whole agenda that was developed in exile, if you will, political exile during the Republican era might be sort of jeopardized and thrown overboard in the battle for deficit reduction.

THE PRESIDENT: I agree with that. The problem was that until I had some sort of deficit reduction plan, given the budget that I found and the fact that the deficit was raging out of control, I don't think we would have had the credibility inside or outside Congress to pursue the rest. So we had to do that. But the real -- the other problem I had had nothing to do with the deficit reduction plan. It was -- except that that was what preoccupied us -- and that is that a president deeply involved in passing his own -- if the reform you seek requires Congress to assent -- that is, you might be seeking to change foreign policy in a different time or a president might just be seeking to do things on his own with the executive branch and would take within limits whatever budget Congress gave him and whatever reforms were or weren't passed.

But if what you seek to do requires you to drive things through the Congress and requires your personal involvement to do it, then you risk losing the larger voice, the larger issues with the American people, because every night they see what change you've made in this bill or what group met with on that proposal. So you just get

nibbled to death.

And one of the things that I underestimated was the profound importance of continuing to speak about the larger issues, to show people that all this -- it may look like making sausage, but it's taking us to the larger goal. And I think I suffered some loss of support and some increasing national confusion earlier in my term by not being able to keep lifting it up. And it's harder to lift it when you are enmeshed with the Congress. But if you want to change the country, you have to have a Congress to help you.

Q I'll say two things. I think it's very hard to rise above the legislative wear and tear, and you get defined by it. And the other thing is that in different systems, that is the job of a prime minister. But a president is a different office. It requires you to do exactly what you said, to speak to this larger picture. There were some things that happened, though, that I think were very limiting like the caps, the imposition of the caps.

THE PRESIDENT: Yes, that was tough. But they were there before I got there.

Q Yeah, but there were some new discretionary caps put on, right?

THE PRESIDENT: Yes.

Q That was very tough, don't you think?

THE PRESIDENT: They were very tough. And last year we could get a lot of the investment I wanted within the so-called cap by just simply cutting other spending. But every year there's less and less room for that. So that's a big challenge. And also, I think there's a limit to how much more you can cut defense now, both politically and substantively. I mean, we've cut it a whole lot. And unless the Congress is willing to seriously deal with this entitlement issue -- and one of the interesting things to me is you have people on the one hand saying, don't cut Medicare and Medicaid, but don't do universal health coverage.

But no one ever proposed to cut Medicare and Medicaid. Medicare and Medicaid is going up to three times the rate of inflation. We thought we maybe we could get it down to twice the rate of inflation. But a lot of the -- but I think that's another issue that I've got to get to Congress to come to grips with -- that if we're going to have public investment and deficit reduction, and there's a limit to what we can do with defense, we cannot cut it below a certain point, then we have got to have health care costs brought under control. And that means you've got to deal with these -- but you can't do it by just shifting costs to the private sector or shifting massive costs on the middle class sector. So you've got to have health care reform.

In the end, I'm convinced that there's no such thing as a silver bullet in a budget this tough, but that's a very important thing. And it's a very important issue, I think, to restore the credibility of the Congress, too -- proving they can take a complex

MORE

issue like that and work through it and come to a success.

Q There's some theory about -- in a study of presidents that, Richard Newstat among them -- he talks about how there's virtually a finite amount of power that a president has and that he should husband it, not use it up. And what struck me about your presidency is that it's a complete refutation of that idea. And you came in with a mandate that was a plurality, not a majority. You had some difficult majorities -- margins in the Congress. There were some difficult events, and yet you were able to invent political capital. So I think that there's this organic -- there's an organic process that comes from learning how to use the office and how to create presidential power.

THE PRESIDENT: I think if you have a static situation, if you will, where the course of the country is pretty well fixed and you want to do a few things and they know you'll be there for four or eight years and then you won't be around anymore, there's a sense in which your political capital is limited -- And to some extent, those rules apply to everyone.

For example, one way to fritter away your political capital here is to spend a lot of time putting a lot of energy on Congress to do trivial things, or asking a lot of people repeatedly to do things that are plainly against their own interest without being able to appeal to the larger public interest without -- unless they really see that they're contributing to the country's interest. And that applies to everyone. So to a certain extent, it's true.

On the other hand, in a dynamic time, when everyone senses deep down inside that changes have to be made, and when my presidency is a product of that sense -- the desire to get the economy going again, to get the country back together again, to move things again -- even a president without a majority mandate coming in, if the president has a disciplined, aggressive agenda that is clearly in the interest of the majority of the American people, I think you can create new political capital all the time because you have access to the people through the communications network. And that's one of the good things about the information.

If people sense that something needs to be done and you can reach them either in an organized or a general way, and you have energy and sort of an inner determination that keeps you at the task, I think you can recreate political capital continuously throughout the presidency. I have always believed that.

Q I just want to remark on this. One of the things that has most impressed me is your own personal resilience and stamina and how that is a political factor. And it is not a tangible factor, but it is a political factor. I mean, are you self-conscious -- you're self-conscious of that, yes?

THE PRESIDENT: I tell people around here all the time that if you just -- everybody just get up and dress out and show up for the game, you're going to win some. I mean, I just keep trying to remind everybody here, even in the toughest times, that if what you want to do is right, if you have a noble goal, and if you are honest

MORE

and straightforward, and you will just work with incredible diligence and keep your ears open so that you can learn from the mistakes, in the end, your efforts are more likely to be successful than not, because in the end, the reason these things work is because they're needed. History calls for certain movements, and particularly in the life of a democracy like this from the grass roots up, because they are needed. So I really believe there's something to be said for having this sort of dogged perseverance that has been remarked on in the past, because nobody ever promised me or anyone else it should be easy. Change is difficult to do. If it were easy it would happen of its own accord.

I mean, if things that ought to be done were all that self-evident in terms of what should be done and how to do it, we wouldn't need much of a political system.

Q That's totally contrary to what you're about.

THE PRESIDENT: I mean, I think it -- but it's hard, it's always going to be hard. That's all I'm pointing out. If you do anything significant, it's always going to be hard because the reason things don't change is because there are either interests or habits that are adverse to things that people know at one level ought to be done.

I had a family doctor in here today -- I had all these docs in here today, representing 300,000 different doctors and eight different health care organizations endorsing the health care plan. And this one guy is a doctor in a town of 7,500 in Mississippi -- and he says, "You know," he said, "I just can't believe you did this." He said, "Most politicians would never fool with an issue as complicated as health care because," he said, "even if what you're trying to do is right, there's just so much room for argument about how you're trying to do it." And he was really smart. He said, "I --

Q What do you think?

THE PRESIDENT: I said that I thought the purpose of the presidency, at a time of change, where there are real problems, was to force the attention of the country and the Congress on those kind of problems. But to do it with enough humility to know that something that big and that complex required you always to be willing to reexamine exactly how you would achieve certain goals. But that's what I believe this job is all about.

I mean, if we're not going to -- if the people who come to work here in the White House every day are not committed to facing the serious problems of the country at a time of historic change and opportunity around the world, after 12 years of exploding debt and reduced investment, 20 years of stagnant wages, 30 years of family decline, what is the purpose of being President?

I don't mean to demean the honor of the office. It's an enormous honor to hold the office and to live in the White House and to be the symbol of this country, that is a great honor. It is an enormous honor just to sort of go through the day-to-day routine and have the responsibility of being Commander in Chief. But it is not

MORE

the reason you should run for or be President. If every day is not seen as an opportunity and a solemn obligation to sort of push these changes, then I should not hold this office. I feel very strongly about it. And I think that you have to be willing to go through periods of misunderstanding and periods of unpopularity and periods of confusion, as long as you have that sort of little compass, and as long as you're humble enough to know that you might be wrong and you've got to be able to listen.

Q During your vacation, was that a period in which you thought about a lot of things, or what?

THE PRESIDENT: The first two or three days, I was so exhausted, I didn't think about much of anything. I'd been working awful hard. But it gave me a chance to kind of recharge my batteries and get my congenital optimism back up, and to sort of put it in a larger context.

When I was on vacation, I really decided that we were right to fight as hard as we did for the tough things early and to take the blows that were necessary; that the mistakes that I had made were mistakes that we could clearly correct and didn't reflect on the character or the intelligence of the President or anybody in the White House, and didn't in any way undermine the correctness of the general course we were on, but had to do more with operational things. And I did decide that I had -- as you intimated earlier -- sort of lashed myself too closely to the detail work of the administration and the Congress. Some of that is necessary if you have to personally lobby the pass.

Q I think you have to do all that.

THE PRESIDENT: You have to do it, but you have to find another way to speak to the country, and I determined that I would try to do that.

Q You came out of the vacation doing that, starting at the interfaith breakfast.

THE PRESIDENT: The interfaith breakfast, the Memphis speech, the North Carolina speech, the speech I gave at Yale at my reunion -- law school reunion. Some of them have not received a lot of notice, but some of them did.

Q This is taking an issue on violence that has a lot of political potential for ugliness, because we've seen it in the past and we see it in other countries.

THE PRESIDENT: It still does here. I mean, it does. It's scary.

Q I just think it's crucial to take it on.

THE PRESIDENT: I think dealing, though, with the violence issue, the whole crime and violence issue -- is a way of uniting the American people if it's done right. And then making them see that there is this core that is eating at us, as related to all

MORE

these other things I want to face. Because when you take it and you start working out, you can start with the whole issue of personal security and the crime bill and the Brady Bill and the SALT weapons ban and all that, but pretty soon you have to face the whole issue of the implications of the family breakdown and the economic collapse of many of these areas, and whether the schools are functioning properly, and why there are no jobs for these folks.

And you have to deal, then, with a lot of these other matters that I ran for President to address. But if you start with this sort of core of common values and the desire of people to be secure in their homes, their persons and their lives and to see children brought up in safety, you can work from that back to a lot of these other issues in ways that people can understand it, that break them out of these little boxes in their minds that -- their liberal-conservative boxes, or their Democrat-Republican boxes, or their government-private sector boxes, they can just sort of think about these things whole, I think, if they start.

Q Yeah, see I think it's all towards -- I even think of security, even though it's an end in itself, it's also a means, because security is simply another word for order. And it strikes me that the larger goal -- and this is not the right phrase to use in politics -- but it's civil society, and it's connected to all these things that you're talking about.

THE PRESIDENT: Well, one thing that struck me a few months -- I never really thought about it in those terms until I was able to get past the economic plan. I started thin king about what we were going to do about crime and violence and how that related to what I wanted to do about health care, how that related to what I wanted to do about giving every American the opportunity for lifetime education and training. And what struck me was that without a certain level of security, people's lives are not ordered enough and they are not personally self-confident enough to undertake the changes that are necessary to triumph in the world we're living in, in the world toward which we're moving.

Because we're living in an environment, a sort of permanent sweeping change, in which the only security -- security is something normally that's positioned against change, you know? Well, the ultimate security for people economically is going to be the embrace of change and the ability to deal with it and to find richness and diversity in life and new and different opportunities, even though there will be some disappointments along the way and all these disjunctures that could happen.

People can't get to that point if they think their streets are unsafe, their kids are not safe, their schools don't work, there won't be an opportunity for them to learn a new skill and they can lose their health care for their kids tomorrow. And that's why I think that if you want change, decide that you want people to change, I think you have to give them a certain base level of security if they're willing to assume a certain level of personal responsibility for their own conduct, the conduct of their family, then they ought to be able to have a higher level of personal safety and access to health care and access to education.

Q It occurred to me -- thinking about the way you talk about responsibility, which I find very beneficial -- that there's another word, which connects politically; and that's self-government, which is personal and yet broader and deep. It goes back to the founders.

THE PRESIDENT: It's really true.

Q Yes, it's about self -- if we're not able to govern ourselves, how can we govern our country? But that's what I think you're appealing to.

THE PRESIDENT: I agree with that. I hadn't thought about it that way, but I think you're right.

Q Well, I hadn't thought about it until I thought about what you were saying.

THE PRESIDENT: I read one of the sermons that Jesse Jackson's been giving lately -- talking to people about violence. And he made an argument that he said, look, all these kids, by the time they get out of high school have watched 18,000 hours of television, listened to 22,000 of radio, been to school 11,000 and, if they're lucky, spent 3,000 hours in church or in parenting education programs. And he said, we have to learn -- he didn't use the word self-governance -- but he said all of us have to learn other ways of resolving our differences and dealing with our frustrations. And I think that's true. I mean, there is nothing I can do for someone who won't do that. There's nothing any President can do for someone who will not exercise the internal discipline to make the efforts that have to be made and also to refrain from doing some things that you have to refrain from. And I think that's why I keep trying to talk about this crime and violence in ways that challenge people in every community in our country to try to personally engage these young people before it's too late for them.

Q I also think that acting collectively on things like -- I'm not changing the subject -- on things like health care is also an illustration of self-governance, as well.

THE PRESIDENT: I do, too. That's what I challenged Newt Gingrich about the other day. He said I had this socialist health care plan, how terrible it would be. And I said, look, we got 39 million people without health insurance. We tried it your way. We had the most -- allegedly the most private, although it's also the most bureaucratic health care system in the world, of any advanced country and we've got 39 million people without insurance. Anybody can use their insurance at the drop of a hat. The costs are going through the roof. And they're largely not going through the roof to provide more and different and better health care with more and different better people.

Q I also think that -- just as a point in there -- I think that when you talk about the uninsured, you should connect it to the people who are insured, as well, because I think there are larger issues involved here politically, but also in reality. And the issues

are that if the people who are -- if the uninsured are not insured, those who already are insured will not -- they can be uninsured at some moment -- and the question here is larger than simply security. It's a question of liberty and freedom, because you feel free to pursue what you need to pursue, do what you need to do in your life. I think there's a liberty question, as well.

THE PRESIDENT: There are a lot of people who are not free to change their -- , a lot of people. And almost no one is in a position -- I guess if you work for a government and you don't ever have to leave a job, you can say with some conviction that you'll never lose your health insurance. If you're in the military, you can say with some conviction -- because they have our biggest health -- -- you'll never lose your health care. If you work for the biggest of corporations, because they're always slimming down all the time, how can you know for sure that you won't be slimmed down? And now with the government, we're doing -- we're sort of reinventing ourselves and we're going to try to lay people off through attrition, not just let anybody go if they don't want to go.

But, still, it ought not to depend on whether you happen to be with a big outfit whether you've got health care insurance.

Q I just think if the whole political focus is on the uninsured, that's them. I mean, just think, it's easy then to say, well, you know, I've got mine.

THE PRESIDENT: People have to understand. We've tried to do a couple of events -- I want to do some more -- where we featured people who were like upper-middle people who lost their health insurance; just so people can understand that it could happen to anybody.

Q That's right.

THE PRESIDENT: I'm not sure. My instinct is that people have figured that out. I understand that.

Q I think it's a liberty question for people, and it has to be -- see, I'm just thinking about how you steal things away from the conservatives and the Republicans. One is the self-government thing, as opposed to -- because everyone's going to say you're a socialist. Well, what you're interested in is self-government. And the other -- and then this other aspect -- I mean, I'm just figuring things out as we're talking. Another aspect is what we're just talking about here, about the uninsured. It's a liberty question, because they always use a liberty question as a question of individualism versus the state. But if through this collective action -- acting together -- this exercises self-government, we can provide liberty -- provide the conditions for liberty -- which I believe there are.

THE PRESIDENT: I like that. I'm going to work on that a bit.

Q Yeah. I think there's a lot of play in this, is what I'm saying.

MORE

THE PRESIDENT: I like it.

Q Let me talk to you about something else. I know you've expressed some envy of President Kennedy for having a very clear enemy in the past, and politics today, being more diffuse, and so on. But I think it's possible that -- well, there's good news and bad news, and it's all in one. It's Zhirinovsky. And it's not simply an isolated figure, it's the rise in the former Soviet bloc, and potentially in the West of an authoritarian populism, is what I'll call it. I think that's the new enemy.

THE PRESIDENT: That's also what you have in the Middle East.

Q Yes. I just heard from someone at the Russian Embassy who is a friend of mine who came by, who said that Zhirinovsky is subsidized in part by the Iraqis.

THE PRESIDENT: That would be great to find out.

Q Yes, that's what he told me.

THE PRESIDENT: Did you hear that?

MR. DRYER: No.

THE PRESIDENT: I'll tell you later.

Q He said Iraqis and Libyans. He said they're working on it.

THE PRESIDENT: But I think -- I think there is a -- I think it's a combination of living in a world without moorings, without psychological and principled moorings, and where a lot of good people are in economic free fall. And it's both. And if you notice, his appeal was to both. I mean, he had a certain sort of economic security platform which was to slow the rate of privatization, keep the subsidies up, support the army better. "I will make your economic life better." And then he had this whole "I'll make you proud to be a Russian again; the crowd that's in there have debased and demeaned us and we're going to be proud again." "We're going to do it with discipline and exercise of our power."

He even said -- he said, "What I'm going to do is going to be real bad, but it will be good for Russia." Bad for other people, good for us. In the end, that's a loser. Heck, if we all take that attitude -- but I think that is a real danger all across the world as well as here, that authoritarian populism -- that's a good phrase for it.

I think it's quite remarkable, actually, that all these Western elections, and all of the alienations here that basically you had some candidates that were more protectionist than others win, but there's almost been nobody win in the advanced countries who didn't have a more sort of progressive outlook and a more humane outlook.

MORE

Q But all of this is percolated; that's the danger. I mean, and it could -- they're all at 20 percent, they're 20 percenters. But you never know, given a worsening or something.

THE PRESIDENT: Well, when there is a widespread belief that things are always getting worse, it's fertile ground for that. And that's why I think -- I was sort of examining yesterday, after one of my interviews, just shooting the bull with the guys around here whether -- what to make of this fellow from Syracuse who has written that book about --

Q Thomas Patterson's book.

THE PRESIDENT: Yes -- the changing nature of press coverage.

Q I have a lot of thoughts on that.

THE PRESIDENT: Well, at one level, I think he's plainly right. On another level -- I was thinking about this the other day; I was reading Reese's Kennedy book -- I'd like to think it's because we're all good folks around here, and I think they basically are. But we would never consider some of the abuses of power that were considered routine not very long ago. And part of it may be that --

Q Like some of the Cuban stuff or --

THE PRESIDENT: Yes. Well, or some of the FBI surveillance or just -- and, of course, now we've made political assassination illegal, which I think is a good thing. But I think that this increased press oversight and this sort of drenching press environment we live in, in a funny way may have at once achieved in one of its goals, which is to make our politics more honest and open, and at the same time undermine the objective of the goal, which is to make the American people know that our politics are more honest and more open and, therefore, some of our people can be trusted. It's a real double-edged sword.

Q Yes. Well, I think -- I just want to transcend the press here, because I think that there's a lot to say about the press. I don't want to say it now, but I think --

THE PRESIDENT: You say it; I don't want to say it.
(Laughter.)

Q Yes, I'm not going to say it. But what I am going to say is that by articulating certain things, you can set in motion a larger movement of which -- and the press, which has relegated to itself a kind of monopoly position of articulation, can easily be overridden when there is such a movement, that leadership can help catalyze.

Moving in on me, huh?

THE PRESIDENT: Well --

Q I'll ask you two quick questions, all right?

THE PRESIDENT: Yes.

Q Some people have criticized you for undiscipline; yet, I know that there is a lot of discipline in the goals that are being pursued. How do you -- I mean, you're late. I mean, you have some personal habits that people find undisciplined. I mean, what do you think about this business?

THE PRESIDENT: I think it's a legitimate criticism, but it's small D and big D.

Q Yes.

THE PRESIDENT: This has been an incredibly disciplined administration in terms of the relentlessness and the focus with which we have pushed ourselves toward the goals that we brought here, that I brought here and others did. And if that were not true, we wouldn't have the best record with Congress in the last 40 years. And even that may be an understatement in the first year. I mean, when you look at the degree of difficulty, for example, of the objectives we've put out as compared with the Eisenhower first year. So I think you'd have to say there's a lot of discipline in that way.

Q And Eisenhower didn't have many goals.

THE PRESIDENT: I think where I can legitimately be criticized is that from time to time I try to do too much at one time, get overscheduled, and that makes me not only late, but it also -- if the president or if the team is too overworked and exhausted, then they may be working hard, but they're not working smart anymore, and that also reflects a lack of discipline. So that, ultimately, the process that you follow can undermine -- the little D can undermine the big D. So it's a very legitimate criticism. But, by and large, this administration is now much more prompt than it was six months ago, and much more ordered in the decision-making process.

And at least I and I think maybe some of the people who work here are not quite so frantic in the hours we put in. I mean, now is a weird time because we're doing all of these Christmas receptions and everything. But I really have tried to -- we've tried to get ourselves better organized.

I think what happened early on here was, we spent more time in the transition worrying about what our product would be, who would be in the Cabinet and all that sort of stuff, and how our processes would work, starting in the White House and emanating out into the administration, with the result that we got a lot done, we worked like crazy, but we weren't organized enough and I was too late too often.

But now, by and large, when we're off schedule now, it's almost because some new element entered in and there was a real good reason. By and large, the thing is proceeding at a more disciplined pace than it did before.

Q How do you think you would do if you had Johnson's majorities and surpluses?

MORE

THE PRESIDENT: Well, if I had the same level of intense support from the Democrats in those numbers than we had this time, I think we could move the country much more rapidly. But I still think we're changing things. I still think that it's moving. We just have to make up for what we don't have in money and numbers with determination.

The one thing -- I'm worried that the country -- I hope the country will leave in place those members of Congress that voted for change. I mean, there's a lot of evidence that the voters, because there's so much focus in the news on process, the Democrats that oppose me and how they oppose me get a lot more publicity than all the Democrats that made possible all of these successes.

So I'm afraid as we head toward the midterm elections, there's some -- a substantial part of the public that may believe that it doesn't matter whether they vote for somebody that says they agree or disagree because the Congress is going to hang it up anyway. And that's just not true.

Q I think this is determined by the politics that is going to happen in the next quarter, say -- this period. And I think a lot of that depends on how you use the recovery as a political weapon.

THE PRESIDENT: Try to do a better job? I wanted to make sure it was well underway. You don't want to overclaim because it can come back and bite you. But I do think it's well underway.

Q Yes.

Thank you, Mr. President.

THE PRESIDENT: Thanks. This was fun.

Q Yes.

THE PRESIDENT: I enjoyed it.

Q We'll do it again.

THE PRESIDENT: Sorry I ate my lunch, but I was feeling kind of weak.

Q Well, I'm glad you ate your lunch. I'm sorry I interrupted you. You didn't finish it. I've got a present for you. I've got a Christmas present. It's not wrapped, but I've got a present for you. It's the book I was telling you about. Just published this year. It's really interesting.

THE PRESIDENT: I wonder when he took this picture.

Q It looks like a Reagan Oval.

THE PRESIDENT: Must have been, because Bush didn't have this desk.

MORE

Q Yes. It's really interesting how time and sequencing determines what's possible, and how the politics play out. I found this really suggestive. It's totally unreviewed, but it's really good.

THE PRESIDENT: When did it come out?

Q This year.

THE PRESIDENT: Why don't you write a review on it?

Q I might mention it in this article.

THE PRESIDENT: Yes. Maybe we can get this fellow's book sold some more.

Q Yes. All right.

THE PRESIDENT: Give him a Christmas present.

Q Hope to see you around.

THE PRESIDENT: Thank you. I really appreciate it.

Q I'll see you around.

END2:55 P.M. EST

THE WHITE HOUSE

Office of the Press Secretary
(Memphis, Tennessee)

For Immediate Release

November 13, 1993

REMARKS BY THE PRESIDENT
AT TOWN HALL MEETING

Olivet Baptist Church
Memphis, Tennessee

1:20 P.M. CST

THE PRESIDENT: Thank you for that wonderful welcome. Thank you for your sign about NAFTA. (Laughter and applause.) I didn't give it to her, I promise. (Laughter.)

Reverend Whalen, it's wonderful to be in your church, and I thank you for hosting this town hall meeting. Last year Reverend Whalen accepted my invitation to come to Arkansas to the Governor's Mansion, and to meet with me about a number of the problems you'll be

MORE

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 people 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;

• 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

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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

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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 untrammled 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 face 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."

... goal is not to resist change, but to shape it.
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."

unpredictable threats as well as more serious. 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."

4

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

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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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THE WHITE HOUSE
Office of the Press Secretary

Internal Transcript

January 4, 1994

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 --

*B. S.
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helpful*

THE PRESIDENT: It would be like the reconciliation resolution
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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 --

*Just in
Simmons*

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 optmistists.

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

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-- 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.

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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.

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.

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