

to that. I think we've done a good job of making those changes.

And the third thing I wanted to do was to institute what was my version of the Contract With America. I called it the New Covenant. I believe that we need a new sense in this country that the Government's job is to do what it can to provide more opportunity, but we need more responsibility from our citizens as well. If we're going to rebuild the American community, we have to have more rights and responsibility. And you can't have one without the other. If people go around being responsible and no opportunities ever come their way, they get tired and quit. But if you just give people things and they never act like responsible citizens, the whole country comes apart at the seams. What we need is more of both: more opportunity and more responsibility. And if we have it, we can rebuild America.

Now, after 2 years, I can make this progress report to you. We had to first work on the economy. We had to bring the deficit down. We had to open some markets around the world to our goods and services because we were seeing people selling things in America who worked for wages we couldn't live on. We saw people losing jobs here and losing incomes. We had to open those markets around the world. Well, after 2 years, we've reduced the deficit by \$700 billion. That's \$11,000 a family in less debt for you and your future, \$11,000 a family. And we've had more opening of markets to American products and services than in any period in our history. So we're moving. What have we got to show for it: 5.6 million new jobs, the lowest unemployment rate in Illinois in 20 years. We are moving in the right direction.

Now, we've changed the way the Government works. There are 100,000 fewer people working for the Federal Government today than there were working for the Federal Government on the day I became President. We are going to reduce the Government now by over 300,000. It will be the smallest it's been since John Kennedy was President, but it's doing things. It's doing things. When you had the terrible floods here, the Federal Emergency Management Agency, which had been condemned for years as an ineffective agency, showed up here and was ready to serve the people in the middle of the worst emergency you've had in a long time. It delivered. It worked. That's the kind

of Government we need, smaller but effective and strong and there.

Third, and maybe most important, we tried to expand opportunities for communities and individuals in a way that would enable people to take responsibility for their own lives. That's what our crime bill is all about. The crime bill that Lane voted for will reduce the size of the Federal Government by 270,000 over 5 years and take every penny of that money and give it back to you and your local community to hire more police, to have drug treatment and drug education programs, to do things that will lower the crime rate. And everywhere I go in America, law enforcement officers or mayors come up to me and say, "We're going to lower the crime rate because of that crime bill. Thank you very much." That's the kind of thing we ought to be doing.

And I hope, let me say, I hope when the new Congress gets around to debating welfare reform, that's what I hope they'll do with welfare reform. The problem with welfare is not that it is so costly; it's only about 3 percent of our national budget. The problem is that it encourages dependence instead of independence, encourages welfare instead of work. What we want is not a program that punishes poor people but that requires poor people to take those steps that will enable them to move from welfare to work, to be responsible parents and responsible workers, not punishment but reward.

So we did that for 2 years, but there's still a real problem in America. Why are a lot of people not very happy? Because most Americans still have not felt any personal benefit from this economic recovery. This is a new thing in our history, and all the young people here should listen to this. We created all these new jobs in America with these productive American industries. Why aren't people happy? Because their wages aren't going up, right? And because a lot of people still feel uncertain about their jobs, and because another million Americans lost their health insurance last year who are in working families, and because millions of Americans are worried about their pensions. All these changes are going on, and people don't feel secure even when we create more jobs.

Now, how do you raise wages? There are only three ways to raise wages: You have to get more high-wage jobs in the economy. You can take less out of the pocketbooks of middle class wage earners and let them keep more of