

How do we maximize the impact of markets and still preserve the social contract? How do we give everybody who is willing to work a chance to get a job, to get an education, to have access to health care, and own a home and save for retirement? How do we grow the economy and preserve the environment at a time when climate change looms as a big problem, but there are many other environmental problems as well? How do we at home balance the demands of work and family when more and more people are in the work force but raising children is still our most important job? How do we take advantage of all the diversity and opportunities for self-expression that are now out there in the world, and the pulling back of the cold war, to promote community instead of chaos? Is the future of the world an American school district with kids from 180 different racial and ethnic groups, or is it the darkest days of Bosnia, Rwanda, Northern Ireland, the Middle East, and you name it? Is the future of the world the end of the nuclear threat and security for our children, or is it the rise of terrorists and organized criminals and narcotraffickers carrying around small chemical and biological weapons? Will we build community or chaos? These are some of the big questions we face.

And here at home, if everything is changing, what happens to your Government? What's our role? I have tried to fashion a new approach—not an old style, top-down bureaucracy that says we can handle all this, because, you know, in the global economy that's not true. But I have never been much in sympathy with the newly resurgent belief that Government is the source of all of our problems.

My view is that we need a Government that is committed to giving people the conditions and tools they need to meet their own challenges, to act as a partner and to act as a catalyst, consistent with what I think ought to be the guiding philosophy of every American, a simple one: opportunity for all, responsibility from all, a community of all our citizens.

The truth is our Federal Government today is smaller and less bureaucratic than it used to be, but it's also a lot more active than it has been in the recent past. Beginning in 1993, we moved to establish the conditions for a growing economy with a plan rooted in the realities of the global economy and respecting the role of the financial markets.

First, we restored fiscal discipline. When I took office in January of 1993, we were told that the deficit for this year was going to be \$357 billion. Instead, it is close to zero, and next year—next month I will send to Congress the first balanced budget for the coming year that we've had in a generation. This is something that ought to unite Americans, progressives and conservatives alike. Conservatives ought to like it because it's not profligate. Progressives ought to like it because it means we don't have to keep spending tax money paying interest on the debt; we can do more to invest in our people and our future. And most important, we all ought to like it because in the world in which we live, countries with irresponsible economic policies are punished in the global marketplace. They don't generate jobs; they don't lower unemployment; and therefore, they don't have the tax revenues they need to solve their common problems.

The second thing we've tried to do is to argue to the American people that America must lead in the global economy. A third of our economic growth has come from expanded exports, and that relates to the point we're making here today. We have to open markets, increase exports to make this new economy work for our people.

One of the things—sometimes I get a little credit for being able to communicate, but one of the things that I have not been able to communicate very well to a lot of people is that we cannot grow at home unless we help others to grow abroad; that with 4 percent of the population and 20 percent of the income, we can't keep growing unless we can expand the frontiers of our activity. And therefore, we ought to want our neighbors to do well by trading more with us, because they help us to do well as they buy more of our products.

An increasingly interconnected world financial system has helped to create this kind of strong economic system, the rising markets to which we have to export. But the international capital market is also a stern taskmaster, as we have seen in the last several weeks. When investor confidence flees, countries first have to put their own houses in order through serious and sustained economic reforms, just as we had to in 1993 so that we were serious about getting our economic house in order to get interest rates down, investment up, and to create jobs.