

very impressive to say we have the smallest Federal Government since John Kennedy was President, because we are a much bigger Government. But people want to know, "Well, how does that affect me?"

If you say we've saved \$138 billion that helped us balance the budget, bring interest rates down, and lower their mortgage rates, that's something people can understand. If you say we reformed welfare, that sounds good. But if you say we have the smallest welfare rolls in 29 years, and we have gotten a lot of people into the work force but helped them with child care and education and transportation—so we're not just putting out numbers and behind it there are human people suffering because they are cut out of the safety net—that means something.

If you can say to a small-business person, "It used to take weeks or months for us to process your request for a loan, and now it takes a matter of days," and the form was once an inch thick, and now it's a page long, that means something to people because it affects their lives.

And so I would say to all of you—I made a lot of jokes about it, but I do think we have to find ways to talk about this that make it interesting to our people and that bring it home to them, because that is the best guarantee of our continuing to work.

One other point I'd like to make is for national governments—most national governments have regulatory and other relationships with the private sector and also have financial relationships with local government. I believe a very important and increasingly important aspect of this whole reinventing Government issue will be, how do national governments relate to their private sector. We're trying harder and harder to do less regulation and instead to create incentives and frameworks to solve problems that meet national goals. How do national governments relate to local governments? This is very controversial in our country from time to time. My theory is, just because we gave out money last year in the way we've been giving it out for 20 years, in education, law enforcement, or any other issue, doesn't mean we should continue to give the money out that way if it doesn't work anymore.

We had this huge argument back in 1994 when we tried to pass a crime bill because, interestingly enough, our conservatives argued that it was wrong for the Federal Government

to give money to local governments only if they would agree to hire police officers and put them on the street and have them work in a certain way. But we had learned from local governments that work that that was all that works to bring the crime rate down. So we jammed through this bill, and the people who were against it screamed and hollered that I was presuming to tell police chiefs what to do. Nothing could have been further than the truth. The police chiefs told me what to do. And what we told the people, between the President and the Congress and the police chiefs, was, "You can't have this money unless you do what they say works."

And we now have the lowest crime rate in 25 years, the lowest murder rate in 30 years, partly because of the improvement in the economy but partly because law enforcement works better. We have gone 30 years in which we had tripled the crime rate—violent crime rate—and increased our police forces only 10 percent.

So I think that there is a way in which we should look not only to the internal operations of our own Government, how our systems work and how they serve the people, but how the relationship between Government and the private sector and national governments and local governments can work more effectively.

Finally, let me say that I think that we have—and I'm sure all of you already know this—but I think we have a very strong vested interest in each other's success. If we didn't learn anything from 1998 and the financial turmoil we experienced all over the world, it is that, in the world we live in, competition is good, but failure of our competitors is bad. Competition is good, but the failure of our competitors is bad. We want competition to work within a framework in which we all do better, in which we urge each other on, economically, socially, politically, every way, to higher levels of humane development—so that the United States, for example, clearly has an interest that when the Government of Russia tries to put in place a system that will fairly assess and collect taxes.

Quite apart from the obvious interest we have, and all of you do, in having a system that will help us to continue to reduce the nuclear threat, the United States has an interest in the success of governments in Asia developing regulatory systems that will minimize the spread of financial contagion. We have an interest in nations in Africa and in Latin America and elsewhere who are trying to develop with limited