

the hands of the people who buy goods and create jobs.

We must act quickly. The Chairman of the Federal Reserve has testified before Congress that tax cuts often come too late to stimulate economic recovery. So I want to work with you to give our economy an important jump start by making tax relief retroactive.

We must act now because it is the right thing to do. We must also act now because we have other things to do. We must show courage to confront and resolve tough challenges: To restructure our Nation's defenses, to meet our growing need for energy, and to reform Medicare and Social Security.

America has a window of opportunity to extend and secure our present peace by promoting a distinctly American internationalism. We will work with our allies and friends to be a force for good and a champion of freedom. We will work for free markets and free trade and freedom from oppression. Nations making progress toward freedom will find America is their friend.

We will promote our values, and we will promote peace. And we need a strong military to keep the peace. But our military was shaped to confront the challenges of the past. So I have asked the Secretary of Defense to review America's armed forces and prepare to transform them to meet emerging threats. My budget makes a down payment on the research and development that will be required. Yet, in our broader transformation effort, we must put strategy first, then spending. Our defense vision will drive our defense budget, not the other way around.

Our Nation also needs a clear strategy to confront the threats of the 21st century, threats that are more widespread and less certain. They range from terrorists who threaten with bombs to tyrants and rogue nations intent on developing weapons of mass destruction. To protect our own people, our allies and friends, we must develop and we must deploy effective missile defenses.

And as we transform our military, we can discard Cold War relics, and reduce our own nuclear forces to reflect today's needs.

A strong America is the world's best hope for peace and freedom. Yet the cause of freedom rests on more than our ability to defend ourselves and our allies. Freedom is exported every day, as we ship goods and products that improve the lives of millions of people. Free trade brings greater political and personal freedom.

Each of the previous five presidents has had the ability to negotiate far-reaching trade agreements. Tonight I ask to give me the strong hand of presidential trade promotion authority, and to do so quickly.

As we meet tonight, many citizens are struggling with the high costs of energy. We have a serious energy problem that demands a national energy policy. The West is confronting a major

energy shortage that has resulted in high prices and uncertainty. I have asked Federal agencies to work with California officials to help speed construction of new energy sources. And I have directed Vice President Cheney, Commerce Secretary Evans, Energy Secretary Abraham, and other senior members of my administration to develop a national energy policy.

Our energy demand outstrips our supply. We can produce more energy at home while protecting our environment, and we must. We can produce more electricity to meet demand, and we must. We can promote alternative energy sources and conservation, and we must. America must become more energy independent, and we will.

Perhaps the biggest test of our foresight and courage will be reforming Medicare and Social Security.

Medicare's finances are strained, and its coverage is outdated. Ninety-nine percent of employer-provided health plans offer some form of prescription drug coverage. Medicare does not. The framework for reform has been developed by Senators FRIST and BREAUX and Congressman THOMAS; and now is the time to act. Medicare must be modernized. And we must make sure that every senior on Medicare can choose a health care plan that offers prescription drugs.

Seven years from now, the baby boom generation will begin to claim Social Security benefits. Everyone in this Chamber knows that Social Security is not prepared to fully fund their retirement. And we only have a couple of years to get prepared. Without reform, this country will one day awaken to a stark choice: either a drastic rise in payroll taxes or a radical cut in retirement benefits. There is a better way.

This spring I will form a Presidential commission to reform Social Security. The commission will make its recommendations by next fall. Reform should be based on these principles: It must preserve the benefits of all current retirees and those nearing retirement. It must return Social Security to sound financial footing, and it must offer personal savings accounts to younger workers who want them.

Social Security now offers workers a return of less than 2 percent on the money they pay into the system. To save the system, we must increase that by allowing younger workers to make safe, sound investments at a higher rate of return.

Ownership, access to wealth, and independence should not be the privilege of a few. They are the hope of every American, and we must make them the foundation of Social Security.

By confronting the tough challenge of reform, by being responsible with our budget, we can earn the trust of the American people. And we can add to that trust by enacting fair and balanced election and campaign reforms.

The agenda I have set before you tonight is worthy of a great Nation.

America is a Nation at peace, but not a Nation at rest. Much has been given to us, and much is expected.

Let us agree to bridge old divides. But let us also agree that our goodwill must be dedicated to great goals. Bipartisanship is more than minding our manners, it is doing our duty.

No one can speak in this Capitol and not be awed by its history. At so many turning points, debates in these chambers have reflected the collected or divided conscience of our country. And when we walk through Statuary Hall and see those men and women of marble, we are reminded of their courage and achievement.

Yet America's purpose is never found only in statues or history. America's purpose always stands before us.

Our generation must show courage in a time of blessing as our Nation has always shown in times of crisis. And our courage, issue by issue, can gather to greatness and serve our country. This is the privilege and responsibility we share. And if we work together, we can prove that public service is noble.

We all came here for a reason. We all have things we want to accomplish and promises to keep. Juntos podemos, together we can. We can make Americans proud of their government. Together we can share in the credit of making our country more prosperous and generous and just, and earn from our conscience and from our fellow citizens, the highest possible praise: well done, good and faithful servants.

Thank you all. Good night. And God bless.

(Applause, the Members rising.)

At 9 o'clock and 59 minutes p.m. the President of the United States, accompanied by the committee of escort, retired from the Hall of the House of Representatives.

The Deputy Sergeant at Arms escorted the invited guests from the Chamber in the following order:

The members of the President's Cabinet;

An Associate Justice of the Supreme Court of the United States;

The Acting Dean of the Diplomatic Corps.

JOINT SESSION DISSOLVED

The SPEAKER. The Chair declares the joint meeting of the two Houses now dissolved.

Accordingly, at 10 o'clock and 5 minutes p.m., the joint meeting of the two Houses was dissolved.

The Members of the Senate retired to their Chamber.

MESSAGE OF THE PRESIDENT REFERRED TO THE COMMITTEE OF THE WHOLE HOUSE ON THE STATE OF THE UNION

Mr. THUNE. Mr. Speaker, I move that the message of the President be referred to the Committee of the Whole House on the State of the Union and ordered printed.