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GENERAL THEMES

Q: Do you think 1975 was a good year for the United States?

A: It was another year of testing for the country, and I think we can take pride in how well we have come through it. Personally, I'm very encouraged as we enter our third century as a nation. I'm certainly not satisfied with conditions as they are today, but all of us have growing reason to be hopeful and confident about the future.

We should recognize just how far we've come in 1975 in three critical areas: the economy, foreign affairs, and restoration of public confidence in the government.

Economy: Early in the year, the economic outlook was bleak:

-- We were still experiencing the worst inflation in our peactime history;

-- At the same time, we were sliding into the worst recession in more than a generation;

-- Unemployment reached 9.2 percent in the spring.

-- There were widespread fears of another great depression.

Then before mid-year, the economy reversed course. By recent historical standards, the recovery is off to a healthy, solid start and promises to continue until at least 1977.

We have already made a good deal of progress:

-- Inflation has been cut almost in half since the beginning of the year.

-- 1.4 million jobs have been created since \_\_\_\_\_, and we have shaved almost a full point off the peak unemployment rate.

-- Personal income has risen \_\_\_\_\_ percent on an annualized basis since the recovery began.

Instead of fearing a depression now, we can look forward to 1976 as a year of economic growth, a year of lower inflation, and a year of lower unemployment. This doesn't mean that we will eliminate all personal hardships in 1976; we won't. The deterioration in our economy has taken place over so many years of mismanagement that we can't restore our economic strength overnight. But we are moving in the right direction now; we are building a firm foundation for the future. And that's what counts.

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International: On the foreign front, this was also a year of severe testing for the United States. Both our friends and our adversaries were asking: Has the United States lost its nerve? Can we still count on the U.S. as a world leader in the struggle for peace and social justice?

-- As an end of an era came in Indochina, there were grave and genuine fears that America would abandon its responsibilities for peace in the Pacific.

-- Our European and Japanese friends were anxious about their relations with us.

-- The nations of the Middle East seemed to be drifting toward another outbreak of war.

-- The developing nations were reeling from the economic impact of higher energy prices and a deepening world recession.

-- And we could not be certain of the Soviets' intentions.

Again, as one surveys the horizon today, I think there is evidence of substantial progress:

-- While none of us would want to relive the final agony of Indochina, all of the nations of the Pacific know that the United States remains a firm and reliable partner in that part of the world. We are not shamelessly retreating from our responsibilities.

-- We have held extensive diplomatic and economic summit meetings with our Atlantic and Japanese allies, and we now enjoy greater cohesion on major issues than at any time since I've been in Washington.

-- In the Middle East during August and September, the mediating efforts of the U.S. helped to produce a major interim peace accord between Egypt and Israel, advancing us toward a just and comprehensive peace for the entire region.

-- In Cyprus, with our encouragement after the embargo was lifted, the parties began to move closer to a negotiated solution.

-- We have set forth very generous proposals regarding the developing world and have definitely improved our relations with many of those countries.

-- We have also strengthened and reaffirmed our ties with the People's Republic of China and are moving toward the normalization of relations.

-- With regard to the Soviet Union, we have made considerable headway toward resolving the key issues in the Salt Talks, we have signed a major 5-year agreement on grain purchases in which the Soviets agree to purchase \$1 billion of grain annually, and in Helsinki this July, at the 35-nation summit conference, we signed an agreement that we feel enhances the prospects for both greater stability and for expanded human freedoms. These are important milestones in the process of easing the strains between the U.S. and the USSR. At the same time, of course, we are extremely wary of the Soviets' growing military strength and we have made it clear that outside aid to the combatants in Angola endangers the spirit of cooperation that exists between our countries. Detente is a two-way street; we will not permit the other side to have it both ways.

With the exception of Angola, however, I believe that the international community is more stable today than it was a year ago. The major nations of the world are at peace, and there is renewed recognition that the United States remains the single greatest force for peace anywhere in the world.

Crisis in National Leadership: Finally, we have to recognize that at the beginning of 1975 the United States was still adjusting to a change in this office. The crisis

in leadership that had already affected so many of our other institutions -- business, the church, the professions, etc. -- now embraced the Presidency itself. I was the unelected President in our history; in addition, I was the second President in more than a hundred years to be elected into office with the Congress dominated by the opposition. Naturally, there was great uncertainty about the future of the country.

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Looking back, I think it is safe to say that we have now weathered the worst of the storm. Public confidence and trust in the Presidency, which has been slipping for several years, is clearly rising again. Since restoration of public faith in all of our institutions as well as in the democratic process itself is essential for the future of our country, I view this as one of the major accomplishments of my Presidency.

So in these three areas -- in our search for new prosperity, in our quest for peace, and in our efforts to shore up public confidence -- 1975 has been an encouraging year. We are building solid foundations for our third century together as a nation, and all of us should take pride in our progress.



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GREATEST DISAPPOINTMENTS OF 1975

Q: What has been your greatest disappointment this year?

A. Probably my greatest disappointment has been the insistence by the Congress in limiting the powers of the Executive Branch in foreign affairs. The President of the United States cannot conduct a totally effective foreign policy with one hand tied behind his back.

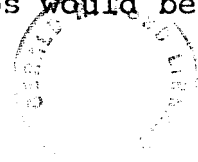
Having served for a quarter of a century in the Congress, I am well aware of the dangers of an "imperial Presidency", but the pendulum swung too far in the other direction in 1975.

Three instances in particular come to mind:

(1) The refusal of the Congress to provide emergency aid to South Vietnam in the closing days of the war, which only enlarged the tragedy that occurred there.

(2) The embargo on aid to Turkey, which -- as we argued at the time -- made it more difficult to reach a negotiated settlement on Cyprus, weakened our ties with Turkey, and threatened the eastern flank of NATO.

(3) Senate vote to cut off aid to Angola. The question in Angola never has been whether American troops would be



introduced there -- they won't be -- but whether the U.S. would acquiesce in Communist expansionism thousands of miles away from the Soviet borders. It is very important that the Senate vote to reverse its position when it returns from recess.

STALEMATE IN WASHINGTON

Q. Many have characterized 1975 as a year of stalemate in Washington where neither the President nor the Congress could exercise its will. Some also argue that we need a Congress and a President of the same party in order for the country moving again. What do you think?

A. In view of the extraordinary situation in which we find ourselves -- an unelected President facing a Congress controlled by the other party -- I think that we achieved more legislative progress in 1975 than people first

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(1) Holding Down Deficits -- Many observers thought the Congress would push through a program that would give us a deficit of more than \$100 billion for FY 1976. I think we managed to rally the country against such an irresponsible program and we managed to hold the deficit to about \$30 billion less than that. The deficit is still too high for our own good, but it is certainly better than what was widely expected.

(2) Energy -- Although the pricing provisions of the energy bill leave much to be desired, the compromise package enacted late in the year achieved about half of the mid-term energy goals that I set out in January and put us on the road to energy independence.



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(3) Tax Cuts/Spending Cuts -- Again the bill finally enacted fell far short of what I wanted, but it did provide an extension of tax relief and for the first time in our history, the Congress has now pledged to tie the size of the budget to the size of future tax cuts. That is a major breakthrough.

(4) New York City Aid -- By standing tough early in this crisis, I think we provided a catalyst for New York to take primary responsibility for solving its own problems and we were able to devise much better Federal legislation. In a very real sense, as I have said before, New York City bailed itself out.

(5) Housing Legislation -- (Domestic Council: Please fill in.)

When you look over the record, then, it is inaccurate to say that we have had a legislative stalemate in 1975.

But let me add this thought: if the American voters would return a Republican Congress to me in 1977, I can guarantee we would make far more progress toward reducing inflation and creating new jobs than anything we have seen in 1975. As far as our advances toward peace and prosperity, it would be like replacing the tortoise with the hare.

## USE OF VETO POWER

Q. Some has asserted that your extensive use of the veto has given your Presidency an essentially negative character in 1975. How do you respond to that?

A. Let's look at it this way: suppose about 5 or 10 years ago I had been elected Mayor of New York City and I was asked to approve measures that would raise the salaries of municipal workers far above other cities, that would give pension benefits to municipal workers enjoyed in no other city, and that would ensure the city was headed toward bankruptcy.

If, as mayor, I had vetoed those measures, I am certain that many would have said I was being very negative, that I lacked social compassion, etc. But with the hindsight provided by current history, we could see today that those vetoes would have been very positive acts -- acts to preserve the financial integrity of the city and prevent many of the personal hardships that are being experienced in New York City today.

In many ways, what I am trying to do today parallels what really should have been done in New York City several years ago. I want to save the economic integrity of the United States itself. And in retrospect, my vetoes of big spending bills will ultimately be seen as the positive act they represent. I sincerely believe that every veto of my

Presidency can be totally justified on the basis of the best, long-run interests of the country.

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Two other points can be made about the vetoes:

(1) So far, bills vetoed in the 94th Congress have saved the taxpayers \$7.6 billion in outlays and bills vetoed during the 93rd Congress have saved them \$1.6 billion -- a total of \$100 for every man, woman and child in the country.

(2) Frequently, use of the veto power has compelled the Congress to come up with better legislation. Best example: the tax cut/spending cut veto which led to inclusion in the measure of good-faith pledge by Congress to tie future tax cuts to spending cuts of the same size. Other examples: (Domestic Council: Please provide.)

PRESIDENT AS PARTY LEADER

Q. Some have speculated that your decline in the polls during the latter part of 1975 is a result of your travels on behalf of the GOP. Do you now think those trips were a mistake?

A. I realized at the time that my trips would not be politically popular, but I had two goals in mind that made them worthwhile:

-- First, I wanted to preserve the vitality of the Republican Party in our national life. By making these trips, I collected not a dime for my own campaign but I helped to raise some \$\_\_\_ million for the Republican Party state organizations, helping to erase many of their deficits. I am a strong believer in the two party system; I think it's healthy for our democracy, and to the extent that my trips helped to preserve that system, I think they were well worth the cost to me in the polls.

-- Second, I recognized that my Presidency was unique. By virtue of circumstance, I became the head of my party without a formal nomination or election. In those circumstances, I thought I owed it to the people who are the backbone of that party to meet with as many of them as I could and to talk together about our hopes for the future of the



country. The trips were very worthwhile from this perspective, too.

So, to answer the question, I regret that the trips did have a negative impact upon the polls, but I am still convinced they were necessary and worthwhile.

## MOOD OF THE COUNTRY

Q. How would you characterize the mood of the American people during 1975?

A. Troubled, uncertain, but still very hopeful about the future.

The people of this country have been buffeted by some very strong storms in the last few years -- urban riots, Vietnam, Watergate, record inflation, and a deep recession. Personal values are in flux, many of our social institutions have fallen from favor, and modern technology has transformed the world into a very complicated place to live. It is only natural that the public is troubled and uncertain.

But what is remarkable is how well we have come through these ordeals and how hopeful and optimistic people remain in their daily lives. I think that is a great tribute to the American spirit and will serve us well during our third century as a people.

I feel the same sense of confidence about the future as William Faulkner when he received the Nobel Prize for Literature and observed that "man has not only survived but endured".

WHAT'S RIGHT WITH AMERICA

Q. Why are you so optimistic about the country's future?

A. Because this country has enormous assets that have never been matched anywhere before:

-- Of some 150 nations in the world today, only two dozen can still be counted as democracies today. Human freedom is shrinking in many parts of the world, but here in the U.S., we remain committed to the democratic process and to the preservation of our basic liberties. I worry a great deal about the threat posed by government to those liberties, but the tide is clearly turning against Big Government in the U.S.

-- For all its flaws, our economy remains the most dynamic in history, helping us to achieve the highest standard of living in the world. With some 6 percent of the world's population and 7 percent of the world's land mass, we produce more than a third of the world's goods and services.

-- Our farmers are also the most productive ever known and are doing more to prevent starvation and hunger in other lands than anyone in the world. An average American farmer now feeds 50 other people with a nutritious diet.

-- In the last 15 years, poverty in this nation has been cut in half.

-- Our abundance and generosity have joined in providing the most extensive program of economic and humanitarian aid to other countries in history -- over \$100 billion since World War II.

-- Life expectancy in the U.S. has been dramatically increased.

-- And today we have twice as many students going to college as in the 1950s, and I sense that their values are, if anything, more soundly based than those of my own generation.

So there is much to be optimistic about when it comes to the future of America. Certainly our society has its troubles and its flaws. And we must work to correct them. But in so doing, I would hope that we would recognize the many things that are right about America and build upon them.



GOALS FOR OUR THIRD CENTURY

Q. What goals would you set for America as it begins its third century?

A. To me, the American Dream will become a reality when we can meet essentially three goals:

-- A nation at peace with its neighbors and with itself;

-- A nation where the fruits of happiness and prosperity are equally available to every man and women, regardless of race, creed, sex or national origin;

-- And, a nation where personal liberty remains precious. untrammelled by Big Business, Big Labor, and most importantly, Big Government.

That's my personal vision of the America I want for my children, and that is the America to which I am dedicating my Presidency.

NEW YEAR'S RESOLUTION

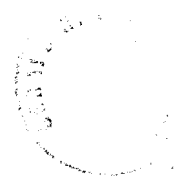
Q. Have you made a New Year's resolution for 1976?

A. (Please fill in.)

Governmental Reform Theme  
for the  
State of the Union Address

Some years ago President Eisenhower eloquently warned Americans of the potential dangers inherent in the growth of the military industrial complex. Today I would warn of a different and more significant threat-- the degree to which government has come to interfere in our lives and reduce our individual freedom. Just as in the troubled times of our Nation's birth, our freedom is again being actively and seriously threatened. Today, however, the threat to individual liberty is much more complex than it was in 1776. It is being endangered by a swollen Federal government whose concerns are often remote from those of the average American. For the last year and a half, my Administration has been working to wage a new revolution against the tyranny of an entrenched and distant bureaucracy.

Starting even before 1776, the American way was to rely on individual initiative and freedom as a way of providing for our economic needs. Over the last several decades, however, we have departed from this trust in individual initiative and consumer choice. For good reasons and bad, we have expanded government's role and the scope and detail of government controls. We have created a



governmental system which is more and more rigid and less able to respond to changing conditions. In an increasingly complex society, government's role should be to assist in the search for solutions to our problems. But government as we now know it has gone too far. Useless government activities have expanded geometrically at all levels. The privacy of individuals and organizations is invaded by a host of new government inquisitions and questionnaires. Incursions on our civil liberties by excessive government snooping have reached an all-time high. Our economy staggers under a variety of senseless and outmoded rules and restraints imposed by government.

This government expansionism began in the Depression era. In those crisis times, we as a people lost faith in the individual--turning instead to "Uncle Sam" to provide the answers. As a result, vast impersonal bureaucracies were created to resolve a myriad of economic and social problems. New government agencies were created to help reduce unemployment. New laws helped stabilize financial markets. New regulations helped protect failing businesses. At the time, these were practical solutions to very critical and immediate problems. Over time, some of these programs disappeared as the need for



their existence waned. However, many others are still on the books. But more important than these individual policies and programs, this era produced a philosophy of government activism which persists today.

In our compassion to solve urgent human problems, we have designed over the years a governmental structure which has undermined individual choice and initiative. The creative and innovative talents of the American people--long the hallmarks of our free society--have been ensnarled in a web of government programs and controls which no longer achieve their intended social and economic goals. We have set up complex and highly administered systems designed not merely to complement or supplement individual choice and initiative but to supplant it.

Government is omnipresent--regulating, subsidizing, allocating. It is highly susceptible to manipulation by highly organized interest groups seeking to use government for their own ends. In order to stop the growth of government by special interest, individual citizens must understand their system of government, and must know its costs as well as its benefits.

The time has come for all of us to insist on the development of a responsible system of government to ensure that decisions are made in the public interest. But fundamental change is a slow and difficult process. Once certain groups learn how to manipulate the system and benefit from it, they will resist any attempts at reform. Their cries vehemently resist any change, drowning the protest of individual Americans whose taxes pay for those benefits. Benefits that would result from reform of this system are so diffused through the population that it is hard for any identifiable group to achieve needed reforms. All too often individual taxpayers are generally aware of the problem, but they hope that their neighbor will make the effort to do something about it.

Even the most visibly wasteful and inequitable public programs survive as a result of a powerful allegiance formed by the congressional committees that authorized and fund a program or agency, the bureaucrat who administers it, and the interest groups who are its beneficiaries.

Considering the resources that are usually mobilized in opposition to specific reforms, it is little wonder that progress is so slow. The opposition forces are generally

small in number, extremely well organized, and able to bring pressure to bear on decisionmakers in a forceful manner.

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Faced with the challenge of bringing about fundamental change, my Administration has established a wide-ranging program to reduce the size of government and its intervention in every aspect of our daily lives. First, I have announced my intention to reduce the level of Federal expenditures. Federal, State and local spending in the past decade has raged largely out of control. It was only 12 years ago that President Johnson was engaged in a struggle to hold Federal spending below the \$100 billion level. Today, my Administration is attempting to keep spending below \$400 billion.

I have set in motion a fundamental examination and reform of our system of government regulation. The basic objective of this program is to eliminate government regulation which is anticompetitive, antisocial or contrary to the public interest. The beneficiaries of this program will be the economy and the society as a whole. To accomplish this, I have already submitted a number of legislative proposals.

In the energy field, I have proposed legislation to deregulate the price of natural gas to provide incentive for more abundant supplies.

I have also forwarded bills to the Congress seeking major changes in the regulatory system governing our railroad, airline and trucking industries. These bills will promote greater competition in these industries, and result in lower fares and a wider variety of services.

In the banking and financial fields, I have proposed legislation to ensure that competitive interest rates are paid to small depositors or investors and more diversified services are provided to all customers.

Recently, I signed into law a bill which repeals State Fair Trade laws so that consumers can take advantage of discount pricing on "brand name" merchandise. The cooperation between the Congress and the Administration on this bill should serve as an example for all regulatory reform legislation.

In addition, I have proposed legislation to sharpen the legal tools and resources of the antitrust activities of the Justice Department. This will serve to protect the public from that small minority of the business community that might attempt to profit from deregulation by engaging in illegal business practices at the expense of the consumer.

I have also signed legislation that establishes a commission to reduce the extraordinary burden of Federal paperwork. Finally, I have directed the Executive Branch agencies to conduct inflation impact analysis of major activities and legislative proposals they support.

(OTHER EXAMPLES OF ADMINISTRATION ACTIONS

TO REDUCE GOVERNMENT e.g., changes in housing policy, Federal personnel reductions etc.)

These measures constitute important first steps. They represent some fundamental changes in the roles of government and private enterprise. I intend to work closely with the Congress to see that this legislation is passed and I will continue to hold a public dialogue on additional areas needing reform. I also intend to develop reform proposals for other areas of government regulation is inappropriate or excessive.

In many cases, there will be strong resistance to these initiatives by special interests who argue that regulatory reform is good in other industries but that change in their industry will be disruptive. We must overcome this reaction and continue to advocate changes which will have a positive impact on the Nation as a whole.

While I intend to exert every effort to modify anti-competitive economic regulation, I also believe that we must begin to review the vast apparatus of Federal social regulations that has been set up in the last two decades in pursuit of the purest of motives.

I intend, therefore, to review Federal safety and health regulations in order to assess their effectiveness in accomplishing their goals without imposing excessive costs on consumers. It is my belief that there are often more efficient, less expensive ways to accomplish these objectives.

My Administration will make appropriate administrative changes and propose new legislation to reduce the size of the Federal government and the emphasis on enforcement of mandatory standards.

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Our overall goal must be the restoration of individual choice and individual initiative as the guiding principles of our Federal system.

We must reexamine our government to discover

why we have allowed our individual freedoms to become restricted. We must ask the fundamental questions--Why have we permitted a remote Federal bureaucracy largely to determine not only what our social and economic objectives will be but also specific, detailed means by which they will be achieved? To what extent can we counter this trend toward bureaucratic domination with increased competition, more information to consumers and increased individual participation in policy decisions?

We must also look more critically at the way we are attempting to fulfill certain necessary and desirable social goals--improved quality of the environment and the health and safety of workers and consumers. It is my belief that there are often more efficient, less expensive ways of accomplishing these objectives. By creating a new coalition of informed consumers,

responsible businessmen, public-minded Congressmen and a concerned Administration, I believe we can reduce the Nation's dependence upon ponderous, expensive, and often ineffective government.



THE WHITE HOUSE

WASHINGTON

MEMORANDUM FOR THE ECONOMIC POLICY BOARD

FROM: ED SCHMULTS  
PAUL MacAVOY

SUBJECT: The State of the Union Address

This year the State of the Union Address is more important than in recent years. It represents the most public opportunity for the President to state in a clear and comprehensive way what he sees as the goals for the United States through the end of his full four-year term.

While parts of the Address must properly deal with current issues such as national security and energy policy, we believe that a major theme must be the sustained threat to individual opportunity and freedom posed by the growth of massive and uncontrollable government. Today the threat to individual liberty is enhanced by a swollen Federal bureaucracy controlled by organized interest groups whose concerns are remote from those of the average American.

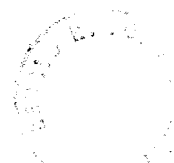
The President has attacked the problem of massive government in a variety of ways. First, by proposing the tax reduction tied to a spending ceiling, he has tried to assure that the proportion of GNP spent by the Federal establishment will decrease rather than increase over the next period of years.

The President has also launched a major campaign to free our economy from costly, inefficient, and outmoded government regulation. He has submitted to the Congress a comprehensive legislative program designed to produce a competitive and efficient transportation system free from unnecessary government regulation. He has also proposed elimination of Federal rate regulation of natural gas in order to stimulate extensive exploration for new gas supplies. In the future he will be looking at Federal health and safety regulation in order to propose elimination of excess government standard setting and surveillance.

Many newly elected officeholders such as Governors Brown of California, Dukakis of Massachusetts, Boren of Oklahoma, and former Governor Ronald Reagan have achieved significant popularity by attacking the evils of bloated and inefficient government. The President's record certainly exceeds their rhetoric and he ought to take credit for his performance in his State of the Union Address. He should explain as well that the President cannot succeed in this fight alone. Powerful and highly organized pressure groups are already arrayed against him. These pressure groups control large elements of the regulatory commissions and agencies.

While others talk during campaign '76, the President must lead. He must also clearly identify the opposition and attack it.

Attached are two items setting forth some proposed draft language for the President's Address. One contains "general theme" and regulatory reform language; the other only regulatory reform paragraphs. We emphasize that the drafts are "committee products" and so suffer somewhat from a lack of consistency and redundant themes. We would appreciate your views on the tone and the direction of the drafts.



DISCUSSION OF FISCAL POLICY  
IN THE STATE OF THE UNION

One year ago in my first State of the Union Message I stood before you and acknowledged that "the State of the Union is not good." I went on to recount the state of the economy characterized by millions of Americans out of work, inflation eroding the incomes and the savings of millions more, prices too high and sales too low. The year we had just ended was characterized by double-digit inflation and skyrocketing unemployment. Production, sales and employment were declining precipitously as the economy was midway through the deepest recession since World War II.

Change is often so incremental that it clouds our remembrance of the state of events even a year past. One year ago I declared that the time had come to move in a new direction. I am pleased to report today that much progress has been made. A brief review illustrates the substantial gains that have been achieved. The double-digit inflation of over 12 percent in 1974 was reduced during 1975 to about 7 percent. During the spring of 1975 the unemployment rate peaked at 9.2 percent. Since that time the economy has begun to recover. The size of the total labor force has grown by 1.5 million people, and the unemployment rate is 8.3 percent and falling. The Gross National Product is again rising at an annual rate of growth of about 8 percent during the last two

quarters of 1975. We began 1975 with the greatest burden of excessive inventories in our history and ended the year with inventories at approximately normal levels.

Now that the recovery is underway, it is even more important to focus upon the problems which we will confront in the coming year and beyond. Unless we proceed carefully we may exacerbate these problems and greatly increase the chances of setting off another inflation-recession cycle. We must not allow the seeds of future inflation to be planted by fiscal and monetary excesses in 1976.

Past Administrations and past Congresses have failed to resolve the recovery-inflation dilemma. This has made consumers and businessmen wary, watchful and mindful of the risks of the policy alternatives we now face. Past experience indicates that it is easy to continue expansive policies but that it is very difficult to curb budget deficits and hold monetary expansion to rates consistent with high-employment price stability. This is especially true in an election year. Past mistakes have created a situation in which the recovery itself is dependent upon confidence that policy will become significantly less expansive when and as circumstances require.

The budget deficit must be closed as the recovery proceeds. Unless we are able to curb the rapid rise in Federal spending, this

cannot be done. We cannot delay this task until after the election.

Unless this Administration and this Congress acts in 1976 we will have waited too long.

This section would continue with a discussion of the President's budget and tax programs and why they are consistent with the objective of restoring sustained economic growth without inflation and advancing individual freedom and opportunity.

EPRB

OVERALL THEME FOR THE STATE OF THE UNION

The State of the Union Message provides the President a unique opportunity to outline his vision for America during the coming five years and for the remainder of the Twentieth Century. The unifying theme of his speech might appropriately be the need to maintain and advance individual freedom and opportunity. Our heritage of ordered freedom is a precious legacy in an age when it has become increasingly apparent that genuine freedom is a hard won and fragile achievement. In our increasingly complex society it is difficult for individuals to meaningfully participate in the decisions that affect their lives and not to feel swallowed up by the bigness of the institutions around them.

Moreover, the speech can emphasize that individual freedom and opportunity can be enhanced within a context of sustained economic growth, improvement in the quality of life in our land, and maintenance of a stable world order.

The achievement of these goals will not be easy. Ours and other representative governments face a series of serious challenges. Can we resist the political temptation to always respond to the demands of the present at the expense of the future? Can our government discipline itself sufficiently to restore stable high-employment prosperity without inflation? Will taxation and inflation together dry up the savings necessary for adequate investment? Can government control the pressures to

favor consumption at the expense of capital?

In answering these questions we should remember the foundations of our governmental system and of our economic greatness. Our nation was built through incentives not guarantees, through opportunity not welfare. The most serious threat to individual freedom and opportunity is that posed by the growth of massive government.

The address can outline the ways that the President has and proposes to continue his attack on the problem of massive government. His proposal for a tax reduction coupled with a spending ceiling is designed to prevent the proportion of the Gross National Product spent by the Federal Government from increasing in the next five years. He has launched a major campaign to free the economy from costly and anti-competitive government regulation. He has attempted to contain the growth of income transfer programs by requiring more stringent but equitable standards for the operation of these programs.

We must marshal the discipline to counter the bias in public policy in favor of consumption at the expense of savings; the bias in favor of the spendthrift present at the expense of the future. Capital starvation is the economic peril of Western capitalism generally and an immediate challenge to the strength and breadth of the current economic recovery. Restraint of government expenditures and limiting the size of the budget deficit are critical if adequate capital formation is to occur.

## Philosophical Theme for the State of the Union Message

Some talking points for meeting on December 16.

1. The State of the Union Message must have a historical perspective. It also must have a style and rhetorical tone that sets it apart from the President's other speeches. The speech must articulate ideas that will excite the opinion makers since much of its impact will be determined by what the opinion makers say and write about it. Thus, we recommend that a group of historians and political thinkers be brought together to work on the State of the Union. A particularly valuable and accessible resource would be Daniel Boorstin.

### 2. Historical perspective

(a) Difference between the country two hundred years ago and today: very rapid change; agricultural to industrial society; predominance of city and suburban living.

(b) Depression economics operated on the theory that the infusion of massive sums of money could cure the ills. This is no longer a viable economic approach.

(c) Historical watershed in recognition of Rambouillet that domestic economic policies affect other nations; increasing economic interdependence.

### 3. Equality at the starting gate

What government should do: Government should create the conditions which enable people to accomplish their goals by individual effort; government should bring its citizens to a fair point on the starting line. At the same time, we must be cognizant of the fact that the starting line can and does shift with changing conditions. Two examples: (1) unionization and the civil rights ethic have made profound changes in how we define equality at the starting gate; and (2) employment is not always within an individual's control and thus a starting gate principle of government as the employer of last resort is a concept that must be responded to.



Belief in equality at the starting gate would be inconsistent with utilization of the tax base as a mechanism for redistributing the wealth, a philosophy espoused by a number of the Democratic Presidential candidates.

4. Personal values and dignity, participation, community

(a) Must recognize that the blue-collar worker is performing work of equal dignity and value with that of the white-collar worker.

(b) As we have shifted from a society of farmers and small business owners to a society in which employment by large entities is prevalent, we must do something to restore the sense of personal worth which we have lost. Suggestion: Encourage the participation of employees in the equity and management of the businesses in which they are employed. Such participation can be encouraged through tax legislation.

(c) We must seek the restoration of decency and Christian charity between individuals, among governments, etc. The community spirit must be rekindled in our Bicentennial.

5. Quality of life

If we talk in terms of the quality of life rather than conspicuous consumption, there are new economic frontiers. A concentration on quality of life is consistent with the views of individualism, personal values, and the community.



What relations are important to the responsibilities of the President?

- relation between freedom and the pursuit of happiness;
- relation of social, bodily and spiritual well-being to freedom;
- relations between people upon which the social, bodily, spiritual well being of each depends;
- the effect of our government on those dependent relations among our citizens and between our citizens and the people of other countries.

Note that the basic relation is between freedom and pursuit of happiness.

"Life, liberty, and the pursuit of happiness" are three inalienable rights which were held by the Framers of our Declaration of Independence to be self-evident.

But they are not separable rights, because liberty depends on life and the pursuit of happiness depends on liberty. Life and liberty are not ends in themselves. They are important only as they contribute to the successful pursuit of individual happiness.

Although there is no common understanding of happiness, and what constitutes the achievement of happiness, we all realize that self-fulfillment in numerous possible ways makes for personal happiness. We also know that without liberty or freedom, self-fulfillment is an impossible goal. Beyond that we have no very precise ideas about self-fulfillment or happiness and certainly none that would be generally applicable and definitive. For the very reason that happiness is a highly personalized condition and not generally definable, it is more important that the common concern should be with achieving and preserving liberty rather than prescribing individual happiness, even though it is personal happiness which is the ultimate goal. Thus, the other relations which ~~are~~ most important to ~~my~~ <sup>the</sup> responsibilities <sup>of the</sup> as President all have to do directly or indirectly with freedom.

Freedom of people as a means to their happiness and therefore a prevailing injunction upon government is the idea that is basic to Western philosophy and at the heart of every political system which rejects authoritarian government. In two hundred years of history as a nation committed to freedom for its people -- and for people the world over -- this nation of ours should have come to know a good deal about freedom. We ought to know very well the essential conditions of freedom and how they can be preserved and enhanced. Yet, our understanding



of freedom seems less clear and decisive than in the past and our appreciation of its importance has declined. The reason is that we have lost the ability to look upon other desirable conditions as related to freedom and not as ends or goals in themselves.

In the early history of ~~our~~ <sup>can be looked</sup>  
Material well-being can be looked  
upon as a result of ~~behavior by~~ <sup>of the degree</sup>  
~~on which pursuit of happiness~~  
~~retains~~ <sup>the freedom of economic</sup>  
~~choices~~ which the people of the  
United States ~~may~~ exercise in pursuit  
of happiness. Thus,

One major confusion is whether  
the material well-being of Americans  
is the result of freedom of economic choices  
or whether failures of government  
to assure such well-being threatens  
individual freedom.



President saw in  
August '75

FRAMEWORK FOR DOMESTIC COUNCIL REVIEW

The following set of themes and principles represents a conceptual framework for the Domestic Council Domestic Policy Review. It is intended that this framework would permit the consistent analysis of major issues and guide alternative decisions on the various proposals.

The themes and principles are consistent with the President's policy preferences. Although they are not totally interdependent, they are intended as a coherent set.

Theme 1: FORGING A NEW PHILOSOPHIC CONSENSUS

Associated Principle

A stable domestic policy philosophy should be developed which bridges the stalemate between the social-activist policies of the early '60s and the anti-centrist improved governmental management policies of the early '70s.

Theme 2: ASSURING CONTINUED AMERICAN INDEPENDENCE

Associated Principle

To assure an adequate supply of resources essential to the continued vitality of the American economy, the United States must either produce them domestically (or produce economically and environmentally acceptable substitutes); or, through foreign policy, we must assure that such supplies are available on a stable and economically acceptable basis.

Condo - best by building on strengths of  
America in past.



Theme 3: BUILDING ON AMERICA'S PROVEN STRENGTHS

Associated Principles

- a) Governmental policy should be consistently guided by an appreciation of the essential value of work.
- b) Governmental policy should be consistently guided by an appreciation of the essential value of incentives for enterprise, initiative and innovation.
- c) Governmental policy should be consistently guided by an appreciation of the essential value of respect for the individual -- individual choice, individual dignity, and individual privacy.
- d) Governmental policy should be consistently guided by an appreciation of the essential value of the widespread distribution of power.

Theme 4: FOSTERING SUSTAINABLE ECONOMIC GROWTH

Associated Principles

- a) Government policy must be concerned about BOTH inflation and unemployment.
- b) Governmental policy must weigh the secondary costs of apparently beneficial intervention - and consider the net relationship of benefits to TOTAL costs in setting policy.
- c) Efficient infra-structure must be viewed as essential to the economic health of an increasingly complex society.

Theme 5: MAKING BEST USE OF LIMITED RESOURCES

Associated Principles

- a) When intended benefits can be more efficiently provided without large bureaucracies and large administrative costs, limited resources ought not be spent to support these costs.



- b) The limited resources perspective must be system-wide.
- c) Limited public resources spent for the provision of services or direct benefits, in the social program area, ought to be focused on the problems of the most needy -- the poor and those unable to help themselves.
- d) Limited resources ought not to be spent on full-scale programs where the effectiveness of the basic program technology has not first been satisfactorily tested on a meaningful "pilot" scale.

Theme 6: INCREASING GOVERNMENTAL RESPONSIVENESS AND ACCOUNTABILITY

Associated Principles

- a) Government ought not to try to do on full scale what it cannot satisfactorily do on a pilot basis.
- b) Governmental roles and responsibilities ought to be allocated among levels of government in a way that places the burden of justification on those who would centralize functions (and thereby tend to render government less responsive to local preferences).
- c) The burden of justification must be placed on those who would "complexify" government -- the simpler it is, the easier it is to comprehend, to administer and to hold accountable.
- d) Administrative procedures must be devised and applied to prevent fraud and to ensure quality control.
- e) Executive functions -- whether delegated or not -- ought to be within the control and direct responsibility of identifiable elected officials.





Theme 7: RESTORING A SENSE OF FAIRNESS

Associated Principles

- a) Those situated similarly in need ought to be treated similarly.
- b) Among those expected to work -- as also among those who (by virtue of age or health status) are not expected to work -- those who earn more ought not, by governmental action, be placed in a position of net disadvantage relative to those who earn less.
- c) Those who are needy and unable satisfactorily to help themselves ought to receive some minimal set of benefits as a matter of humane concern.
- d) To the extent that a prior history of unfairness has left a group disadvantaged, governmental intervention may be justified to restore a sense of fairness.

To: Phil Buchen

From: Bobbie Kilberg

FYI &/or  
Comments

THE WHITE HOUSE  
WASHINGTON

December 5, 1975

MEMORANDUM FOR: JAMES M. CANNON

FROM: JUDITH RICHARDS HOPE

SUBJECT: Women's Rights -- State of the Union Message

Patricia Lindh, Bobbie Kilberg and I recommend that the State of the Union Message contain a reaffirmation of the President's commitment to equality for women. We propose:

1. A reiteration of the President's Support for the Equal Rights Amendment.
2. A proposal for legislation to prohibit discrimination on the basis of sex or marital status in any program or activity receiving Federal financial assistance.
3. A direction to the Justice Department to examine all Federal statutes for the purpose of bringing our laws into conformity with the principles of the Equal Rights Amendment and to recommend new legislation where necessary.

Proposed drafts of a memorandum from you to the Senior Staff and from you to the President are attached for your consideration.

Attachments

THE WHITE HOUSE

WASHINGTON

December 5, 1975

MEMORANDUM FOR:

RICHARD CHENEY  
JACK MARSH  
MAX FRIEDERSDORF  
ROBERT HARTMANN  
JIM LYNN  
PHIL BUCHEN  
JIM CONNOR  
JERRY JONES  
BILL BAROODY

FROM:

JAMES CANNON

SUBJECT:

State of the Union Message: Inclusion of  
Statements and Proposals on Women's Rights

Patricia Lindh, Special Assistant for Women, Bobbie Kilberg, Associate Counsel, and Judy Hope, Associate Director of the Domestic Council, have recommended to me that the State of the Union Message contain a reaffirmation of the President's commitment to equality for women. They propose:

1. A reiteration of the President's Support for the Equal Rights Amendment.
2. A proposal for legislation to prohibit discrimination on the basis of sex or marital status in any program or activity receiving Federal financial assistance.
3. A direction to the Justice Department to examine all federal statutes for the purpose of bringing our laws into conformity with the principles of the Equal Rights Amendment and to recommend new legislation where necessary.

A draft of the proposed language is attached. May I have your comments and recommendations by December 11, 1975?

Attachment

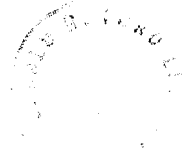
THE WHITE HOUSE  
WASHINGTON

December 5, 1975

MEMORANDUM FOR: THE PRESIDENT  
FROM: JAMES M. CANNON  
SUBJECT: State of the Union Message: Inclusion of  
Statements and Proposals on Women's Rights

The Domestic Council, the Counsel's Office, and your Special Assistant for Women recommend that you include in your State of the Union Message reaffirmation of your commitment to equality for women. We propose:

1. A reiteration of your support for the Equal Rights Amendment.
2. A proposal for legislation to prohibit discrimination on the basis of sex or marital status in any program or activity receiving Federal financial assistance.
3. A direction to the Justice Department to examine all Federal statutes for the purpose of bringing our laws into conformity with the principles of the Equal Rights Amendment and to recommend new legislation where necessary.



DRAFT

STATE OF THE UNION MESSAGE

PRESIDENTIAL COMMITMENT TO WOMEN'S RIGHTS

"Women, like men, must not only have 'fair play' in the world of work and self-support, but, like men, must be eligible to all the honors and emoluments of society and government. And the only possible way to accomplish this great change is to accord to women equal power in the making, shaping, and controlling of the circumstances of life." (Susan B. Anthony) [Note to speechwriters: Would prefer a quote closer to date of ratification of the U. S. Constitution.]

For the dignity of all individuals and for the realization of the principles enunciated in the Declaration of Independence and the Constitution, women must be considered equal partners in our society. As this can best be resolved by the passage of the Equal Rights Amendment, I urge the states to complete the ratification of that Amendment in this our Bicentennial Year.

A year ago, I appointed a National Commission on the Observance of International Women's Year, whose life I have extended for six additional months into our Bicentennial Year. In March of last year, I directed the Heads of all Departments and Agencies to ensure equal opportunity through strong affirmative action in every aspect of Federal employment. This commitment was reaffirmed



in August, in proclaiming Women's Equality Day, and again in October, when the Office of Management and Budget conducted a critical review of the involvement of women at all stages and levels of Federal programs. In November, I again stressed the requirement of equality of job opportunity in overseas assignments for our Government.

Now, as we celebrate our 200th Birthday, I have directed the Department of Justice to prepare legislation which I will submit to the Congress which will prohibit discrimination on the basis of sex or marital status in any program or activity receiving Federal financial assistance.

I have also directed the Justice Department to examine all Federal statutes for the purpose of bringing our laws into conformity with the principles of the Equal Rights Amendment and to recommend new legislation where necessary.

THE WHITE HOUSE  
WASHINGTON

*State of the Union*

December 5, 1975

MEMORANDUM FOR: PHIL BUCHEN  
ED SCHMULTS

FROM: BOBBIE GREENE KILBERG

SUBJECT: State of the Union Message

*Bobbie*

I have had some discussions yesterday and today with individuals on the Domestic Council and Vice President's staffs about the State of the Union Message. That Message obviously will be one of the most important, if not the most important, statement which the President makes in 1976. It is my understanding that, to date, the Counsel's Office has not been involved in the development of the Message. I would like to involve us now rather than simply have us react to the final product. Much of the work has already been done, but there still is time for our input.

I met yesterday with Judy Hope, a new Associate Director on the Domestic Council, Dick Parsons and Pat Lindh to put together a paragraph section on women's rights for the Message. I would like to participate in the preparation of the entire Message and think that the Counsel's Office could and should have an active role.

As the timing is very tight, please let me know today, if possible, what you think.

*[Faint circular stamp]*



THE WHITE HOUSE

WASHINGTON

December 5, 1975

MEMORANDUM FOR: PHIL BUCHEN  
ED SCHMULTS

FROM: BOBBIE GREENE KILBERG

SUBJECT: State of the Union Message

*Bobbie*

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I met yesterday with Judy Hope, a new Associate Director on the Domestic Council, Dick Parsons and Pat Lindh to put together a paragraph section on women's rights for the Message. I would like to participate in the preparation of the entire Message and think that the Counsel's Office could and should have an active role.

As the timing is very tight, please let me know today, if possible, what you think.



I have addressed the dangers of the headlong growth of big government in our society on many occasions.

Well intentioned, dedicated government employees make decisions daily that have a profound and often adverse impact on your economic well being. Their actions are the product of outdated legislation that gives government agencies the power to make critical economic and social decisions which vitally affect the lives of all our citizens. The thrust of domestic legislation in the last forty years has been to set up government agencies as judges empowered to regulate economic and social functions in the public interest. But this mandate very often became diluted to that of service to special interest or to maintaining the status quo. Rather than supplementing competitive markets, the regulators supplanted competition with controls.

The scope of government regulation of our collective existence is vast, encompassing energy and raw materials, transportation, employment, financial matters, trade, communications, health, insurance, etc. My Administration has established a program to review and reform federal intrusions in these areas -- to eliminate those government regulations that are anti-competitive or redundant. The beneficiary of this program will not be the businessman, as some critics have alleged. The regulated industrialist is most likely satisfied with the protection that the government currently provides him. The real beneficiary of my program will be the consumer. I want to ensure that the greatest variety of goods and services are available at the lowest prices possible. To accomplish this, I have already submitted several legislative proposals.

In the energy fields, I have proposed legislation to deregulate the price of natural gas to provide incentive for more abundant supplies.

I have also forwarded bills to the Congress to de-regulate the railroad, airline and trucking industries. If enacted, these would promote greater competition in these industries, resulting in lower fares and a greater variety of service.

In the financial field, I have proposed legislation to ensure that competitive interest rates are paid to small depositors or investors and more diversified services are provided to all customers.



Recently, I signed into law a bill which repeals State Fair Trade laws so that consumers could benefit from discount pricing on "brand name" merchandise. The cooperation between the Congress and the Administration on this bill should serve as an example for all regulatory reform legislation.

Concomitant with these substantive measures, I have proposed legislation to sharpen the legal tools and resources of the antitrust activities of the Justice Department. This will serve to protect the public from that small minority of the business community that might attempt to take advantage of de-regulation to engage in illegal business practices at the expense of the consumer. To remove redundancy, I have also signed legislation that establishes a commission to reduce the extraordinary burden of Federal paperwork. Finally, I have directed the Executive Branch agencies to conduct inflation impact analysis of major activities and legislative proposals they support.

I do not propose to rest on these first steps. I will work to see that my legislation is passed by the Congress and I will continue to hold a dialogue with the other branches of government on de-regulation. I also intend to develop reform proposals for others areas of government overregulation.

In many cases, business will resist these initiatives on grounds that regulatory reform is good in other industries but that change in my industry will be disruptive. We must resist this reaction, and will do so by proposing changes in terms of the positive effect on the economy as a whole.

While I intend to exert every effort to modify anti-competitive economic regulation, I also believe that we must also begin to review the vast apparatus of federal social regulations that have been set up in the last two decades. Once again, these government controls were established with the purest of motives.

I intend, therefore, to review Federal safety and health regulations in order to assess their effectiveness in accomplishing their goals and the costs they impose on the economy. It is my belief that there



are often more efficient, less expensive ways of accomplishing these objectives. My Administration will make appropriate administrative changes and propose new legislation to reduce the size of the bureaucracy and the emphasis here on enforcement of mandatory standards. We have to reduce expenditures on regulation, and the size of the bureaucracy; but even more important we have to reduce the costs of regulation, both to businessmen and consumers.

I believe that regulatory reform is essential to the future well being of our economy. If we are unsuccessful in accomplishing it, we face the ironic specter of seeing our vital abundant economy collapsing before a melange of good intentions and bureaucratic encrustation. We must restore the fruits of competition to our society.

THE WHITE HOUSE

WASHINGTON

December 13, 1975

MEMORANDUM FOR THE ECONOMIC POLICY BOARD

FROM:

ED SCHMULTS  
PAUL MacAVOY

*ES*  
*PM*

SUBJECT:

The State of the Union Address

This year the State of the Union Address is more important than in recent years. It represents the most public opportunity for the President to state in a clear and comprehensive way what he sees as the goals for the United States through the end of his full four-year term. 11

While parts of the Address must properly deal with current issues such as national security and energy policy, we believe that a major theme must be the sustained threat to individual opportunity and freedom posed by the growth of massive and uncontrollable government. Today the threat to individual liberty is enhanced by a swollen Federal bureaucracy controlled by organized interest groups whose concerns are remote from those of the average American.

The President has attacked the problem of massive government in a variety of ways. First, by proposing the tax reduction tied to a spending ceiling, he has tried to assure that the proportion of GNP spent by the Federal establishment will decrease rather than increase over the next period of years.

The President has also launched a major campaign to free our economy from costly, inefficient, and outmoded government regulation. He has submitted to the Congress a comprehensive legislative program designed to produce a competitive and efficient transportation system free from unnecessary government regulation. He has also proposed elimination of Federal rate regulation of natural gas in order to stimulate extensive exploration for new gas supplies. In the future he will be looking at Federal health and safety regulation in order to propose elimination of excess government standard setting and surveillance.



Many newly elected officeholders such as Governors Brown of California, Dukakis of Massachusetts, Boren of Oklahoma, and former Governor Ronald Reagan have achieved significant popularity by attacking the evils of bloated and inefficient government. The President's record certainly exceeds their rhetoric and he ought to take credit for his performance in his State of the Union Address. He should explain as well that the President cannot succeed in this fight alone. Powerful and highly organized pressure groups are already arrayed against him. These pressure groups control large elements of the regulatory commissions and agencies.

While others talk during campaign '76, the President must lead. He must also clearly identify the opposition and attack it.

Attached are two items setting forth some proposed draft language for the President's Address. One contains "general theme" and regulatory reform language; the other only regulatory reform paragraphs. We emphasize that the drafts are "committee products" and so suffer somewhat from a lack of consistency and redundant themes. We would appreciate your views on the tone and the direction of the drafts.



THE WHITE HOUSE  
WASHINGTON

DATE: 12/15/75

TO: Ed Schmults

FROM: *Lynn May*  
LYNN MAY

-----

Comments:

Attached are some comments I gave to  
Jim Cannon re: State of the Union  
Message.

THE WHITE HOUSE

WASHINGTON

December 15, 1975

MEMORANDUM FOR JIM CANNON

FROM: LYNN MAY *L.M.*

SUBJECT: State of the Union Outline

I recommend a slight alteration of the current working outline for the State of the Union. I suggest that a heading entitled "The Revision of the Federal Governments Role vis-a-vis the Economy and Society" be inserted as topic II with the current topic II-V as subtopics (see outline). This would concentrate the philosophical context expressed in topic I as a cohesive program, i.e., removing inefficient, costly government programs and/or regulations and the implementation of new, more realistic programs (like EIA). The rationale is as follows: big government in the form of imposed price controls has impeded the growth of new energy supplies. Big government overspending has hurt the capital markets of job producing industry. Big government has over-regulated the transportation industry adding extra costs to consumers. Big government has spent billions on inefficient social programs with little or nothing to show for it.

By tying all our initiatives in energy, economic and social fields to reform of the current Federal government structure (i.e., elimination of price controls, government spending, inefficient regulation and wasteful social programs) you provide the domestic side State of the Union with a cogent and cohesive thrust consistent with the President's philosophy. New ideas like EIA can be highlighted as new and bold innovations that move away from government controls.

This theme could be given a Bicentennial twist by comparing it with the Jeffersonian ideal (see attached letter to Wall Street Journal).

Attachments

bcc: Paul MacAvoy  
*Ed* Schmults





I. THE OVERRIDING CHALLENGE

II. REVISION OF THE FEDERAL GOVERNMENTS ROLE  
VIS-A-VIS THE ECONOMY AND SOCIETY

A. Achieving  
Energy  
Independence

B. Increasing  
Employment  
and  
Productivity

C. Ensuring  
Responsible  
Social  
Policy

D. Revitalization  
of our  
System  
of  
Government

III. Building a structure of International Peace and Security

## A Real Service

*Editor, The Wall Street Journal:*

The Journal's editorial of "Three Men in a Tub" (Dec. 2) did a real service in installing the idea of Jeffersonianism as the dominant political theme for 1976.

It has been over 40 years since a nationally prominent politician — Franklin D. Roosevelt—consciously adopted an explicitly Jeffersonian posture. In Mr. Roosevelt's case, of course, the rhetoric was abandoned early into the New Deal when it became obvious that Mr. Roosevelt's policies were heading rapidly in the diametric opposite direction from Jeffersonianism.

Governor Reagan has now become the first political leader of the post World War II era to adopt Jeffersonianism as his campaign theme. In his important address in Chicago on September 26, Governor Reagan began by quoting Jefferson with approval. He then went on to base his proposal for drastically reducing the role, influence and expense of the federal government on Jefferson's quotation, "What has destroyed liberty and the rights of man in every government that has ever existed under the sun? The generalizing and concentrating all cares and powers into one body!"

The Jeffersonian precepts—decentralized governmental power, limited government, strict construction, effective education for all, preservation of individual liberty, a widespread ownership of productive private property, honor and excellence in public service — are precepts America seems to yearn for, after four decades of relentless centralization and socialization. I, for one, wish Governor Reagan well in his attempts to restore them.

JOHN MCCLAUGHRY

Concord, Vt.



THE WHITE HOUSE  
WASHINGTON

December 15, 1975

*copy  
for  
B. M.*

MEMORANDUM FOR:

DICK CHENEY  
ROBERT T. HARTMANN  
BILL SEIDMAN  
FRANK ZARB  
JAMES LYNN  
PAUL O'NEILL  
BRENT SCOWCROFT  
ALAN GREENSPAN  
PAUL MacAVOY  
JACK MARSH  
MAX FRIEDERSDORF  
PHIL BUCHEN  
ED SCHMULTS  
ART QUERN

FROM:

JIM CANNON *JMC*

SUBJECT:

State of the Union Discussions

The purpose of these meetings is to provide for brief discussion of the elements of the State of the Union and to enable submission in writing of comments and suggestions on these elements. This is aimed at:

1. Ensuring a prompt compilation of possible themes and principles.
2. Identifying various specific programmatic decisions which have been, are being, or need to be made.
  - Where decisions have been made, the purpose is to determine how best to treat them in the State of the Union.
  - Where decisions are in the process of being presented to the President, the purpose is to accelerate the process.
  - Where decisions that need to be made are identified, the purpose is to determine the most expeditious means of bringing the issue to a decision.

3. The documents produced on each "challenge" will be compiled and given to the President.

--Challenges I and V by the 19th.

--Challenges IV and VI by the 20th.

--Challenges II and III by the 21st.

Schedule for MeetingsMONDAY, December 15

11 a.m. Brief group on process  
Sit Rm. --lay out themes and Six Basic Challenges

TUESDAY, December 16

11 a.m. I. Continuing America's Growth While Ensuring  
Cannon's Fiscal Responsibility  
Office (Comments and papers due 12/18/75)

5 p.m. V. Revitalizing Our Federal System  
Cannon's (Comments and papers due 12/18/75)  
Office

WEDNESDAY, December 17

11 a.m. IV. Ensuring Responsible Social Policies  
Sit Rm. (Comments and papers due 12/19/75)

5 p.m. VI. International Peace and Security (Scowcroft)  
Sit Rm. (Comments and papers due 12/19/75)

THURSDAY, December 18

11 a.m. III. Increasing Employment and Productivity  
Sit Rm. (Comments and papers due 12/20/75)

5 p.m. II. Achieving Energy Independence  
Sit Rm. (Comments and papers due 12/20/75)

Deadline for Decision Papers to the President

FRIDAY, December 19

2 p.m. Completion and Submission of Paper to President on Challenges I and V.

SATURDAY, December 20

2 p.m. Completion and Submission of Paper to President on Challenges IV and VI.

SUNDAY, December 21

2 p.m. Completion and Submission of Paper to President on Challenges III and II.

WEDNESDAY, December 31

6 p.m. All issues resolved and all papers to Hartmann.