

The original documents are located in Box 4, folder “1/13/75 - T.V. Address, Preview of the State of the Union Message (Includes drafts) (1)” of the President’s Speeches and Statements: Reading Copies at the Gerald R. Ford Presidential Library.

Copyright Notice

The copyright law of the United States (Title 17, United States Code) governs the making of photocopies or other reproductions of copyrighted material. Gerald Ford donated to the United States of America his copyrights in all of his unpublished writings in National Archives collections. Works prepared by U.S. Government employees as part of their official duties are in the public domain. The copyrights to materials written by other individuals or organizations are presumed to remain with them. If you think any of the information displayed in the PDF is subject to a valid copyright claim, please contact the Gerald R. Ford Presidential Library.

FINAL #1

①

Good evening.

Without wasting words, I want to talk with you tonight about putting our domestic house in order.

We must turn America in a new direction.

We must reverse the current recession and create more jobs. *to reduce unemployment*

reduce unemployment
↑

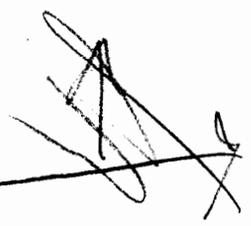
We must restore the confidence of consumers and investors alike.

We must continue an effective plan to *control* ~~keep~~ inflation.

We must, without delay, take firm control of our progress as a free people.

Together we can and will do this job. Our national character is strong on self-discipline and the will-to-win. Americans are at their very best when the going is rough.

(2)



Right now the going is rough and it may get rougher.

If we do what must be done we will ^{do} well on our way to better days. We have an historic opportunity.

On Wednesday I will report to the new Congress on the State

of the Union and ask for its help to quickly improve it. But

neither Congress nor the President can pass laws or issue

orders to assure economic improvement and instant prosperity.

The government can help by equalizing unfair burdens, by

setting an example of sound economic actions, and by exerting

leadership through a clear and coordinated national recovery

program
~~plan.~~

Tonight, I want to talk to you about what must be done.

After all, you are the people most affected by it.

Since becoming your President five months ago, economic

problems have been my foremost concern. Two elements

of our problem are long-range---inflation and energy. Both

are affected not only by our actions, but also by international

forces beyond our direct control. The new and disturbing element in the economic picture is our worsening recession and the unemployment that goes with it.

We have made some progress in slowing the upward spiral of inflation and getting interest rates started down. But, we have suffered sudden and serious setbacks in sales and unemployment.

Therefore, we must shift our emphasis from inflation to recession.

But, in doing so, we must not lose sight of the very real and deadly dangers of rising prices and declining domestic energy supplies. Americans are no longer in full control of their own national destiny when that destiny depends on uncertain foreign fuel at high prices fixed by others. Higher energy costs compound both inflation and recession. And, dependence

on others for future energy supplies is intolerable to our national security.

To meet this triple challenge

Therefore, we must wage a simultaneous three-front

campaign against recession, inflation and energy dependence.

Any one of these enemies could destroy the country we love.
We have no choice.

We need, within 90 days, the strongest and most far reaching energy conservation program we have ever had. Yes, gasoline and oil will cost even more than they do now. But this program will achieve two important objectives: It will discourage the unnecessary use of petroleum products, and it will encourage the development and substitution of other fuels and newer sources of energy.

To get started immediately on an urgent national energy plan, I will use the Presidential emergency powers to reduce our dependence on foreign oil by raising import fees on each barrel of foreign crude oil from one dollar to three

dollars over the next three month. A more comprehensive program of energy conservation taxes on oil and natural gas, to reduce consumption substantially, must be enacted by the Congress. The e revenues derived from such taxes will be returned to the economy. In addition, my energy conservation program contains *allocation authority* ~~provisions~~ to avoid undue hardships in any one geographic area, such as

New England -- or in any specific industries or areas of human need,

where oil is essential. The plan prevents windfall profits by producers.

There must also be ^{a coordinated} volunteer efforts to cut gasoline and other energy

use. My national energy conservation plan will urge Congress to grant

a five-year delay on higher automobile pollution standards in order to

achieve a 40 percent improvement in miles per gallon. Stronger measures

to speed the development of other domestic energy resources, such as

coal, geothermal, solar and nuclear power are also essential.

This plan requires personal sacrifice. But if we all pitch in, we will meet our goal of reducing foreign oil imports by 1 million barrels a day by the end of this year and by 2 million barrels before the end of 1977.

The energy conservation measures I have outlined tonight will be supplemented by use of Presidential ^{power} ~~authority~~ to limit oil imports as

✓

7

necessary to fully achieve these goals.

By 1985 -- 10 years from now -- the United States will be invulnerable to foreign energy disruptions or oil embargoes such as we experienced last year. Of course, our domestic needs come

first, ^{can spark similar} But our gains in energy independence will be fully coordinated

with our friends abroad. *Our efforts will prompt similar action by other free nations by our allies.*

If Congress speedily enacts this national energy program, there will be no need for compulsory rationing or long waiting lines at the service station.

Gasoline prices will go up, though not as much as with a 20¢ -a-gallon gas tax. Furthermore, the burden of the conservation taxes on oil will be shared by all petroleum uses users, not just motorists.

Now, let me talk about the problem of unemployment.

This country needs an immediate Federal income tax cut of \$16 ~~in~~ billion. Twelve billion dollars or three-fourths of

the total of this cut should go to individual taxpayers in the form

of a cash rebate amounting to ²1₂ percent of their 1974 tax

payments, -- up to \$^{\$1000}500. If Congress acts by April 1st, you

will get your first check by ~~June~~ ^{in May} and ~~two more installments~~ ^{one by Sept 1st} for half the rebate by May + the rest by Sept. ~~during the remainder of this year.~~

The other one-fourth of the cut -- about \$4 billion will go to business taxpayers--including farmers--to promote plan expansion and create more jobs. This will be in the form of an increase in the investment tax credit to 12 percent

for one year. There will be special provision to assist essential public utilities to step up their energy capacity.

This will encourage capital spending and productivity, the key to recovery and growth.

As soon as the new revenues from energy conservation taxes are received, we will be able to return 30 billion dollars to the economy in the form of additional payments and credits to individuals, business and State and local governments.

Cash payments from this total also will be available to those who pay no income taxes because of low earnings.

They are the hardest hit by inflation and higher energy costs.

This combined program adds up to 46 billion dollars-- 30 billion dollars in returned energy tax revenues to compensate for higher fuel costs--and 16 billion dollars in 1974 tax cuts to help provide more jobs.

10

And, the energy conservation tax revenues, will continue to
be put back into the economy as long as the emergency lasts.

This economic program is different in emphasis from the proposals I put forward last October. The reason is that the situation has changed.

You know it and I know it. What we need most urgently today is more spending money in your pockets rather than in the Treasury in Washington.

Let's face it -- this will mean a bigger Federal deficit temporarily. And deficits are something I fought against all my public life. But unless our economy revives rapidly, Federal taxes will shrink so much that future deficits will be even larger. As a realist, I have concluded that a larger deficit now is better than future economic and fiscal calamity.

But I have not abandoned my lifelong belief in Federal restraint. In the long run, there is no other real remedy.

While wrestling with the budgets for this year and next, I found that at least three-fourths of all Federal expenditures are required by laws already on the books. The President cannot by law cut spending

in an ever-growing list of programs which provide mandatory formulas for payments to State and local governments and to families and individuals.

Unless these laws are changed, I can tell you there are only two ways to go -- still higher Federal taxes or the more ruinous hidden tax of inflation. Unchecked, Federal programs -- mandated by law -- will be the prime contributors to Federal deficits of 30 to 50 billion dollars this year and next. Deficits of this magnitude are wrong -- except on a temporary basis in the most extenuating circumstances. Reform of these costly mandated federal spending programs will take time. Meanwhile, in order to keep the budget deficit as low as possible, I have decided to take interim steps.

In my State of the Union and subsequent messages, I will not propose any new Federal spending programs, except for energy. And the Congress -- your representatives in Washington -- share an equal responsibility to see that no new spending programs are enacted. I will not hesitate to veto any new spending programs that Congress sends to me.

Many proposed Federal spending programs are desirable and have had my support in the past. But they cost money -- your tax dollars! Plainly it is time to declare a one-year moratorium on new Federal spending programs. I need your support in this. It is vital that your Representatives in Congress know that you share this concern about inflation.

I believe the Federal Government ought to show all Americans it practices what it preaches about sacrifice and self-restraint.

Therefore I will insist on a 5 percent limit on any Federal pay increases in 1975 and I will ask Congress to put the same temporary 5 percent ceiling on automatic cost-of-living increases in government and military retirement pay, and Social Security.

Government alone cannot bring the cost of living down. But until it does start down, government can except for conservation purposes, refrain from pushing it up. For only when the cost of living comes down, can everybody get full value from a pension or paycheck. I want to hasten that day.

Tonight I have summarized the highlights of my energy and my economic programs. They must go hand in hand -- as I see it.

On Wednesday, I will spell out these proposals to the Congress.

There will be other recommendations, both short-term and long-range, to make our program as fair to all as possible. I will press for prompt action and responsible legislation. The danger of doing nothing is great; the danger of doing too much is just as great. We cannot afford to throw monkey wrenches into our complex economic machine, just because it isn't running at full speed.

We are in trouble, but we are not on the brink of another Great Depression. Our political and economic system today is many times stronger than it was in the 1930's. We have income safeguards and unemployment cushions built into our economy. I have taken and will continue to take whatever steps are needed to prevent massive dislocations and personal

18
hardships -- and in particular, the tragedy of rising unemployment.

But sound solutions to our economic difficulties depend primarily on the strong support of each one of you. Self-restraint must be exercised by big and small business, by organized and unorganized labor, by State and local governments as well as by the Federal Government.

No one will be allowed to prosper from the temporary hardships most of us willingly bear. Nor can we permit any special interests to gain from our common distress.

To improve the economic outlook we must rekindle faith in ourselves. Nobody is going to pull us out of our troubles but ourselves -- and by our own bootstraps.

In 200 years as a nation, we have triumphed over external enemies and internal conflicts -- and each time, we have emerged stronger than before.

This has called for determined leaders and dedicated people and this call has never gone unheeded. In every crisis, the American people have closed ranks, rolled up their sleeves and rallied to do whatever had to be done.

I ask you and those who represent you in the Congress to work to turn our economy around, declare our energy independence, and resolve to make our free society again the wonder of the world.

The beginning of our Bicentennial celebration is a good time to reaffirm our pride and purpose as Americans who help themselves and help their neighbors no matter how tough the task.

For my part, I will do what I believe is right for all our people -- to do my best for America as long as I occupy this historic house. Thank you for joining me tonight. We know what must be done. If delay is preferable to error, as Jefferson said, so action is now preferable to perfection.

The time to act is now. We have our Nation to preserve --
and our future to protect. Let us join together, and may God bless our
endeavors.

Thank you and Good Night.

####

THE PRESIDENT HAS SEEN. *af*

TV ADDRESS, PREVIEW OF THE STATE OF THE UNION MESSAGE

JANUARY 13, 1975



GOOD EVENING.

WITHOUT WASTING WORDS, I WANT TO TALK WITH YOU
TONIGHT ABOUT PUTTING OUR DOMESTIC HOUSE IN ORDER.

WE MUST REVERSE THE CURRENT RECESSION.

WE MUST HALT UNEMPLOYMENT AND CREATE MORE JOBS.

WE MUST RESTORE CONFIDENCE AMONG CONSUMERS AND
INVESTORS ALIKE.

WE MUST CONTINUE AN EFFECTIVE PLAN TO LICK INFLATION.

WE MUST, WITHOUT DELAY, TAKE FIRM CONTROL OF
OUR FUTURE PROGRESS AS A FREE PEOPLE.

TOGETHER WE CAN AND WILL DO THIS JOB. OUR NATIONAL
CHARACTER IS STRONG ON SELF-DISCIPLINE AND THE WILL TO WIN.
AMERICANS ARE AT THEIR VERY BEST WHEN THE GOING IS ROUGH.

RIGHT NOW THE GOING IS ROUGH AND IT MAY GET ROUGHER.

ON WEDNESDAY I WILL REPORT TO THE NEW CONGRESS
ON THE STATE OF THE UNION AND ASK FOR ITS HELP TO QUICKLY IMPROVE
IT. BUT NEITHER CONGRESS NOR THE PRESIDENT CAN PASS LAWS
OR ISSUE ORDERS TO GUARANTEE ECONOMIC IMPROVEMENT AND
INSTANT PROSPERITY.

BUT GOVERNMENT CAN HELP BY EQUALIZING UNFAIR BURDENS,
BY SETTING AN EXAMPLE OF SOUND ECONOMIC ACTIONS, AND BY
EXERTING LEADERSHIP THROUGH A CLEAR AND COORDINATED NATIONAL
RECOVERY PLAN.

TONIGHT, LET ME GIVE YOU A PREVIEW OF MY PLAN.

AFTER ALL, YOU ARE THE PEOPLE MOST AFFECTED BY IT.

SINCE BECOMING YOUR PRESIDENT, ECONOMIC PROBLEMS
HAVE BEEN MY FIRST AND FOREMOST CONCERN. TWO ELEMENTS
OF OUR TOTAL PROBLEM ARE LONG-RANGE -- INFLATION AND ENERGY.
BOTH ARE AFFECTED NOT ONLY BY OUR OWN ACTIONS BUT ALSO
BY INTERNATIONAL FORCES BEYOND OUR DIRECT CONTROL. THE NEW
AND DISTURBING ELEMENT IN THE ECONOMIC PICTURE IS OUR
WORSENING RECESSION AND THE UNEMPLOYMENT THAT GOES WITH IT.

OVER THE PAST THREE MONTHS, SINCE MY FIRST ECONOMIC PROGRAM WAS PUT TOGETHER, WE HAVE MADE PROGRESS IN SLOWING THE UPWARD SPIRAL OF INFLATION AND GETTING INTEREST RATES STARTED DOWN. BUT, FRANKLY, WE HAVE SUFFERED SUDDEN AND SERIOUS SETBACKS IN SALES AND EMPLOYMENT.

THEREFORE, WE MUST SHIFT OUR NUMBER ONE TARGET FROM RUNAWAY INFLATION TO RECESSION.

IN DOING SO, WE MUST NOT LOSE SIGHT OF THE VERY REAL
AND DEADLY DANGERS OF RISING PRICES AND DECLINING DOMESTIC
ENERGY SUPPLIES. AMERICANS ARE NO LONGER IN CONTROL
OF THEIR OWN NATIONAL DESTINY WHEN THAT DESTINY DEPENDS ON
UNCERTAIN FOREIGN FUEL AT HIGH PRICES FIXED BY OTHERS. HIGHER
ENERGY COSTS COMPOUND BOTH INFLATION AND RECESSION.
DEPENDENCE ON OTHERS FOR FUTURE ENERGY SUPPLIES IS INTOLERABLE
TO OUR NATIONAL SECURITY.

THEREFORE, WE MUST WAGE A SIMULTANEOUS THREE-FRONT
CAMPAIGN AGAINST RECESSION, INFLATION AND ENERGY DEPENDENCE.
ANY ONE OF THESE ENEMIES COULD DESTROY THE COUNTRY WE LOVE.

I WILL ASK THE NEW CONGRESS TO ENACT ON A CRASH BASIS --
WITHIN NINETY DAYS OR LESS -- THE STRONGEST AND MOST FAR-REACHING
ENERGY CONSERVATION PROGRAM WE HAVE EVER HAD. ^{yes} ~~IT IS COMPLEX~~
~~AND CONTROVERSIAL~~ -- ~~AND~~ IT WILL MAKE GASOLINE AND OIL COST EVEN
MORE THAN THEY DO NOW. BUT IT WILL ACHIEVE TWO ALL IMPORTANT
OBJECTIVES: IT WILL DISCOURAGE THE UNNECESSARY USE OF PETROLEUM
PRODUCTS, AND IT WILL ENCOURAGE THE DEVELOPMENT AND SUBSTITUTION
OF OTHER FUELS AND NEWER ENERGY SOURCES.

HERE IS MY ENERGY PLAN:

TO GET STARTED IMMEDIATELY, I WILL USE LIMITED PRESIDENTIAL EMERGENCY POWERS TO REDUCE OUR DEPENDENCE ON FOREIGN SOURCES BY ESCALATING IMPORT FEES ON EACH BARREL OF FOREIGN OIL PRODUCTS BEGINNING FEBRUARY FIRST -- ONE DOLLAR THE FIRST MONTH, TWO DOLLARS THE SECOND AND THREE DOLLARS THE THIRD MONTH AND THEREAFTER. I WILL ALSO PROPOSE A MORE COMPREHENSIVE PROGRAM OF ENERGY CONSERVATION TAXES ON GAS AND OIL TO REDUCE CONSUMPTION.

WE WILL USE THE REVENUES DERIVED FROM SUCH TAXES TO HELP STIMULATE THE WHOLE ECONOMY. IN ADDITION, MY ENERGY CONSERVATION PROGRAM CONTAINS PROVISIONS TO AVOID UNDUE HARDSHIPS IN ANY GEOGRAPHICAL AREA, SUCH AS NEW ENGLAND -- OR IN ANY SPECIFIC INDUSTRIES OR AREAS OF HUMAN NEED WHERE OIL IS ESSENTIAL.

THE PLAN TAKES AWAY WINDFALL PROFITS BY PRODUCERS. I EMPHASIZE
THERE MUST ALSO BE A WELL-COORDINATED VOLUNTEER CAMPAIGN TO CUT
GASOLINE AND OTHER ENERGY USE. MY NATIONAL ENERGY CONSERVATION
PLAN WILL URGE CONGRESS TO GRANT A FIVE-YEAR DELAY ON HIGHER
AUTOMOBILE EMISSION STANDARDS IN ORDER TO ACHIEVE A FORTY PERCENT
SAVING IN GASOLINE CONSUMPTION. I WILL RECOMMEND STRONGER
MEASURES TO SPEED THE DEVELOPMENT OF OTHER DOMESTIC ENERGY
RESOURCES, SUCH AS COAL, GEOTHERMAL, SOLAR AND NUCLEAR POWER.

THIS PLAN REQUIRES PERSONAL SACRIFICES. BUT IF WE ALL
PITCH IN, WE WILL MEET MY GOAL OF REDUCING FOREIGN OIL IMPORTS
BY ONE MILLION BARRELS A DAY THIS YEAR AND BY TWO MILLION BEFORE
THE END OF NINETEEN SEVENTY-SEVEN. BY NINETEEN EIGHTY-FIVE --
TEN YEARS FROM NOW -- THE UNITED STATES WILL BE FULLY INVULNERABLE
TO FOREIGN ENERGY DISRUPTIONS. OF COURSE, OUR DOMESTIC NEEDS
COME FIRST. BUT OUR GAINS IN ENERGY INDEPENDENCE WILL BE
FULLY COORDINATED WITH OUR FRIENDS ABROAD.

IF CONGRESS SPEEDILY ENACTS THIS ENERGY PROGRAM,
THERE WILL BE NO NEED FOR COMPULSORY GASOLINE RATIONING OR
LONG WAITING LINES AT THE SERVICE STATION.

I WON'T MISLEAD YOU. GASOLINE PRICES WILL GO UP,
THOUGH NOT AS MUCH AS THEY WOULD WITH THE TWENTY CENTS A GALLON
GAS TAX. FURTHERMORE, THE CONSERVATION TAXES ON OIL WILL BE
SHARED BY ALL PETROLEUM USERS, NOT JUST MOTORISTS.

NOW, HERE IS MY PLAN TO FIGHT RECESSION:

I WILL ASK CONGRESS TO ENACT PROMPTLY A ONE-TIME
FEDERAL INCOME TAX CUT OF SIXTEEN BILLION DOLLARS. TWELVE BILLION
DOLLARS OR THREE-FOURTHS OF THE TOTAL OF THIS CUT WILL GO TO
INDIVIDUAL TAXPAYERS IN THE FORM OF A CASH REBATE AMOUNTING TO
TEN PERCENT OF THEIR NINETEEN SEVENTY-FOUR TAX PAYMENTS, BUT
NOT MORE THAN FIVE HUNDRED DOLLARS. IF CONGRESS ACTS BY
APRIL FIRST, YOU WILL GET YOUR FIRST CHECK BY JUNE AND TWO MORE
INSTALLMENTS DURING THE REMAINDER OF THIS YEAR.

THE OTHER ONE-FOURTH OF THE CUT -- ABOUT FOUR BILLION

DOLLARS, WILL GO TO BUSINESS TAXPAYERS TO PROMOTE PLANT EXPANSION

AND CREATE MORE JOBS. *This will be in the form of an increase in the investment tax credit to 12% for one year.*

TO REVERSE THE DISTURBING DECLINE IN CAPITAL SPENDING

AND PRODUCTIVITY, WHICH IS THE REAL KEY TO LASTING RECOVERY AND

GROWTH, ~~I WANT CONGRESS TO RAISE THE INVESTMENT TAX CREDIT TO~~

~~TWELVE PERCENT FOR ONE YEAR.~~ THIS WILL APPLY TO ALL BUSINESSES,

INCLUDING AGRICULTURE. THERE WILL BE SPECIAL PROVISIONS TO

ASSIST ESSENTIAL PUBLIC UTILITIES TO STEP UP THEIR ENERGY CAPACITY.

the
AS SOON AS ~~CONGRESS PROVIDES~~ NEW REVENUES FROM ENERGY

we will be able to return
27
CONSERVATION TAXES, ~~ANOTHER THIRTY BILLION DOLLARS WILL BE PUT BACK~~ *To*

~~INTO~~ THE ECONOMY IN THE FORM OF ADDITIONAL PAYMENTS AND CREDITS

TO INDIVIDUALS, BUSINESS AND STATE AND LOCAL GOVERNMENTS.

from these total
CASH PAYMENTS, ~~ALSO~~ *1* WILL BE AVAILABLE TO THOSE WHO PAY *also*

NO INCOME TAXES BECAUSE OF LOW EARNINGS BUT WHO ARE THE HARDEST

HIT BY INFLATION AND HIGHER ENERGY COSTS.

27

ALTOGETHER THIS COMBINED PROGRAM, ~~THIRTY~~ BILLION DOLLARS
IN RETURNED ENERGY TAX REVENUES AND SIXTEEN BILLION DOLLARS IN
NINETEEN SEVENTY-FOUR TAX CUTS ADDS UP TO A FORTY-³~~SIX~~ BILLION DOLLAR
STIMULANT TO FIGHT RECESSION AND UNEMPLOYMENT THIS YEAR.

THE ENERGY CONSERVATION TAX REVENUES, HOWEVER, WILL
CONTINUE TO BE PUMPED BACK INTO THE ECONOMY AS LONG AS THE
EMERGENCY LASTS.

I KNOW THIS SOUNDS LIKE I AM REVERSING MYSELF SINCE
LAST OCTOBER WHEN I SUGGESTED HIGHER TAXES FOR UPPER-INCOME
AND CORPORATE TAXPAYERS AS A BUDGET-BALANCING AND
ANTI-INFLATIONARY MEASURE. BUT THE SITUATION HAS CHANGED.
YOU KNOW IT AND I KNOW IT. WHAT WE NEED MOST URGENTLY TODAY
IS MORE SPENDING MONEY IN YOUR POCKETS RATHER THAN IN THE
TREASURY IN WASHINGTON.

this

LET'S FACE IT -- ~~THESE TWO STIMULATIVE TAX REFUNDS AND~~

3

~~REBATES TOTALLING FORTY SIX BILLION DOLLARS WILL MEAN A BIGGER~~

FEDERAL DEFICIT TEMPORARILY. DEFICITS ARE SOMETHING I HAVE

public
FOUGHT AGAINST ALL MY ~~POLITICAL~~ LIFE. BUT UNLESS OUR ECONOMY

REVIVES RAPIDLY, FEDERAL TAX REVENUES WILL SHRINK SO MUCH

THAT FUTURE DEFICITS WILL BE ENORMOUS. AS A REALIST, I HAD

TO CONCLUDE THAT A LARGER DEFICIT NOW IS BETTER THAN FUTURE

ECONOMIC AND FISCAL CALAMITY.

BUT I HAVE NOT ABANDONED MY LIFELONG BELIEF IN FEDERAL FISCAL RESTRAINT. IN THE LONG RUN, THERE IS NO OTHER REAL REMEDY FOR OUR ECONOMIC TROUBLES.

WHILE WRESTLING WITH THE BUDGETS FOR THIS YEAR AND NEXT, I HAVE FOUND THAT AT LEAST THREE-FOURTHS OF ALL FEDERAL EXPENDITURES ARE REQUIRED BY LAWS ALREADY ON THE BOOKS. YOUR PRESIDENT IS POWERLESS TO CUT SPENDING IN AN EVER-GROWING LIST OF PROGRAMS WHICH PROVIDE MANDATORY FORMULAS FOR PAYMENTS TO STATE AND LOCAL GOVERNMENTS AND TO FAMILIES AND INDIVIDUALS.

UNLESS WE CHECK THIS TREND, I CAN TELL YOU THERE ARE ONLY
TWO WAYS TO GO -- STILL HIGHER FEDERAL TAXES OR THE MORE RUINOUS
HIDDEN TAX OF INFLATION. UNCHECKED, FEDERAL PROGRAMS --
MANDATED BY LAW -- WILL BE THE PRIME CONTRIBUTORS TO FEDERAL
DEFICITS OF THIRTY TO FIFTY BILLION DOLLARS THIS YEAR AND NEXT.
DEFICITS OF THIS MAGNITUDE ARE WRONG -- EXCEPT ON A TEMPORARY
BASIS IN THE MOST EXTENUATING CIRCUMSTANCES.

THEREFORE, IN MY STATE OF THE UNION AND SUBSEQUENT
MESSAGES, EXCEPT FOR ENERGY, I WILL NOT PROPOSE ANY NEW FEDERAL
SPENDING PROGRAMS. I WILL NOT HESITATE TO VETO ANY NEW
SPENDING PROGRAMS THAT CONGRESS SENDS TO ME.

MANY PROPOSED FEDERAL SPENDING PROGRAMS ARE DESIRABLE
AND HAVE HAD MY SUPPORT IN THE PAST. BUT THEY COST MONEY --
YOUR TAX DOLLARS! PLAINLY IT IS TIME FOR A ONE-YEAR MORATORIUM
ON NEW FEDERAL SPENDING PROGRAMS. I NEED YOUR SUPPORT IN THIS,
AND CONGRESS NEEDS TO KNOW OF YOUR SUPPORT.

I VERY DEEPLY BELIEVE THE FEDERAL GOVERNMENT OUGHT TO SHOW ALL AMERICANS IT PRACTICES WHAT IT PREACHES ABOUT SACRIFICE AND SELF-RESTRAINT.

THEREFORE I WILL INSIST UPON A FIVE PERCENT LIMIT ON ANY FEDERAL PAY INCREASES IN NINETEEN SEVENTY-FIVE AND WILL ASK CONGRESS TO PUT THE SAME TEMPORARY FIVE PERCENT CEILING ON AUTOMATIC COST-OF-LIVING INCREASES IN GOVERNMENT AND MILITARY RETIREMENT PAY, AND SOCIAL SECURITY.

GOVERNMENT ALONE CANNOT BRING THE COST OF LIVING INDEX
DOWN. BUT UNTIL IT DOES START DOWN, GOVERNMENT CAN REFRAIN
FROM HELPING TO PUSH IT UP. FOR ONLY WHEN THE COST OF LIVING
COMES DOWN, CAN EVERYBODY GET FULL VALUE FROM A PENSION OR
PAYCHECK. I WANT TO HASTEN THAT DAY.

TONIGHT I HAVE SUMMARIZED ONLY THE HIGHLIGHTS OF MY
NATIONAL ENERGY PROGRAM AND MY ECONOMIC RECOVERY PLAN.
THEY MUST GO HAND IN HAND -- ONE MAKES NO ECONOMIC SENSE
WITHOUT THE OTHER.

ON WEDNESDAY, I WILL SPELL OUT THESE PROPOSALS TO THE CONGRESS. THERE WILL BE OTHER RECOMMENDATIONS, BOTH SHORT AND LONG-RANGE, TO MAKE OUR NATIONAL RECOVERY PLAN AS FAIR AND PRACTICAL AS POSSIBLE. I WILL PRESS FOR PROMPT ACTION AND RESPONSIBLE LEGISLATION. THE DANGER OF DOING NOTHING IS GREAT; THE DANGER OF DOING TOO MUCH IS JUST AS GREAT. WE CANNOT AFFORD TO THROW MONKEY WRENCHES INTO OUR COMPLEX ECONOMIC MACHINE, JUST BECAUSE IT ISN'T RUNNING AT FULL SPEED.

WE ARE IN TROUBLE, BUT WE ARE NOT ON THE BRINK OF
ANOTHER GREAT DEPRESSION. OUR POLITICAL AND ECONOMIC SYSTEM
TODAY IS MANY TIMES STRONGER THAN IT WAS IN THE NINETEEN THIRTIES.
WE HAVE INCOME SAFEGUARDS AND UNEMPLOYMENT CUSHIONS BUILT
INTO OUR ECONOMY. WE HAVE TAKEN AND WILL CONTINUE TO TAKE
WHATEVER STEPS ARE NEEDED TO PREVENT MASSIVE DISLOCATIONS AND
PERSONAL HARDSHIPS -- AND IN PARTICULAR, THE TRAGEDY OF
RISING UNEMPLOYMENT.

REALISTIC AND SOUND SOLUTIONS TO OUR ECONOMIC DIFFICULTIES
WILL DEPEND PRIMARILY ON THE STRONG SUPPORT OF EACH ONE OF YOU.
SELF-RESTRAINT MUST BE EXERCISED BY BIG AND SMALL BUSINESSES,
BY ORGANIZED AND UNORGANIZED LABOR, BY STATE AND LOCAL GOVERN-
MENTS AS WELL AS BY THE FEDERAL GOVERNMENT. OPPORTUNISTS
AND MANIPULATORS WILL NOT BE ALLOWED TO PROSPER FROM THE
TEMPORARY HARDSHIPS MOST OF US WILLINGLY BEAR. NOR CAN WE
PERMIT SPECIAL INTERESTS TO GAIN FROM OUR COMMON DISTRESS.

TO IMPROVE THE ECONOMIC OUTLOOK WE MUST ALL REKINDLE
AND OPENLY EXPRESS OUR FAITH IN OURSELVES. NOBODY IS GOING
TO PULL US OUT OF OUR TROUBLE BUT OURSELVES -- AND BY OUR OWN
BOOTSTRAPS.

IN TWO HUNDRED YEARS AS A NATION, WE HAVE TRIUMPHED
OVER NATURAL OBSTACLES, EXTERNAL ENEMIES, AND INTERNAL CONFLICTS --
AND EACH TIME WE HAVE EMERGED STRONGER THAN BEFORE.

THIS HAS CALLED FOR DETERMINED LEADERS AND DEDICATED
CITIZENS -- AND THIS CALL HAS NEVER GONE UNHEEDED. IN EVERY
CRISIS, THE AMERICAN PEOPLE HAVE CLOSED RANKS, ROLLED UP THEIR
SLEEVES AND RALLIED BEHIND THEIR PRESIDENT TO DO WHATEVER HAD TO
BE DONE.

THAT IS WHY I AM ASKING YOU, AS WELL AS THE CONGRESS,
TO WORK WITH ME TO TURN THE GLOOMY ECONOMIC GRAPHS AROUND,
DECLARE OUR ENERGY INDEPENDENCE, AND MAKE OUR FREE SOCIETY
AND TREMENDOUS PRODUCTIVITY AGAIN THE WONDER OF THE WORLD.

THE BEGINNING OF OUR BICENTENNIAL CELEBRATION IS A GOOD TIME TO REAFFIRM OUR PRIDE AND PURPOSE AS AMERICANS WHO HELP THEMSELVES AND HELP THEIR NEIGHBORS NO MATTER HOW TOUGH THE TASK MAY BE.

FOR MY PART, I WILL CONTINUE TO DO WHAT I BELIEVE IS RIGHT FOR ALL OUR PEOPLE -- TO DO MY BEST FOR AMERICA AS LONG AS I OCCUPY THIS HISTORIC HOUSE. THANK YOU FOR JOINING ME HERE TONIGHT. WE KNOW WHAT MUST BE DONE. IF DELAY IS PREFERABLE TO ERROR, AS JEFFERSON SAID, SO ACTION IS NOW PREFERABLE TO PERFECTION.

THE TIME TO ACT IS NOW -- FOR WE HAVE OUR PRESENT
TO PRESERVE -- AND OUR CHILDREN'S FUTURE TO SECURE. LET US
JOIN TOGETHER. I KNOW WE WILL SUCCEED TOGETHER! AND MAY GOD
BLESS OUR ENDEAVORS.

THANK YOU AND GOOD NIGHT.

END OF TEXT

Good evening.

Without wasting words, I want to talk with you tonight about putting our domestic house in order.

We must reverse the current recession.

We must halt unemployment and create more jobs.

We must restore confidence among consumers and investors alike.

We must continue an effective plan to lick inflation.

We must, without delay, take firm control of our future progress as a free people.

Together we can and will do this job. Our national character is strong on self-discipline and the will to win. Americans are at their very best when the going is rough.

Right now the going is rough and it may get rougher.

On Wednesday I will report to the new Congress on the State of the Union and ask for its help to quickly improve it. But neither

Congress nor the President can pass laws or issue orders to assure economic improvement and instant prosperity.

But government can help by equalizing unfair burdens, by setting an example of sound economic actions, and by exerting leadership through a clear and coordinated national recovery plan.

Tonight, let me give you a preview of my plan. After all, you are the people most affected by it.

Since becoming your President, economic problems have been my first and foremost concern. Two elements of our total problem are long-range -- inflation and energy. Both are affected not only by our own actions but also by international forces beyond our direct control. The new and disturbing element in the economic picture is our worsening recession and the unemployment that goes with it.

Over the past three months, since my first economic program was put together, we have made progress in slowing the upward spiral of

inflation and getting interest rates started down. But, frankly, we have suffered sudden and serious setbacks in sales and employment.

Therefore, we must shift our Number One target from run-away inflation to recession.

In doing so, we must not lose sight of the very real and deadly dangers of rising prices and declining domestic energy supplies.

Americans are no longer in control of their own national destiny when that destiny depends on uncertain foreign fuel at high prices fixed by others. Higher energy costs compound both inflation and recession. Dependence on others for future energy supplies is intolerable to our national security.

Therefore, we must wage a simultaneous three-front campaign against recession, inflation and energy dependence. Any one of these enemies could destroy the country we love.

I will ask the new Congress to enact on a crash basis -- within

90 days or less -- the strongest and most far-reaching energy conservation program we have ever had. Yes, it will make gasoline and oil cost even more than they do now. But it will achieve two all important objectives:

It will discourage the unnecessary use of petroleum products, and it will encourage the development and substitution of other fuels and newer sources of energy.

Here is my energy plan:

To get started immediately, I will use my Presidential emergency powers to reduce our dependence on foreign sources by escalating import fees on each barrel of foreign oil products beginning February 1st -- one dollar the first month, two dollars the second and three dollars the third month and thereafter. I will also propose a more comprehensive program of energy conservation taxes on gas and oil to reduce consumption. The revenues derived from such taxes will be used to help stimulate the whole economy. In addition, my energy conservation program contains provisions to avoid undue hardships in any geographical area, such as

New England -- or in any specific industries or areas of human need, where oil is essential. The plan takes away windfall profits by producers. I emphasize there must also be a well-coordinated volunteer campaign to cut gasoline and other energy use. My national energy conservation plan will urge Congress to grant a five year delay on higher automobile pollution standards in order to achieve a 40 percent increase in miles per gallon of gasoline used by motorists. I will recommend stronger measures to speed the development of other domestic energy resources, such as coal, geothermal, solar and nuclear power.

This plan requires personal sacrifice. But if we all pitch in, we will meet our goal of reducing foreign oil imports by 1 million barrels a day this year and by 2 million before the end of 1977. By 1985 -- 10 years from now -- the United States will be fully invulnerable to foreign energy disruptions. Of course, our domestic needs come first. But our gains in energy independence will be fully coordinated with our friends abroad.

If Congress speedily enacts this energy program, there will be no need for compulsory gasoline rationing or long waiting lines at the service station.

Let's be frank. Gasoline prices will go up, though not as much as with a 20¢ a gallon gas tax. Furthermore, the burden of conservation taxes on oil will be shared by all petroleum users, not just motorists.

Now, here is my plan to fight recession:

I will ask Congress to enact promptly a one-time Federal income tax cut of \$16 billion. Twelve billion dollars or three-fourths of the total of this cut will go to individual taxpayers in the form of a cash rebate amounting to 10 percent of their 1974 tax payments, but not more than \$500. If Congress acts by April 1st, you will get your first check by June and two more installments during the remainder of this year.

The other one-fourth of the cut -- about \$4 billion, will go to business taxpayers to promote plant expansion and create more jobs. This will be in the form of an increase in the investment tax credit to 12 percent for one year.

This will reverse the disturbing decline in capital spending and productivity, which is the real key to lasting recovery and growth.

This will apply to all businesses, including agriculture. There will be special provisions to assist essential public utilities to step up their energy capacity.

As soon as the new revenues from energy conservation taxes are received, we will be able to return 27 billion dollars to the economy in the form of additional payments and credits to individuals, business and State and local governments.

Cash payments from this total will also be available to those who pay no income taxes because of low earnings but who are the hardest hit by inflation and higher energy costs.

This combined program adds up to 43 billion dollars -- 27 billion dollars in returned energy tax revenues to compensate for higher fuel costs -- and 16 billion dollars in 1974 tax cuts to help fight unemployment this year.

The energy conservation tax revenues, however, will continue to be pumped back into the economy as long as the emergency lasts.

I know this sounds like I am reversing myself since last October when I suggested higher taxes for upper-income and corporate taxpayers as a budget-balancing and anti-inflationary measure. But the situation has changed. You know it and I know it. What we need most urgently today is more spending money in your pockets rather than in the Treasury in Washington.

Let's face it -- this will mean a bigger Federal deficit temporarily. And deficits are something I fought against all my public life. But unless our economy revives rapidly, Federal tax revenues will shrink so much that future deficits will be enormous. As a realist, I had to conclude that a larger deficit now is better than future economic and fiscal calamity.

But I have not abandoned my lifelong belief in Federal restraint. In the long run, there is no other real remedy for our economic troubles.

While wrestling with the budgets for this year and next, I found that at least three-fourths of all Federal expenditures are required by laws already on the books. Your President is powerless to cut spending

in an ever-growing list of programs which provide mandatory formulas for payments to State and local governments and to families and individuals.

Unless we check this trend, I can tell you there are only two ways to go -- still higher Federal taxes or the more ruinous hidden tax of inflation. Unchecked, Federal programs -- mandated by law -- will be the prime contributors to Federal deficits of 30 to 50 billion dollars this year and next. Deficits of this magnitude are wrong -- except on a temporary basis in the most extenuating circumstances.

Therefore, in my State of the Union and subsequent messages, except for energy, I will not propose any new Federal spending programs. I will not hesitate to veto any new spending programs that Congress sends to me.

Many proposed Federal spending programs are desirable and have had my support in the past. But they cost money -- your tax dollars!

Plainly it is time for a one-year moratorium on new Federal spending programs. I need your support in this, and your Representatives in Congress need to know of your support.

I very deeply believe the Federal Government ought to show all Americans it practices what it preaches about sacrifice and self-restraint.

Therefore I will insist upon a 5 percent limit on any Federal pay increases in 1975 and will ask Congress to put the same temporary 5 percent ceiling on automatic cost-of-living increases in government and military retirement pay, and Social Security.

Government alone cannot bring the cost of living index down. But until it does start down, government can refrain from helping to push it up. For only when the cost of living comes down, can everybody get full value from a pension or paycheck. I want to hasten that day.

Tonight I have summarized only the highlights of my national energy program and my economic recovery plan. They must go hand in hand -- one makes no economic sense without the other.

On Wednesday, I will spell out these proposals to the Congress.

There will be other recommendations, both short and long-range, to make our national recovery plan as fair and practical as possible.

I will press for prompt action and responsible legislation. The danger of doing nothing is great; the danger of doing too much is just as great.

We cannot afford to throw monkey wrenches into our complex economic machine, just because it isn't running at full speed.

We are in trouble, but we are not on the brink of another Great Depression. Our political and economic system today is many times stronger than it was in the 1930's. We have income safeguards and unemployment cushions built into our economy. We have taken and will continue to take whatever steps are needed to prevent massive dislocations and personal hardships -- and in particular, the tragedy of rising unemployment.

But realistic and sound solutions to our economic difficulties will depend primarily on the strong support of each one of you. Self-restraint

must be exercised by big and small business, by organized and unorganized labor, by State and local governments as well as by the Federal Government. Opportunists and manipulators will not be allowed to prosper from the temporary hardships most of us willingly bear.

Nor can we permit special interests to gain from our common distress.

To improve the economic outlook we must all rekindle and openly express our faith in ourselves. Nobody is going to pull us out of our troubles but ourselves -- and by our own bootstraps.

In 200 years as a nation, we have triumphed over external enemies and internal conflicts -- and each time, we have emerged stronger than before.

This has called for determined leaders and dedicated citizens -- and this call has never gone unheeded. In every crisis, the American people have closed ranks, rolled up their sleeves and rallied behind their President to do whatever had to be done.

That is why I am asking you, as well as the Congress, to work with me to turn the gloomy economic graphs around, declare our energy independence, and make our free society and tremendous productivity again the wonder of the world.

The beginning of our Bicentennial celebration is a good time to reaffirm our pride and purpose as Americans who help themselves and help their neighbors no matter how tough the task may be.

For my part, I will continue to do what I believe is right for all our people -- to do my best for America as long as I occupy this historic house. Thank you for joining me here tonight. We know what must be done. If delay is preferable to error, as Jefferson said, so action is now preferable to perfection.

The time to act is now -- for we have our Nation to preserve -- and our future to protect. Let us join together, and with God's blessing, we will succeed together!

Thank you and Good Night.

#